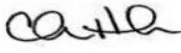




Hamilton

# INFORMATION REPORT

<b>TO:</b>	Chair and Members Emergency and Community Services Committee
<b>COMMITTEE DATE:</b>	November 21, 2024
<b>SUBJECT/REPORT NO:</b>	Third Party Operated Recreation Facilities (CS13018(e)) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Laura Kerr 905-546-2424 x5015
<b>SUBMITTED BY:</b>	Chris Herstek Director, Recreation Division Healthy and Safe Communities
<b>SIGNATURE:</b>	

## COUNCIL DIRECTION

The Emergency and Community Services Committee, at its February 8, 2024 meeting, approved the following:

“(d) That staff report back in Q3 2024 to the Emergency and Community Services Committee, on the following:

1. All City of Hamilton recreation facilities which have third party operators, including location, types of services being provided, partnership benefits, and the risks associated with these relationships;
2. Agreement inclusions to mitigate risks and potential to transfer governmental funding to a new operator should an organization withdraw services; and
3. Actual costs to operate the Beasley Community Centre compared to funding provided.”

## INFORMATION

### All City of Hamilton Recreation Facilities which have Third Party Operators

The Recreation Division works with many community stakeholders to fully or partially operate recreation amenities and facilities in the City of Hamilton. As per the Recreation Master Plan, “The City recognizes the value that not-for-profit community stakeholders contribute to the community in terms of organizing and arranging a full spectrum of sport and other activities for residents of all ages.” (page 130, Recreation Master Plan, Phase 3).

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

There are currently 68 active arrangements with 64 third party operators and community groups that transfer primary use and control of a recreation facility (see Appendix “A” to Report CS13018(e)). This list excludes arrangements with organizations who have primary space within a facility (an office or storage), but where recreation staff retain responsibility for the overall operation of the facility or coordinating access for other groups. This list also excludes facilities where agreements are executed by Public Works, Facilities and Parks Divisions or where permits are issued for seasonal use only.

### **Benefits of Third Party Agreements**

The Recreation Master Plan (2022) identified recreation’s relationships with a wide range of organizations as a strength. The plan further noted that these relationships are appropriate and of benefit to the City when:

- The City does not have capacity or budget for direct program delivery or facility management;
- There is an established provider/partner already;
- The facility augments service gaps in lieu of City services;
- There is a need to build capacity or engage communities; or
- The potential service provider is the preferred specialist for the service offered

Additionally, non-profit organizations can often leverage additional sources of government funding or grants, allowing services to be delivered at a lower cost than as specified in the City’s User Fees and Charge By-law while ensuring they meet priorities and outcomes identified.

For some facilities, relationships are also coordinated with school boards and other Divisions, such as the Children’s and Community Services Division, to benefit greater system planning and establish a single service provider for multiple services. This benefits the community further by having a coordinated approach to building trusted relationships with families and responding to community needs. For example, at Beasley Community Centre and Dr. Davey School, Wesley Urban Ministries is the recognized single service provider, operating the EarlyON Child and Family Centre programs, licensed childcare centre, before/after care and school break programs, and recreation services.

### **Risks Associated and Inclusions in Agreements and Processes to Mitigate Risk**

Despite the benefits, there are several risks associated with third party operation of recreation facilities; especially that not all risks can be avoided or that the new operator may have different processes or fees than what residents have come to expect from municipal services.

In addition, should operators no longer be able to provide service, any funding and grants they receive from private funders or other government sectors, often cannot be transferred to a new operator or the municipality. This funding would be redistributed in

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accordance with any funding or program guidelines established by the Ministry or private funder.

A full list of these risks and agreement inclusions or process steps taken to mitigate risks can be found attached as Appendix “B” to Report CS13018(e).

**Actual Costs to Operate the Beasley Community Centre Compared to Funding Provided**

Costs for the Beasley Community Centre can be divided into operating costs and programming costs. Operating costs include expenses to open and close the facility for programs and rentals to take place, while programming costs include the staffing and equipment costs associated with direct program delivery.

In 2024, \$44,615 in net levy funding will be provided by the City of Hamilton to Wesley Urban Ministries (WUM) for operating costs of the Beasley Community Centre and Simone Hall. The Recreation Division also budgets an additional \$95,061 to support the operation of Beasley Community Centre/Simone Hall for items such as the annual lease and caretaking costs payable to Hamilton Wentworth District School Board (HWDSB), gym permit fees, cleaning, and utilities.

As shown in the chart below, it costs Wesley Urban Ministries \$125,840 to operate the centre 6 days a week (Mon-Thurs 9am-9pm, Fri 9am-6pm, Sat 9am-12pm).

Comparable costs are also included if City of Hamilton, recreation staff were required to operate the facility or deliver programming. Operating costs are significantly higher for City of Hamilton, Recreation to operate given the compensation differences (salaries and benefits) for like positions, as well as the inability to leverage staffing efficiencies that are realized by WUM in having the same operator/provider of daytime EarlyON programming.

<b>Centre Operation</b>	<b>WUM Operating Costs (current state)</b>	<b>COH Recreation Operating Costs</b>	<b>COH Recreation Programming Costs for Like Programs</b>
Staffing Costs and Benefits	\$113,637	\$192,832	\$236,772
Program Expenses & Administration	\$12,203	\$5,200	\$19,370
<b>Total costs</b>	<b>\$125,840</b>	<b>\$198,032</b>	<b>\$256,142</b>
Revenues	\$0	\$0	(\$124,485)
Net Levy funding	(\$44,615)	(\$44,615)	\$0
Remaining to be funded	\$81,225	\$153,417	\$131,657

This community centre site is attached to Dr. Davey Elementary School and operates with controlled access in accordance with the Safe Schools Act and requirements for elementary schools. Controlled access requires a staff member to allow patrons into the community centre after they buzz at the door and is accounted for within the operating costs for the site.

**Programming Costs**

Wesley Urban Ministries funds the remaining operating costs and programming costs with their own organizational budget and by leveraging just over \$1M in additional government funding and grants. Current programming is offered free of charge to the local community, including the EarlyON Family and Children’s Centre, a daily after school program, summer camp, youth outreach initiatives, a licensed childcare at adjoining Dr. Davey Elementary School, and community rentals and access. If the Recreation Division was to deliver comparable programming, an enhancement of \$131,657 would be required, in addition to the enhancement for operating costs. Programming would be delivered following the current Recreation Division registration processes, including charging a fee for service based on the Council approved User Fees and Charges By-law (admissions for drop-in programs, fees for instructed programs and camps, and rental rates for community access). There would also be no ability to prioritize registrations or access for the Beasley community as Wesley Urban Ministries currently does.

**Future Third Party Operating Relationships in Recreation**

The Recreation Master Plan recommended that the Recreation Division create a Standardized Partnership Framework to assess and secure suitable operators in the future. This framework can assist with evaluating these relationships and proposals, ensure a fair selection process, and reduce risks by ensuring minimum criterion is met. An effective framework can help inform municipal officials of the merits and drawbacks of partnerships and clarify the expectations and obligations of organizations looking to partner with the municipality (Recreation Master Plan (Phase 3) 2022, page 168).

Recreation staff are currently working on a community collaboration framework for indirect service delivery and partnerships as part of the Recreation Master Plan implementation and will report back to Council in the future.

**APPENDICES AND SCHEDULES ATTACHED**

- Appendix “A” to Report CS13018(e): Recreation Facilities with Third Party Operators
- Appendix “B” to Report CS13018(e): Summary of Risks and Agreement Inclusions or Processes to Mitigate