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**REPORT TO SALT SPRING ISLAND PARKS AND RECREATION COMMISSION
MEETING OF May 1, 2017**

Rainbow Road Pool Management and Operating Business Case

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EXECUTIVE SUMMARY

Background

The Salt Spring Island (SSI) Rainbow Road Indoor Pool (RRIP) operations have been contracted to Canadian Recreation Excellence Corporation (RecEx) as the Service Provider (SP) for the past nine years and the current five year operating contract expires March 31, 2018. To continue contracting out the pool operation, the contract will be required to go through an open procurement process and the current SP will have an opportunity to submit a proposal.

The SP has been operating the RRIP facility since it opened in 2008. At the time, the Parks and Recreation Commission (PARC) were concerned that the costs associated with Capital Regional District (CRD) providing the service would be too expensive for the community. Operations of the outdoor Shelby Pool were already contracted out to a private operator. The risks involved in the opening of a new facility with limited internal CRD staff resources on Salt Spring Island and unknown operational costs were to be mitigated by contracting with an experienced aquatic facility operator.

The SP delivers sixty-four (64) hours of programmable time and forty (40) hours per week of administrative support. The SP's responsibilities include:

- Operation and maintenance of the pool facility
- Entering into contracts with pool rental user groups
- Keeping records, statistics and accounts in respect to operation and maintenance
- Provide security and protection of the aquatic facility
- Repair and pay for maintenance issues up to \$1,000 for a single item
- Purchase and regulate pool chemicals
- Support and implement relevant policies of PARC and CRD

Within the weekly programming hours the front desk is managed by the General Manager and Assistant Manager within the allotted administrative support hours. To make up for the remaining twenty-four (24) hours, lifeguards (while on deck duty) and volunteers cover the cashier and reception positions. The lack of a designated receptionist/cashier has resulted in accounting and cash handling discrepancies, low level control over patron payment and facility access, and lack of consistent customer service. The contractor proposed an increase in administrative and reception hours during the last renewal of their contract renewal however, the Commission could not support an increase in the operating contract fee without recommendations from the SP to increase revenue as the annual tax requisition for the RRIP was at its maximum.

The current five year operating contract increases approximately 2% annually. Despite annual contract increases, both attendance and revenue have declined over recent years with pool patron dropping by 9%; youth revenue by 25.6%; and adult revenue by 3.8%. Seeing this decline, CRD management held meetings with the SP to see if there was an appetite to mitigate the revenue and attendance regression. The SP was very clear they were not contractually

responsible for revenue generation and maintaining attendance levels nor were there any effective recommendations forthcoming to curb the decline. As a result, CRD management intervened and took proactive steps to make operational changes and improve service. By interceding in 2015, the aquatic centre was able to achieve an overall 22% increase in revenue.

In 2014, \$59,230 was transferred to the pool operating budget from the Park, Land and Recreation budget to offset the shortfall in revenue and increasing operating costs. As the pool enters its tenth year, additional funds are required for facility upgrades. The CRD recently had to increase the maximum allowable tax requisition to allow for proper funding of the swimming pool operation.

This report addresses the implications of the CRD taking over the Rainbow Road Indoor Pool, a multi-million dollar facility with an annual operating budget of over \$1,000,000. It is estimated that under the management of CRD staff, pool operations would yield a cost savings of approximately 2% annually after year 1, or \$26,750 over the first five years. Furthermore, revenues would increase by 13% to 18% per year, or \$129,000 over the first five years.

Conclusion

An opportunity exists to increase revenue, program offerings, and the service levels at the RRIP by either modifying the existing operating contract with the SP or having the CRD take over management and operations of the RRIP. The SP has made it very clear they will not negotiate responsibility for revenue and patron attendance.

Recommendation

That the Salt Spring Island Parks and Recreation Commission recommends to the Electoral Area Service Committee to recommend the Capital Regional District Board:

That Canadian Recreation Excellence Corporation be given notice that the Capital Regional District will not be seeking additional contracted services for operations of the Salt Spring Island Rainbow Road Indoor Pool facility past the current contract expiry date of March 31, 2018; and further,

That staff be authorized to amend the 2018 operating budget and full time employee count to manage and operate the Salt Spring Island indoor pool facility owned by the Capital Regional District beginning April 1, 2018.

PHASE 1: The Strategic Context

Strategic Environment

Organizational Overview

Canadian Recreation Excellence Corporation (RecEx) as the Service Provider (SP) has been managing and operating the RRIP facility since it opened in 2008. During the construction of the new aquatic facility the Salt Spring Island Parks and Recreation Commission (PARC) was concerned costs associated with the Capital Regional District (CRD) providing the service would be too expensive for the community. Prior to building the RRIP, PARC owned the outdoor Shelby Pool and contracted out the operating contract to a private operator. The risks involved in the opening of a new facility, with limited aquatic experienced on-island CRD staff resources and unknown operational costs, was to be mitigated by contracting to an experienced aquatic facility operator.

CRD Mission

We are diverse communities working together to serve the public good and build a vibrant, livable and sustainable region.

CRD Vision

Our communities strive to achieve exemplary environmental stewardship, a dynamic, vibrant economy and an inclusive, caring society. Regional Cooperation, mutually beneficial decision making and advancing shared interests shape the essence of the Capital Regional District (CRD) — an effective, efficient and open organization.

CRD Values

We commit to embody these values every day in our governance and administration:

- Visionary leadership
- Mutual respect and collaboration among ourselves and with our partners, stakeholders and customers
- Open, innovative and transparent governance
- Efficient, effective and outcome-driven operations
- Accountable, productive and fiscally responsible administration

Business Need

The current RRIP operating and management contract with RecEx expires March 31, 2018. An opportunity exists to explore ways the CRD and PARC can enhance the service delivery of the aquatic centre to improve service quality and reduce the annual tax subsidy per visitation: (1) revert the facility operation and management back to the local government as a means to improving or innovating the service delivery; or (2) continue outsourcing the facility operation and management and implement contractual performance improvements and increase service levels.

In 2014 the centre experienced a large decline in revenue and patron use. The SP has been adamant they are not contractually responsible for revenue generation and maintaining attendance levels; nor have they been forthcoming with any effective recommendations to curb the decline when given an opportunity to provide advice or apply their industry expertise for operating changes to improve service efficiency and quality. As a result, in 2015 the CRD intervened and took proactive steps to make operational changes and improve service. By interceding the aquatic centre was able to achieve an overall 22% increase in revenue the following year.

To continue outsourcing the aquatic centre operations an open procurement process will be required and the current SP will have an opportunity to submit a proposal.

The present opportunity is to consider service delivery options to improve operating, cost recovery, and performance levels.

Drivers for Change

For several years the CRD has seen a decrease in revenue and attendance and an increase in annual operating costs. As the pool enters its tenth year, additional funds are required for facility upgrades and increased transfers to the equipment replacement fund (ERF) and capital reserve fund (CRF) in order to finance lifecycle maintenance costs.

- From 2012 to 2014 pool patron attendance dropped 9.3% (Appendix A)
- From 2012 to 2014 youth revenue dropped 27.8% (Appendix A)
- From 2012 to 2014 adult revenue dropped 3.8%

The current five year operating contract increased approximately 2% annually from \$524,242 in 2012 to \$592,870 in 2017.

In 2014 \$59,240 was transferred to the pool operating budget from the Park, Land and Recreation operating budget to offset the shortfall in revenue and the increased pool operating costs. The CRD recently had to combine the pool operating budget with the park land operating budget to allow for proper funding of the swimming pool operation.

