
Mariners Centre Expansion

*Municipal-YMCA Partnership
Agreement*

DRAFT Final Report

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Confidential: For Review with Partnership Committee.

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SUMMARY

Two fundamental issues define the success of any potential partnership. The first is the willingness of the parties to enter into the partnership and the second is the terms of the agreement.

With respect to a potential municipal - YMCA partnership for the operation of new recreation facilities at an expanded Mariners Centre, our preliminary discussions indicate significant agreement in principle on virtually all terms of the agreement. While this discussion focused on the principles underlying the partnership rather than the detailed terms of the legal agreement, there is no reason to believe a mutually acceptable agreement could not be reached.

The municipalities' concern that the YMCA cannot be an effective partner is the major challenge to structuring a partnership agreement. This concern underlies most of the issues discussed in this report. The partnership cannot proceed without it being resolved. The concern is rooted in part in the history of the Yarmouth YMCA and their current situation but also in a lack of familiarity with the resources that the YMCA could bring to the partnership. This needs to be addressed by initiating a constructive dialogue between the partners that builds on the preliminary discussions that were part of this study. We believe this would lead to a successful partnership that would benefit the municipalities, the YMCA and ultimately the residents of the Yarmouth area.

INTRODUCTION

The investigation of a possible partnership between the municipal owners/funders of the Mariners Centre and the YMCA is one of the deliverables of the feasibility study. The partnership would see the YMCA operate municipally owned aquatic, gymnasium, fitness and multipurpose facilities at the Mariners Centre. While it is not our intent to reach a definitive decision on the feasibility of the partnership or to specify terms of a partnership agreement, we will determine if there is sufficient agreement among municipal owners/funders and the YMCA on the possible benefits and structure of a partnership to indicate it is a feasible option to pursue if the project moves forward.

Discussions between the potential partners were facilitated by the consultant. The following assumptions guided those discussions:

- The possible partnership applies to the aquatic facility; gymnasium, and multipurpose facilities identified in the 2015 Needs Assessment as recommended components of an expanded Mariners Centre. As per the 2015 Needs Assessment recommendations, fitness facilities would not be included in a municipally operated facility; however, if operated by the YMCA, fitness facilities would be included and are therefore a part of this discussion. In this report, these components will be referred to as the Complex.
- The existing Mariners Centre arenas and the proposed curling club are not part of this discussion.
- The Complex will be municipally owned; the YMCA would be the operator.
- If the YMCA entered into this partnership, they would close their existing facility.
- It is understood that the municipal owners and funders may decide not to expand the Mariners Centre because the costs are prohibitive (or for other reasons). Consequently, this discussion is about the relative merits of a YMCA vs. municipally operated Complex on the assumption that the municipalities decide to pursue the project.
- The Mariners Centre is owned by the Town of Yarmouth and District Municipality of Yarmouth. The Municipality of Argyle is not an owner but participates in funding operations. In the partnership discussion the three municipal units are treated as a single entity that together would be responsible for fulfilling municipal obligations set out in the partnership agreement. It is understood that the three municipal units will come to their own separate agreement with respect to their relative share of financial and other obligations.

The following issues were addressed in these discussions:

1. The Qualities and Resources Each Party Brings to the Partnership
2. The Role of the YMCA in the Community
3. Anticipated Benefits of the Partnership
4. Responsibility for Capital Costs
5. Capital Conservation Contributions
6. Capital Fund-Raising
7. Municipal Contribution to Recreation Services Delivered by the YMCA
8. Contribution to Operating Costs – Guiding Principles
9. Community Access and Non-Competition
10. Long Range Planning and Service Evaluation
11. Governance
12. Complex Operations
13. Shared Use
14. Other Issues

These are the larger issues normally reflected in a partnership agreement. There are other day-to-day operating issues that will also have to be resolved but do not need to be reflected in the broader framework for the partnership agreement. All of these issues have been addressed in partnership agreements in other circumstances – but there is no consistent approach or model for dealing with them. Further, the partnership agreement must reflect the situation in the Yarmouth area where the YMCA is already an established organization with an existing facility in the community; which is not the case in all YMCA-municipal partnerships.

Our purpose was to explore the level of agreement on the principles and approaches, not the details, which would be reflected in a partnership agreement. The guiding principles are noted here – the details will be addressed at a later date. Finally, it was not our purpose to structure a legal agreement. As with any agreement of this type, there will be a number of standard legal clauses addressing notice, termination, insurance, indemnities, default, dispute resolution etc. These are relatively standard clauses best left to the lawyers and therefore were not part of our discussion.

If a decision is made to expand the Mariners Centre and both parties wish to pursue a municipal-YMCA partnership, we assume that a Partnership Committee will be formed to finalize a partnership agreement. Our recommendations are directed to this future committee. The parties to the agreement will determine the role, composition and structure of the Partnership Committee. It will be this Committee's responsibility, with the input of

legal and other advisors as required, to translate the principles outlined in this report into the detailed legal document that will govern the partnership.

The following tables identify the points raised by YMCA and municipal representatives in separate meetings facilitated by the consultant. These points were confirmed with each party after the meeting and then shared with the other party. The table also includes the consultant's observations and recommendation(s) for moving forward.

ISSUES, SUMMARY OF POINTS RAISED AND RECOMMENDATIONS

Issue 1: The Qualities and Resources Each Party Brings to the Partnership

While the municipalities have provided grants to the YMCA in the past, we are now discussing a much more involved partnership with both parties assuming significant and ongoing responsibilities for the facility. This move from limited municipal financial support to a partnership has an important implication for the partners. As with any partnership for a major project, the parties to the agreement must be confident that their partner has the capability, resources and commitment to fulfill their end of the agreement. This is not an issue if the municipalities are simply providing an annual grant to a YMCA owned facility, but it is a critical concern in a long-term partnership that involves major financial commitments.

