

AGENDA

SPECIAL MEETING OF CITY COUNCIL

2009 08 13

4:30 P.M.

COUNCIL CHAMBERS

1. APPROVE AGENDA AS PRESENTED

Mover - Councillor S. Myers
Seconder - Councillor F. Fata

Resolved that the Agenda for the 2009 08 13 Special City Council Meeting as presented be approved.

2. Huron Central Railway

A report of the Chief Administrative Officer is attached for the consideration of Council. Bill Therriault will be in attendance with a presentation concerning this item. Representatives of Essar Algoma Steel, Armando Plastino; NOHFC, Tom Marcolini; and FedNor, Tom Dodds will be in attendance for any questions from Council.

Mover - Councillor S. Myers
Seconder - Councillor F. Fata

Resolved that the report of the Chief Administrative Officer dated 2009 08 13 concerning Huron Central Railway be accepted and the recommendations that Council:

- 1) Approve expenditures of up to \$250,000.00 from EDF funds;
 - 2) Authorize the CAO to sign the Memorandum of Understanding currently being developed and referred to as "Term Sheet" to commit the City's participation in the short term arrangement. In effect, this underwrites the capital expenditure requirements of up to \$3 million to be provided by the City until the Federal and Provincial grants are fully processed;
 - 3) Authorize the CAO to continue to satisfy the requirements of both FedNor and NOHFC for the \$1.5 million grants from each;
 - 4) Authorize the CAO to continue participating on behalf of the City of Sault Ste. Marie in the development and implementation of the long term strategy;
 - 5) Authorize the CAO on behalf of the City of Sault Ste. Marie, Huron Central Rail and/or any successor and all stakeholders of the HCR line to proceed with applications for \$33 million of major capital improvement under both the Infrastructure Stimulus Fund and the Major Infrastructure Component of the Build Canada Fund
- be approved.

3. **Sault Family YMCA Rebuild – Municipal Funding Request**

A report of the Sault Family YMCA Board of Directors is attached for the consideration and direction of Council. Martin Wyant, Chief Executive Officer, Sault Family YMCA will be in attendance with a presentation concerning this item.

4. **Adjournment**

Mover - Councillor T. Sheehan

Seconder - Councillor F. Fata

Resolved that this Council shall now adjourn.

MAYOR

CLERK

Joseph M. Fratesi, B.A., LL.B.
Chief Administrative Officer



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2009 08 13

Mayor John Rowswell and
Members of City Council

Re: Huron Central Railway

In the latter part of June of this year, Huron Central Railway (HCR) gave notice that it would cease its operations on the Sault Ste. Marie/Sudbury short line railway, with closure of the section between Sault Ste. Marie and McKerrow on August 15, 2009 and the Sudbury to Espanola section closing on Oct. 31, 2009.

CP Rail, which owns the line, attended our community (as it did all other communities affected) and made a presentation and confirmed that it had no intention of operating the corridor. It clearly indicated that if it was unsuccessful in finding an operator for this short line, it intended to formally abandon the line in accordance with Federal legislation.

As a result of these announcements, City Council at its June 22, 2009 meeting passed a resolution requesting that the CAO of the City of Sault Ste. Marie organize meetings with all of the communities, industries and other stakeholders affected by the announcements, to immediately respond. In that regard, a first meeting was held on July 14, 2009, in Sault Ste. Marie of stakeholder representatives, as well as Federal and Provincial officials to determine appropriate next steps which would prevent the line closing in the short term and ensuring its improvement and viability in the long term. This meeting which was attended by more than 50 individuals approved a smaller working group to carry out negotiations with Huron Central and the senior levels of government which might result in an agreement for the continuation of operations along the rail line beyond the August 15th deadline.

Essar Algoma Steel and Domtar (Espanola), the two largest industries in Northern Ontario agreed to serve on the working group, as industry

representatives and as the CAO, I was asked to continue chairing this group and to represent the interests of the City of Sault Ste. Marie, as well as other affected communities.

This working group, with the consent of the larger group, approached the issue on a two-prong basis, firstly discussing with Huron Central potential arrangements that would allow them to continue to operate for the short term, i.e. a one year period of time. The successful settlement of the short term objective would then allow the working group, with the larger group of stakeholders, to address the second objective which is to formulate the best direction for a long term solution, involving either Huron Central and/or other alternative operators.

Many hours have gone into the discussions which the working group has had with other parties. This has included travel to Montreal to meet with Huron Central officials and to craft the framework for an interim agreement under which HCR would agree to continue operations.

From the outset, Huron Central has indicated that in order to reverse the withdrawal position which had been approved by its shareholders, it would have to ensure the viability of the operation even for the one year period. Since the downturn in the world economy, the traffic on the Huron Central line had decreased to a point where there was not sufficient volume producing adequate revenue to meet operating expenditures, let alone, do any of the capital improvements or repairs that would be required.