In reviewing the decline in revenue and patron attendance CRD held a meeting with the SP hoping to solicit their expertise in aquatic recreation for service delivery suggestions that could mitigate the revenue and attendance regression. The SP's position was they had delivered many "out of the box" programs and purchased program equipment to support the CRD and PARC in revenue generation. Their position was that they "exceeded the requirements of the contract"; however the SP was unable to demonstrate that the additional equipment or "out of the box" programs assisted in any revenue generation "on top of the revenues they felt were being achieved already".

Following this meeting CRD management undertook an internal review and made operational changes and improved service. As a result the RRIP recently saw an increase in annual revenue of \$40,195 from \$190,688 in 2014 to \$230,883 in 2015 (Appendix A). The 21%

increase in revenue is believed to be directly correlated to changes to pool memberships recommended and implemented by experienced CRD aquatic facility operations staff.

Other Driving Factors

In formulating a strategic framework for improving or innovating a recommended service delivery model for the facility, the CRD took an in depth review of possible contributing factors/challenges facing the facility. These elements will need to be addressed in the next chosen operating model:

- No clear **vision or strategic plan** upon which to base policy, plan objectives and effective actions to achieve increase revenues and offset operating costs.
- Opportunities for the SP to negotiate changes to the scope of work and recommend **initiatives to generate revenue** have been met with resistance; the CRD is often faced with little or no follow through on CRD recommended remedies to mitigate loss.
- Customer service desk attendance is sporadic and requires additional **reception coverage** hours to respond to inquiries, direct people, take registration and payment for drop-in activities, access control, and dealing with inappropriate behaviour. This has resulted in lost revenue due to people accessing the facility because of unintentionally not renewing memberships or sharing memberships with use restrictions (i.e. an adult using a child pass).
- No current programming service **trends in aquatic fitness** market.
- Limited number of qualified lifeguards and swim instructors to **meet aquatic fitness and lesson demands**. The CRD has no control on the number of aquatic training courses that are offered each year.
- Lack of **connecting with community** groups, clubs, and health practitioners to build relationships and tailor aquatic programming and services around needs.
- Lack of organizing and developing **community health outreach** programs and rehabilitation referrals.
- No assessment of **community needs and opportunities** to develop a wide range of programs targeting all demographics.
- There has been no evaluation as to what customers and stakeholders' think of the current service; nor any measures of non-financial **key performance indicators** as they relate to quality and quantity of service.
- Facility closed Saturdays and is only open four hours on Sundays.
- Lack of contractual incentives for SP to **improve service or performance**.
- **Operating and financial risk** lies solely with the CRD. The SP gets paid regardless of financial performance.
- Lack of **performance mechanisms** to ensure contractual quality control and accountability. There are no provisos in the contract upon which to base service levels and programming goals other than to operate the pool according to BC Guidelines for Pool Operations.
- Local CRD has limited ability to implement significant operational changes without incurring costs of negotiating changes post-contract stage when unforeseen operating or **service gaps** arise.

Themes

Out of these contributing factors a number of themes emerge:

Organization. Currently the degree of control over the facility management and operation is held by the SP until the contract term expires. Both the SP and local government have diverging expectations of performance. From the SP's perspective, they are meeting the contractual terms; whereas the local government is facing steady increases to the annual tax subsidy in order to maintain the aquatic programs and operations as well as contract oversight and administration. The goal in outsourcing is to minimize costs of delivering any given quantity and quality of services. Both the SP and local government are striving to minimize their respective labour and resource expenditures to produce the service and cost associated with administrating and managing production process. Both entities cost reduction strategies are at odds and creating service gaps affecting the customer.

Facility Services. There are opportunities to review the products, programs, and services offered at the facility. This type of review can be undertaken under the chosen service delivery model in PARC's planned strategic plan update for 2017. If outsourcing is chosen the CRD can require proponents to review and recommend various products, programing, and services to offer and provide projected return on investment.

Approaches and Methods. Proactive and responsive marketing and meeting community fitness and water recreation needs require assessment, improvements, and action plans. Conducting a community fitness and water recreation needs assessment; and creating a proactive and responsive marketing plan undertaken with the task of developing an overall strategic plan upon which to produce decisions and actions that shape and guide the aquatic facility operation in order achieve the most cost effective and economic model. A strategic plan can recommend actions to undertake concurrently with the decision to outsource or revert service to the CRD. Recommended initiatives arising from the strategic plan can be incorporated into the chosen service delivery

Policy. PARC holds a great deal of control in improving the service levels based on policy decisions. There are opportunities to seek gains in reducing the gap between cost recovery model and taxation subsidy through pricing strategies and transform the service delivery model. Having a strategic framework to assess the cost of the SP to carry out the responsibilities of the facility operations through contract specification, performance measures, including the cost of the government to administer the contract and ensure accountability and quality control is being met.

The intention of this business case is to create a lens through which to consider the advantages and disadvantages of the current service delivery model to (1) solve the facility financial and operational challenges and develop a strategic framework to assess the financial implications and economic opportunities in either service delivery model; (2) PARC needs to make a decision on which service delivery model is most appropriate for the facility's operating goals and objectives; (3) the chosen service model option will be required to address each contributing factor by the SP (in house or privatization); and (4) present PARC with a business case to enhance service delivery and revenue without increasing the requisition beyond 2%.

Key Success Factors

It is important to establish the key success factors that contribute significantly to the RRIP operating and management success. These factors are the same factors that those in our industry have to consider in order to analyze what is working, and what is not working. The following elements are crucial to successful aquatic centre:

Expertise. Grooming and developing a skilled workforce by investing in a continuous resource of qualified lifeguards and instructors available to the facility as youth patrons participate in swim lessons and develop their aquatic skills and education to attain full certification.

Reputation. Established relationships with community groups, patrons, volunteers, and schools. Operating a well-maintained facility with high quality water, equipment and public space standards.

Technological proficiency. Current recreational software platforms to support online purchase of products, program registrations, and membership renewals have been implemented but are underutilized by the SP

New product innovation capability. Responsive to current aquatic and fitness market trends and introducing successful new programs to attract new customers to facility.

Financial resources: Providing affordable programming with balanced cost recovery goals and contribution to reserves to manage and maintain facility asset.

Relative cost position. Formulate pricing strategies to (1) ensure market position and competition meets target group price point; and (2) drive patron attendance. Ensure cost recovery rate percentages of actual cost is balanced between a service fee collection and tax subsidy. In this regard, the guiding principles should be based on the following: (1) The greater the tax subsidy the greater the benefit of the service is across the greater community (i.e. healthy or active living programming); (2) Lesser of a tax subsidy or discount for services that benefit a select clientele or the individual; (3) Fees are justifiable and transparent to rationalize appropriate fee subsidy; (4) Rate structure must consider and account for all indirect, direct, and capital costs; (5) Fees should be set to ensure service is built on a sustainable rate structure with minimal reliance on taxation; and (6) competitor's market pricing should guide fees and charges (i.e. private gyms, fitness programs, etc.).

Customer service capabilities. Offering various aquatic leisure, therapy, competition, fitness and educational programs. Delivering valued and effective aquatic services that are responsive to the changing needs and expectations of the community. Reducing economic, physical, and social barriers to the aquatic centre.

Performance Measures

Key success factors around expertise, reputation, technology, product innovation, and financial resources will be measured through a variety of metrics including: patron comment cards, program evaluations, and anecdotal feedback to staff. In addition, meeting the outcomes and specific objective of the business case will be evaluated through financial and program related reports generated from newly implemented recreation software.

Business Outcomes

The desired outcome for the RRIP operation would be to (1) increase revenue to reduce the annual tax subsidy by offsetting operating costs and allow for an increase in annual contributions into the capital reserves; (2) increase recreation program opportunities by planning and developing new programs and special events; and (3) increase the service level by adding weekly operating hours and providing additional frontline and administrative staff.