Points Raised by the Potential Partners	
YMCA	Municipal Units
<p>YMCAs in Canada have been changing in recent years moving away from governance and service delivery models that are strongly focused on single communities and independent organizations to a regional model emphasizing collaboration and sharing amongst YMCAs with greater access to provincial and national support. This change reflects a growing recognition that the traditional model for YMCAs, particularly in small and rural communities, is no longer viable. These changes are creating stronger, more efficient organizations - but they have not been fully implemented in Atlantic Canada.</p> <p>The Yarmouth YMCA can draw upon significant resources from the provincial and national bodies to support the management and delivery of recreation programs at the Complex. Amongst others, these resources include:</p> <ul style="list-style-type: none"> • a provincial network of CEOs supported by the Atlantic Canada Regional Development office based in Halifax that are available to share best practices 	<p>There is no existing relationship with the YMCA. Other than whatever financial information accompanies the annual request for funding, the YMCA has not shared operating or management procedures with municipal representatives. Consequently, municipal representatives are largely unfamiliar with the YMCA's operational or management expertise.</p> <p>While acknowledging a lack of familiarity, there is little evidence in the Yarmouth case that the YMCA has had access to or benefitted from provincial or national resources or support.</p> <p>The Yarmouth YMCA is struggling and has been for some time. Consequently, it is not clear that they have the capability to be an effective partner. Ultimately, partnerships involve parties coming together with a shared culture and commitment to excellence, each bringing resources to the table and each willing to assume risks. It is not yet clear that these pre-requisites for an effective partnership exist with the Yarmouth YMCA.</p>

- the sharing of specialized resources that would otherwise not be available to smaller YMCAs (such as professional Human Resource staff)
- research conducted both provincially and nationally on program, facility and management issues that are directly relevant to YMCA operations
- access to consultants and specialists through the national YMCA (e.g. the consultant arranged through the national office who is advising the YMCA on the partnership discussions in Yarmouth; similar experts could be called on for assistance with other projects such as fund-raising).
- policies and management protocols developed by experts that deal with critical issues affecting the operation of community recreation facilities and programs (e.g. child protection guidelines, risk assessment procedures, inclusivity etc.) These are comprehensive, high quality, professionally vetted operational guidelines that YMCAs must follow.
- training and professional development arranged at the provincial and national level on a wide range of topics such as effective governance; fund-raising; service delivery models, etc.
- formal program and service evaluation techniques that apply to all YMCAs. All Y's in Canada are routinely evaluated and if they do not meet service targets, actions are taken to address shortfalls. These types of performance measures would be available to the municipalities to evaluate the Y's effectiveness at the Complex.

Many of these tools contribute to operating efficiencies, cost control and revenue enhancement.

The management tools and resources available to the Yarmouth YMCA, and the policies and procedures that YMCAs must adopt to ensure safe,

By entering into the partnership, the municipal units would be buying into the YMCA brand. This should be an asset, but it is not clear how strong the brand is in the Yarmouth area. The YMCA must demonstrate the value added and the benefits they bring to the table.

A concern is that the YMCA would view the partnership as a solution to their current financial challenges and abandon any attempts to establish a more successful, financially viable organization in the Yarmouth area. The municipalities are not interested in financially under-writing a failing YMCA. Consequently, to move forward, the YMCA must demonstrate it has the capacity to be an effective partner.

The municipalities must also determine that they are interested in a partnership and that the YMCA is the most cost-effective and viable partnership option. There are other models for owning and operating major community assets that do not involve the YMCA and perhaps these should be explored as well.

high quality community programming, are likely more extensive than those that would be in place in most municipal recreation departments, particularly in smaller Nova Scotia communities.

Because the owners of the Complex will share liability with the operator, these standards of service delivery are likely important considerations that could be reflected in any partnership agreement.

Conclusion: Moving Forward

The municipalities' concern that the YMCA cannot be an effective partner is the major challenge to structuring a partnership agreement. This concern underlies most of the other issues discussed in this report. The partnership cannot proceed without it being resolved.

Given the current situation, there is little reason to have confidence that the local YMCA's has the skills and depth of resources to effectively operate the Complex. Further, the resources available from the provincial and national YMCA have not been apparent in Yarmouth to date. The municipalities had virtually no knowledge of the resources (noted in the YMCA comments above) available to support the local YMCA. This is a major concern and the onus is on the Yarmouth YMCA to demonstrate they are a competent, strong partner backed by their provincial and national organizations.

The municipalities also raise the question of whether there are other, possibly better, options than the YMCA as an operating partner. This is a fair question and one that the municipalities may wish to explore further. However, the logical course of action would be to determine the type of partnership that may be available with the YMCA first, and then, if warranted, compare it to other options. This would appear to be the prudent course of action for three reasons: (1) The YMCA is an existing community organization with a long history in Yarmouth and a strong commitment to the feasibility study and their possible role in the Mariners Centre expansion; (2) other than municipal recreation departments, there are very few other viable operators of indoor pools because of the high operating costs, the need to be both operator and direct programmer, and the significant expertise (and associated liability) associated with their operation; and (3) as discussed further below, the YMCA is prepared to bringing resources, including capital, to the project – it is very unlikely that other partners will be in this position.

Recommendations:

The YMCA should prepare a presentation and supporting documentation to elaborate on the role that the Provincial and National YMCAs may play and the resources that they can bring to support the local YMCA as a partner in this project.

The YMCA should initiate a dialogue with the municipal Councils and the Mariner Centre Board to address concerns and respond to questions about their possible role as a partner in the Mariners Centre expansion project.



Issue 2: The Role of the YMCA in the Community

This will be a municipally owned recreation Complex and we are exploring the possible benefits of the YMCA operating it on behalf of the municipal owners. The YMCA is a charitable organization that exists to provide services to the community. This is their over-riding Mission. They fulfill this Mission in part by offering recreational programs. In the YMCA's view, the Complex is a vehicle that allows them to fulfill their larger Mission. Consequently, their interest is a partnership that extends beyond the Complex to the larger community.

The partnership is based on the premise that the municipalities see a value in having an active YMCA in the Yarmouth area. This value extends beyond their possible role as the operator of the Complex. It is reflected in a wide range of programs and services that could be offered to residents, a number of which would not be recreational. Because this is the case, our discussion of the implications of the partnership was not limited to the operation of the Complex. Concerns that the municipalities have with the role the YMCA currently plays in the community and any expectations that they have for the YMCA's future role were relevant to the partnership discussion.

