



RPT 21-299

TITLE: Marion Aquatics Cost Analysis

DATE: June 21, 2021

TO: Executive Committee

PUBLIC: X

INCAMERA:

RECOMMENDATION:

That the report be received as information and filed.

TOPIC & PURPOSE:

The purpose of the report is to provide the Cost Analysis for the operation of Marion Aquatics.

PROPOSED APPROACH AND RATIONALE:

Attached to the report is a copy of the Operating & Services Agreement for Marion Aquatics that expired on June 30, 2021. The Agreement was formed with the City for a previous three year term.

A presentation was provided to members of Council at the November 27, 2017 Executive Committee on behalf of the User Groups at the Marion Aquatics Pool. The request was for the City of Prince Albert to financially assist the Rivier Manor Ltd. in the future operation of the Marion Aquatics Pool in order for it to remain sustainable over the next few years.

A further request was received in January 2018 on behalf of Rivier Manor Ltd. for the future development of the former Rivier Academy facility. Included was a request for annual funding of the Marion Aquatics Pool.

City Council approved the following at the January 22, 2018 meeting:

1. *That a Funding Agreement between The City and Rivier Manor Ltd., in support of the Marion Aquatics Pool, be approved for (3) three years from July 1, 2018 to June 30, 2021 for a total amount of \$429,000.00;*
2. *That the funding request for 2018, in the amount of \$71,500, in support of the Marion Aquatics Pool Operation, beginning July 1, 2018, be approved and funded through a Positive Variance in The City's 2018 Budget;*
3. *That the following amounts of funding be approved for the remaining term of the Agreement:*
 - a. *2019 - \$143,000*
 - b. *2020 - \$143,000; and,*
 - c. *2021 - \$71,500; and,*
4. *That the Mayor and City Clerk be authorized to execute the Agreement on behalf of The City, once prepared.*

In January 2019 the Community Services Department was invited to meet with Sister Lise Paquette on behalf of Rivier Academy Inc. Sister Lise outlined some pending contractual changes with respect to Rivier Manor Ltd. and the related implications to the Operating & Services Agreement for Marion Aquatics.

In March 2019 the Department received an update that the Assignment of the Operating & Services Agreement has been approved by Rivier Manor Ltd., the Rivier Academy Inc. and the Sisters of the Presentation of Mary. This formal change resulted in the Assignment of the Agreement as attached. Under the Assignment of Operating & Services Agreement the relationship has been directly between the City of Prince Albert and the Sisters effective December 31, 2018 for the remainder of the term concluding June 30, 2021.

Following the May 31, 2021 Executive Committee meeting the Community Services Department received the attached Financial Summary for Marion Aquatics from Rivier Academy Inc.

2019 has been mainly targeted for the analysis as it served as the only full year without disruption during the term of the Operating & Services Agreement with the City.

Upon completing a review of the Financial Summary the following was determined:

Revenue

- The annual City of Prince Albert subsidy was \$143,000. This was split between the former Rivier Manor Ltd. in 2018 and continued with Rivier Academy Inc. in 2019 with the full amount once the Assignment of the Operating & Services Agreement was approved. The amount was decreased to \$119,167 in 2020 due to the closure of the pool for a period of time during the Covid-19 pandemic.
- The Sisters also provided an annual subsidy to the operation that fluctuated from \$100,000 in 2018, \$20,000 in 2019, \$50,000 was allocated in 2020 and \$30,000 to date in 2021. The amount was determined based on the level of support required in a given year. User Fees were strong in 2019 which resulted in the lower subsidy being contributed.
- The remaining revenue was generated through user fees, commissions and other income.

Expenses

- The Sisters have communicated that they closely monitored the City's Rates of Pay for recruitment and retention purposes of staff over the years of operation at Marion Aquatics.
- An annual Lease Payment was attributed to the Sisters from the Marion Aquatics operation. This annual allocation accounted for the rent, utilities, payroll services, insurance, etc. For example in 2019 this amount was \$120,000. An approximate breakdown of the utilities in 2019 is \$28,320 (Electricity), \$35,220 (Natural Gas), and \$22,040 (Water) for a total of \$85,580. This represents the majority of the allocation with the remaining amount attributed to rent, payroll services, insurance and any mechanical replacement.
- Dedicated Maintenance Staff remain in place under the direction of Rivier Academy Inc. The costs are identified under the Maintenance Contract to the Sisters.
- Operating, Office, Audit & Administration Expenses are identified accordingly.

Following the review of the Financial Summary provided for Marion Aquatics it is clear that the subsidies provided by the City of Prince Albert and the Sisters of the Presentation were the main contributing annual allocations required to sustain the operation.

According to the Financial Summary the annual amount for Marion Aquatics could range in amount. The City's amount was previously set at \$143,000 and the amount from the Sisters ranged from a total of \$20,000 in 2019 to \$100,000 in 2018.

Assuming this range in subsidy levels and the same operation remaining with Marion Aquatics, the annual allocation would range from \$163,000 - \$243,000 depending upon the level of assistance required through the revenue generated through user fees or other sources.

For comparison purposes a copy of the Budget Summary for Frank Dunn Pool is attached for reference purposes. Under this model the City's annual subsidy for 2021 is \$505,790. This amount represents a significant increase compared to the projected range of investment projected at \$163,000 - \$243,000 as identified in the Financial Summary provided by the Sisters for Marion Aquatics.

The increase in comparison is due to the extensive public admission times that are offered at Frank Dunn Pool in addition to the specific programs offered on a registration basis. Marion Aquatics previously offered specific programming on a registration basis and also offered exclusive time to the Pikes Synchronized Swim Club but did not extend overall public access in addition to the registered programs offered.

Should the City of Prince Albert along with other community and regional partners choose to sustain the annual funding required, Malcolm Jenkins has offered an annual contribution of \$50,000 per year over the next 5 years to increase programming capacity at Marion Aquatics.

Following a decision regarding the funding to be invested from the City, RMs and other sources there would be various operational options to consider. These options can be considered in a future report upon the Community Services Department receiving direction to negotiate an extension to the Operation.

The report is submitted for consideration and direction from members of Council at the July 19th Executive Committee meeting.

PUBLIC NOTICE:

Public Notice pursuant to Public Notice Bylaw No. 24 of 2015 is not required.

ATTACHMENTS:

1. Operating & Services Agreement
2. Marion Aquatics Financial Summary - 2018 - 2021
3. Frank Dunn Pool Budget Comparison

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Approved by: City Manager