Specific Objectives

The objectives of this business case is to demonstrate improving revenue and service levels by reverting the service to the CRD in the following three ways:

1. Increase aquatic fee revenue by 13.7% in year one
2. Offer two additional aquatic programs in year one
3. Increase service levels by 12.5% in the first year (additional 8 hours)

SWOT Analysis

When assessing alternative options for operating the RRIP we first need to assess the strengths, weaknesses, opportunities and threats (SWOT).

Strengths	Weaknesses
<ul style="list-style-type: none"> ◆ CRD has expertise in aquatic management to ensure overall performance of facility and programming. ◆ CRD has ability to adjust operating methods to meet new service demands. ◆ CRD has established local community partners and stakeholder groups. <ul style="list-style-type: none"> ◆ CRD has the ability to generate revenue and reinvest surplus funds towards aquatic programming and facility improvements. <ul style="list-style-type: none"> ◆ CRD can offer services at cost. 	<ul style="list-style-type: none"> ◆ Bound by the existing contract when considering expanding operating hours or additional programming. ◆ Duplication of accounting and cash handling by CRD staff. <ul style="list-style-type: none"> ◆ CRD oversight is required for all operational changes, mechanical purchases and equipment replacement. ◆ Unable to expand swim lesson offerings due to availability of certified staff. <ul style="list-style-type: none"> ◆ Limited customer service reception coverage. ◆ Limited operating hours (i.e. not open Saturdays). ◆ Lack of contractual incentives for SP to generate revenue, increase drop-in participation, and swim lessons. ◆ No strategic plan to guide facility future actions for sustainability

Opportunities	Threats
<ul style="list-style-type: none"> ◆ Increasing attendance, revenue, service level, and customer service support <ul style="list-style-type: none"> ◆ Rationalize and reduce management costs <ul style="list-style-type: none"> ◆ Grant seeking opportunities ◆ Create a marketing plan and social media campaign to target new customers and demographics and educate public on active participation and benefits through aquatic experiences ◆ Align current and future programs with industry best practices in aquatic programming ◆ Conduct needs assessment to identify service gaps and determine programing needs within community <ul style="list-style-type: none"> ◆ Underutilization of the aquatic facility and site. Parking lot and, food service/concession area to support fundraising for facility improvements (i.e. therapy pool) ◆ Renovate ancillary space for extracurricular aquatic fitness and private events room to generate additional revenue ◆ Pool debt to be retired in four years. Opportunity to evaluate expansion request for a therapy and wading pool <ul style="list-style-type: none"> ◆ Implementation of new recreational software provides flexible registration and scheduling. <ul style="list-style-type: none"> ◆ Develop sustainable facility staffing plan to encourage certification as lifeguard and instructors ◆ Improve the effectiveness of managing operations and maintenance of the facility throughout the operational lifecycles 	<ul style="list-style-type: none"> ◆ Aging facility requiring preventative maintenance plan and capital repairs <ul style="list-style-type: none"> ◆ Reduced attendance due to stagnant programming and pool features ◆ Economic stability because of declining revenue and patron participation ◆ Service not responsive to changing demographics and service needs ◆ Lack of quantitative and qualitative performance measures to inform programming needs and performance <ul style="list-style-type: none"> ◆ CRD assumes all the financial risks. No mechanisms to mitigate risks associated with diverging service expectations ◆ Lack of a business strategy to drive innovation, change, or guide funding decisions on infrastructure, programming, or staffing levels ◆ Complaints from aging demographic of cool water temperature. Active group in community requesting a therapy pool

Opportunity Statement

An opportunity exists to increase revenue, program offerings and the service level at the RRIP by either modifying a future operating contract or having the CRD take over managing the operating contract for the RRIP.

Opportunity	Current Situation	CRD	Desired Performance
<p>Grant seeking opportunities</p>	<ul style="list-style-type: none"> ▪ The current SP has not sought out or applied for grant opportunities. As a private for profit business the SP would likely not qualify for most available grant programs. 	<p>From 2014-17 SSI CRD staff have been successful in securing:</p> <ul style="list-style-type: none"> ▪ Life Saving Society (LSS) grant to provide free swim lessons to all grade 3 students ▪ BCRPA grant for free admission on the BC Family Day and Move for Health Day ▪ Summer students grants 	<ul style="list-style-type: none"> ▪ Proactive in applying for available grant funding ▪ Delivery of education and recreational programs offered through these grants to introduce new customers to the facility. ▪ Provide free or subsidized drop-in or program opportunity to remove cost barriers for patrons.
<p>Increase Revenue by staying current with market trends, new product and program offerings, grow registration, and drive membership</p>	<ul style="list-style-type: none"> ▪ Reduced attendance due to stagnant programming and pool features. Minimal changes to program offerings and current fitness and program opportunities. ▪ Lost opportunities to connect with community groups, clubs, and health practitioners to utilize the pool for health and wellness and client therapy. ▪ No performance incentives to drive revenue and develop a wide range of programs targeting various sectors. ▪ Economic stability with declining revenue and patron participation ▪ Service not responsive to changing demographics and service needs. Complaints from aging demographic of cool water temperature. Active group in community requesting a therapy pool 	<ul style="list-style-type: none"> ▪ Implemented new pricing strategy for discounted pool passes – 400% increase in sales; ▪ Installed new recreation software to manage membership, patron use, registrations, improve security for pass sales, online purchases, and control revenue. ▪ Offered alternative payment options for annual memberships. ▪ Changes to program and fitness offerings have been CRD driven. Instigated various swim lessons and aquatic programs such as H2O proficiency, schools, and day camps. 	<ul style="list-style-type: none"> ▪ Service delivery model should be responsive to market demand to the full potential of facility capacity. ▪ Conduct community outreach programs to promote active living through aquatic fitness and education. ▪ Conduct community fitness and water recreation needs assessment and improvement analysis. ▪ Ensure the purchase of aquatic recreational equipment is supported through a strong business case, return on investment, and encourages increased social interaction and aquatic experiences. ▪ Align current and future programs with industry best practices in aquatic programming ▪ Develop new special events and promotions to attract new patrons to the facility.
<p>Rationalize or reduce contract management costs</p>	<ul style="list-style-type: none"> ▪ SP charges a management fee above the salaries and employee appreciation costs; 	<ul style="list-style-type: none"> ▪ Duplicate management costs incurred due to contract management and oversight of 	<ul style="list-style-type: none"> ▪ Detail performance expectations, and specified deliverables.