Points Raised by the Potential Partners	
YMCA	Municipal Units
<p>The YMCA is strongly committed to a partnership rooted in the YMCA's larger Mission as a community builder. This would be the case regardless of whether the YMCA operates the Complex.</p> <p>YMCA services will not be limited to the recreation programs they will deliver from the Complex. Their intent is to actively contribute to the broad range of social, health and wellness issues associated with their mandate to build stronger communities.</p> <p>The YMCA recognizes that their efforts in this regard in the Yarmouth area in the past have been limited and their commitment to these broader</p>	<p>Many would question whether the YMCA is having a significant social impact consistent with its Mission in the broader community.</p> <p>This might an outcome of the partnership and could be a "value added" from the YMCA presence in the community. However, it is necessary to demonstrate the need for these broader community services and that the YMCA would be the best vehicle for providing the services. The municipalities are not aware of the role YMCAs play or the success they have had in other communities in this regard Finally, given that these non-recreational services may not be within the municipal mandate, the</p>

<p>social issues would not be apparent to many in the community.</p> <p>The YMCA sees the facility partnership as an opportunity to correct this situation. The condition of the existing facility is an ongoing expense and constrains membership growth. With a partnership, resources that are now being committed to facility issues could be redirected to community service.</p> <p>Through the partnership, the YMCA would expect to play a much stronger regional role. Being located at the Mariners Centre will enhance this regional role, but the Y would also expect to attract more regional users with improved facilities and services.</p>	<p>appropriateness of municipal involvement may be an issue.</p>
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Conclusion: Moving Forward

The YMCA's position on this issue is clear and consistent with the larger Mission of the YMCA national organization - the YMCA exists to serve the community. This can be done through recreation services at the Complex as well as other community initiatives.

The municipalities, based on experience to date, understandably question whether the Yarmouth YMCA is having a significant social impact on the community today. A concern that is acknowledged by the YMCA. The onus is on the YMCA to demonstrate they can do more in this regard if operating from the Complex.

The municipalities also feel the need in the Yarmouth area for the non-recreational services the YMCAs have traditionally offered in other communities (such as youth services; employment support; services for new Canadians; healthy living programs, etc.) must be demonstrated. The YMCA must also demonstrate it is the best provider. In response to this issue (and others discussed subsequently), the municipalities also questioned if the non-recreational services are consistent with the municipal mandate and if there is a danger of over-extending municipal responsibilities by taking on initiatives that are not their responsibility.

While the questions raised by the municipalities are legitimate, they are not relevant to the partnership assessment. Unless the YMCA's involvement in non-recreational services has financial implications for the operation of the Complex (discussed in subsequent issues), these concerns should have no impact on the potential partnership. If there is no need in the Yarmouth area for these non-recreational services (which seems unlikely), they won't be

offered. It will be the YMCA's responsibility to demonstrate their success in offering these services in other communities and their capability to offer them in the Yarmouth area. Furthermore, these services would generally not be offered by the YMCA alone. The YMCA would typically offer these services in conjunction with other community agencies, which would play a part in assessing the need, the best delivery mechanism, and the financial viability. Frequently, financial and other resources would be secured from provincial and national authorities with responsibilities for health, education, settlement services and employment. The municipalities would be under no obligation to participate financially or otherwise.

While acknowledging that the Yarmouth YMCA has not demonstrated its capacity to deliver non-recreational services in the past, their commitment to do so within a new structure defined by the partnership is a major community benefit – assuming the YMCA delivers on its commitment.

Recommendation:

The partnership is an opportunity for the Yarmouth YMCA to extend and improve services consistent with their mandate, including non-recreational services, for the benefit of local residents. While this may not need to be reflected in the terms of the partnership agreement, it is a reasonable expectation and the YMCA should indicate how it might be addressed if they enter into the partnership.

In conjunction with the communication initiatives recommended under Issue 1, the YMCA should address its possible role in providing non-recreational services and the YMCA's experience in other communities.

Issue 3: Anticipated Benefits of a YMCA Partnership

Possible Benefits to the Municipal Owners

- A partnership ensures that the YMCA can continue its long tradition of service in the Yarmouth area.
- The YMCA is fully qualified and has a good deal of experience locally and nationally with the operation of aquatic, fitness and multipurpose programming space. Particularly in situations where the municipality is not currently operating indoor pools, this is often seen as an advantage because there is no learning curve and operations are rooted in many years of successful practice.

- In addition to its experience as a facility operator and programmer, the YMCA has been actively involved in many initiatives locally and nationally that contribute to wellness and healthy and active lifestyles. These initiatives can complement those of municipalities.
- The YMCA also brings to the community expertise and involvement in a broad range of non-recreational, socially focused programs (e.g., employment assistance, youth-at-risk, new Canadians, etc.). While not directly connected to the core facilities and programs at the Complex, these are complementary services. In communities where other providers may not be offering these services, or may be limited in the scope of their programming, having the Y as a partner can be a significant advantage.
- The YMCA may support capital costs and may make the project more appealing to external funders and community fund-raisers.
- A partnership with the YMCA will generally contribute to lower costs relative to municipally operated facilities.

The factors that contribute to lower net operating costs vary somewhat among communities. In some cases, lower staff costs, greater reliance on volunteers and access to non-traditional revenue sources, such as donations, ongoing fund-raising, or revenue streams from associated activities, such as child care, can be factors that explain lower net operating costs. However, a significant consideration is membership revenues. Very few municipal operations charge membership fees for access to aquatic programs or multipurpose programming. The YMCA model puts greater emphasis on membership revenues, which essentially assigns a higher cost to the user than would typically be the case in a municipally operated facility. The YMCA has policies in place that ensure residents are not turned away because of financial hardship. However, lower annual municipal costs, primarily for aquatic facilities, have been a major attraction of YMCA-municipal partnerships in many communities.

