

REGULAR COUNCIL Agenda Addendum

C-06/2023

Wednesday, March 22, 2023

9:00 AM

Meridian Community Centre - Accursi A and B

100 Meridian Way

Fonthill, ON

L0S 1E6

The Town of Pelham is holding hybrid meetings of Council and Committee in accordance with Procedure By-law 4507(2022). Public access to meetings will be provided in-person at the location indicated on the agenda, via Livestream: www.youtube.com/townofpelham/live and subsequent publication to the Town's website at www.pelham.ca.

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8. Consent Agenda Items to be Considered in Block

8.5 Information Correspondence

- *8.5.2 City of Welland - Report CS-2023-10 YMCA Operating
Contribution Agreement 2023-2027

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COUNCIL
COMMUNITY SERVICES
RECREATION, SPORT & CULTURE DIVISION

APPROVALS	
DIRECTOR	
CFO	
CAO	

23-64

REPORT CS-2023-10
MARCH 21, 2023

SUBJECT: YMCA OPERATING CONTRIBUTION AGREEMENT (2023-2027)

AUTHOR: ROB AXIAK, DIRECTOR OF COMMUNITY SERVICES

APPROVING DIRECTOR: STEVE ZORBAS, CPA, CMA, B.Comm, DPA,
CHIEF ADMINISTRATIVE OFFICER

RECOMMENDATION:

THAT THE COUNCIL OF THE CITY OF WELLAND approves entering into a Tri-Party Contribution Agreement (Appendix C - Draft) between the City of Welland, Town of Pelham, and the Niagara Centre YMCA (Welland location) as outlined in report CS-2023-10, and further

THAT Welland City Council directs the City Clerk to prepare all necessary and appropriate by-laws to enter into a Tri-Party Contribution Agreement to be signed by the Mayor and City Clerk.

ORIGIN AND BACKGROUND:

The Niagara YMCA has worked closely with the City of Welland for many years. Currently, the YMCA provides a multitude of opportunities for Welland residents to access and enjoy. The YMCA of Niagara Centre is a local registered charity-based organization (Reg no. 119307064-RR-0001) led by a volunteer Board of Directors. Proudly, the YMCA's legacy of service in Welland began in 1907 and has continued with an innovative approach to strengthening community-based partnerships which resulted in the development of the Niagara Centre (Welland facility). Today, the YMCA delivers a variety of programs and services to the Niagara community operating from 50+ locations across the region. Along with health and fitness programs, Niagara residents and their families are served by the YMCA through Child Care, Newcomer Services, Youth Outreach, and Day Camps.

As the result of an evolving operating and facility model, the community hub exemplifies a shared commitment to bring health, fitness, and community services together to best serve the residents of Niagara with a significant portion of the Welland location attributed to the residents of the City of Welland.

The City of Welland and YMCA leadership worked together over multiple years to provide oversight in facility design and construction and operational partnership agreement design. The result of this work was a 56,000-square-foot state-of-the-art community centre. The Niagara Centre is designed to operate as a community hub and service connector for Welland residents and surrounding communities. It is important to note the history, initial commitment, and investment made by the City at the onset of the YMCA in Welland in 2002.

In 2002/03, two by-laws were passed by Welland City Council, which include:

By-law Number 2003-34	Comprehensive Agreement between the City of Welland, the Town of Pelham, and the YMCA of Niagara, to formalize development and financing, appoint a Project Coordinator Committee, and provide terms for public access to the new YMCA Facility.
By-law Number 2003-33	For the City of Welland to contribute the sum of \$1,500,000 towards the construction of a new YMCA facility at Niagara College on Woodlawn Road.

Within the Niagara Region, three YMCA locations have permanently closed which include: Fort Erie, St. Catharines, and Niagara Falls. Fort Erie is now operated through the Boys and Girls Club organization, and the Niagara Falls location is now operated as a community centre through the City of Niagara Falls (McBain CC). The St. Catharines location closed in 2022 and is owned by a developer and is not in operation. The remaining YMCA locations in the Niagara region are Port Colborne which operates a section of the facility within a municipal community centre (Vale Health & Wellness Centre), and the Grimsby and Welland locations, which remain as standalone YMCA facilities.

Attached as Appendix A is the YMCA Case for Support providing greater detail of the YMCA program, service delivery, and financial position.

COMMENTS AND ANALYSIS:

Over the last 10 years, a series of emerging community challenges and site-based issues have evolved which test the financial viability and sustainability of the Niagara Centre

YMCA. Rising utility costs coupled with a reduction in local market penetration have meant that the Niagara Centre has had to reimagine its operating model to ensure it can remain relevant in the community of Welland. Moreover, the pandemic had a significant impact on the YMCA and its recovery. At the present time, the YMCA is roughly at 64% when compared to pre-pandemic levels and continues to see a positive trend in participation moving forward.

There are many reasons why staff is recommending this continued partnership and operating contribution arrangement with the YMCA. The top three reasons for the city of Welland are:

- Continuation, and access-for-all, to a multitude of highly valued programs and services provided by the YMCA for all Welland residents, and
- Continued access for Welland residents to the only indoor and year-round aquatics facility within the City of Welland, and
- Continuation of support of the City's initial capital investment made in 2002/03.

Tri-Partnership Contribution Agreement Framework

The Tri-Party Contribution Agreement that is recommended in this report is prefaced on the expectation that the YMCA will return to a self-sustainable operation over time. The five-year annual contribution amounts are intended to help the YMCA in Niagara recover to a more optimal position. Shown in Appendix B is the contribution framework established between the YMCA, the Town of Pelham, and the City of Welland to ensure all parties were guided on a set of core principles.

To help the YMCA of Niagara (Welland location) reach a self-sustainable level, this Contribution Agreement will ensure the following:

- Structured over a 5-year term (April 1, 2023 – April 1, 2028) with declining annual contributions made by Welland as the YMCA begins to find further efficiencies, return to a more robust membership level, and increase revenues.
- Contingent on both the City of Welland and the Town of Pelham to be in support and aligned within the tri-party contribution agreement with the Niagara YMCA.
- A secured land lease with Niagara College.
- Proportionate amount of support from Welland based on 2022 membership data which shows Welland residents make up 66% of the total use of the facility.
- Financial contribution to only support operating deficits and associated overheads that are allotted only to the Welland location.

- Identify a series of membership and program enhancements demonstrating a continued shift in programming and service delivery that will need to evolve on an annual basis.
- The direct intention to improve utility costs and consumption.
- No-membership-required and value-added programming options for Welland residents to be worked on annually in partnership with City staff.
- New and innovative marketing approaches to reach new audiences and have past members reconsider the YMCA.
- Annual financial and program/participation reporting to the City with expected improvements to be highlighted.