Opportunity	Current Situation	CRD	Desired Performance
	<p>and an administration fee.</p> <ul style="list-style-type: none"> CRD assumes all the financial risks. No mechanisms to mitigate risks associated with diverging service expectations 	<p>SP to (1) carry out the responsibilities of the facility operations; (2) intervene with operational changes; (3) mechanical and equipment maintenance and replacement; (4) ensure accountability and quality control is being met; and (5) revenue administration and membership management.</p>	<ul style="list-style-type: none"> Reinvest surplus funds generated by facility towards aquatic programming and facility improvements.
<p>Conduct needs assessment to identify service gaps and determine programing needs within community</p>	<ul style="list-style-type: none"> Lack of a business strategy to drive innovation, change, or guide funding decisions on infrastructure, programming, or staffing levels 	<ul style="list-style-type: none"> Conducted a customer survey to look at changing the date of the annual pool maintenance closure. Conducted a recreation program needs assessment that identified a need for additional aquatic programming opportunities including specialized aquatic fitness such as aqua Zumba. 	<ul style="list-style-type: none"> Develop a strategic plan for the aquatic center operations and management Conduct an aquatic needs assessment to probe the unarticulated needs of the facility customers; Review service levels in lessons, lane usage, aquatic fitness, and programming registration information; and Conduct a customer satisfaction survey and constraints to patron attendance.
<p>Create a marketing plan and social media campaign to target new customers and demographics and educate public on active participation and benefits through aquatic experiences</p>	<ul style="list-style-type: none"> Banner advertisement and article featured once per month in the local paper Pool schedule located on the inside page of the Leisure Guide 	<ul style="list-style-type: none"> Requests changes to the banner ad to promote CRD grant funded events i.e. Free Family Day swims. Developed swim grids to promote swim lesson opportunities in the Leisure Guide Developed staff and patron testimonials to promote water safety and the benefits of aquatic fitness in the Leisure Guide. 	<ul style="list-style-type: none"> Improve website design Bulletin board displays and banners at events Partner with local business and community centres to provide leisure brochures at all checkouts (schools, grocery stores, libraries, health centres) Host free aquatic events or introductory programs Place newsfeeds on websites Network with other groups Create an event and seek out sponsors Marketing campaign to drive weekly attendance Create blog posts on water safety, aquatic recreation and fitness lifestyle Engage in open communication channels appropriate to community (LinkedIn, Facebook, Twitter, Google, email, forums) Organize joint activities with

Opportunity	Current Situation	CRD	Desired Performance
			<p>other organizations (community recreation fair showcasing all groups and their activities)</p> <ul style="list-style-type: none"> Set up booths at community events, school or trade shows Create video to highlight aquatic facility and available services (water aerobics, rentals, parties, water safety, lessons) Solicit positive testimonials, success stories and reviews
<p>Underutilization of the Aquatic Facility and recreation site, Food service /concession, parking lot and displays to support fundraising for facility improvements (i.e. therapy pool)</p>	<ul style="list-style-type: none"> The concession is rarely used for food services. Space is being provided for free to people having birthday parties Vending machines are owned and maintained by a volunteer group that collects 100% of the revenue 	<ul style="list-style-type: none"> Provide the concession to community groups during pool special events as a fundraising opportunity. Purchased resale items such that can be displayed in vacant areas of the facility. Developed “Junk in your Trunk” event to utilize vacant parking lot for community flea market in the spring. 	<ul style="list-style-type: none"> Maximizing the capacity, event days, enhance the non-day aquatic income by considering alternative revenue generating ideas: advertising space, renting space to physio therapists, personal trainers, specialized training events and workshops, hosting events, and creating aquatic sporting events and competitions – water polo, diving, scuba training, synchronize swimming Enter into a service agreement for vending with 10% of the profits going to CRD to cover electricity cost and generate additional revenue.
<p>Develop sustainable facility staffing plan to encourage certification as a lifeguard and instructors</p>	<ul style="list-style-type: none"> Swim lessons are often full with waitlists during school holiday seasons and the SP has been unable to be expanded as they did not have adequate staff to increase lesson offerings. 	<ul style="list-style-type: none"> Monitors program waitlist and makes requests to open up additional program offerings. Requests are continually met with staff capacity issues and the inability to accommodate program waitlists. 	<ul style="list-style-type: none"> Implement an annual training schedule to promote and offer Royal Lifesaving and Red Cross program for youth/adults to attain lifeguard and instructor certification. Ensures a continuous resource of qualified lifeguards and instructors available to open program waitlists and generate additional revenue. Develop a junior lifeguard club to feed youth into higher level aquatic certification programs.
<p>Improve the effectiveness of</p>	<ul style="list-style-type: none"> Aging facility requiring preventative maintenance 	<ul style="list-style-type: none"> Requests mechanical condition and replacement 	<ul style="list-style-type: none"> undertake building assessment and obtain data

Opportunity	Current Situation	CRD	Desired Performance
managing operations and maintenance of the facility throughout the operational lifecycles	plan and capital repairs • Using Maintenance Connection and Enterprise Asset Management systems to track and manage equipment.	schedules to develop equipment replacement budgets • Orders and approves equipment replacement • Approves equipment repairs • Works with the SP on facility and equipment maintenance issues not identified in replacement schedules	on life expectancy and replacement costs • develop a preventative maintenance program based on the mechanical equipment and building asset data • analyze and compare energy alternatives to reduce facility environmental impacts and operating costs

Value Chain Analysis

To assess the competitive advantages between the CRD and the SP a value chain was prepared to identify the separate activities, functions, and business processes that are performed by both the CRD and SP in designing, producing, marketing, delivering, and supporting the RRIP service. Each primary activity must add value to the organization. The more value an organization creates, the more profitable it is likely to be. And when you provide more value to your customers you build a competitive value. In the value chain analysis diagrams (Appendix D) for both CRD and the SP there are inherent challenges in the current outsourcing model which lie in the different primary activities of the CRD compared to the SP.

Citizen/Customer Centred. The CRD’s primary services in the parks and recreation field are sensitive to citizens who are wanting services structured with a focus on the customer, their needs, and meeting their expectations. Thus, the desired aquatic facility service delivery model should be one that is responsive to changing market demands and trends and towards utilizing the facility to its fullest capacity. This means being proactive in organizing community outreach programs to promote active living through aquatic fitness and education; and conducting community fitness and water recreation needs assessment and improvement analysis. This is one of the core competencies of the local government who has established community networks, client feedback loops, and local and regional partners. Evidence to support this is the recent successful implementation of the recreational programming staff implemented based on the Recreational Needs Assessment conducted in 2015, Centennial Park Master Plan, and the upcoming strategic plan update.

The current outsourcing model faces cost and inefficiency implications as there is a lack of consultation with customers and other key community stakeholders on an ongoing basis. This has resulted in lost opportunities to connect with community groups, clubs, and health practitioners to utilize the aquatic facility for health and wellness activities and client therapy. One of the main contributing factors is the inability to reach an agreement with the SP on performance incentives to drive revenue and develop a wide range of programs targeting various sectors to increase patron participation.

Costs of Outsourcing Borne by CRD/SSI. Duplicate management costs incurred with CRD/SSI contract management and oversight of SP to (1) carry out the responsibilities of the facility operations; (2) monitor facility performance and where necessary intervene with operational changes; (3) ensure mechanical and equipment maintenance and replacement

are completed on schedule, cost effectively, and with minimal impact on facility operations; (4) ensure accountability and quality control is being met; (5) monitor and audit revenue administration, membership management, and programming initiatives; and, (6) in addition to charging annual salaries and employee appreciation costs the SP also charges an annual management fee plus a administration fee to collect, record, and submit revenue to the local government.