Huron Central has estimated that at least \$3 million of capital repairs is required to be done over the next one year period to allow the train traffic to continue in a safe and dependable manner. Part of the requirements set down by Huron Central was that funding be found for this \$3 million of capital improvement which is required in the short term. The other part of the requirements was a guarantee by industry that funds would be available to ensure the viability of the line for the upcoming one year period. Though Essar and Domtar are the principal shippers on the line, there are many other smaller shippers who make up approximately 20% of the freight which is handled by Huron Central. With the short time frame to achieve an agreement with Huron Central, it would not have been possible to obtain this commitment individually from all of the stakeholders before August 15, 2009. Their commitment, however will be required in any long term solution.

Based on the above tentative agreement, (which is still subject to HCR Board approval which is expected to be given on Friday, August 14th), Huron Central will continue to operate for a period of one year, beyond August 15th and will cooperate with all parties in continuing to work towards the long term solution, including major improvements of about \$33 million to the line.

Concurrently with the discussions and negotiations which have been necessary between Essar, Domtar and HCR, our working group met on numerous occasions with officials of the Federal and Provincial governments. Letters were prepared and signed by industry and municipal representatives and

sent to not only the Prime Minister of Canada and the Premier of Ontario, but to all Ministers who could assist in the short and long term solutions which are required. Municipal Councils for all communities affected were asked to provide letters and resolutions of support to the senior levels of government for the assistance requested. In addition, numerous meetings were held with staff members of NOHFC and FedNor, resulting in formal applications for assistance being filed and requesting the sum of \$1.5 million from each level of government, said amounts to be used to satisfy the capital improvement program of the short term solution.

Attached hereto will be found copies of the letters which have now been received from Tony Clement, the Federal Minister of Industry, who is responsible for FedNor and from Michael Gravelle, the Provincial Minister of Northern Development of Mines and Forestry, who is responsible for NOHFC. Though the wording of both letters should not be seen as firm commitments or guarantees of payment, these letters, combined with the many discussions which the working group has had with the staff of both levels of government leaves us very comfortable that the \$3 million total amount from the Federal and Provincial governments will be forthcoming as requested. This comfort is further bolstered by discussions which Mayor Rowswell, Mayor Rodriguez of Sudbury and others have had with both Ministers.

Our applications have already been vetted by the staff of both programs and the working group has absolutely no reason to believe that they do not meet the program requirements. That advice, the letters from the Ministers, as well as the above mentioned discussions which have occurred, should allow City Council also to be comfortable in entering into this arrangement with the industry partners and Huron Central Railway. In essence, the City of Sault Ste. Marie is committing to underwrite the Federal and Provincial grants which we are confident will be provided. Since we will only be paying for work performed under grants from the Federal and Provincial governments, our likely maximum exposure would be the carrying costs of \$3 million until money flows from the senior levels of government. It is estimated that this amount would not exceed \$90,000. In addition to this potential cost, as we move forward towards the discussion of a long term solution over the next period of one year, other costs may be incurred. It is recommended that Council consider "earmarking" up to a total of \$250,000 from the Economic Development Fund, so that the resources are available to continue working on this important project. Naturally, Council approval would be sought for spending any of that amount.

Council is also being asked to authorize the working group, along with the larger group of stakeholders, to start working on the long term solution. As a matter of fact, a commitment to do so will be a condition of the Federal and Provincial participation in the short term solution. Regardless of who might operate the line in the long term, capital improvements currently estimated to be \$33 million will need to be made. On the basis of advice which has been given to the working group by officials of both the Federal and Provincial governments, including NOHFC and FedNor staff, as well as those responsible for administering the Infrastructure Stimulus Programs, we will now be filing further

infrastructure improvement applications. Couched in and seemingly added on to the recent announcement meant for non-profit organizations, specific mention was made of the ability of both private and not for profit entities to apply for funding for rail line infrastructure improvements. The application deadline for that program is August 18, 2009, with work to be substantially completed by March 2011. An application to undertake total works of \$12 million is being submitted under this program.

A further application for the balance of the capital improvements would be made under the large Major Infrastructure Component of the Build Canada Fund. This program has a completion date of 2015. Approval for funding under these two programs provides a window of opportunity to obtain on behalf of Huron Central and/or any successor, the total amount required to continue rail operations in the long term. These applications will be made with a request that the senior levels of government fund the largest portion of the financial requirements. It will then be incumbent on the working group and the larger group to settle how the balance will be funded. In the meantime, City Council is asked to authorize the filing of these two applications with respect to the funding which is required to the long term needs of the rail line.

I therefore, am recommending to Council and seek its approval for the following:

1. Approval of expenditures of up to \$250,000 from EDF funds,
2. Authorization for the CAO to sign the Memorandum of Understanding currently being developed and referred to as "Term Sheet" to commit the City's participation in the short term arrangement. In effect, this underwrites the capital expenditure requirements of up to \$3 million to be provided by the City until the Federal and Provincial grants are fully processed,
3. Authorize the CAO to continue to satisfy the requirements of both FedNor and NOHFC for the \$1.5 million grants from each,
4. Authorize the CAO to continue participating on behalf of the City of Sault Ste. Marie in the development and implementation of the long term strategy,
5. Authorize the CAO on behalf of the City of Sault Ste. Marie, Huron Central Rail and/or any successor and all stakeholders of the HCR line to proceed with applications for \$33 million of major capital improvement under both the Infrastructure Stimulus Fund and the Major Infrastructure Component of the Build Canada Fund.