Further details of the above items are captured in the Contribution Framework shown in Appendix C. Should any of these criteria not be fully satisfied at the onset of a contribution agreement, staff will report back to Council with an update and potential new recommendations. The YMCA of Niagara is committed to working with the City of Welland and the Town of Pelham which will enable the YMCA to continue to provide Welland residents with valued programs and services delivered at the Niagara Centre, Welland location.

Other Options Considered

Staff has been in direct dialogue with the Niagara YMCA for over a year discussing the future and program/service restart efforts after the pandemic. Another option explored by City staff over the past year was to forgo a contribution model and allow the natural evolution and fate to occur at the Niagara Centre YMCA (Welland location) that has occurred throughout the Niagara region. This could have then resulted in the closure of the YMCA in Welland and the displacement of many of its users who rely on their programs and services. Time would be required without the services being offered by the YMCA, before the City or any other service provider could then operate the facility.

City staff had considered a model that the City of Welland could own and operate the facility. Significant capital investment could be required to acquire the facility and operating costs would be significantly higher than the contribution amounts recommended in this report. As noted in a public presentation by the City of Niagara Falls when considering a full takeover of the operation of the now-named McBain Community Centre, the approximate net operating cost inclusive of new positions (FTE's) required to operate the facility was 1.7 million annually to the base operating budget.

Given the significant financial burden of direct ownership and delivery of programs and services on the City of Welland, in comparison to the five-year contribution arrangement recommended in this report, staff do not recommend this option at this time.

FINANCIAL CONSIDERATIONS:

As previously mentioned, the contribution agreement proposed in this report is designed to help the YMCA reach a self-sustainable level. Five years (2023-2028) have been carved out to help the YMCA recover. Over the past year, City staff, including the Chief Financial Officers (CFO) from both municipalities and the YMCA have worked together to better understand the YMCA's financial positions. Audited financial statements were shared with the City to confirm historical data, the current financial position, and the holdings of the YMCA of Niagara, including how the YMCA is forecasting. The utilization of reserve fund holdings of the YMCA of Niagara will be approved through the YMCA Board of Directors. This will include, but is not limited to, capital upkeep of the Niagara locations (Welland and Grimsby) and any foreseen emergencies that may arise. Given the aging infrastructure and work required at these locations, the YMCA capital holding, coupled with potential grant opportunities, will be necessary for the YMCA to maintain.

As shown in the table below (and found in Appendix A) is the financial summary for the YMCA Niagara Centre (Welland location), dating back to 2017 and forecast forward to 2027 (10-year illustration). As the recommended contribution agreement is for the years 2023-2028 (April to April), the corresponding section of the table below is framed in red. More specifically, the YMCA's net loss for each of the five respective years is framed in yellow. This loss is shown to decrease over the five-year period as new revenues are realized, the growth of membership base continues, and further operational efficiencies are had.

Niagara Centre Summary						Year 1	Year 2	Year 3	Year 4	Year 5
	Actual	Actual	Actual	Actual	Actual	Budget	Project Budget	Project Budget	Project Budget	Project Budget
	2017-2018	2018-2019	2019-2020	2020-2021	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Revenue										
Membership and Program Revenue	2,458,526	2,255,023	1,185,984	43,787	689,439	1,506,739	1,622,607	1,738,461	1,862,587	1,995,576
Rental Income, Facility Fees and others	4,146	6,061	2,245	20,116	78,042	74,700	78,327	81,971	85,783	89,772
Stronger Together Donations	42,243	45,028	31,877	15,670	19,299	28,306	33,260	39,090	45,919	53,955
Financial Assistance	(248,225)	(228,434)	(123,202)	(889)	(25,928)	(84,789)	(91,309)	(97,829)	(104,814)	(112,298)
Total Revenue	2,256,690	2,077,678	1,096,904	78,684	760,852	1,524,956	1,642,885	1,761,683	1,889,475	2,027,004
Expenses										
Wages and Benefits	1,331,438	1,415,998	949,737	306,762	690,312	858,908	901,853	946,946	961,150	975,587
Utilities	503,712	570,460	421,787	263,513	356,517	538,500	554,655	571,295	591,290	611,985
Property Taxes	9,977	9,298	6,666	11,113	8,984	9,000	9,270	9,548	9,882	10,228
Cleaning, Repairs and Maintenance	311,095	326,456	281,875	138,637	138,090	183,276	188,774	194,438	201,243	208,287
Program and Office Expenses	60,584	61,558	43,591	33,488	88,818	56,367	58,058	59,800	61,893	64,059
Total Expenses	2,216,806	2,383,770	1,703,656	753,513	1,282,721	1,646,051	1,712,610	1,782,027	1,825,459	1,870,127
Operating Contribution (Loss)	39,884	(306,092)	(606,752)	(674,829)	(521,869)	(121,095)	(69,725)	(20,344)	64,016	156,877
Administrative Overhead	333,744	360,159	368,444	239,461	235,572	291,776	300,529	309,545	318,831	328,396
Net Contribution (Loss)	(293,860)	(666,251)	(975,196)	(914,290)	(757,441)	(412,871)	(370,254)	(329,889)	(254,816)	(171,519)
YMCA Capital Investment	138,518	196,291	105,599	93,862	210,230	217,000	255,000	269,000	211,000	207,000
Net Contribution (Loss)	(432,378)	(862,542)	(1,080,795)	(1,008,152)	(967,671)	(629,871)	(625,254)	(598,889)	(465,816)	(378,519)