Possible Benefits to the YMCA

- The YMCA can commit resources that would otherwise be required for facility maintenance and operations to service delivery. This is particularly the case in small markets and when the YMCA owns an old facility. As noted earlier, municipal recreation facilities and especially those that have aquatic facilities are heavily subsidized from the general tax base. If the municipality has a role in covering these costs, the YMCA is free to commit more revenue to service delivery.
- Without municipal partnerships YMCAs may not be sustainable in small markets. The YMCA's ability to fulfill its Mission and maintain a presence in small communities is increasingly dependent on partnerships.

Possible Benefits to Both the YMCA and the Municipalities

- Partnerships often encourage the YMCA and municipalities to work more closely together on a variety of community projects, funding applications and the ongoing planning and evaluation of recreation services. This may be particularly relevant in the Yarmouth area where two municipal recreation departments, the Mariners Centre Board and the YMCA currently are the major providers of recreation services. Increased coordination, planning and delivery of services could be an outcome of the partnership.
- Related to the above, the skills and expertise of YMCA, recreation department and Mariners Centre staff differ as do their access to provincial and national organizations that support recreation service delivery. Increasing everyone’s access to this expertise and these resources can be mutually beneficial.
- The partnership formalizes relationships between the recreation service providers, including in some cases outlining legal obligations which can increase the efficiency of service delivery. For example, some agreements include non-competition clauses to eliminate program duplication.

Points Raised by the Potential Partners	
YMCA	Municipal Units
<p>The YMCA feels that the benefits as noted would be realized through the partnership.</p>	<p>The municipalities acknowledge the potential for realizing these benefits if the concerns noted in Issue 1 and 2 re. the YMCA's role and partnership capability are resolved. However, it was noted that the “community based” activities and social programming are not “core operations” associated with a possible partnership at the Complex and are likely not within the municipal mandate. It was suggested there would be merit in doing a scan of these activities to determine how they might fit into a YMCA partnership model.</p> <p>The opportunities for improved coordination, joint planning and evaluation of recreation services among all providers in the Yarmouth area to achieve the greatest possible efficiency and effectiveness could be an important outcome of the partnership.</p>

	It is expected that the YMCA will operate the Complex at a lower net cost than municipal operators. The YMCA's ability to control costs and be accountable for expenditures is an issue. This will be a major consideration in determining if the municipal units will support the partnership.
<p>Conclusion: Moving Forward These points, including the municipalities' comments concerning non-recreational services, have been addressed in our discussion of Issue 1 and 2. Essentially, the YMCA must demonstrate they are a strong and effective partner. If the YMCA fulfills its role as a partner consistent with the commitments noted in our discussion of Issue 1 and 2, the benefits will be realized.</p> <p>Recommendation: See recommendations for Issues 1 and 2.</p>	

Issue 4: Responsibility for Capital Costs

Contributions to capital can be discussed in two parts: (1) the building and recreation equipment and (2) moveable assets.

In many YMCA-municipal partnerships the YMCA would not contribute to building capital costs, except to participate in a fund-raising campaign (discussed below). YMCAs generally do not have capital accounts for new facility construction and, other than whatever government funding programs may be available, have no means to raise funds through vehicles such as taxation. However, there are circumstances where YMCAs have contributed to the capital cost of a municipally owned building which they operate. This is a reasonable scenario where the Y owns a capital asset in the community which will be sold and where the YMCA is committed to maintaining and enhancing a long-term relationship with the community. This is the case in the Yarmouth area.

In addition to the building structure, there are significant costs associated with recreation equipment and moveable assets (e.g., pool, fitness and gym equipment). These costs can be considerable (particularly when fitness equipment is included) and consequently are an important consideration in the relative capital contributions of partners.

Points Raised by the Potential Partners	
YMCA	Municipal Units
<p>The Yarmouth YMCA does not have a capital reserve or building fund that could be contributed to the project. Capital funding for projects of this nature is not available from the provincial or national YMCAs.</p> <p>The Yarmouth YMCA owns their existing facility which will be sold if operations are moved to the Mariners Centre. This is an asset that would be available to fund the Complex.</p> <p>The YMCA is committed to continuing its long association with the Yarmouth and area communities and would view the Complex as their “permanent” home. Consequently, the YMCA is prepared to make a capital investment in the facility over and above whatever might be realized through a capital campaign (discussed below). However, as noted above, the YMCA does not have a building fund and is not in a position to incur debt to secure capital funds, so an arrangement would need to be structured that allowed the YMCA to contribute to capital over an extended period of time from future revenues.</p> <p>The YMCA would assume responsibility for costs associated with equipment as part of their contribution to capital funding.</p>	<p>The municipal units expect the YMCA to make a capital contribution to the project. They anticipate a target being set and the YMCA using whatever means possible, including the disposal of existing assets and fund-raising, to achieve the target.</p> <p>The municipal units are probably not interested in assuming ownership of the current YMCA building as the Y’s contribution to capital. It would be preferable for the YMCA to dispose of the building and use these funds as part of their contribution to the target noted above.</p> <p>The YMCA should assume full responsibility for moveable equipment specific to the programs they operate and deliver. They are in the best position to know what they will require and to purchase and maintain this equipment. In addition, if municipal units are purchasing fitness equipment for the YMCA, this might be seen as a conflict by private operators.</p>
<p>Conclusion: Moving Forward There is no disagreement among the parties on the general approach to capital funding. However, it should be emphasized that the YMCA's willingness to contribute capital is a significant feature of the proposed partnership. This is not a part of all agreements but in the Yarmouth case reflects the YMCA's current role in the community, their capital assets and their interest in the project. Nonetheless, it is a major benefit of the partnership and represents a capital funding source that would not otherwise be available for the project.</p> <p>Recommendations: The Partnership Committee should explore options for the YMCA's contribution to the capital cost of the building, including precedents from other</p>	

successful partnerships. Financing options will need to be explored that allow the YMCA to contribute overtime without incurring debt.

The YMCA should assume responsibility for the capital cost of moveable equipment required for the Complex.

Issue 5 Capital Conservation Contributions

In situations where the municipality owns the facility and the YMCA is the operator there is a mutually dependent relationship. The municipal owner wants to ensure capital assets are protected, recognizing the manner in which the YMCA operates the facility on a day-to-day basis has a direct relationship to ongoing building and equipment capital conservation costs. The YMCA relies on the owner to keep the facility in a good state of repair to retain members and membership revenues. The manner in which both parties will contribute to ongoing capital conservation costs for both the building and equipment is therefore an issue that should be reflected in the agreement.