In closing, I wish to acknowledge the hard work of Bill Therriault of the Sault Ste. Marie Global Gateway Transportation and Multi-Modal Strategy. He has proven to be a most valuable resource to the working group. I also wish to acknowledge the diligence and hard work of FedNor and Northern Development of Mines & Forestry and the staff of both Ministers involved to date. Lastly, Council should recognize the hard work and commitment of industry in this process, especially the leadership that was demonstrated by Armando Plastino, CEO of Essar Algoma Steel.

All parties including Huron Central came to the negotiating table and rolled up their sleeves to do that which would be necessary to conclude an arrangement which was satisfactory to all. Approval of these recommendations will provide an opportunity to all interested parties to work hard towards a successful solution.

Respectfully submitted



JMF:bb
Attach.

Joseph M. Fratesi
Chief Administrative Officer

Minister of Industry

Ministre de l'Industrie



Ottawa, Canada K1A 0H5

AUG 12 2009

His Worship John Rowswell
Mayor of the Corporation of the City of Sault Ste. Marie
99 Foster Drive
P.O. Box 580, Civic Centre
Sault Ste. Marie, Ontario P6A 5N1

Dear Mr. Mayor:

This is in response to Mr. Joseph Fratesi's letter of August 6, 2009, which he sent on behalf of regional stakeholders, requesting \$3 million in financial support from Canada and Ontario to enable the continued operation of a short-line railway between Sudbury and Sault Ste. Marie.

We have been monitoring the situation, appreciate the urgency and recognize that this railway is an important part of the economic infrastructure in the region. We also recognize that this proposal is intended to be a short-term measure so that a long-term commercially viable solution may be realized.

In response to Mr. Fratesi's request, I am pleased to inform you that Industry Canada/FedNor is prepared to consider an application for a \$1.5 million contribution toward infrastructure improvements for the short-line railway, currently operated by the Huron Central Railway Inc. (HCR). Approval of this application through FedNor's Northern Ontario Development Program will be subject to the following conditions:

- Industry Canada/FedNor's normal due diligence and review.
- Receipt of written commitments from key stakeholders contributing to the \$8.3 million financing package noted in Mr. Fratesi's letter, which describe the terms and conditions of their contribution.
- Receipt of evidence that appropriate regional stakeholders, which may include the current railway operator (HCR), have made application to and requested financial assistance from either the

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Canada

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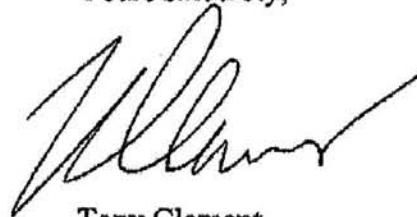
Building Canada Fund or Infrastructure Stimulus Fund for the required \$33 million in long-term infrastructure improvements to this rail line.

- A Memorandum of Understanding between key stakeholders describing how they will proceed in developing and implementing a long-term commercially viable solution for the future operation of a short-line railway between Sault Ste. Marie and Sudbury. This includes, but is not limited to, the City of Sault Ste. Marie, Essar Steel Algoma and Domtar.

The application will be considered as quickly as possible once all information is received. The contact is Mr. Daniel Hollingsworth, Initiatives Officer, Program Delivery, FedNor. He may be reached by phone at 705-941-2061 or by email at Daniel.Hollingsworth@ic.gc.ca.

I thank the City and regional stakeholders for their leadership in addressing this matter, which is important for the economy, transportation safety and the environment of Northern Ontario.

Yours sincerely,



Tony Clement

c.c. The Right Honourable Stephen Harper, P.C., M.P.
The Honourable Dalton McGuinty, M.P.P.
The Honourable Jim Prentice, P.C., M.P.
The Honourable John Baird, P.C., M.P.
The Honourable George Smitherman, M.P.P.
The Honourable Michael Gravelle, M.P.P.
The Honourable Rick Bartolucci, M.P.P.
The Honourable Jim Bradley, M.P.P.
Mr. Michael Brown
Mr. David Orazietti, M.P.P.
The Honourable John Gerretsen, M.P.P.
Mr. Joseph M. Fratesi
Mr. John D. Williams
Mr. Armando Plastino

2.

Hon. Michael Gravelle
Minister

Ministry of Northern Development,
Mines and Forestry

99 Wellesley Street West
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AUG 07 2009

L'hon. Michael Gravelle
Ministre

Ministère du Développement du Nord,
des Mines et des Forêts

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09-0895

Mr. Joseph M. Fratesi
Chief Administrative Officer
City of Sault Ste. Marie
99 Foster Drive
P.O. Box 580, Civic Centre
Sault Ste. Marie ON P6A 5N1

Dear Mr. Fratesi:

Thank you for your letter of August 6, 2009, on behalf of the stakeholder group that is working to secure an interim operating agreement with Huron Central Railway. I am very aware of the issue and the importance of the Huron Central operation to the regional economy.