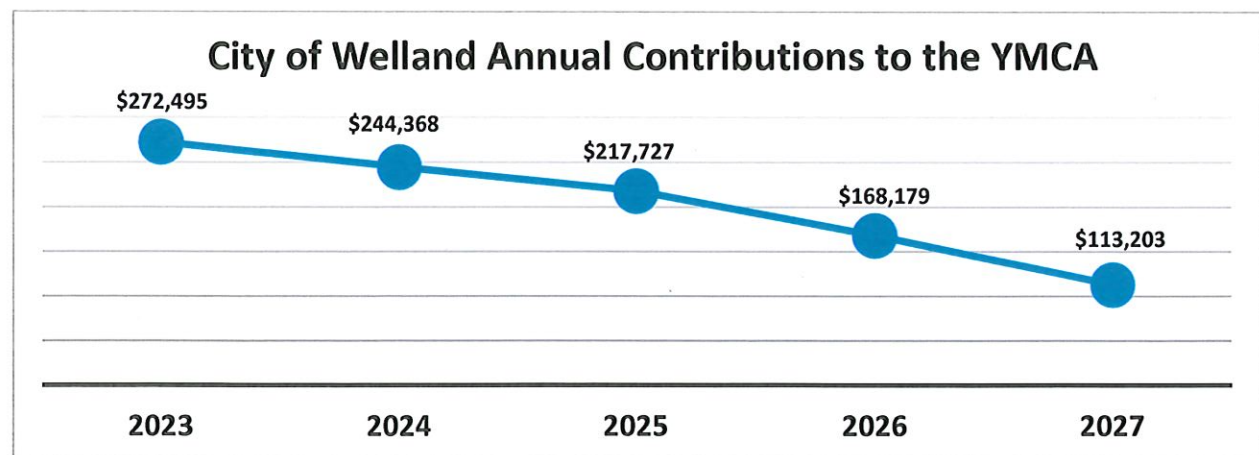
As shown above, the net loss is shown in year one (2022-23) at \$412,871 and decreases to \$171,519 in year 5 (2026-27). Proportionally and based on the 2022 membership data, Welland accounts for 66% of the total use of the Niagara Centre YMCA (Welland location)

whereas Pelham represents 21%. These percentages were used against the net operating loss to determine the contribution amount for each of the two municipalities. Below identifies the City of Welland's annual contribution amount, trending downwards over the five-year term.

		2023	2024	2025	2026	2027	TOTAL
YMCA Net Operating Loss		\$412,871	\$370,254	\$329,889	\$254,816	\$171,519	
Welland	66%	\$272,495	\$244,368	\$217,727	\$168,179	\$113,203	\$1,015,970
Pelham	21%	\$86,703	\$77,753	\$69,277	\$53,511	\$36,019	\$323,263
Other*	13%	\$53,673	\$48,133	\$42,886	\$33,126	\$22,297	\$200,115

*To be absorbed by the YMCA

As previously mentioned, annual financial reporting will be required as part of the contribution agreement. It is expected that improvements to the contribution amount are made as further advancements are realized (e.g., increased revenues, improved utility costs, etc.). Below highlights the annual contribution amounts over the five-year term.



Funding Source

Should Council approve this contribution agreement between the City of Welland and the Niagara Centre YMCA (Welland location), staff are proposing the first year (2023) of funding be sourced from the Operating Surplus Reserve Account. The subsequent years of the five-year term (2024, 2025, 2026, 2027) would be placed into the base operating budget at the time of budget preparation.

SUMMARY AND CONCLUSION

The YMCA Niagara Centre has been a valued hub for an abundance of recreational, health, and social service in the City of Welland for close to twenty years. The recovery from the pandemic has had a tremendous impact on many of the YMCA locations across the country, with the Welland location being no different. Staff understands the positive impacts that the YMCA has made on our community and were interested to create a proactive approach to ensure the YMCA remained in Welland. We believe moving into an operating contribution agreement working towards self-sustainability is the best approach for the City of Welland and our residents. As the YMCA has a broad reach into other communities, a tri-partnership approach, established for a set number of years, working in direct collaboration with each other, has the potential to create an even stronger and widely accessible YMCA facility here in Welland.

ATTACHMENTS:

Appendix A: YMCA Case for Support

Appendix B: Contribution Framework

Appendix C: Operating Contribution Agreement (April 2023- April 2028) – DRAFT

Appendix D: Town of Pelham Potential Funding Options for Welland, March 22, 2023



Confidential Discussion Paper

February 8, 2023

Bolstering Partnership for a Sustainable Future

Our YMCA through the Niagara Centre is:

Open to All

- YMCA Financial Assistance supported 5% of YMCA members of all ages to participate
- The annual value of financial assistance is over \$35,593
- Open public swims, day fees, special events and promotions, and membership offer varied options to access YMCA services
- Services to the Welland community are amplified through partnerships with various community agencies or groups including Niagara Catholic District School Board, District School Board of Niagara, Niagara Health System, Big Brothers Big Sisters, Niagara Region Mental Health and Gateway Community Support Services of Niagara.

Building leaders

- Youth Action Drop-Ins and school programs resulted in 1,380 visits by youth
- Making Waves Scholarship provided over \$9,000 in funding to help 36 youth obtain their Lifeguard/Swim Instructor certifications.
- 50 staff receive training and provide leadership, of which over 25% are students

Enhancing Health and Strengthening Families

- An average of 2000 members were active per month
- 46% of members joined as a family
- 10,591 YMCA visits on the average per month

Healthy Development of Children and Adolescents

- Children and adolescents represent 12% or 240 kids of YMCA membership
- 300+ Children participated at YMCA Summer, and Holiday Day Camps
- Community participation in branch activities through Open Swim, Family Swim, Day Passes, YMCA Youth Action Drop-In and Dances, YMCA Birthday Parties, Babysitting and more.

BACKGROUND

The YMCA of Niagara is a local charity lead by a volunteer Board of Directors. We are proud of the service legacy in Welland that began in 1907, and proud of the innovative approach to strengthening community-based partnerships which resulted in the development of the Niagara Centre.

Today, the YMCA delivers a variety of programs and services to the Niagara community operating from 50+ locations across the city. Along with health and fitness programs, Niagara residents and their families are served by the YMCA through Child Care, Newcomer Services, Youth Outreach and Day Camp.

A community connector for residents in Niagara, is the Niagara Centre YMCA.

The result of an innovative operating and facility model, the community hub exemplifies a shared commitment to bring health, fitness, and community services together to best serve the residents of Niagara. Bringing the project from vision to fruition required a shared fundraising campaign which ultimately included a \$1.75 million capital campaign led by the YMCA. The City of Welland and YMCA leadership worked together over multiple years to provide oversight in facility design and construction and operational partnership agreement design.

The result of this work was a 56,000 square foot state-of-the-art community centre. The Niagara Centre is designed to operate as a community hub and service connector for the Welland residents and surrounding communities.

Over the few years, a series of emerging community challenges and site-based issues have evolved which test the financial viability and sustainability of the Niagara Centre YMCA. The YMCA of Niagara is committed to working with their partners at the City of Welland to explore responsive solutions to address these emerging issues to ensure Niagara residents continue to benefit from the important programs and services delivered at the Niagara Centre.

NIAGARA CENTRE YMCA KEY BENEFITS:

1) Ensuring Accessible Health & Fitness Programming for Niagara Centre Residents

YMCA Health, Fitness & Aquatics Centres are places of inclusiveness, welcoming people of all backgrounds, and financial position. The YMCA is also recognized as a place for families of all ages and abilities to get active and stay healthy.