Assumptions

1. That revenue and attendance will continue to decline without CRD's management oversight as the current contractor does not want to be contractually responsible for revenue generation and patron attendance.
2. That paying for repair and maintenance issues up to \$1,000 for a single item will not pose a significant impact to the operating budget.
3. That aquatic staff can be recruited or trained to meet the industry standard.
4. The annual management and administration fees will be reinvested in the facility operations.
5. That replacing the paid lockers in 2018 will generate additional revenue and a return on the investment

Key Performance Indicators

If staff recommendations are implemented:

1. The **revenue** generated by the pool will **increase 13.7%**
2. The **attendance** at the pool will **increase** by **12%**

The increased service level and weekly operating hours will increase attendance producing additional revenue offsetting operating costs. A 13.7% Increase in pool revenue in the first year is based on the ability to:

- a. increase weekly operating hours by 8 hrs from 64 to 72 = Estimated 13* visitors per hr. with an average admission of \$5.55 x 8hrs. = \$577 x 49/weeks = **\$28,280/year** (Additional 5,096 patrons annually)
- b. increase aquatic program offerings = Estimated 2 additional 1 hr/week programs with an average cost of \$6.78 x 6 registrants x 2 courses x 36 weeks = **\$2,930/year**

Average Admission Cost

Rate Category	Rate/Visit	Attendance Ratio	Equalized Rate/Visit
Child	\$3.00	1	\$3.00
Youth	\$4.50	1	\$4.50
Adult	\$6.00	8	\$48.00
Total		10	\$55.50
Average \$/Visit			\$5.55

Average Program Registration Cost

Rate Category	Rate/Visit	Attendance Ratio	Equalized Rate/Visit
Aquatic Drop in	\$4.60	1	\$4.60
Aquatic Fitness	\$7.50	3	\$22.50
Total		4	\$27.10
Average \$/Visit			\$6.78

Year 1 Total = \$31,210

* 64 hours/wk x 49 wks/yr = 3,136 hrs/yr. 41,714 visits in 2015 (Appendix A)
= 13.3 visits per hour.

Boundaries

The boundaries considered for this business case are as follows:

Operating budget. In this business case increases to the operating budget are not to exceed 2%. The SP increases their annual operating contract fee each year. PARC would need to recommend increasing the annual tax requisition to support any major budget increase other than what is proposed in this business case.

Labour rates. The business case is subject to Article 29 of CRD and CUPE 1978 Collective Agreement which stipulates that all sub-contractors of the District shall provide wages which are at least equal to those specified in this Agreement when work of a similar or same nature is performed.

Implementation. There is timeline sensitivity due to the expiration of the existing contract. The SP contract expires on March 31, 2018. Several months will also be required to administer an open procurement process; or if the operation and management reverts to the CRD considerable time will be required to recruit staff and be ready to assume the facility operations

Stakeholder Analysis

Stakeholders	Interested in the Project	Interest
CRD Board	<ul style="list-style-type: none"> - Increase staff establishment - Allocation of CRD staff resources: Human Resources, Finance, IT 	A
PARC and SSI Director	<ul style="list-style-type: none"> - Identified needs for a higher service level, increase patron visitation, and revenue at the RRIP - Makes a recommendation to the CRD Board for the RRIP management and operations. 	PD
Residents and Tax Payers	<ul style="list-style-type: none"> - Financial implication if costs go up or down - Sensitive to changes in service level 	I
Recreation Excellence	<ul style="list-style-type: none"> - Will be impacted by contract renewal - Senior staff may have non-competition clause 	I
Swim Club and School Groups	<ul style="list-style-type: none"> - Have a long standing relationship with the current pool operator and staff - Granted additional benefits by the contractor that CRD may not be able to honour i.e. free staff during swim meet 	I
General Pool Users	<ul style="list-style-type: none"> - Long standing relationship between current pool operator and staff - Granted additional benefits by the contractor that CRD may not be able to honour i.e. sharing punch cards between family members 	I
SSI Pool Association	<ul style="list-style-type: none"> - Have supported past fundraising initiatives. - Identified a need for a therapeutic pool and requested CRD allocate funds for expansion 	I
Legend: NI = no involvement I = information only C = consult PD = planning and decision making A = approval rights to say "yes" or "no" to decision		

PHASE 2: Analysis and Recommendation

Evaluation Criteria

There is the capacity to increase revenue at the RRIP to offset operating costs and allow for an increase in annual contributions into the capital reserves and equipment replacement funds. This can be achieved by increasing weekly operating hours at the RRIP, increasing aquatic program opportunities and utilizing pool administrative staff to provide support for the growing community recreation aquatic and fitness programs.

CRD/SSI has demonstrated that there is a potential for increasing revenue opportunities by moving the aquatic facility to a membership model in 2015 and by implementing additional dryland programs at the pool in 2015 and 2016. It is also expected that any savings realized in the operating costs which currently leaves the island in a form of profit for the contractor would now, in a large part be utilized in the RRIP operating costs and indirectly returned to the SSI community through wages and enhanced service levels.

Alternative Options

Alternative 1: Revert the operating and management to the CRD and enhance the level of service

This alternative would require the CRD Board to approve an increase to the staff establishment to manage and operate the aquatic facility. Allocations to Human Resources, Finance and IT would also need to be increased for the additional staff and workstations but would not increase the overall budget.

Alternative 2: Modify the service by increasing the service levels of a SP's operating contract

Because the SP is not obligated to generate revenue it cannot be assumed that any additional revenue would offset additional costs charged by the SP to increase the operating hours and service level. Operating and financial risk lies solely with the CRD/SSI. The SP gets paid regardless of financial performance. Should PARC wish to proceed with this alternative the following contract parameters would need to be negotiated:

- Contractual incentives for SP to improve service or performance.
- Performance mechanisms to ensure contractual quality control and accountability.
- Performance mechanisms to ensure program offerings meet community demand.
- In addition to operating the pool according to BC Guidelines for Pool Operations include provisos in the contract upon which to base service levels and programming goals.
- Predefined contractual fee adjustment mechanisms to assist CRD to implement significant operational changes when unforeseen operating or service gaps arise.

Alternative 3: Maintain the status quo by continuing with existing service level with a SP operating the RRIP

This alternative would have minimal impact to the operation and the users but does not meet the business case objectives to increase revenue, recreation program opportunities, service levels, and build a sustainable model that is meeting the community need and maximizing the facility capacity use. Should PARC wish to proceed with this alternative consideration should be given to improving the coverage for the customer reception desk. It requires consistent counter coverage hours to respond to inquiries, direct people, take registration and payment for fitness activities, provide access control, and manage inappropriate behaviour.

When assessing how each option meets the screening criteria Alternative 3 Status Quo, continuing with the existing service and operation should be discounted as a viable option as it does not meet the evaluation criteria: Increase revenue, recreation program opportunities, and service levels.

Justification and Recommendation

Costs

The time horizon for this business case has been set at four years. Increasing the service level and adding additional programs can be done quickly, however it will be some time before customers adapt to the new program opportunities and increased facility availability. The projected costs reflect the anticipated true demand these programs and services will generate.

Alternative 1: Revert the operating and management to the CRD

Projected costs to increase the service level of the operating contract with CRD operating the RRIP.

Alternative 1 Costs	2018	2019	2020	2021	Total
Salaries (FTE &RPT)	206,830	283,600	289,270	295,060	1,074,760
Auxiliary Wages	172,839	235,061	239,762	244,557	892,219
Contract (13 weeks)	174,510	0	0	0	174,510
Chemicals & Mechanical	50,000	51,000	52,020	53,060	206,080
Office and Set up Costs	15,000	10,000	10,200	10,400	45,600
Utilities	118,220	120,580	123,000	125,450	487,250
Programs & Other	30,000	30,700	31,410	32,140	124,250
Maintenance & Insurance	22,540	22,990	23,450	23,920	92,900
Staff Training	5,000	5,100	5,200	5,310	20,610
Internal Allocations	20,000	20,400	20,810	21,220	82,430
Transfers to CRF	50,300	48,710	46,470	172,730	318,210
Transfers to ERF	21,060	21,540	40,960	43,500	127,060
Debt	191,690	191,690	172,320	28,090	583,790
TOTAL	1,077,989	1,041,371	1,054,872	1,055,437	4,229,669

Alternative 1 Cost Notes:

- This alternative includes 13 weeks of contracted service, as the SP contract expires March 31, 2018
- This alternative provides an increased service level of eight (8) additional operating hours per week and sixty-four (64) hours of designated reception coverage and two (2) additional program offerings.
- RRIP pool debt is expected to be paid off in in year 4 (2021)
- Salaries and auxiliary wages have been budgeted with an annual increase of 2%.
- Other costs have been budgeted to account for inflation over the time horizon.