I am pleased to advise you that the Northern Ontario Heritage Fund Corporation is prepared to consider an application by the Sault Ste. Marie Economic Development Corporation under the Infrastructure and Community Development Program. The application would support a request for funding of 50% of the estimated \$3 million capital costs (\$1.5 million) required to operate the line on an interim basis for one year.

The request will be considered as quickly as possible once an application is received. I would encourage the Sault EDC and Working Group representatives to work closely with ministry and NOHFC staff on the development of the business case in support of the application. The ministry contact will be Eileen Forestell, Manager Sault Area Team. Eileen can be reached at (705) 945-5839 or at eileen.forestell@ontario.ca.

Thank you again for writing, and please accept my best wishes.

Sincerely,

Michael Gravelle, MPP, Thunder Bay-Superior North
Minister

c: The Honourable Dalton McGuinty
Premier

The Honourable George Smitherman
Deputy Premier, and Minister of Energy and Infrastructure

The Honourable Rick Bartolucci
MPP, Sudbury

The Honourable Jim Bradley
Minister of Transportation

Mr. Micheal Brown
MPP, Algoma-Manitoulin

Mr. David Orazietti
MPP, Sault Ste. Marie

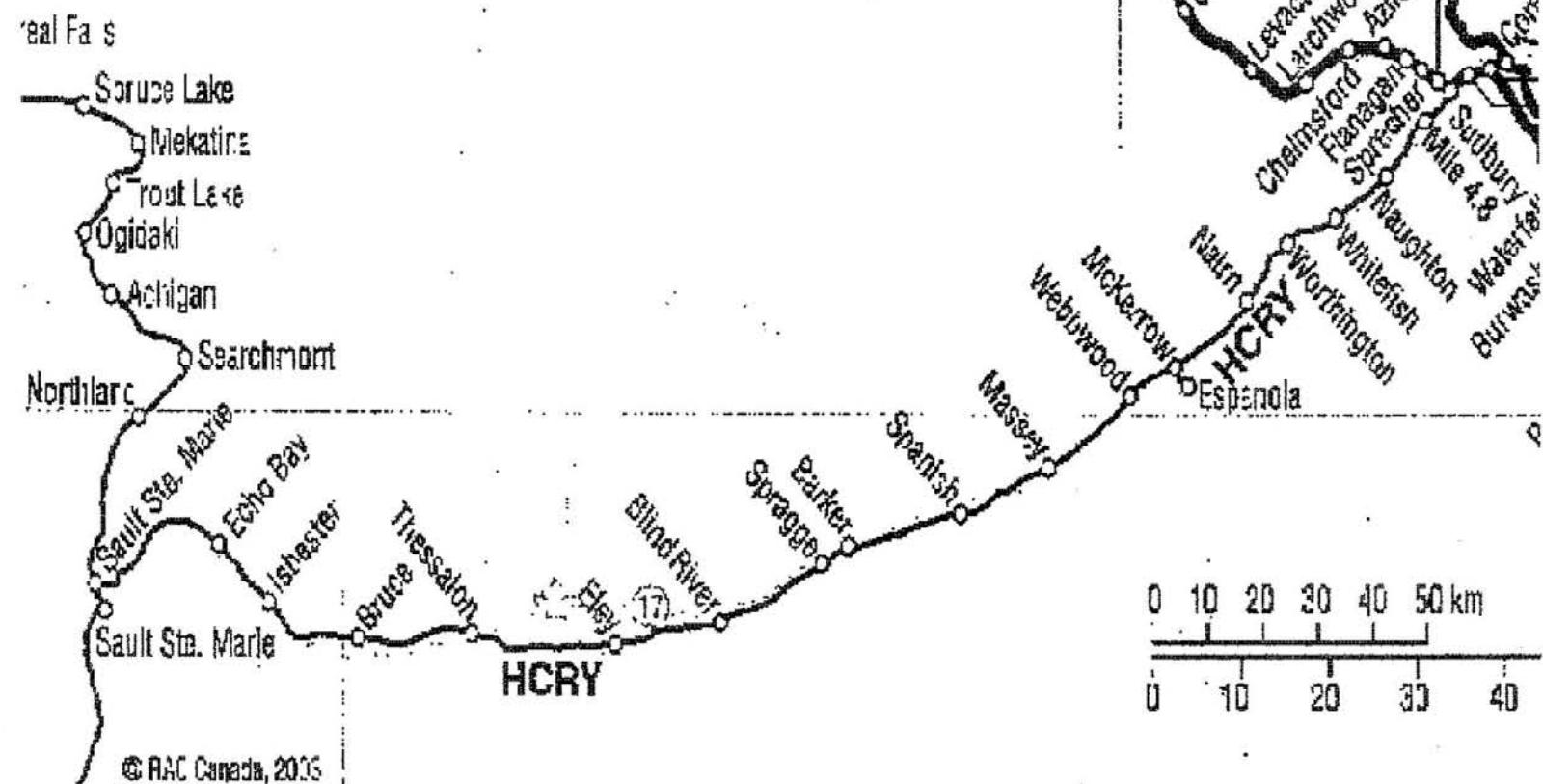
The Honourable Tony Clement
Minister for the Federal Economic Development Initiative for Northern Ontario