The YMCA provides approximately 400 hours of programs weekly through 320 program offerings that include 120 hours of preschool and youth recreational programs. Swim instructions offered at different developmental levels are provided through an estimated 150 program groupings. These program offerings are coupled with provision for open use of YMCA facilities and equipment.

As part of the YMCA's commitment to ensure health equity for all of Niagara residents, particularly children and youth, the Niagara Centre YMCA provides financial assistance for 4 per cent of its

membership base. In 2021-22, over 100 members participated at the YMCA who required financial assistance support.

2) Improving Social Connectedness for Niagara Residents

Social isolation and mental health are now recognized as a major barrier to good health and strong communities. Statistics Canada's report identified social isolation as the number one issue facing seniors. The YMCA provides an accessible space for seniors of all ages, economic circumstances and abilities to build social connections while getting active. Typically, 15% of active Niagara Centre members are ages 55 and over.

The surge in mobile technologies and online social platforms has also contributed to rising social isolation among Canada's youth. As a safe, inclusive space for Niagara Centre youth, the YMCA Swim Enrichment and YMCA Youth Action programs offer school and evening programs, and dances designed to promote healthy behaviors, foster social connections and positive role models.

3) Supporting Aquatic Leadership Development & Personal Growth

The YMCA of Niagara provides accessible Aquatic leadership to the community through our Making Waves Swimming Bursary. The program provides a complementary child or youth membership and access to YMCA swim lessons and aquatic leadership programs. Youth can apply for a bursary covering the costs to take the Aquatic qualification courses to become a lifeguard.

Providing safe, inclusive spaces that nurture the development of local youth is an important goal of the YMCA. In Niagara Centre, youth accessed local YMCA Youth Action programs a total of 1,380 times last year alone. YMCA Camp Counsellor-In-Training provides another venue for youth leadership development.

Working or volunteering for the YMCA ensures meaningful opportunities for individuals looking to improve their local community. The Niagara Centre YMCA employs more than 50 people through health, fitness, and aquatics, day camp, and community development programming, of which approximately 25 are youth often joining the work force for the first time.

4) Asset & Risk Management Expertise

In recent years, many municipalities across Canada have engaged local YMCA's as they consider the development and construction of recreational centres and community hubs. A recognized leader in the development, care, cleaning and maintenance of recreational centres, particularly complex indoor Aquatics centres, the YMCA values these important partnerships that bring critical health, fitness and aquatics amenities to support the development of healthy communities.

The YMCA has developed well-established quality control mechanisms, including the YMCA-trademarked Serving All Members [SAM] standards, best practices and protocols for maintaining and serving members at their YMCA. In more recent years, the YMCA has directed significant investment, attention and training to enhance child protection practices including security of YMCA facilities.

EMERGENT ISSUES

Rising Utility & Operational Costs

Increasing costs associated with rising energy rates continue to affect numerous households and businesses across the province of Ontario. At the Niagara Centre YMCA, these costs are compounded by significant energy inefficiencies of the current facility.

Since first opening over 17 years ago, the YMCA has absorbed the high overhead costs associated with the building utility inefficiencies.

The YMCA of Niagara is responsible for assuming 100% of the utility costs associated with the 56,000 square feet of space that they utilize for direct program delivery including the aquatics centre, indoor track, fitness floor, 3 change rooms, 1 gymnasium, studio, multi-purpose space.

The following chart provides a breakdown of utility costs over multiple years

YMCA of Niagara Niagara Centre Utilities					
	2018	2019	2020	2021	2022
Heat	77,420	106,278	62,421	47,475	76,063
Hydro	290,141	317,728	261,166	200,654	232,399
Water	136,151	146,454	98,200	15,383	48,055
Total	503,712	570,460	421,787	263,512	356,517

 Closures and Reduced Capacity

A comparison of utility costs across YMCA branches of sizes and energy loads highlights the significant financial pressures associated with bearing the utility costs of the Niagara Centre YMCA. You can find this information in Appendix 1

Shifting Trends in the Health, Fitness, Recreation & Aquatics Market

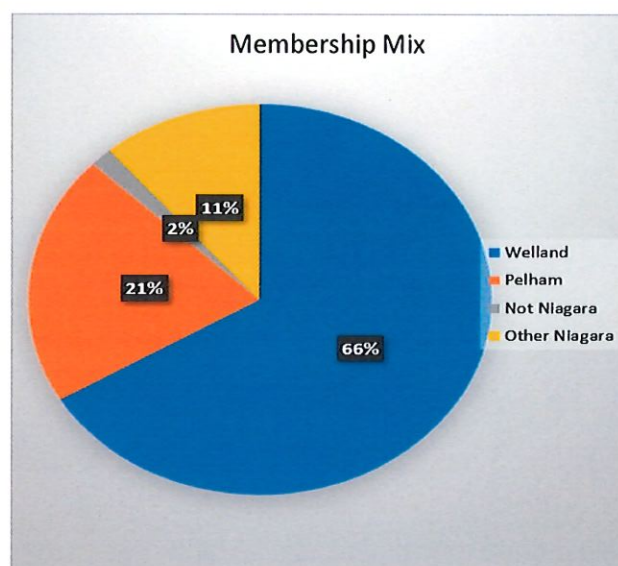
The Canadian health, fitness and aquatics market place is also undergoing dramatic change including increasing market saturation, consumer confidence based on closures and fragmentation. Both nationally and locally in Niagara, 5 categories of health and fitness offerings emerged including:

- a) Growth and expansion of 'big box' fitness franchises such as Goodlife
- b) Low-cost, no frills fitness providers such as Anytime Fitness and Crunch Fitness
- c) Boutique fitness providers delivering one-to-one training, custom programming
- d) Online fitness solutions delivering at home fitness options
- e) Pandemic uncertainty

Over the many years and with the pandemic exacerbating these challenges, the Niagara area has seen significant oversaturation and market fragmentation in the local health, fitness and recreation market, corresponding depletion of membership at the Niagara Centre YMCA and significant loss in overall market share.

The Niagara Centre YMCA experienced 50% loss in overall membership based on the forced closures and impact of local competition. Based on current trends, looking forward to 2022/23, the YMCA is forecast to just over 2,400 members monthly average-on-roll. To ensure a sustainable membership model, the Niagara Centre YMCA requires a total membership base of 3,200 members monthly average-on-roll.

In response to dramatic and continued shifts in the market, the YMCA recently conducted its own local market research to better understand these shifts. This research supported the formulation of a market response strategy based on the unique value proposition of the YMCA, particularly for local Niagara families.