Alternative 2: Modify the Current SP's Operating Contract

Projected costs to increase service level of a SP's operating contract

Alternative 2 Costs	2018	2019	2020	2021	Total
Contract for Service	698,020	710,120	722,450	735,030	2,865,620
Utilities	118,220	120,580	123,000	125,450	487,250
Programs & Other	26,760	27,040	27,260	27,990	109,050
Maintenance & Insurance	22,540	22,990	23,450	23,920	92,900
Internal Allocations	11,090	11,310	11,540	11,770	45,710
Transfers to CRF	50,300	48,710	46,470	172,730	318,210
Transfers to ERF	21,060	21,540	40,960	43,500	127,060
Debt	191,690	191,690	172,320	28,090	583,790
TOTAL	1,139,680	1,153,980	1,167,450	1,168,480	4,629,590

Alternative 2 Cost Notes:

- This alternative provides an increased service level of eight (8) additional operating hours per week and sixty-four (64) hours of designated reception coverage. (Appendix B)
- Projected costs under the existing contract for services with the SP have been budgeted with a 2% increase over the time horizon, based on a consistent increase from the current contract.
- Other costs have been budgeted to account for inflation over the time horizon.

Alternative 3: Maintain the Status Quo Service Levels

Projected costs to continue with existing service level with a SP operating the RRIP

Alternative 3 Costs	2018	2019	2020	2021	Total
Contract for Services	604,730	616,820	629,160	641,740	2,492,450
Utilities	118,220	120,580	123,000	125,450	487,250
Programs & Other	26,760	27,040	27,260	27,990	109,050
Maintenance & Insurance	22,540	22,990	23,450	23,920	92,900
Internal Allocations	11,090	11,310	11,540	11,770	45,710
Transfers to CRF	50,300	48,710	46,470	172,730	318,210
Transfers to ERF	21,060	21,540	40,960	43,500	127,060
Debt	191,690	191,690	172,320	28,090	583,790
TOTAL	1,046,390	1,060,680	1,074,160	1,075,190	4,256,420

Alternative 3 Cost Notes:

- This alternative does not provide an increased service level
- Projected costs under the existing contract for services with RecEx have been budgeted with a 2% increase over the time horizon, based on a consistent increase from the current contract.

Cost Benefit Analysis

Opportunities exist for new sources of revenue at the RRIP by the CRD managing the facility internally (Alternative 1) or increasing the service level of the operating contract (Alternative 2).

Alternative 1:

New Sources of Revenue with CRD Operating the RRIP

New Sources of Revenue	2018	2019	2020	2021	Total
1. Increased Revenue 13.7% 2018, 2% 2019-21 (2017 Program and Admission Revenue = \$226,500)	\$31,210	\$31,830	\$32,470	\$33,120	\$128,630
2. Locker Revenue Based on 10% of users paying to lock belongings (2015 admissions)	\$1,060	\$1,070	\$1,130	\$1,160	\$4,420
Total Revenue	\$32,270	\$32,900	\$33,600	\$34,280	\$133,050

1. A 13.7% Increase in pool revenue in the first year is based on the ability to increase weekly operating hours by 8hrs (from 64 to 72) and increase aquatic program offerings. (2017 estimated program and admission revenue = \$226,500)
2. Locker revenue is based on having 10% of pool users pay to lock their belongings. (4,250 x.25) Coin operated locks have not been maintained and are scheduled to be replaced in 2018.

Alternative 1: Cost Benefit

	2018	2019	2020	2021	Total
<i>Total Benefits with CRD</i>	258,770	263,930	269,250	274,640	1,066,590
<i>Total Costs with CRD</i>	1,077,989	1,041,371	1,054,872	1,055,437	4,229,669
<i>NEW NET COSTS</i>	\$819,219	\$777,441	\$785,622	\$780,797	\$3,163,079

Alternative 2:

New sources of revenue with negotiating an increase to the service level of the existing operating contract.

New Sources of Revenue	2018	2019	2021	2022	Total
1. Increased Revenue 13.7% 2018, 2% 2019-21 (2016 program and admission revenue = \$226,500)	\$31,210	\$31,830	\$32,470	\$33,120	\$128,630
2. Locker Revenue Based on 10% of users paying to lock belongings (2015 admissions)	\$1,060	\$1,070	\$1,130	\$1,160	\$4,420
Total Revenue	\$32,270	\$32,900	\$33,600	\$34,280	\$133,050

1. A 13.7% Increase in pool revenue in the first year is based on the ability to increase weekly operating hours by 8 hours (from 64 to 72) and increase aquatic program offerings. (2017 budgeted program and admission revenue = \$226,500)
2. Locker revenue is based on having 10% of pool users pay to lock their belongings. (4,250 x \$0.25) Existing coin operated locks are in disrepair and are scheduled to be replaced in 2018.

Alternative 2 - Cost Benefit

	2018	2019	2020	2021	Total
<i>Total Benefits with SP</i>	258,770	263,930	269,250	274,640	1,066,590
<i>Total Costs with SP</i>	1,139,680	1,153,980	1,167,450	1,168,480	4,629,590
<i>NEW NET COSTS</i>	\$880,910	\$890,050	\$898,200	\$893,840	\$3,563,000

Alternative 3:

New sources of revenue with no increase to the service level of the existing operating contract.

New Sources of Revenue	2018	2019	2020	2021	Total
1. Locker Revenue (10% of users based on 2015 admissions)	\$1,060	\$1,070	\$1,130	\$1,160	\$4,420
Total Revenue	\$1,060	\$1,070	\$1,130	\$1,160	\$4,420

1. Locker revenue is based on having 10% of pool users pay to lock their belongings. Existing coin operated locks are in disrepair and are scheduled to be replaced in 2018.

Alternative 3 - Cost Benefit

	2018	2019	2020	2021	Total
<i>Total Benefits with SP</i>	228,560	230,570	231,630	232,660	923,420
<i>Total Costs with SP</i>	1,046,390	1,060,680	1,074,160	1,075,190	4,256,420
<i>NEW NET COSTS</i>	\$817,830	\$830,110	\$842,530	\$842,530	\$3,333,000

Project Risks and Assumptions

Non-compete Clause. RecEx contract indicates that they have a non-compete agreement with their top level staff at each project as well as with their teammates and their corporate resource providers. Without knowing the language of the non-compete agreement or the staff and providers who have potentially signed the agreement it is hard to assess the risk. Regardless the following could be considered:

- Any relevant clause, provided that it is not illegal, is enforceable in an employment agreement. So if there is a clause in the employment agreement between RecEx and its employees, it is enforceable provided it isn't illegal.
- If the CRD were to hire former RecEx staff where it knew that such was in violation of an employment clause of another employer, by "Tort of Contractual Interference" the CRD could be financially liable.
- What many may perceive as non-competition clauses are in fact not true non-competition clauses but may be like "non-disclosure clauses", "confidentiality clauses", or "non-interference clauses" (e.g. moonlighting clauses, etc.)
- If there is a true non-competition clause, these are typically clauses that apply to people who are competing with their former employer in such a manner that it takes work away from the business of that former employer. For example, if a second pool was being opened, a non-competition clause could apply where the individual was taking work away from their old employer to a new employer.

To understand this risk should PARC recommend reverting the service to the CRD, staff will consult with RecEx directly by asking if there is any restriction to hiring of employees upon the conclusion of the contract between the CRD and RecEx.