HCR Survival

Presentation to SSM City Council
August 13, 2009

Reference Map

CANADIAN PACIFIC



Background – HCR

- Historic rail line
 - 1997 - Canadian Pacific (CP) and Huron Central Railway (HCR) entered long-term lease to maintain railway operations
 - 2009 - Downturn in the economy & reduced customer requirements- HCR struggled to maintain viability
 - CP, HCR and other stakeholders took steps to improve the viability of the line by seeking;
 - Traffic volume commitments from major customers
 - Capital investments including Federal and Provincial assistance
-

CP Position

- "As a result of declining rail traffic volumes and the lack of any suitable government infrastructure funding, HCR intends to discontinue operation by August 15, 2009, for the portion west of McKarrow, and October 31, 2009, for the portion between Sudbury and Espanola."
 - The railway line cannot operate without significant capital investment, estimated to be \$33 million over the next 10 years
 - CP does not intend to operate it and abandonment would be highly likely
-

HCR Position

- HCR indicated they had no intention of purchasing or leasing the line again
 - “HCR would only remain involved if mandated by a third party that would acquire or lease the line from CP”
-

In a Nutshell

- If there is no agreement on sale, lease or other transfer of the railway to any person or to a government, CP will implement the process necessary to permanently discontinue the line
-

Impact of HCR Loss

- Immediate job losses
 - Immediate loss of tax base
 - Negative impacts on viability/growth of existing industries
 - Severe constraints on future of this part of Northern Ontario
 - Huge environmental implications
 - Road congestion and safety issues
-

Activities to Date

- Expressions of concern conveyed to CP, HCR, Federal and Provincial representatives by communities, politicians and industry
 - Stakeholder meeting with CP June 30th
 - General Stakeholders meeting July 14th
 - Establishment of working committee (Essar, Domtar, SSM)
-

Working Committee

Developed a two stage approach

Stage #1

- Develop and implement a strategy to operate the line for one year

Stage #2

- Develop and implement a permanent solution
-

Stage #1 Progress

- Met with HCR
 - Developed a tentative agreement wherein HCR will continue to operate line for one year
 - Garnered government support for:
 - Short term solution
 - Strategic, long term solution
-

Essence of Stage #1 Agreement

- Funds required to ensure viability of the line for one year \$15.9million (including capital)
 - Government capital requests \$3million
 - Remaining commitment undertaken by industry
 - Term sheet developed among Key parties
-

Recommendations to Council

Stage #1

1. Approve expenditures of up to \$250,000
 2. Underwrite Capital expenditure requirements until Government grants processed
 3. Authorize CAO to sign “Term Sheet”
Approve Provincial and Federal contracts associated with Stage #1 capital
-

Recommendations to Council

Stage #2

1. Approve CAO participation in development and implementation of Stage #2
 2. Authorize proceeding with applications for \$33 million Major Capital under:
 - a) Infrastructure Stimulus Fund
 - b) Major Infrastructure component of Build Canada Fund
-

Next Steps

- Concrete action is essential
 - Time is of the essence!
-

The City of Sault Ste. Marie and the Sault Family YMCA:

*Working Together to Build Strong Kids, Strong
Families and a Strong Community*

August 13, 2009

1) Executive Summary

The Sault Family YMCA has a strong history as one of our community's most recognizable and respected institutions. Since 1900, we have helped hundreds of thousands of people as part of our continuing mission to build strong kids, strong families and a strong community.

Whether it has been teaching children to swim, helping young people get their first job, providing high quality child care services, or affordable housing options for new immigrants, offering top notch fitness programs and facilities, or helping economically-disadvantaged parents get the programs and services they need for themselves and their children, we have been there. If we are going to continue to make a positive difference in the lives of children and families in our community, then we are going to need the help of the very community that we have helped to build for the last 108 years.

The Sault Family YMCA needs to rebuild. The cost of maintaining our facility has reached a clear tipping point. According to a recent Building Condition Assessment report, completed in October 2007, if we plan to stay in our current facility for the foreseeable future, then we will need to invest a minimum of \$5 million over the next five years in infrastructure repairs, improvements or replacement of mechanical and heating and ventilation systems, parking lot reconstruction and a host of other repairs or improvements that will not increase our ability to offer services to our community.

Our February 23rd and April 27th presentations to City Council and our response to Council's request for briefs regarding "Proposed Community Infrastructure Projects" consistently focused on building a new facility. While there are clear advantages to building a new YMCA, we believe that the most prudent course of action, at this time, is to apply for the funds required to renew, repair and renovate the vast majority of our existing facility.

The recently announced *Non-Profit Infrastructure Stimulus Fund* provides us with the opportunity to propose a project that is valued at \$15 million or less. We will be proposing a project that has a value of approximately \$12 million, with the bulk of funding support supplied by our federal, provincial and municipal governments, along with traditional long-term debt from a local financial institution. Funds will be supplemented by a YMCA capital campaign.