A Changing Community & Changing Demands

The YMCA of Niagara is proud of the long-term partnership established with the City of Welland and of the capacity of the partners to ensure responsiveness to shifts at the Niagara market over the past decade.

It is exciting to hear that there continues to be growth in our community, and we look forward to an increase of an average of 4% growth in the coming years. This influx of families will help support and bolster the potential impact of the Niagara Centre. With continued residential development the Niagara Centre has potential to reemerged as the local community hub.

Prior to 2020, Niagara Centre would receive more than 250,000 visits by residents of all ages. Following pandemic closures and the changing landscape, a membership that historically would sit between 4000 and 5000 members is now around 2000 members. Of these members, with 46 percent of YMCA members are linked as families.

In response to these changes, we have been focusing our time on partnering with community agencies in hopes to have more integration of services operate at the Niagara Centre location. The introduction of the Niagara Children's Centre partnership will help stabilize and utilize some of the vacant space.

Financial Analysis

Ensuring access to quality-based, affordable, sustainable health and fitness activities for residents of Welland is a shared goal of both the YMCA and the City of Welland. As a result of the confluence of emerging issues, the Niagara Centre YMCA operation now faces sustainability and long-term viability risks. With the rising maintenance and utility costs, coupled with the revenue losses associated with serving fewer members the YMCA of Niagara is projecting a revenue loss for the 2022/23 year of \$412,871. With the addition of the required capital investment for the 2022/23 year, the overall loss for the Niagara Centre YMCA is over \$629,871.

YMCA of Niagara - Niagara Centre Budget 2022-23**Revenue**

Membership and Program Revenue	\$	1,506,739
Rental Income and Facility Fees		74,700
Strong Kids Donations		28,306
Financial Assistance		<u>(84,789)</u>
Total Revenue		<u>1,524,956</u>

Expenses

Wages and Benefits	\$	906,389
Utilities		538,500
Cleaning, Repairs and Maintenance		183,276
Property Tax		9,000
Program and Office Expenses		<u>56,367</u>
Total Expenses		<u>1,693,532</u>

Operating Contribution (Loss) (168,576)

Administrative Overhead 244,295

Net Contribution (Loss) (412,871)

2022/23 YMCA Capital Investment \$ 217,000

Net Contribution (Loss) \$ (629,871)

The majority of the expenses in the Niagara Centre can be contributed to the maintenance and operation of the Aquatic facility. We have applied some assumptions to determine the impact of the Aquatics facility in relation to the overall net contribution position.

YMCA of Niagara - Aquatic Centre Budget 2022-23**Revenue**

Membership and Program Revenue	\$	752,900
Rental Income and Facility Fees		1,200
Strong Kids Donations		2,035
Financial Assistance		<u>(54,507)</u>
Total Revenue		<u>701,628</u>

Expenses

Wages and Benefits	\$	555,267
Utilities		307,775
Cleaning, Repairs and Maintenance		99,526
Property Tax		5,000
Program and Office Expenses		<u>21,015</u>
Total Expenses		<u>953,608</u>

Operating Contribution (Loss) (290,254)

Administrative Overhead 88,407

Net Contribution (Loss) (378,661)

2022/23 YMCA Capital Investment \$ 150,000

Net Contribution (Loss) \$ (528,661)

YMCA SUSTAINABILITY RESPONSE PLAN

In 2021, to support a long-term strategic response and understand recent shifts in the health, fitness and aquatics market, the YMCA of Niagara completed an analysis in the area of market research, the project was to conduct both an overall evaluation and analysis of the local trade market area, as well as detailed market research regarding local resident health, fitness and recreation behaviours and perceptions in Niagara.

The YMCA is engaged in detailed analysis of this trade market research and data and using it to inform both short-term and long-term strategic plans in the delivery of health, fitness, and aquatics programs and services. The research clearly identifies that families are the key market segment for the YMCA to focus on from a strategic perspective.

As part of this overall strategy, our YMCA made changes to service delivery model. We introduced four

different packages for individuals/facilities to choose from – which allow the member to have more choice in terms of the programs & services they pay for. The pricing model for swim lessons was modified to allow more accessibility to our programs and a family discount was applied to membership.

 All-Inclusive	 Fitness Only	 Fitness, Group & Rec	 Aquatic Programming
Fitness Floor	Fitness Floor	Fitness Floor	AquaFit
Open Gym	Open Gym	Open Gym	Lane Swimming
Indoor Track	Indoor Track	Indoor Track	Indoor Track
Virtual Programs	Virtual Programs	Virtual Programs	Recreational Swimming
Aquatics		Group Fitness	
Group Fitness		Drop-in Sport & Rec	
Drop-in Sport & Rec		Fitness & Goal Setting	
Fitness & Goal Setting			
Multi-Branch Access			

The Niagara Centre YMCA secured a grant to invest \$160,000 into state-of-the-art flooring to ensure that members had the best possible experience at the Niagara Centre. This along with staff training related to strengthening customer service and sales have help position the YMCA for positive change.

The Niagara Centre YMCA has introduced new programming targeting the family, including a new fitness and weight management program, *Ythrive* for local residents to build long-term sustainable lifestyle changes. This self paced workout program is available for free and targets all users of the Niagara Centre, from Youth to Active older adults. The YMCA will also be introducing new specialty physical literacy based programming for children at the Niagara Centre YMCA including Kids Yoga, Kids Drum Fit, and Kids Cardio.

CONSIDERATIONS

As the YMCA of Niagara identifies strategies to respond to the emerging issues and opportunities facing the Niagara Centre YMCA, we are requesting our partners at the City of Welland to consider options to provide financial relief from some of the current pressures impacting the operational costs of managing the facility.

Until energy conservation concepts are investigated and explored, the health, fitness and aquatics market stabilizes, the YMCA seeks consideration for bridging the YMCA costs. Also, the YMCA seeks a more permanent, long-term support that contributes to the YMCA's commitment to ensure “access to all” through financial assistance, plus compensation for increased human resources related to emergency and safety response demands.

This may be achieved through the development of a companion document-an Agreement between the City of Welland and the YMCA. This Agreement would provide support a positive transition and

cover a 5 year space with the opportunity to reassess at the end of that term. This Amendment Agreement can include but is not limited to:

- **Niagara Centre Financial Support**

The financial impact of operating the Niagara Centre in 2022/23 is -\$412,871 (before capital) and given the engagement in membership for Welland residents is 66% of the total Niagara Centre membership. We are proposing that the City of Welland supports the Niagara Centre for 66% of the deficit in net contribution for the fiscal year and 4 subsequent years.