Points Raised by the Potential Partners	
YMCA	Municipal Units
<p>The building is owned by the municipal units and the YMCA is essentially a tenant. The YMCA will be covering occupancy costs and would be responsible for normal wear and tear, interior decorating or painting, day to day maintenance – similar to a lease arrangement – but the building and mechanical systems should be maintained by the owners.</p> <p>The YMCA would assume responsibility for the repair and replacement of gym, pool and fitness moveable equipment as their contribution to capital conservation costs.</p>	<p>As owners, the municipal units would be responsible for capital conservation costs associated with all major components of the building (structural, mechanical, electrical)</p> <p>The YMCA might be expected to share in capital conservation costs associated with specific components of the facility that are used by their membership and where the capital conservation costs are associated with a user enhancement or upgrade (such as renovating change rooms) rather than the building's structural or mechanical systems.</p> <p>Repair and replacement of YMCA furnishings and sports and recreation equipment would be the responsibility of the YMCA.</p>
<p>Conclusion: Moving Forward There is substantial agreement on the approach to dealing with capital conservation costs in the partnership agreement.</p>	

Recommendation:

The Partnership Committee should structure clauses for the agreement consistent with these principles to reflect each party's responsibility for capital conservation costs.

Issue 6: Capital Fund-Raising

If the Complex proceeds, there will be a fund-raising campaign to support capital costs. This raises the question of the relative roles of the YMCA and the municipal units in a fund-raising campaign. Most YMCAs fund-raise and can often bring expertise from national or provincial offices to capital campaigns for new facilities. Municipalities seldom fund-raise directly but often rely on community organizations to operate a capital campaign for what will be municipally owned facilities. The Mariners Centre is a successful example of the latter situation.

Points Raised by the Potential Partners	
YMCA	Municipal Units
<p>The YMCA, through its provincial and national offices, has access to fund-raising expertise. The YMCA would be prepared to play the lead role in a capital campaign for the Complex.</p> <p>While the YMCA would manage a capital campaign for the Complex, it must be recognized that the YMCA will also continue to fund-raise for other program initiatives (such as the Strong Kids Program) and that these revenues would be separate from any capital contributions to the Complex.</p>	<p>YMCAs appear to have more experience and greater expertise with capital campaigns; however, the Yarmouth YMCA would need to demonstrate its ability to run a successful capital campaign. If the YMCA is capable, they should play the lead role in fund-raising for the YMCA components of the facility.</p> <p>The community is likely more willing to contribute to a capital campaign run by the YMCA or another community group than by the municipal units.</p>
<p>Conclusion: Moving Forward There is agreement that the YMCA should play the lead role in a capital campaign. The only question raised is the YMCA's ability to run a successful campaign. This needs to be demonstrated.</p> <p>Recommendation: The YMCA should prepare documentation to demonstrate expertise and past success with similar capital campaigns and to outline the resources</p>	

available to operate a campaign for this project.

The YMCA should assume lead responsibility for the capital campaign.

Issue 7: Municipal Contribution to Recreation Services Delivered by the YMCA

While the municipalities currently contribute to the Yarmouth area YMCA, they do so on an annual basis with a grant that is totally at the discretion of their Councils. A partnership would formalize the funding relationship and tie the municipal contribution to a cost sharing formula. This is a major departure and the principles surrounding this contribution should be reflected in the partnership agreement.

Expenses exceed revenues in virtually all recreation facilities with major aquatic components. This is the cost of providing a very desirable recreation service to residents. In most communities, this cost is covered entirely by the municipality in recreation department budgets. In communities where major facilities are operated by the YMCA, the municipality's costs are lower because of the higher revenues from the YMCA's membership model and/or lower operating costs. The over-riding issue for the partnership agreement is the willingness of the municipal units to cover operating short-falls at a YMCA operated Complex.

Points Raised by the Potential Partners	
YMCA	Municipal Units
<p>The YMCA will be offering a much higher level of service to the community at the Complex than is possible at their existing facility. This is particularly the case for aquatics because a contemporary, full-service facility will be available. This higher level of service will contribute to higher costs. While growth in membership will offset some of these additional expenses, it is unlikely that the YMCA will “break-even” and an annual municipal contribution to cover operating short-falls will be required.</p> <p>The YMCA fully supports the principle of operating the Complex in the most efficient manner possible and generating as much revenue as possible to limit any operating short-fall.</p>	<p>The municipalities recognize that taxpayers generally subsidize recreational services, particularly services such as indoor aquatic facilities, and that it will likely be necessary to cover a portion of the operating costs of the facilities operated by the YMCA. However, a major reason for entering into the agreement with the YMCA is to realize lower annual operating costs than would be possible at a facility operated by the municipalities.</p> <p>A concern is that if operating short-falls are automatically covered by the municipalities the YMCA will have no incentive to operate efficiently, aggressively build its membership or secure revenues from other sources. The municipalities are unwilling to enter into a situation where they are</p>

<p>The YMCA would prepare annual budgets, in consultation with the municipal owners, to determine the required municipal contribution to operating short-falls and present these to the municipal units for approval. A mutually agreed to budget would be determined in an open and transparent process that best balances the services available to the community, membership stability and growth, and the available resources to operate the Complex.</p>	<p>obligated to cover deficits with no understanding or assurances of the magnitude of these costs.</p> <p>The municipalities would prefer an arrangement that caps their financial obligation, but appreciate that a reasonable cap may be difficult to identify for a new facility in its initial years of operation. In the absence of a cap, procedures must be in place to provide the municipal units with some confidence that the costs are reasonable. These procedures would involve commitments to efficient operations and maximizing revenues as well as monitoring and involvement in budgeting.</p> <p>A condition of entering into the partnership should be a detailed business plan prepared by the YMCA for the initial years of operation that indicates all eligible operating costs, sources of revenue and membership targets. Historical information on membership trends and efforts by the YMCA to grow their membership should be included as well as details on operating and management procedures. The plan should indicate growth projections for membership (and other revenue sources) and any requirements for operating subsidies. This would establish mutually agreed to targets for financial performance.</p>
<p>Conclusion: Moving Forward</p> <p>The requirement for a municipal contribution to cover operating shortfalls associated (primarily) with the indoor pool is recognized and accepted.</p> <p>As with most other issues, the municipalities concerns are rooted in their lack of confidence in the YMCA and, therefore, the possibility that their financial obligations will be excessive. This is a central issue and greater clarity is required to move the partnership discussion forward.</p> <p>A preliminary business plan will be prepared as part of the feasibility study. The business plan will provide an initial estimate of membership and membership revenues as well as all other broad categories of expenditures and revenue sources. It will indicate requirements for municipal contributions. The business plan will be prepared with YMCA input but will reflect the views of the consultant. It is therefore a useful starting point for discussions concerning the municipal contribution to recreation services provided by the YMCA. In other agreements, a business plan of this type has been an attachment to the agreement outlining agreed upon financial targets and procedures for monitoring and revising these as required during the</p>	