It has recently been announced that the Sault Family YMCA was approved for a \$2 million contribution from the *Recreation Infrastructure Canada (RInC) fund*. While the RInC funds would help us deal with some of our pressing building systems needs, it would not lead to the renewal of our facility. If our proposal to the *Non-Profit Infrastructure Stimulus Fund* is successful, then we will have the opportunity to essentially "build a new YMCA" without putting shovels in the ground for a new facility.

In our April 27th presentation to Council, we included a document entitled *YMCAs and Municipalities – Working Together for Canadians*. In this document, there are

many examples of municipalities working together on facility renewal, new facility construction and program development and delivery projects.

Financial support for our project, from the City of Sault Ste. Marie, will be critical if our proposal is to be successful. To this end, we are requesting that Council consider investing \$2 million in our project, subject to our project being approved with acceptable terms.

It is our hope that you will support our request and work with us to secure the additional funding that we need from our provincial and federal governments.

2) An Investment in the YMCA is an Investment in our Community

As a charitable organization, we exist to help make the community a better place. We do so with a focus on providing opportunities for everyone to learn, participate and contribute to healthier choices and lifestyles. The YMCA is a place where everyone is welcome, regardless of ability, race, creed, colour, religious belief or economic circumstance.

Since 1900, the Sault Family YMCA has touched the lives of hundreds of thousands of people in our community. In addition, we are a member of YMCA Canada, which is a federation of 47 YMCAs and 8 YMCA-YWCAs who work together to achieve common goals for improving the health and wellness of Canadians.

Through our regional, provincial and national networks, we identify and address emerging issues and opportunities and develop innovative and effective programs and services that improve the quality of life for children and families in our communities. Today, the Canadian YMCA network reaches 1.8 million participants of all ages and backgrounds in more than 250 communities across Canada. YMCAs offer programs in several key areas:

- ✓ Health, Fitness and Recreation
- ✓ Child Care
- ✓ Employment, Education and Training
- ✓ Community Outreach and Newcomer Services
- ✓ Day and Resident Camping

An investment in a renewed YMCA facility is an investment in:

- ✓ A valued community organization that has weathered good times and difficult times for 109 years
- ✓ The health and wellness of citizens in our community
- ✓ Character-building programs and activities for children, youth and families
- ✓ Healthy programming for children and families with limited income
- ✓ Top quality child care services
- ✓ Hundreds of jobs in our community

- ✓ Strengthening our volunteer culture in our community
- ✓ Swim lessons, gymnastic lessons, music camps, theatre camps, health programs for cancer and cardiac patients and individuals with chronic health conditions, programs for special needs children and much more

Our mission is to build strong kids, strong families and a strong community. A renewed facility will help us continue to serve more people, in more relevant ways, for generations to come.

3) Preparing Children and Youth for Productive Lives

At our February meeting with Council, we were asked to report back with respect to the potential impact that a YMCA can have on youth crime. We are unaware of any specific, formal studies that have been undertaken to examine this issue, but we have certainly found a number of references to the relationship between healthy recreational activities and the development of positive traits and behaviours in children and youth.

According to the Canadian Council on Social Development, "youth who participate in recreational activities are more likely to do well in school and to have high self-esteem and good social skills". These qualities, in turn, have been directly linked with a "lower likelihood of involvement in criminal activity", as reported in "Crime Prevention through Social Development", published by Waller and Weiler.

There are many risk factors that make it more likely for a young person to make decisions that may lead them into difficult circumstances. If a young person is part of a low-income family, living in a neighbourhood with above-average crime rates, then they begin life with the odds stacked against them. We work with children and families to ensure that they are exposed to skill-building, self-esteem development and social development opportunities that so many people take for granted. We believe that if kids believe that they have a positive choice in front of them, they will often make a good decision. If kids believe that they do not have a positive choice in front of them, they will still make a decision, but it is less likely to be positive.

Recently, we chaired a meeting of local citizens who have expressed an interest in seeing a Youth Centre of some kind in our community. As the past Chair of the Teen Centre committee, I am well aware of the challenges of developing and sustaining a "standalone" teen centre in our community. By offering to provide space, expertise and oversight, we believe that our YMCA can be part of the long-term solution of providing a self-sustaining youth centre.

The Sault Family YMCA has had a significant, positive influence on the lives of young people in our community for more than a century. Not only are we a safe place to go, we also provide the type of character-building, leadership-development opportunities that can arm young people with the skills they need to be positive contributors to their families, their schools and, eventually, their workplaces and the community at-large. Kids need safe places to go, constructive and fun things to do and positive role models. They need a YMCA.