The Net contribution position is compromised of the operating deficit/surplus for that year and included in this number is the essential Association overhead costs that directly support the Niagara Centre.

City of Welland – Support Structure



We have engaged in conversations with the City of Pelham (21%) to financially support the Niagara Centre YMCA utilizing the same model and rationale as the above approach.

The subsidy received from each Municipality can be reviewed yearly based on performance but will require a 5-year commitment of support.

As our commitment to increase community connections, Niagara Centre will introduce a community day each month. On this day Welland residents will have free access to the YMCA to utilize the services available. In partnership with the City of Welland, the YMCA will **deliver high quality programs, services, and activities that encourage people of all ages and abilities to engage in healthy and active lifestyles.**

COMMITMENT

The YMCA is committed to supporting the community of Welland and surrounding areas. This is represented in our recent request to Niagara College to renew our lease for the Niagara Centre commencing April 15, 2023 and ending on April 14, 2043 (20 years). This commitment will be supported by the right compliment of YMCA operating model, partnerships and Municipal supports that will ensure we can continue to deliver health and wellness services to Niagara residents.

Prior to and including the pandemic period, YMCA of Niagara has endured some challenges times. We have worked diligently and are now set with a strong foundation to move forward with. Our physical footprint in Niagara may have contacted, but it has allowed the YMCA to be nimbler and more adaptable to our current market. It also has given us the opportunity to reduce overheads and carrying costs. Accompanying the changes to our organisational infrastructure, there have been the rightsizing of the organisation and reduction

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of our debt level. This puts the YMCA in a position of strength to maintain its current operations for many years to come.

As we continue to explore new ways of adapting our services that reflect our new YMCA model and footprint, we will look for strategic partnerships like the City of Welland and other Municipalities to align our visions with to support our communities.

The YMCA is committed to strengthening community in Niagara Centre and working with our partners to ensure a sustainable, relevant service now and in the future.

Appendix 1

Niagara West	2018	2019	2020	2021	2022
Heat	\$ 68,766	\$ 62,037	\$ 46,867	\$ 43,501	\$ 68,810
Hydro	\$ 210,770	\$ 236,275	\$ 210,937	\$ 141,982	\$ 178,210
Water	\$ 35,507	\$ 36,183	\$ 21,042	\$ 4,187	\$ 13,968
Total	\$ 315,043	\$ 334,495	\$ 278,846	\$ 189,670	\$ 260,988

Closures and Reduced Capacity

Niagara Centre	2018	2019	2020	2021	2022
Heat	\$ 77,420	\$ 106,278	\$ 62,421	\$ 47,475	\$ 76,063
Hydro	\$ 290,141	\$ 317,728	\$ 261,166	\$ 200,654	\$ 232,399
Water	\$ 136,151	\$ 146,454	\$ 98,200	\$ 15,383	\$ 48,055
Total	\$ 503,712	\$ 570,460	\$ 421,787	\$ 263,512	\$ 356,517

Closures and Reduced Capacity

Variance	2018	2019	2020	2021	2022
Heat	\$ 8,654	\$ 44,241	\$ 15,554	\$ 3,974	\$ 7,253
Hydro	\$ 79,371	\$ 81,453	\$ 50,229	\$ 58,672	\$ 54,189
Water	\$ 100,644	\$ 110,271	\$ 77,158	\$ 11,196	\$ 34,087
Total	\$ 188,669	\$ 235,965	\$ 142,941	\$ 73,842	\$ 95,529

Appendix 2

	Actual 2017-2018	Actual 2018-2019	Actual 2019-2020	Actual 2020-2021	Actual 2021-22	Year 1 Budget 2022-23	Year 2 Project Budget 2023-24	Year 3 Project Budget 2024-25	Year 4 Project Budget 2025-26	Year 5 Project Budget 2026-27
Revenue										
Membership and Program Revenue	2,458,526	2,255,023	1,185,984	43,787	689,439	1,506,739	1,622,607	1,738,461	1,862,587	1,995,576
Rental Income, Facility Fees and others	4,146	6,061	2,245	20,116	78,042	74,700	78,327	81,971	85,783	89,772
Stronger Together Donations	42,243	45,028	31,877	15,670	19,299	28,306	33,260	39,080	45,919	53,955
Financial Assistance	(248,225)	(228,434)	(123,202)	(889)	(25,928)	(84,789)	(91,309)	(97,829)	(104,814)	(112,298)
Total Revenue	2,256,690	2,077,678	1,096,904	78,684	760,852	1,524,956	1,642,885	1,761,683	1,889,475	2,027,004
Expenses										
Wages and Benefits	1,331,438	1,415,998	949,737	306,762	690,312	858,908	901,853	946,946	961,150	975,567
Utilities	503,712	570,460	421,787	263,513	356,517	538,500	554,655	571,295	591,290	611,985
Property Taxes	9,977	9,298	6,666	11,113	8,984	9,000	9,270	9,548	9,882	10,228
Cleaning, Repairs and Maintenance	311,095	326,456	281,875	138,637	138,090	183,276	188,774	194,438	201,243	208,287
Program and Office Expenses	60,584	61,558	43,591	33,488	88,818	56,367	58,058	59,800	61,893	64,059
Total Expenses	2,216,806	2,383,770	1,703,656	753,513	1,282,721	1,646,051	1,712,610	1,782,027	1,825,459	1,870,127
Operating Contribution (Loss)	39,884	(306,092)	(606,752)	(674,829)	(521,869)	(121,095)	(69,725)	(20,344)	64,016	156,877
Administrative Overhead	333,744	360,159	368,444	239,461	235,572	291,776	300,529	309,545	318,831	328,396
Net Contribution (Loss)	(293,860)	(666,251)	(975,196)	(914,290)	(757,441)	(412,871)	(370,254)	(329,889)	(254,816)	(171,519)
YMCA Capital Investment	138,518	196,291	105,599	93,862	210,230	217,000	255,000	269,000	211,000	207,000
Net Contribution (Loss)	(432,378)	(862,542)	(1,080,795)	(1,008,152)	(967,671)	(629,871)	(625,254)	(598,889)	(465,816)	(378,519)



CONTRIBUTION FRAMEWORK

BOLSTERING SUSTAINABILITY THROUGH PARTNERSHIP

NIAGARA CENTRE YMCA

AGENDA

1. EXECUTIVE SUMMARY

2. BACKGROUND

3. KEY BENEFITS

- ACCESSIBILITY
- MEMBERSHIP AND PROGRAM ENHANCEMENTS
- COMMUNITY PARTNERSHIPS
- LEADERSHIP DEVELOPMENT

4. ASSET MANAGEMENT

- NIAGARA COLLEGE LEASE
- CAPITAL INFRASTRUCTURE

5. SUSTAINABILITY MODEL

- MARKETING PLAN
- FINANCIAL MODEL
- FUNDING SUPPORT

EXECUTIVE SUMMARY

The YMCA of Niagara is a local charity lead by a volunteer Board of Directors. We are proud of the service legacy in Welland that began in 1907, and proud of the innovative approach to strengthening community-based partnerships which resulted in the development of the Niagara Centre.