period leading up to the opening of the Complex and during the first years of operation.

Recommendation:

The municipalities should acknowledge the need for ongoing contributions to the operating cost of the Complex and the YMCA should commit to operating the Complex in the most cost effective manner possible.

Discussions concerning the municipalities' contribution to operating costs in the partnership agreement should be based on the Feasibility Study business plan. The Partnership Committee should update the business plan as detailed design of the facility proceeds to reflect changes in the Complex or other circumstances. The updated business plan would be used to project municipal obligations in the first years of operation with the understanding it would be further refined based on actual operations.

Issue 8: Contribution to Operating Costs – Guiding Principles

In addition to reflecting a position on municipal contributions to operating short-falls, the partnership agreement will specify specific conditions that govern cost-sharing on operating expenditures. The following principles were discussed to govern these elements of the agreement.

Points Raised by the Potential Partners	
YMCA	Municipal Units
<p>Eligible operating costs would be identified in the partnership agreement and these would be costs directly associated with the operation of the Complex.</p> <p>Occupancy costs (such as utilities, snow removal etc.) would presumably be charged back to the YMCA based on their use as a portion of the larger Mariners Centre facility.</p> <p>Any operating surplus would be available to both parties to offset capital contributions.</p>	<p>Only operating costs directly associated with the Complex would be eligible for cost sharing. For example, while the Complex's portion of occupancy costs (heat, water, hydro, etc.) would be included, any administrative or staff costs that were not exclusively associated with the Complex (e.g. CEOs salary, insurance if purchased for all SW Nova Scotia Y operations, etc.) would be pro-rated.</p> <p>Except where a direct benefit can be attributed to the Complex/local services, any provincial or national YMCA costs would be excluded.</p> <p>Revenues generated at the Complex or by recreational programs</p>

	<p>operated in the community (such as a day camp program that may use venues outside of the Complex) would be included in any calculation of net operating costs to be covered by the municipal units.</p> <p>How revenue and expenses would be dealt with for non-recreational programs (youth employment; newcomer services, childcare) requires further discussion. Municipalities may have concerns about funding non-recreation services that are not their “core business”. Municipalities would generally make a decision on a case by case basis if they were asked to contribute to the net cost of these programs. However, if these programs are operated from the Complex, how associated expenses would be addressed is an issue. In addition, if these programs were revenue positive it must be determined, how, if at all, they contribute to lowering the municipalities’ requirements to cover a net operating cost at the Complex.</p> <p>Procedures are required to address the possibility of an operating surplus. Surplus funds should be available to both partners to offset, in some proportionate manner, investments in the facility.</p>
<p>Conclusion: Moving Forward While there are many details to resolve, there are no fundamental differences of opinion on this issue that would threaten the viability of an agreement. The general principles governing contributions to operating costs are accepted by both parties. While the details need to be determined through on-going discussions, there are many precedents in existing agreements and it should be possible to arrive at a mutually satisfactory arrangement rooted in these principles.</p> <p>Recommendation: The Partnership Committee should structure clauses for the agreement consistent with these principles to govern each parties’ contribution to ongoing operating costs.</p>	

Issue 9: Community Access and Non-Competition

Membership and program fees consistent with a typical YMCA in Nova Scotia will be the YMCA's primary source of revenue from users. YMCA policies ensure that no one is turned away because of income. However, generating revenue from memberships is not typical for municipal facilities and some fees (e.g. for day use) can be higher at the YMCA than in most municipal facilities. In addition, residents may be concerned that the Complex is municipally owned but has a YMCA fee structure. To address this issue, in some partnership agreements, provisions that would not be customary in most Ys are adopted to provide greater community access for non-members.

Most cost sharing models are based on the assumption that the YMCA will generate a certain amount of revenue and the municipal contribution is based on this expectation. It would not be unusual therefore to identify programs and services where the municipalities would not compete to ensure that the YMCA's revenue stream was protected.

Points Raised by the Potential Partners	
YMCA	Municipal Units
<p>The YMCA expects that the municipal ownership -YMCA membership model will be a concern for some community residents who feel their access to a facility funded in part by municipal taxes is constrained.</p> <p>The YMCA would be amenable to special provisions that provide enhanced access for non-members, particularly with respect to facilities or programs that were popular among a large cross-section of the community (e.g. walking track or public swimming). If provisions for enhanced access reduced revenues, this would need to be reflected in the cost-sharing agreement with the municipalities.</p> <p>Competition among recreation providers in the Yarmouth area is not currently a major problem; however, because the YMCA will expand its programming and will be more accessible to the regional market, it could</p>	<p>The municipal units expect some community residents will object to YMCA membership fees at a facility funded in part by municipal taxes and steps will have to be taken to address this issue. Provision for enhanced community access to selected services will likely need to be reflected in the agreement. The municipal units recognize this may have an impact on YMCA revenues and consequently the extent of necessary municipal funding.</p> <p>The municipal units would support a comprehensive program review that identified the extent of duplication among recreation providers. Where unwarranted duplication exists, programs should be assigned to the provider best able to serve the community in the most cost-effective manner.</p>

be a concern at the Complex. The YMCA acknowledges the need to work with other recreation providers to address any issues that emerge.