4) Sault Family YMCA Quick Facts

- ✓ We provide everyone with the opportunity to participate in our programs and services regardless of their ability, or their economic or personal circumstances. We are truly a public facility, open to all.
- ✓ As of January 31st, 2009:
 - 1,113 individuals received financial assistance from us
 - 250 non-members were participating in YMCA programs
 - 2,910 day camp days were subsidized for children of low-income families
 - we had 11,328 visits to our Employment and Community Services offices from people who were seeking employment
 - 275 volunteers gave more than 8,900 hours of their time to help others
 - 336 children received top quality child care
 - 1,544 students participated in our Youth Gambling Awareness program
- ✓ We get people involved and bring people together. In 2009 we have been involved with many partnerships and relationships with organizations such as:
 - Algoma Public Health
 - Ontario Works
 - Sault Rotary Club
 - Children's Rehabilitation Centre of Algoma
 - Ontario Works
 - Sault College
 - Algoma District School Board
 - Group Health Centre
 - Huron Superior Catholic District School Board
 - Algoma Multicultural Centre
 - Conseil d'école Catholique de Nouvel Ontario
 - Sault Ste. Marie and District Labour Council
 - Sault Search and Rescue
 - Red Cross
 - Algoma Family Services
 - Children's Aid Society
- ✓ The Sault Family YMCA employs 59 full-time and 212 part-time members of our community.

5) Market Study Summary

In 2008, the Sault Family YMCA commissioned an independent market study to assess community support for a new YMCA facility. If we are successful in securing the funds required for a \$12 million refresh of our facility, then we will have be in position to essentially build a "new facility", from the inside out. As such, we believe that it is reasonable to assume that the findings of the Leisure Plan study would also apply to our renewed facility.

Community support was measured by determining the potential number of adults who would become fee-paying members of a new YMCA facility. A total of 439 adult individuals, all of whom were NOT currently YMCA members, participated in the study. The survey research methodology led to a 95% confidence level and a 7% margin of error, which means that if the survey were repeated, 19 times out of 20 the results would fall within a range of +/- 3.5%. In other words, these are bankable results.

Here are some of the key findings from the market study:

- ✓ Three potential locations were tested. Our existing location tested the strongest, with a location near Great Northern Road and Northern placing second. A downtown location tested poorly.
- ✓ We will receive strong support from new, adult members in a new YMCA facility at our current location Based on our cash flow analysis, the new members that we will attract, when added to our existing membership base, would allow us to service the debt required (\$2 million) to move forward with our project.

6) Community Demographics

In 2005, a "Physical Activity Plan" for Sault Ste. Marie was developed by a number of individuals and organizations from across our community. The Round Table that led the development of the plan was represented by members from the Sault Family YMCA, the City of Sault Ste. Marie, Take Heart Algoma, the Canadian Diabetes Association, Algoma Public Health, Algoma District School Board, Huron Superior Catholic District School Board, the Sault Sports Council and many others.

In the Physical Activity Plan report, we are advised that Algoma District is "above the Provincial average for all medical conditions linked to inactivity, including cardiovascular disease, diabetes, depression and hypertension. The links between healthy fitness and recreation activity and overall physical and mental health are well-documented.

The Sault Family YMCA has a strong history of developing and delivering health and wellness programs for seniors, children and youth with special needs and individuals with chronic health conditions. As our population continues to age, the need for these programs and for suitable program delivery space will continue to grow.

7) Community Economic Development

The renewal of the Sault Family YMCA will positively impact the Sault Ste. Marie economy in four key and substantial ways:

A) Initial Facility Construction

The Sault Family YMCA is committed to the involvement of local labour, local material, skilled trades and design consultants in the design and construction of our new facility. To this end, we will include "Local Content" as a key factor in the awarding of construction and design contracts.

We are using the following formula, which was provided by an Architectural Cost Consultant who is working on a new YMCA design in Southern Ontario, to determine the job creation potential related to the construction of our facility:

- project cost is comprised of 50% labour and 50% materials
- total estimated labour cost is approximately \$6,000,000
- labour costs are estimated at \$50/hour in Ontario
- the average construction worker works 1,700 hours per year

$$\$6,000,000 / 1,700 = 3,529$$

$$3,529 / 50 = 71 \text{ Full-Time Equivalent jobs}$$

B) Operational Job Creation

A new Sault Family YMCA will serve significantly more people. At the same time, the efficiencies that we will achieve in a properly redesigned facility will mean that we will have less staff demand for the type of work that we currently have to undertake. We are estimating that we will create 3 to 5 new, net positions to support the operations in our new facility.

C) Improved Economic Attractiveness

The attraction of new business and investment to our community and the recruiting of physicians and other professionals will likely remain a key focus in our community for the foreseeable future. A renewed Sault Family YMCA, with relevant services, programs and equipment, will be an important element in Sault Ste. Marie's future efforts to attract new investment and new, young professionals to our community.