Today, the YMCA delivers a variety of programs and services to the Niagara community operating from 50+ locations across the city. Along with health and fitness programs, Niagara residents and their families are served by the YMCA through Child Care, Newcomer Services, Youth Outreach and Day Camp.

The result of an innovative operating and facility model, the community hub exemplifies a shared commitment to bring health, fitness, and community services together to best serve the residents of Niagara. Bringing the project from vision to fruition required a shared fundraising campaign which ultimately included a \$1.75 million capital campaign led by the YMCA. The City of Welland and YMCA leadership worked together over multiple years to provide oversight in facility design and construction and operational partnership agreement design.

The result of this work was a 56,000 square foot state-of-the-art community centre. The Niagara Centre is designed to operate as a community hub and service connector for the Welland residents and surrounding communities.

Over the last 10 years, a series of emerging community challenges and site-based issues have evolved which test the financial viability and sustainability of the Niagara Centre YMCA. Rising utility costs coupled with a reduction in local market penetration has meant that the Niagara Centre has had to reimagine its operating model to ensure it can remain relevant in the community of Welland.

The YMCA of Niagara is committed to working with their partners at the City of Welland and Town of Pelham to explore the option of a funding strategy to address these emerging issues. This partnership will enable the YMCA to continue to provide the Niagara residents important programs and services delivered at the Niagara Centre.

Regards,



Christian Wulff
Chief Executive Officer – Interim
YMCA of Niagara

BACKGROUND

The Canadian health, fitness and aquatics marketplace is also undergoing dramatic change including increasing market saturation, consumer confidence based on the pandemic and fragmentation. Both nationally and locally in Niagara, 5 categories of health and fitness offerings emerged including: Growth and expansion of 'big box' fitness franchises such as Goodlife, Low-cost, no frills fitness providers such as Anytime Fitness and Crunch Fitness, Boutique fitness providers delivering custom programming and Pandemic uncertainty.

Over the many years and with the pandemic exacerbating these challenges, the Niagara area has seen significant oversaturation and market fragmentation in the local health, fitness and recreation market, corresponding depletion of membership at the Niagara Centre YMCA and significant loss in overall market share.

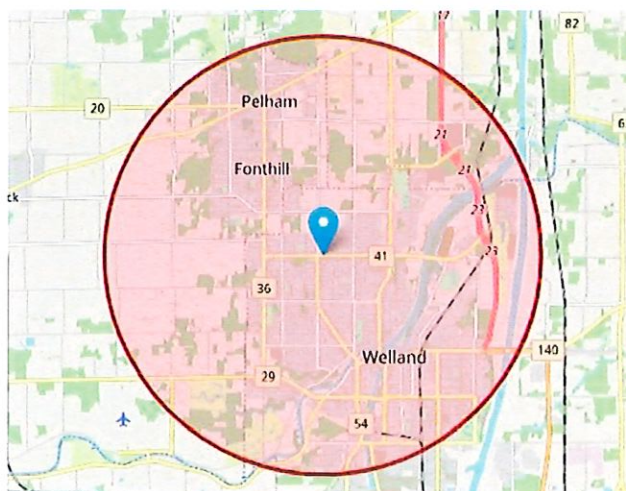
The Niagara Centre YMCA experienced 50% loss in overall membership based on the forced closures and impact of local competition. Based on current trends, looking forward to 2022/23, the YMCA is forecast to just over 2,400 members monthly average-on-roll. To ensure a sustainable membership model, the Niagara Centre YMCA requires a total membership base of 3,200 members monthly average-on-roll.

In response to dramatic and continued shifts in the market, the YMCA recently conducted its own local market research to better understand these shifts. This research supported the formulation of a market response strategy based on the unique value proposition of the YMCA, particularly for local Niagara families.

It is exciting to hear that there continues to be growth in our community, and we look forward to an increase of an average of 4% growth in the coming years. This influx of families will help support and bolster the potential impact of the Niagara Centre. With continued residential development the Niagara Centre has potential to reemerged as the local community hub.

Prior to 2020, Niagara Centre would receive more than 250,000 visits by residents of all ages. Following pandemic closures and the changing landscape, a membership that historically would site between 4000 and 5000 members is now around 2000 members. Of these members, with 46 percent of YMCA members are linked as families.

In response to these changes, we have been focusing our time on partnering with community agencies in hopes to have more integration of services operate at the Niagara Centre location. The introduction of the Niagara Children's Centre partnership will help stabilize and utilize some of the vacant space.



KEY BENEFITS

ACCESSIBILITY

YMCA Health, Fitness & Aquatics Centres are places of inclusiveness, welcoming people of all backgrounds, and financial position. The YMCA is also recognized as a place for families of all ages and abilities to get active and stay healthy.

The YMCA provides approximately 400 hours of programs weekly through 320 program offerings that include 120 hours of preschool and youth recreational programs. Swim instructions offered at different developmental levels are provided through an estimated 150 program groupings. These program offerings are coupled with provision for open use of YMCA facilities and equipment.

The YMCA of Niagara is committed to increasing programming for marginalized communities including





- Older populations
- Persons with disabilities
- Low income families

As part of the YMCA's commitment to ensure health equity for all of Niagara residents, particularly children and youth, the Niagara Centre YMCA currently provides financial assistance for 5 per cent of its membership base.

MEMBERSHIP AND PROGRAM ENHANCEMENTS

In 2021, to support a long-term strategic response and understand recent shifts in the health, fitness and aquatics market, the YMCA of Niagara completed an analysis in the area of market research, the project was to conduct both an overall evaluation and analysis of the local trade market area, as well as detailed market research regarding local resident health, fitness and recreation behaviours and perceptions in Niagara.

As a result of this research, our YMCA made changes to service delivery model. We introduced four different packages for individuals/facilities to choose from – which allow the member to have more choice in terms of the programs & services they pay for. The pricing model for swim lessons was modified to allow more accessibility to our programs and a family discount was applied to membership.