Conclusion: Moving Forward

There is agreement on the principles that would govern community access, including the necessity to provide enhanced access to non-members for selected services or facilities. There are a wide range of opportunities to address the issue of community access and examples from other YMCA-municipal partnerships may be instructive. A broader conversation with community stakeholders and decision-makers is warranted to explore the community's priorities in this regard. Based on the needs assessment, we believe access to the walking track and, to a lesser extent, the indoor pool will be the community's key interests.

It is significant that both the YMCA and the municipalities see the partnership as an opportunity to review the role played by key recreation service providers in the Yarmouth area (municipal recreation departments, YMCA, Mariners Centre) to improve coordination, eliminate duplication and enhance cost-effectiveness. This has not been done in the past through a regional recreation master plan or other similar study and would be major step forward.

Recommendation:

Consideration should be given to removing the walking track from the area of the Complex controlled by the YMCA to maximize informal, unprogrammed community access to this highly desired feature of the Complex.

Selected programs such as public swimming should be evaluated as candidates for enhanced, non-member community access at the Complex. The programs selected and the extent of enhanced access should be determined based on community priorities balanced by the municipalities willingness to compensate for lost YMCA revenues with their contribution to operating costs.

The key recreation service providers in the Yarmouth area should review existing programs and services to identify and eliminate duplication or unnecessary competition and ensure that the preferred provider best serves the overall community in the most cost effective manner.

Issue 10: Long Range Planning and Service Evaluation

The Complex will be the major recreational facility in the Yarmouth area and, as noted in our discussion of benefits (Issue 3), presents an opportunity for the partners to plan future services collaboratively. In addition, the YMCA is providing community services on behalf of the municipalities. The municipalities will have an interest in the ongoing evaluation of these services and the community's satisfaction. Some agreements specify the manner in which this will be monitored and reported.

Points Raised by the Potential Partners	
YMCA	Municipal Units
<p>The YMCA recognizes the value of a more coordinated approach to long range planning and evaluation of recreation services in the Yarmouth area and would actively participate in such an initiative.</p> <p>All YMCAs evaluate their performance on a regular basis using a number of tools, including performance measures, customer satisfaction surveys, and other approaches. The National YMCA has an evaluation tool used by all Ys in Canada that specifically monitors performance in key areas – including safety of program participants and financial controls - and identifies problem areas in need of attention.</p> <p>The YMCA would share the results of any existing evaluations with the municipalities as well as considering other measures or targets that should be incorporated in a monitoring and evaluation system.</p>	<p>The municipalities acknowledge that improvements are possible and desirable to create more coordinated and effective planning and service evaluation among recreation providers. This would be a desirable outcome of the partnership.</p> <p>Consistent, comprehensive and high quality service evaluation tools would need to be put in place to demonstrate that the YMCA was meeting expectations as the operators of the Complex. "Success measures" should be identified to demonstrate a return of the investment.</p> <p>It was acknowledged that such tools are not currently in place for the Mariners Centre or municipal recreation departments. Those developed for the Complex could be a model for improved evaluation of all recreation services and contribute to better planning.</p>
<p>Conclusion: Moving Forward</p> <p>Similar to the previous issue, the partnership is seen as a possible catalyst for improved long-range planning and service evaluation. The YMCA has excellent tools and methods in place for this purpose and they will be applied at the Complex. The potential for building on these, integrating them with those of other providers, and participating in regional recreation planning initiatives is one of the major benefits that could come from the partnership.</p>	

Recommendation:

The Partnership Committee should identify specific approaches and measures for monitoring service delivery at the Complex and requirements for reporting. These should be reflected in the agreement.

While not an issue for the agreement, the key recreation service providers should investigate approaches for community-wide planning and evaluation of recreation services.

Issue 11: Governance

The Yarmouth YMCA operates under a single Board but the CEO and some other staff are shared among three facilities. The future governance structure of the YMCA in the South West Nova Scotia area is not entirely clear. However, assuming the YMCA operates the Complex, regardless of the structure of a future Board the manner in which the Board interacts with the Council(s) who own the Mariners Centre and the local community is a consideration that might be reflected in the partnership agreement.

In addition to the formal governance structure, some agreements provide other means to ensure community input and accountability (for example, community advisory committees to provide input to the programming priorities and needs or other issues associated with the facilities at the Complex operated by the YMCA).

Points Raised by the Potential Partners	
YMCA	Municipal Units
<p>A Board with representatives from the local community is an essential component of the YMCA governance structure. This model would have to continue in the partnership. In addition, the principle that the CEO only reports to the Board, must be respected. However, it is understood the partnership agreement is between the YMCA as an organization and the municipalities and consequently it creates a relationship between the Board and Councils. Mechanisms to enhance communication would be desirable. Municipal representation on the YMCA Board is not uncommon and other mechanisms such as formal meetings have been adopted for this purpose. The YMCA would work with the municipalities to determine</p>	<p>Governance is an issue that would presumably be worked out based on the needs and preferences of the parties and the nature of the services provided and relationship developed with the YMCA. If this was simply a “contract for services” there would be no reason for the YMCA to have a governance relationship with the municipal owners.</p> <p>Cross appointment with respect to the YMCA and Mariners Centre Board may be desirable. Council appointment on the YMCA Board and/or other formal mechanisms to improve communication between the YMCA Board and Council could be explored.</p>

<p>the best way to create an effective Board-Council relationship.</p> <p>In some partnerships, the YMCA has created a community-advisory committee with representatives who include non-YMCA members. These committees generally provide input on community needs, program interests and any concerns associated with the YMCA's operation of the facility. They are strictly advisory. If desired, a committee of this type could be established for the Complex.</p>	<p>An advisory committee could be a useful mechanism to provide the larger community with input regarding the Complex and the YMCA's operations.</p>
<p>Conclusion: Moving Forward</p> <p>The municipalities noted that the YMCAs role in governance would not be an issue if they simply operated the Complex through a management contract. This is a re-occurring theme and is reflected in comments on earlier issues, including those dealing with non-recreational services and possible alternatives to the YMCA as the Complex operator (see discussion re. Issues 1 and 2). Based on the points noted above, it is clear that a partnership, rather than a management contract, is contemplated. By virtue of the YMCA's contribution to capital and capital conservation costs, their willingness to participate in and contribute to joint planning and evaluation of services, and their willingness to play a lead role in a capital campaign, the proposed arrangement would be a partnership among the key recreation service providers in the Yarmouth area, and consequently governance is an issue.</p> <p>There seems to be agreement that arrangements for cross appointment to Boards, regular reporting and communication, and advisory committees are best sorted out by the partners as the project proceeds.</p> <p>Recommendation:</p> <p>The Partnership Committee should explore governance options with input from the municipal Councils and the YMCA Board and determine a preferred approach consistent with the principles noted in this document.</p>	

