

Carling Council Enters Controversial Agreement to Support the Pool and Wellness Centre in Parry Sound

On September 10, Carling Council entered into an agreement with five neighbouring municipalities (Archipelago, Town of Parry Sound, McKellar, Seguin and McDougall) to build and oversee the operations of a Pool and Wellness Centre (PWC) to be located in the Town of Parry Sound.

The West Carling Association (WCA) acknowledges the achievement of the Wellness Centre and Pool Committee in attracting a \$23.5 million government grant towards the estimated \$32 million project in West Parry Sound to establish a PWC. However, the WCA is concerned about the potential financial burden of the proposed PWC on Carling's taxpayers now and into the future.

WCA's concerns are focused in two areas:

- Potentially overestimated revenues and underestimated expenses that are likely to impact Carling's ability to support other projects that would benefit a larger portion of residents.
- Lack of stakeholder consultation with Carling residents.

Background

Over the past number of years, various community groups have made attempts to gain support within the seven West Parry Sound municipalities (the Township of the Archipelago, Carling Township, McDougall Township, McKellar Township, the Town of Parry Sound, Seguin Township and the Municipality of Whitestone) as well as the First Nation Communities of Wasauksing and Shawanaga to construct a PWC in Parry Sound. These previous attempts did not meet with success. In 2018 a group of residents and community leaders formed an ad hoc group to advocate for a wellness centre and pool to serve the West Parry Sound area.

In the proposed funding arrangement for the PWC, each of the partnering townships agreed to take a share of capital expenditures and annual operating deficits based on factors such as population, assessments and driving distance. Carling's initial pledge was 9.2%.

Two of the original partners have capped their commitment to limit their financial exposure. The Municipality of Whitestone did not sign the partnership agreement and has capped its liability following consultation with their residents. The Township of McKellar reduced its share from 9.3% to 8.5% and placed specific dollar limits on capital and operating deficits after receiving negative feedback about the project from its residents. Despite repeated pleas to Council from Carling ratepayer groups to limit our exposure and hold a consultation, Council increased their share from 9.2% to 10.5% at a **closed meeting** on September 9, 2021, to make up a share of the shortfall from Whitestone and McKellar. Carling taxpayers are now in for 10.5% of all obligations as

Council did not place a dollar cap on our overall commitment. To date there has not been meaningful consultation with Carling residents.

The partnership agreement specifies that the percentage shares of the partners are to be revisited every ten years. Carling is unlikely to have much influence in altering the agreement as voting is weighted based on the financial commitment of the individual township. Two of the municipalities (Seguin and Parry Sound) have three votes each, McDougall and the Archipelago have two votes each, while Carling and McKellar have one vote each out of the twelve total votes. As well, the agreement specifies that partner municipalities cannot exit the agreement unless all partners agree.

What is the cost and potential risks of this project to Carling residents?

- Capital for Build - a \$23.5 million grant has been obtained for the proposed \$32 million build leaving \$8.5 million to be funded. Carling's share is **\$880,950** barring cost overruns. Of concern, there are partner townships with significantly more votes than Carling that favour a more costly six-lane pool facility versus the planned four-lane version.
- Annual Capital Reserve Fund - estimated at **\$400,000** - Carling's share would be **\$42,000**. The municipal partnership board that will oversee the PWC has authority to spend up to \$350,000 annually on capital replacement and repairs without returning to the municipalities for approval.
- Operating Deficit – Community facilities such as pools are expensive to operate and generally run a deficit for the community. For this project the estimated annual deficit of **\$300,000** is projected by the planners. Carling's share is estimated at **\$32,000**. Based on costs from similar or smaller facilities, operating costs are very likely to be much higher than estimated and appear to be understated by **\$500,000 to \$700,000**. Operating expenses in this range would cost Carling taxpayers an additional annual **\$53,000 to \$74,000** over and above the estimated \$32,000.
- Management and Administration Costs - Although the plan is to have the YMCA operate the facility, the municipal partnership agreement mentions an "administering body". Specific management expenses have not been reported to date. Individuals with experience with projects of this kind have estimated that this could be as high as **\$300,000** annually and would add another **\$30,000** to Carling's annual share of expenses.
- Overall Usage Rates and Revenues - The actual number of residents that will take out memberships is speculative and membership shortfalls will have a direct impact on overall revenues. Although eighty-nine percent of the respondents from a web-based pool survey in July 2020 said they support the project, 84% of the respondents were year-round residents. The largest portion of Carling households are seasonal. As well, the largest numbers of responses were from

Seguin, Parry Sound and McDougall, those townships with the shortest driving distance. Driving distance is known to be a major factor in using such a facility and is of particular concern for winter driving especially for seniors. Forty percent of Carling residents live more than 30 kilometres from the proposed site.

How has WCA taken action to share its concerns?

The WCA first became aware of the PWC in January 2021, when Carling residents R. Plumb and D. Sooley, who had completed an extensive review of the pool proposal, made a deputation to Carling Council. They presented concerns about the project and requested that a feasibility study be done. In response to a query to Council from a WCA Board Member, WCA was assured by Council that support for the PWC would depend on the receipt of government funding and the suitability of the chosen site. At that time, Council was not supportive of the Parry Sound YMCA site. In mid-June we learned that a government grant had been awarded. In absence of public information from our Council, WCA held a consultation with R. Plumb regarding the potential implications for Carling taxpayers. In follow-up, WCA arranged to have R. Plumb provide an overview of the PWC at our annual general meeting held on July 24. Slides from his presentation are available on request.

WCA Communication with Carling Council as follows:

- *July 8, 2021* - email sent to Mayor Konoval and K. McIlwain, Chief Administrative Officer, Carling requesting a “heads up” on a date for a presentation from the Pool Committee in order to inform our members
- *August 16, 31, and September 9* - Letters sent to Council:
 - requesting a feasibility study and an opportunity for ratepayer input
 - sharing our concerns about using tax dollars to benefit a minority, overstated membership and revenue projections and undisclosed information about capital replacement reserves and expenses for the proposed Joint Municipal Services Board

The WCA Board is very concerned about this project and the impact to ratepayers.

The WCA will:

- Continue to push Carling Council for current information on costing estimates and monitor the progress of the PWC and related expenditures
- Continue to monitor whether this project will limit Carling’s ability to participate in other projects such as the new long term care facility proposed for the West Parry Sound Health Centre or improving internet access for Carling residents
- Continue to push Carling Council for meaningful consultation with Carling residents regarding this project as it enters the design stage
- Request that Council provide a detailed outline of how Carling will finance its share of the project capital cost expenditures and projected annual operating deficit

West Carling Association

Board of Directors