			
All-Inclusive	Fitness Only	Fitness, Group & Rec	Aquatic Programming
Fitness Floor	Fitness Floor	Fitness Floor	AquaFit
Open Gym	Open Gym	Open Gym	Lane Swimming
Indoor Track	Indoor Track	Indoor Track	Indoor Track
Virtual Programs	Virtual Programs	Virtual Programs	Recreational Swimming
Aquatics		Group Fitness	
Group Fitness		Drop-in Sport & Rec	
Drop-in Sport & Rec		Fitness & Goal Setting	
Fitness & Goal Setting			
Multi-Branch Access			

COMMUNITY PARTNERSHIP

The YMCA has established a strong working partnership with the Niagara Children's Centre at our Niagara Centre location. We are committed to supporting other Not for Profits in the endeavor to impact the community in Welland.

In 2023/24 we will be extending an opportunity to increase our partnerships by the utilization of some of our current program spaces. The goals are to create a community hub location where more than just one organization exists under the roof at the Niagara Centre. We will be initiating an RFP search for organizations that can utilize our Café and also Childminding space.

As a commitment to the municipality and in order to continue to engage the community, we will be introducing further "free" community days including

- Demonstration / Try the Y days
- Family swim days
- YMCA Carnival Events

These events will occur at minimum once a quarter to support an increase in accessibility for community members to access the YMCA.

We are also committed to exploring the opportunity of offering Municipality staff a YMCA membership to support engagement in the facility.

LEADERSHIP DEVELOPMENT

The YMCA of Niagara provides accessible Aquatic leadership to the community through our Making Waves Swimming Bursary. The program provides a complementary child or youth membership and access to YMCA swim lessons and aquatic leadership programs. Youth can apply for a bursary covering the costs to take the Aquatic qualification courses to become a lifeguard.



Providing safe, inclusive spaces that nurture the development of local youth is an important goal of the YMCA. In Niagara Centre, youth accessed local YMCA Youth Action programs a total of 1,380 times last year alone. YMCA Camp Counsellor-In-Training provides another venue for youth leadership development.

Working or volunteering for the YMCA ensures meaningful opportunities for individuals looking to improve their local community. The Niagara Centre YMCA employs more than 50 people through health, fitness, and aquatics, day

camp, and community development programming, of which approximately 25 are youth often joining the work force for the first time.

ASSET MANAGEMENT

NIAGARA COLLEGE LEASE

The YMCA is committed to supporting the communities of Welland and Pelham. This is represented in our recent request to Niagara College to renew our lease for the Niagara Centre commencing April 15, 2023 and ending on April 14, 2043 (20 years).

CAPITAL INFRASTRUCTURE

The Niagara Centre YMCA be investing in a consultant in the 2023 financial year to complete an efficiency audit of the Centre. This audit will guide our decision-making process on where best to invest capital dollars to reduce costs related to utilities.

The outcome of our investment in capital infrastructure will be to become a more efficient facility which in turn will help to move Niagara Centre towards a sustainable operating model.

In 2022, Niagara Centre received a grant that provided the financial resources to invest in state-of-the-art flooring and accessible doors. These upgrades were an investment of \$150,000 into the Niagara Centre .

SUSTAINABILITY MODEL

MARKETING PLAN

The Niagara Centre is engaged with a YMCA Federation wide growth movement. The “MGI” program is the program that drives growth through tactics though industry best practices. The program compliments these growth tactics with a marketing approach to increase lead capture and prospect conversion.



With the anticipated growth in the communities through new developments, the YMCA will explore opportunities to partner with the developers and engage with all new residents. This will allow us to highlight the benefits to

becoming a resident of Welland and Pelham.

FINANCIAL MODEL

The Niagara Centre YMCA has projected budget for the next 5 years. You will note that the Net contribution result moves from a position of -\$421,871 in year 1, to -\$171,519 in year 5. This positive movement will be achieved through a revenue increase while managing expenses. This, coupled with investing in the areas that arise as a part of the efficiency audit, we are hopeful move the Niagara Centre closer to a break-even financial position.

Niagara Centre Summary

	Actual 2017-2018	Actual 2018-2019	Actual 2019-2020	Actual 2020-2021	Actual 2021-22	Year 1 Budget 2022-23	Year 2 Project Budget 2023-24	Year 3 Project Budget 2024-25	Year 4 Project Budget 2025-26	Year 5 Project Budget 2026-27
Revenue										
Membership and Program Revenue	2,458,526	2,255,023	1,185,984	43,787	689,439	1,506,739	1,622,607	1,738,461	1,862,587	1,995,576
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FUNDING SUPPORT

The financial impact of operating the Niagara Centre in 2022/23 is -\$412,871 (Appendix A.) We also know that the engagement in membership for Welland residents is 66% , and Pelham residents is 21% of the total Niagara Centre membership (Appendix B.) Therefore, we are proposing that each Municipality financially supports the Niagara Centre for respective percentage of the deficit in Net contribution. We believe that a 5-year commitment is required to ensure that the Niagara Centre has enough time to make the required capital and operating changes to achieve the above financial results.

The Net contribution position is comprised of the operating deficit/surplus for that year and included in this number is the essential Association overhead costs that directly support the Niagara Centre.

Commencing April 2023 , the subsidy received from the Municipality will be reviewed each year and modified based on the previous years Net contribution results.

		2023	2024	2025	2026	2027	
YMCA DATA		\$ 412,871	\$ 370,254	\$ 329,889	\$ 254,816	\$ 171,519	TOTAL
Welland	66%	\$ 272,495	\$ 244,368	\$ 217,727	\$ 168,179	\$ 113,203	\$ 1,015,970
Pelham	21%	\$ 86,703	\$ 77,753	\$ 69,277	\$ 53,511	\$ 36,019	\$ 323,263
*Other	13%	\$ 53,673	\$ 48,133	\$ 42,886	\$ 33,126	\$ 22,297	\$ 200,115
	100%						
*To be absorbed by the YMCA							

APPENDIX A

YMCA of Niagara - Niagara Centre Budget 2022-23

Revenue

Membership and Program Revenue	\$ 1,506,739
Rental Income and Facility Fees	74,700
Strong Kids Donations	28,306
Financial Assistance	<u>(84,789)</u>
Total Revenue	<u>1,524,956</u>

Expenses

Wages and Benefits	\$ 906,389
Utilities	538,500
Cleaning, Repairs and Maintenance	183,276
Property Tax	9,000
Program and Office Expenses	<u>56,367</u>
Total Expenses	<u>1,693,532</u>

Operating Contribution (Loss) (168,576)

Administrative Overhead 244,295

Net Contribution (Loss) **(412,871)**

2022/23 YMCA Capital Investment \$ 217,000

Net Contribution (Loss) \$ 629,871

APPENDIX B