Issue 12: Complex Operations

In addition to the governance issue noted above, some agreements speak to the manner in which the partners will address day-to-day operations with a formal structure to facilitate communication between partners and users of the Complex.

A related issue is the manner in which the various parties at the Complex (Mariners Centre, YMCA, Curling Club) share resources and coordinate operational activities in the most efficient manner.

Points Raised by the Potential Partners	
YMCA	Municipal Units
<p>This is an operational issue that likely does not have to be reflected in the agreement. It is expected that staff at the Complex will develop protocols and procedures to ensure effective operations.</p> <p>The principle of avoiding duplication and ensuring the Complex is operated in the most cost effective manner is embraced by the YMCA and this would certainly extend to determining who was responsible for maintenance and other related operational issues. The only consideration would be to ensure the quality of programs, the membership experience and users' safety was not compromised.</p>	<p>It is anticipated that procedures would be adopted by staff to effectively communicate and coordinate day to day operations among the YMCA, existing Mariners Centre and curling rink.</p> <p>The staffing model should avoid duplication and take advantage of all possible economies and efficiencies throughout the entire building.</p> <p>As owners of the facility, the municipalities would want to protect their investment by ensuring that all major building systems are operated by a single party with municipal over-sight. The Mariner Centre staff would be the logical operators.</p>
<p>Conclusion: Moving Forward There are no substantive issues arising from the discussion of Complex operations. Obviously procedures will need to be adopted to coordinate facility operations among three major players – the Mariners Centre, the YMCA and the Curling Club. The feasibility study will offer a preliminary perspective on an operational model. This will be developed with input from the affected parties and should provide a basis for incorporating clauses, if necessary, into the partnership agreement.</p> <p>Recommendation: The Partnership Committee should determine if issues associated with Complex operations, as discussed here, need to be reflected in the partnership agreement.</p>	

Issue 13: Shared Use Areas

Some agreements envision a great deal of shared use among facility components by partners. This is not a major issue in the Yarmouth area Complex because there is a fairly clear distinction based on existing practice on who operates what. The Complex will primarily be a YMCA program space. However, community access to the gym might be organized through a recreation department and provisions governing this access could be

represented in the agreement. The YMCA will presumably have access to Mariners Centre spaces (the large meeting room, the lounge, the board room) and procedures governing priority, extent of use, fees etc. might be reflected in the agreement.

Points Raised by the Potential Partners	
YMCA	Municipal Units
<p>Many partnership agreements allow for non-member community use of facilities operated by the YMCA. This could be on a preferential pricing basis. The agreement might also provide a guaranteed number of occasions for community use.</p> <p>These arrangements would be negotiated based on the demands identified. They may have implications for YMCA revenue streams, which would then be reflected in requirements for municipal contributions to net operating costs. If arrangements for shared use place any restrictions on membership access, these should not be so significant that they impact membership revenues.</p> <p>As warranted for required programs, the YMCA would be interested in using existing facilities in the Mariners Centre.</p>	<p>The over-riding objective should be to use all areas within the expanded Mariners Centre to their best advantage and to not duplicate any spaces.</p> <p>The existing large meeting room in the Mariners Centre should be available for YMCA use and, to minimize capital costs, this programming space should not be duplicated in the Complex. Similarly, it is anticipated that community recreation groups would have access to the large gym being provided in the Complex. Procedures would be developed to specify priorities for use and, if necessary, limits on the extent of use.</p> <p>Financial arrangements could be developed to charge for the space (e.g. the YMCA's use of the meeting room, or community use of the gym). Whether these are required (given that municipal units are responsible for net operating costs) and how they would be implemented would be determined by the parties.</p>
<p>Conclusion: Moving Forward Both parties agree on the importance of making the most effective use of all parts of the expanded Mariners Centre to avoid duplication and additional capital and operating costs. This is a critical consideration given the scope of the project.</p> <p>There is general agreement on the approaches that would govern shared use of facilities. As with community access (Issue 9) there are a wide range of opportunities to address the issue and examples from other YMCA-municipal partnerships may be instructive.</p> <p>Recommendation: The Partnership Committee should structure clauses for the agreement consistent with these principles to govern each party's access to shared use areas.</p>	

Issue 14: Other Issues

At this time, signage/branding was the only other major issue identified by the parties.

As independent organizations, both the YMCA and the Mariners Centre have marketing strategies and a brand to protect and promote

Points Raised by the Potential Partners	
YMCA	Municipal Units
<p>The YMCA brand is well recognized and an essential part of marketing and promotional efforts. This must be reflected in signage, branding and marketing for the Complex.</p> <p>The YMCA acknowledges the Mariners Centre’s role as a major event and entertainment centre and the importance of marketing and branding in support of this role.</p>	<p>While the “brand value” of the YMCA in Yarmouth is unclear, it has a place in the community and people would likely view it differently than a private or municipal facility.</p> <p>The municipal units recognize the YMCAs <u>national</u> brand is well known and recognizable and that this would need to be protected in signage and marketing for the Complex.</p>
<p>Conclusion: Moving Forward While acknowledging the municipalities comments concerning the YMCA brand in the local community, that is not the relevant consideration here. The YMCA uses consistent images, logos and communication materials nationally and provincially and these would need to be respected at the Complex. There is no disagreement on this issue.</p> <p>Recommendation: The partnership agreement should include clauses protecting the branding of both the YMCA and the Mariners Centre.</p>	