8) Planned Work

A renewed Sault Family YMCA will provide us with the tools and staging areas required to further serve our community for the next 25 to 30 years. The following highlights the key work that will be completed if our project is approved:

➤ Site Work:

- parking lot renewal

➤ Building Exterior:

- roofing, caulking, masonry repairs, door replacements

➤ Building Interior: Basement

- locker and shower area redesign/rebuild (women's, men's, boys', girls' and family change room)
- renovation of craft room, control room, laundry room, offices
- renovation of aerobic studio and circuit training room
- installation of new aquatic centre (6 lane/25 metre competition pool; therapy pool; whirlpool, play features)
- renovation of existing activity/gymnastics centre

➤ Building Interior: Ground Floor

- renovation of gymnasium, including flooring, climbing wall, portable turf
- renovation of racquet courts (squash and racquetball)
- fitness centre expansion and renovation
- Coffee Corner renovation
- conversion of current administrative space
- renovation of play centre, multipurpose room, program offices
- installation of barrier-free, water-conserving washrooms
- installation of energy-rated windows

➤ Building Interior: Second Floor

- renovation of auditorium
- redesign/renovation of club rooms
- renovation of racquet courts (squash)
- installation of energy-rated windows
- installation of barrier-free, water-conserving washrooms

➤ Mechanical Systems

- installation of new passenger and freight elevators
- rebalancing of exhaust system
- replacement of rooftop HVAC units
- replacement of all supply units and exhaust fans
- replacement of boilers and hot water tanks

➤ Electrical Systems

- install energy-efficient lighting solutions throughout facility
- upgrade electrical service
- repair parking lot lighting

The total costs associated with our project are \$12,148,413.

With the completion of this project, we will have addressed all of the unfunded maintenance liabilities that were identified in our recently completed Building Condition Assessment Report. In addition, we will have added a new, competition-ready pool that will allow our community to attract aquatic events and we will have completely renewed our gymnasium, locker areas, shower areas, auditorium, lunch bar and multipurpose rooms. In short, we will have essentially built a new YMCA, for about half the cost of a new facility.

9) Features of the Proposed YMCA Aquatic Centre

The new Aquatic Centre will feature two pools and an on-deck whirlpool. The first pool will be a conventional 25 metre 6-lane lap pool capable of meeting the needs of fitness, learn-to-swim and competitive swimmers. This pool will feature full accessibility through the inclusion of an entry ramp.

The second pool will be a leisure pool designed to meet the needs of recreational and therapeutic users, through the inclusion of interactive play features, a shallower depth, and a separate operating system in order to accommodate the need for higher water temperatures. This pool will also be fully accessible with its own entry ramp into the tank. The pool deck and adjacent corridors will provide adequate viewing space for everyday and swim meet use through the extensive use of internal windows.

While the Sault Family YMCA strives to engage people in membership, our facilities have always been fully available to non-members and the community at large. Group access for schools and special-needs programs will continue to occur through rental fees. Our YMCA "Learn-to-Swim" programs will continue to be open to all. We will also continue to provide more community access through our

"Assisted Membership" program, which offers financial assistance for individuals and families who could not otherwise afford to participate in health and recreation programs.

10) Request for Investment

On February 23rd, 2009, a delegation from the Sault Family YMCA attended a City Council meeting to update Council and our community with respect to our needs and plans. At the end of our presentation, we were asked to come back to Council with a formal and specific request, along with some examples of how other Ontario municipalities, of similar size to Sault Ste. Marie, were working together with their YMCAs. Here are some recent examples:

<u>Community</u>	<u>Population</u>	<u>Facility Size</u>	<u>Muni Capital</u>	<u>Muni Operating</u>
Sarnia	72,125	64,000 sq.ft.	\$2.3 million (23%)	\$35,000/year
Niagara Falls	82,184	101,000 sq.ft.	\$15,000,000 (63%)	N/A
Waterloo	100,000	45,000 sq.ft.	\$7,500,000 (50%)	N/A
Cambridge	120,371	60,000 sq.ft.	\$2,000,000 (25%)	\$250,000 endowment

While there are many other relationships between YMCAs and municipalities, it is our belief that the above examples give us reasonable comparisons with communities of similar size and YMCA projects of similar scope. The projects have been undertaken at different times, which accounts for the relative difference in dollar values. We believe that it is more useful to consider the percentage of the overall project costs that were contributed by municipalities.

While some municipalities chose to provide a more significant amount of funding up front, others provided a balanced approach where an average of 24% of the capital costs were provided to help build the facility, with an ongoing operational annual operational commitment. In our case, we are proposing the following investments related to our project:

Federal Government:	\$4,049,471
Provincial Government:	\$4,049,471
Sault Family YMCA:	\$2,024,736
City of Sault Ste. Marie:	\$2,024,735
Total:	\$12,148,413

It is our belief that we stand an excellent chance of receiving support from our Provincial and Federal governments, providing we are able to show significant support from our municipality.

To this end The Sault Family YMCA respectfully requests:

1. That Council agree to contribute \$2,024,735 (16.66% of the estimated construction costs) in funds towards the rebuilding of Sault Family YMCA, subject to receiving written confirmation that the balance of funds required to complete the project are in place.
2. That Council agree to work with the Sault Family YMCA to secure the financial support required from the Province of Ontario and the Government of Canada.

All referenced (original) studies may be viewed at the Sault Family YMCA Office, located at 235 McNabb Street, Sault Ste. Marie, Ontario

This proposal is submitted on behalf of the Sault Family YMCA Board of Directors.

Prepared by:

Martin Wyant
Martin Wyant

August 07, 2009

Date:

Authorized by:

Wayne Greco
Wayne Greco
President
Sault Family YMCA

August 7, 2009

Date