Social Implications

The SP has been operating the RRIP since the facility opened and while there has been turnover in part time staff senior administrative staff have remained the same. Regular pool users can attend the pool up to six times a week and may have established relationships with the SP staff.

Potential Incorporation

Should Salt Spring Island incorporate the new municipal corporation will be subject to British Columbia *Labour Relations Code* (LRC) with regard to unionized employees and collective agreements when planning and reorganizing human resource functions. With a unionized environment successorship is granted (LRC, Division 3). If a unionized business or part of it is sold or transferred, the purchasing corporation is considered the successor employer. A successor employer inherits obligations imposed under any collective agreement. Employees are not automatically transferred from one employer to another as they will be offered a choice of electing to stay with the municipality, and exercising whatever rights they may have under the collective agreement (e.g. bumping, recall rights) or accepting a position with the new corporation.

Risk Event or Assumption		Likelihood to Occur (low, Medium, high)	Impact if Occurs (low, Medium, high)	Mitigation/Strategy Plan
1.	Availability of qualified personnel to staff the aquatic facility.	Medium	High	Retaining existing lifeguards and program staff will be key. Offering aquatic training programs on island prior to end of contract
2.	Increased operating costs of the RRIP	Low	High	Careful review of operating costs for the RRIP since opening in 2008
3.	Social: Regular pool users not supporting a change in management causing attendance to decline	Medium	High	Implement a communication plan to inform regular users on the reasons for changes, provide the user with change benefits i.e. increased service level, program offerings
4.	Incorporation: labour relation issues in launching a municipal corporation	Low	High	New municipal council should anticipate labour and employment issues that may arise as a result of council's plans and consider the effects to ensure smooth labour relations. This transition will apply to all unionized employees that fall under the potential new municipality.

Recommendation

Alternative 1: Revert the operating and management to the CRD and enhance the level of service

That the Salt Spring Island Parks and Recreation Commission recommends to the Capital Regional District Board that

Canadian Recreation Excellence Corporation be given notice that the Capital Regional District will not be seeking additional contracted services for operations of the Salt Spring Island Rainbow Road Indoor Pool facility past the current contract expiry date of March 31, 2018; and

Further that staff be authorized to amend the 2018 operating budget and full time employee count to manage and operate the Salt Spring Island indoor pool facility owned by the Capital Regional District beginning April 1, 2018.

Deciding Factors

Alternative 1 is the option that gives CRD staff the ability to meet the main objectives of the business case: Increasing revenue, attendance, program offerings and providing an increased level of service. The success of this alternative has already been demonstrated through recent changes made by the CRD at the RRIP.

Projected costs with CRD operating the RRIP (Alternative 1) show projected savings of \$112,609 in 2019 and \$399,921 over the time horizon when compared to continuing with the operating contract with the increased level of service (Alternative 2)

Costs

Alternative 1 v Alternative 2: Cost Benefit

	2018	2019	2020	2021	Total
<i>Incremental Revenue</i>	0	0	0	0	0
<i>Incremental Cost Savings</i>	61,691	112,609	112,578	113,043	399,921
<i>TOTAL INCREMENTAL BENEFIT</i>	\$61,691	\$112,609	\$112,578	\$113,043	\$399,921

- Alternative 1 includes 13 weeks of contracted service, as the SP contract expires March 31, 2018

Annual Staffing Requirements: Based on operating 72 hrs/week for 49 weeks at *projected* 2018 CUPE Rates

Full Time Equivalency Count (FTE)

	Staff	Wage	Benefits	Wkly Hrs	Weeks	Total
Aquatic Coordinator 1	RFT x 1	31.71	1.2879	35	52	74,328
Senior Aquatic Worker	RPT (.5) x 2	25.62	1.2879	40	50	65,992
Receptionist	RPT (.8) x 2	25.22	1.2879	64	50	103,939
Facility Maintenance 1	RPT x 1	25.22	1.2879	20	52	33,780
FTE COUNT	4.6					\$278,038

Auxiliary Employee Count (Aux)

	Staff	Wage	Benefits	Wkly Hrs	Weeks	Total
Aquatic Worker 1 - LG	Aux. x 10	18.20	1.2296	155	49	169,966
Aquatic Worker 1 - SI	Aux. x 10	18.20	1.2296	28.3	49	31,033
Team Leader 1-Aquafit	Aux. x 2	23.99	1.2296	12	49	17,345
Receptionist	Aux. x 2	25.99	1.2296	4	49	6,264
Facility Maintenance 1	Aux. x 1	24.25	1.2296	4	49	5,845
Aux. Count	25					\$230,452
Total Wages						\$508,490

Aquatic Worker 1 LG- Lifeguard and SI – Swim Instructor Hours are based on Aquatic Worker breakdown for 49 weeks at 72hrs a week. (Appendix C)

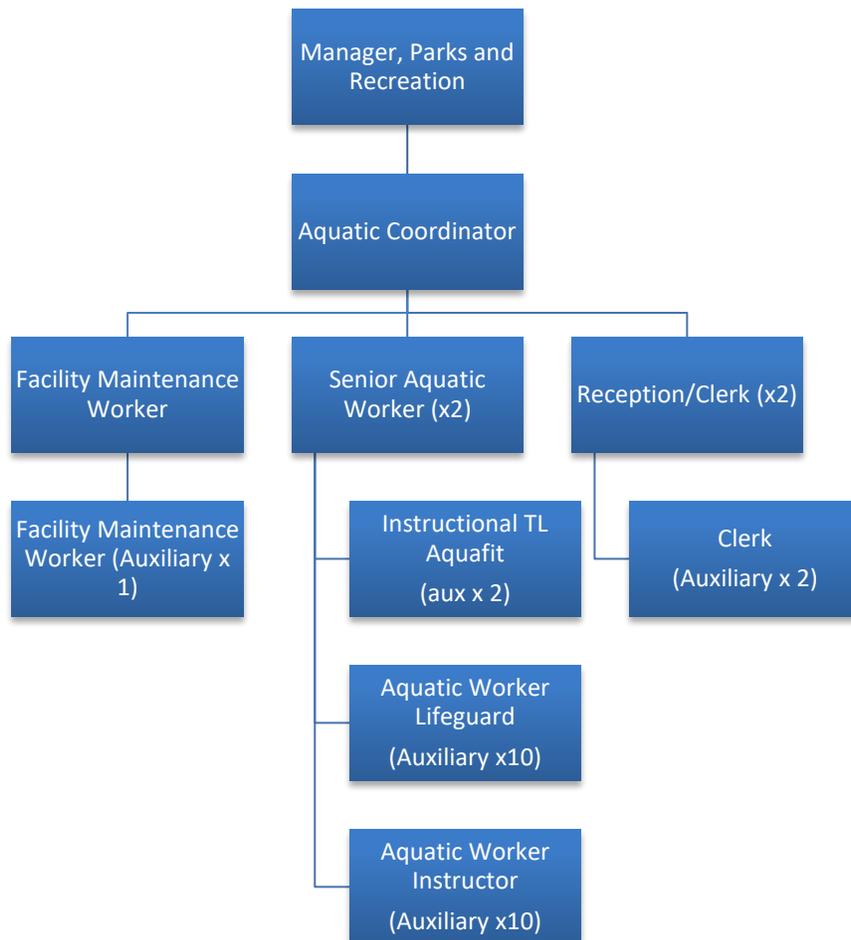
Staff operating, maintaining, supervising and instructing at the aquatic centre will require specialized training and current certification in the following: National Lifeguard Award (NL), Water Safety Instructor (WSI), Cardio Pulmonary Resuscitation Level C (CPRC) Automated External Defibrillator (AED) Workplace Hazardous Materials Information Systems (WHMIS) Aquatic Fitness Leader and Pool Operator Level 1 & 2.

