

September 28, 2009

Improvement District No.4
Box 133, Waterton Park, AB TOK 2MO

Brian Baker
Chairman
Waterton Park Community Association
Box 65
Waterton Park, AB TOK 2MO

Dear Brian:

I.D.4 council has as requested by the WPCA board reviewed and considered the WPCA board's motion, that I.D.4 "explore the feasibility and/or possibility of taking over the management of the Waterton Park Community Association in whole or in part" (your document "A Community in Transition" dated September 15th, 2009), the presentations made by your board and yourself and the supporting documents provided to us at our council meeting of September 18th.

I am writing to advise the WPCA board of directors and yourself of our council's decision on this matter. After due deliberation on this matter, our consensus based conclusion, is that I.D.4 is not prepared, for the reasons stated below, to assume management of the WPCA, either in whole or in part.

First let me say on behalf of Council, that we are most appreciative of the efforts that members of your board and yourself have gone to in the preparation of the various interim reports on the three facilities and their operations (Waterton Golf Course, Community Hall and Community Centre) and we look forward to the final reports later this fall. The reports and the discussion with the WPCA board and yourself clearly indicate the management, finances, governance, operation and building issues that the WPCA face now and in the coming years. They clarified for us the relationships and problems between the two community facilities (Community Hall and Community Centre) and the Golf Course since the WPCA took over the golf course lease and operations.

In prefacing the specific reasons for our decision we wish to offer some observations and comments to the WPCA board on the Golf Course and Community Centre/Hall.

With respect to the **Golf Course**, it was never intended to be a community facility. While serving a community function in the sense that residents of the community have access to join as members or pay green fees as do non residents from surrounding Alberta municipalities and visitors from further afield, the Golf Course has been and continues to be a fee for service visitor recreational facility (like the Alpine Stables or the Cameron Boat Rentals for example). The Golf Course gross revenues according to the WPCA 2008 financial statements are equivalent to that of many other small businesses in Waterton. In

our opinion, the Golf Course operations and needed/required infrastructure improvements, etc. are to be supported out of revenues from its operation, or other sources (grants, loans, etc.) sought directly by and obtained by the WPCA as operator of the golf course, owner of the improvements, and holder of the lease with Parks Canada.

With respect to the **Community Centre/Hall**, we are of the opinion that maintaining a community centre within the community is a vital part of the Waterton community. It serves or should serve, as you and other members of your board have noted a number of significant and irreplaceable social, cultural and recreational roles most of which to our mind are not being currently met, as the WPCA is not effectively marketing the facility or providing programming: for example summer kids camps which would be of benefit to the community. We would also strongly recommend that the WPCA establish a standing committee composed of both board members and members of the community charged with the management, marketing and programming for the Community Centre and Community Hall and the management of the teacherage.

It is clear from Bill Little's report that significant investments are needed if these buildings are to be maintained and continue to operate in the short as well as long term. While rentals have clearly fallen as demonstrated in Holly Fausett's report, and may well be below the annual operating costs of the two buildings and the teacherage, it is not clear to us what the actual operating costs of each of these three facilities is, as Schedule B from the 2008 Financial Statements does not include the revenues from the rental of teacherage (presumably these have been included under the Golf Course Schedule A), and the Schedule B Expenditures appear to have included those of the Golf Course for Utilities, Insurance, Property Taxes etc. as these are not listed under Schedule A. Without the break out by all the facilities for fixed and variable costs (gas, electricity) one cannot come to an informed decision on whether either or both of the community facilities should be closed in the winter. We consider it to be premature at this time for the WPCA to close any facilities seasonally or permanently without first having a handle on the fixed and variable costs and developed the management plan and consulted with the community.

Further we are of the opinion that once the needed management/ financial etc. changes are implemented, the WPCA will be able to find funds to meet revenue shortfalls for the operation of the Community Centre/Hall and with dedicated marketing of both facilities these could be reduced considerably in the future. We would note that we, like most members of this community who have been here for the last 20+ years, have been led to believe that one of the main reasons the WPCA took the Golf Course lease was to provide a source of revenues from the profits of the operations, which could be used in the maintaince and operation of the other WPCA community facilities and delivery of community programming.

Our reasons for declining to assume management of the WPCA facilities either whole or in part are as follows.

1. I.D.s cannot, under Province of Alberta legislation, hold leases on lands whose title rests with another government (in this case the Federal Government). We are advisory councils to the Minister of Municipal Affairs. The Government of Alberta would actually hold the leases which they could not under legislation. Since the improvements, although owned by the WPCA, come with the lease and cannot be separated, the I.D. cannot acquire the WPCA leases or assets.

We would note that even if it would be possible to acquire these assets, the titles would be transferred to the Province of Alberta, under the administration of Alberta Public Works who would be required by Alberta Governmental regulation to undertake a full review of their conditions, which as we know do not meet current code, and be required to bring them up to code and/or replace them. They would almost certainly choose not to do so. Since legally this cannot happen this entire matter is moot.

2. The I.D. could establish a recreation/facility management committee like I.D.9 (Banff Park) has which would have two council members on it, and three or more others chosen from the community. This committee could manage the WPCA facilities and programs. However as the WPCA would still own the facilities and be legally etc. responsible for them, the WPCA board would continue to exist. The result would be an unnecessary duplication of boards/committees in our opinion which would place a further strain on the community volunteer pool in Waterton.

The matter of the I.D. assuming management of the WPCA assets is further complicated by the mortgage the WPCA has for the golf course cart storage etc. building. If the I.D.4 were to take over management, this outstanding mortgage would severely hamper the I.D.'S ability to borrow monies for capital projects, which under Government of Alberta legislation we are able to do so. We would lose over one third of our borrowing capacity. Therefore assuming the management of the WPCA facilities is not in our or our community's best interest, should we need to borrow monies for capital projects within the community.

Further I would note that as we are advisory to the Minister of Municipal Affairs, the Minister would have to approve the I.D. assuming WPCA management. It is very unlikely that our Minister would agree to the I.D. entering into any agreement with the WPCA to take on management in whole or in part given the potential liability of the Minister in this matter.

3. If the WPCA assets were managed through a Parks and Recreation Board under the I.D. all funds for management, marketing, operations, improvements, etc. for the WPCA would flow through from the WPCA to the I.D. and be subject to the approval of the I.D. All revenues from the operations would also flow to the I.D. Such an arrangement would, in our opinion, severely restrict the opportunity for the WPCA to obtain funds from agencies and private/corporate sources of potential funds that are loath to donate to governments even though they can issue tax receipts. This issue is as you will recall one of the reasons that the I.D. established the Waterton Foundation. There is no advantage

only a disadvantage for the WPCA in potential access to funding if the I.D. assumed management.

The WPCA, like any other Waterton community organization, such as the Green Team, can apply to the I.D. for a grant in aid to support the projects as outlined in Bill Little's report to maintain these facilities, and to market them as discussed in Holly Fausett's report, as well as operational aspects such as a co-shared position with the I.D. and Chamber. We encourage the WPCA to do so.

Should the WPCA wish to apply for 2010 we will require that both a proposal and a budget be submitted in time for our last meeting (November 20th) before we adjourn for the winter. If approved and funds are available from our provincial Municipal Sustainability Fund or can be raised/supplemented from other sources, your request will be included in our 2010 budget. Funds would be available in summer 2010. However, *as a condition of this and future grants we require the WPCA retain an independent third party consultant over the winter to develop an integrated three year business plan to include appropriate management and marketing plans for the facilities, utilizing Bob Jacobson's report and recommendations as a base for the golf course operations. These with respect to the golf course need to be implemented for the 2010 operational season.*

Further with respect to the golf course we most strongly urge that the WPCA, in consultation with this third party consultant, put in place an appropriate Golf Course Management Committee with the appropriate terms of reference, membership to include not only WPCA board, but members of the both the golfing and non golfing community who reside seasonally or permanently within Waterton. It is not appropriate in our opinion that non residents be on this committee as long as the WPCA is the operator. You might consider the membership model of other community committees. We cannot emphasize strongly enough that great consideration is given to the procurement of board members with strong financial, management and marketing backgrounds.

Also as a condition of funding we require that the WPCA, once the draft facility management/business plan has been completed, engage in extensive community consultation on this plan which must include optional long term scenarios for the facilities, through one or more facilitated "town hall" meetings, as well as meetings with interested stake holder groups such as the Chamber of Commerce. This process and the final plan to be completed by early summer 2010.

We look forward to receiving the WPCA's proposal and budget for funding assistance. Should the WPCA board wish to meet with the I.D (sitting as a committee of the whole) prior to our next council meeting, that can be arranged.

Best Regards

Brian (Barney) Reeves
Chairman,

cc. WPCA Board – B. Jacobson, H. Fausett, B. Little, D. Parkinson, M.A. Reeves
I.D. 4- D. Pollock, B. Baker, K. Black, J. Thael, R. Grimson

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