	NL	WSI	CPRC	AED	WHMIS	AFL	Pool Operators 1 & 2
Aquatic Coordinator	X	X	X	X	X		X
Senior Aquatic Worker	X	X	X	X	X		X
Aquatic Worker 1	X	X	X	X	X		
Instructional Team Leader			X	X		X	
Facility Maintenance Worker					X		X

Required certifications are included in the current union job descriptions with the exception of WHMIS and AED for the Aquatic Worker 1 position. Every worker who works with, or in proximity to hazardous product in the workplace must have WHMIS training. Providing this additional training would be at the cost of the employer. Training can be completed in a one day workshop or online for roughly \$35 per person. Alternative 1 includes the cost of WHMIS certification in the year one staff training budget. AED certification is included in the CPRC certification so there would not be an additional cost to the employer to certify staff.

Aquatic and first aid leadership courses required to work at the RRIP should be offered prior to increasing the service level to ensure an adequate number of available qualified staff on Salt Spring Island. Leadership courses are offered at a number of Vancouver Island and mainland recreation centres with registration fees covering the cost of the course. A similar model could be used to recover training costs. PARC currently offers a Leisure Economic Access Program that provided subsidies to low income residents as a way to remove financial barriers to recreation and leadership opportunities.

Organizational Chart



Implementation Plan

	Jan - Feb	Mar – Apr	May – Jun	Jul – Aug	Sep – Oct	Nov - Dec
2017		Seek PARC recommendation and CRD Board approval	Prepare budget	Prepare service plan with FTE increase	Present budget for Commission approval	Present budget for preliminary CRD Board approval
2018	FTE staffing plan early approval	CRD takes over operation of RRIP April 1/18				

CONCLUSION

An opportunity exists to increase revenue, program offerings and the service levels at the RRIP by either modifying the existing operating contract with the SP or having the CRD take over management and operations of the RRIP. The current SP has made it clear they will not negotiate responsibility for revenue and patron attendance.

The report is recommending the CRD take over the Rainbow Road Indoor Pool. It is anticipated that under the management of the CRD that there will be an increase in revenue, service levels, and recreational opportunities. At the time outsourcing may have been viewed as a less expensive option, however costs increase overtime and the contractor must record a profit over and above the cost of providing the service; whereas the local government provides services at cost and can allocate the 'contractor profit' to offset operating costs and augment reserves. The contract was originally competitive but ultimately becomes less as the SP (1) is required to pay comparable union wage rates as the CRD positions doing similar work; (2) CRD administrative staff provide entry and analysis for financial reporting; and (3) the contract has seen an escalation of CRD supervisory and administrative oversight costs.

RECOMMENDATION

That the Salt Spring Island Parks and Recreation Commission recommends to the Electoral Area Service Committee to recommend the Capital Regional District Board:

That Canadian Recreation Excellence Corporation be given notice that the Capital Regional District will not be seeking additional contracted services for operations of the Salt Spring Island Rainbow Road Indoor Pool facility past the current contract expiry date of March 31, 2018; and further,

That staff be authorized to amend the 2018 operating budget and full time employee count to manage and operate the Salt Spring Island indoor pool facility owned by the Capital Regional District beginning April 1, 2018.

We agree that these recommendations will meet the business case objectives and commit ourselves to their achievement.

Submitted by:	Dan Ovington, BBA, SSI Parks and Recreation Manager Karla Campbell, Senior Manager, Salt Spring Island Electoral Area
Concurrence:	Chris Nelson, Senior Manager Human Resources
Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

APPENDIX

Appendix A: RRIP Total Attendance and Revenue Comparative for the Last Five Years

Appendix B: Quote for RecEx to Increase the Service Level of the Contract

Appendix C: Aquatic Worker Annual Breakdown

Appendix D: Value Chain

Appendix A – RRIP Total Attendance and Revenues 2012 - 2016

	2012	2013	2014	2015	2016
Attendance*	44,447	47,049	40,318	41,714	41,978 est
Youth/Children Revenue	\$27,813	\$26,591	\$20,087	\$22,756	\$23,560
Adult Revenue	\$177,390	\$179,239	\$170,601	\$208,127	\$192,541
Total Revenue	\$205,203	\$205,830	\$190,688	\$230,883	\$216,101

- Includes individuals attending as part of a Salt Spring Island Parks and Recreation Program such as summer camps. These groups do not pay admission therefore, the revenue dollars do not vary directly with attendance numbers.

Appendix B – RecEX Quote to Increase the Service Level

2018 - 1 % Scenario

FT Customer Service Rep	=	\$46,468.00
PT Customer Service Rep	=	\$21,168.00
PT Life Guards	=	<u>\$21,168.00</u>
		<u>\$88,804.00</u>

2018 - 2 % Scenario

FT Customer Service Rep	=	\$48,818.00
PT Customer Service Rep	=	\$22,236.00
PT Life Guards	=	<u>\$22,236.00</u>
		<u>\$93,290.00</u>

Appendix C – Aquatic Worker Annual Breakdown

Aquatic Worker Breakdown (open 70hrs a week for 49 weeks)

1) Lifeguard Guard Hrs.

72hrs x 2	144
Open/close	25
Toon Swim + 2	8
EW Swim + 2	12
Total	189

(Senior Aquatic on deck 30 hrs per week)

-34

Weekly Total 155

2) Swim Instructor Hrs.

Summer Inst.	50hrs x 9	450
Spring Inst.	18hrs x 10	180
Fall/Winter	18hrs x 27	486
Spring brk/Holiday Inst.	90hrs x 3	270

Annual Total 1,386

divided by 49 49

Weekly Total 28.3

**Appendix D:
CRD Value Chain**

**Primary
Activities**

Recreation	Parks	Trails	Facility Management	Customer Service
<ul style="list-style-type: none"> • Programs • Fitness • Camps • Education • Product offerings • Marketing and promotion • Research and curriculum development 	<ul style="list-style-type: none"> • Plan • Design • Develop • Maintain • Playgrounds • Sports Fields • Passive Parks 	<ul style="list-style-type: none"> • Planning • Design • Development • Maintain • Protect 	<ul style="list-style-type: none"> • Tennis Courts • Aquatic Centre • Running track • Multi-sport facility • Sports fields • Playgrounds • Design • Maximize use • Maintain and operate 	<ul style="list-style-type: none"> • Patron satisfaction • Membership support • Community outreach • Strategic partner relationship • Stakeholder consultation and management • Volunteer recruitment and support

**Secondary
Activities**

Governance: Commission provides strategic direction, set policy; and approve annual budget and capital expenditures

Administration: Fiscal and resource management, program planning, policy formulation and implementation, maintenance, contract management, facility asset management, service coordination, customer support and service

Human Resource Management: Recruitment and selection, OH&S, benefits and compensation, training and development.

Technology: Develop, implement, and maintain IT hardware, software, and applications; data acquisition, processing, storage and dissemination; and security

**Appendix D:
RecEx Value Chain**



Facility Management

- Aquatic facility
- Arena facility
- Fitness facility
- Advertising and board rentals

Program Management

- Programming facility use
- Booking and user coordination
- Swim lessons
- Supervision
- Event organization
- Program marketing

Consulting

- Facility design
- Maintenance and janitorial planning and operations
- Programming and event planning
- Concession business models
- Volunteer programming
- Marketing



Administration: Receive, record, submit revenue, facility operating and maintenance (\$1,000 customer support services).

Materials Management: Purchase facility maintenance supplies, and aquatic recreational toys.

Human Resource Management: Recruitment and selection, OH&S, benefits and compensation, training and development.

