



Recreation centre lost and found:

**The community impact of the Ray
Friel Centre P3**

Over its 21-year life, Ottawa's Ray Friel Centre has had both public and private operators. The Canadian Union of Public Employees has looked into the community costs and consequences of privatizing operations and maintenance at the Ray Friel Centre.

Messing with a good thing

The Township of Cumberland, in Ottawa's suburbs, announced plans for a \$13-million sports complex in 1988 in response to growing demands from residents for more recreation facilities. They planned a sports complex including a pool, outdoor rink, ball diamond, multi-purpose rooms, squash and racquetball courts, and tennis courts at a projected cost of \$13 million. Even before the building had begun, the centre was named after Ray Friel, a former city councillor.ⁱ

Federal and provincial governments provided over \$1 million in grants while the community pitched in, hosting fundraising efforts like fun runs, dances and community garage sales.ⁱⁱ Soon after the facility opened in 1992 it won a facility excellence award from the Canadian Parks and Recreation Association.ⁱⁱⁱ

Despite the success, in 1993 the Township decided to contract out the centre's operations. It awarded a sole-source contract to Contemporary Leisure Canada Inc., a multinational corporation with local operations headed by former Ottawa mayor Jim Durrell. Local companies and service providers were edged out of the operation and local fitness companies complained that they had been cut out of the process because they weren't allowed to bid on the operations. The township claimed that they were saving money and time by using a sole-source contract.^{iv}

The first thing that the private operator, Contemporary Leisure, did was cut the centre's 45 employees wages cut by 10 per cent.^v

Phase two of the Ray Friel Centre was the addition of an indoor ice arena with seating for 300. Construction was completed in September of 1994, at a cost to the Township of Cumberland of \$3.4 million dollars.^{vi} Built with public funds, operation of the arena was immediately handed over to the private operator, Contemporary Leisure.

Controversies and Problems Staying in Business

In 1994-1995, Contemporary Leisure's parent firm in the United Kingdom declared bankruptcy and the Canadian holdings under Jim Durrell were renamed Recreation Services International or RSI. Between 1994 and 1996 RSI secured 10 contracts to run public recreation facilities in Alberta, Saskatchewan, and Ontario.^{vii}

Despite all of these contracts, RSI filed for bankruptcy and the Bank of Nova Scotia froze the company's accounts on November 8, 1996. RSI was unable to cover payroll for its 400 employees across Canada or meet its operating budget demands. The Township of Cumberland was forced to cover payroll for RSI's 85 Ray Friel staff and fund operating expenses to keep the centre open.^{viii}

As part of the bankruptcy deal, all RSI's contracts were sold to Serco Facilities Management, another multinational corporation with headquarters in the United Kingdom. Most of RSI's employees were transferred to Serco; many of RSI's debts (including missed payroll and utility bills that had been covered by local governments in Cumberland and elsewhere) were left unpaid.^{ix} The total left owing after the dissolution and sale of RSI was \$2.3 million.

Despite the experience with RSI, in 1997 the Township of Cumberland turned back to the private sector and negotiated a 10-year deal with Serco. The City of Ottawa showed more caution. It retained public operations of the new St. Laurent Community Complex, in part because of the problems at the Ray Friel Centre.

The contract renewal for 10 years was in addition to fees paid by facility users, the municipality paid Serco \$146,000 per year for operations and maintenance. Serco was to contribute \$435,000 in capital funds over the lifetime of the contract while the municipality committed \$856,100 by 1999 towards capital expenses.^x

Difficulties at the Ray Friel Centre continued under Serco. In June of 1996, Tania Gabriel, a grade one student at the pool on a field trip with her class, died in a drowning incident.^{xi} Police ruled that the incident was an accident, but the Township of Cumberland launched its own inquiry.^{xii} Although police assigned no blame in the incident, the Mayor of Cumberland, Brian Coburn, told a local newspaper that, “The company running the complex has since increased staff”^{xiii}. It appears that increased staffing would increase safety and prevent future incidents.

Repeating the same mistakes

In 2001 the Township of Cumberland was amalgamated into the City of Ottawa and the problems at Ray Friel gained broader public attention. The City of Ottawa opened discussions with Serco to build two new ice sheets and programming space at the facility as a public-private partnership (P3).^{xiv}

In September 2003, Ottawa City council approved the \$12.5 million P3 expansion of the Ray Friel Centre, extending Serco’s contract for another 20 years.^{xv} Under the new deal the City of Ottawa provided capital for the new facilities and Serco was required to repay the building loan. The deal was touted as a model concept for other recreation P3 projects.^{xvi}

Citizens started asking questions about why they paid \$505 for an annual membership at the Ray Friel Centre, while memberships at larger city-run facilities ranged from \$344 to \$460 and were transferrable.^{xvii}

Ottawa city staff reports indicated mounting concerns about cleanliness and maintenance at the Ray Friel Centre. In 2005, Serco nearly lost the contract because of the routine maintenance issues. Kent Kirkpatrick, City Manager, told Council that “During the same period, staff responsible for overseeing the existing Serco management contract at the Ray Friel Centre were reporting a net degradation in the cleanliness of the facility and significant increase in customer complaints.”^{xviii}

In early 2007 Ottawa city staff sent to investigate found some serious financial problems at Ray Friel. Their report indicated that Serco had underestimated its operating costs by \$1.3 million per year and significantly overstated projected revenues. In a presentation to council, Serco indicated that it could not make a profit at the facility. Councillor Alex Cullen noted that Serco had drawn \$1 million from operating reserves in order to make a profit.^{xix}

In April 2007, the City of Ottawa cancelled Serco’s contract based on the corporation’s poor performance and failure to meet expected targets.^{xx} When questioned about the end of the contract, Serco VP Tony Vantellingen responded by saying, “revenue and operating budgets were not as anticipated”.^{xxi} When the P3 fell apart, the City of Ottawa was left with \$12 million in debt and responsibility for a facility with declining usage and community support.

After the dissolution of the P3 arrangement at Ray Friel, Ottawa city council passed a motion to requiring annual reports from city staff comparing the projected and actual costs and revenues of P3 projects. Councillor Rick Chiarelli told reporters that, “The city (Ottawa) must be more realistic when evaluating proposals. The underestimated operating costs and overestimated revenues should have been caught”.^{xxii}

Better times for the public and workers

Community members who use the Ray Friel Centre can still remember the days of the private operator^{xxiii}. Some spoke about the pool edges being scummy and tiles coming up on the pool decks. One senior remembers feeling unsafe, and not having access to aquafit classes on a regular schedule. Parents remember the larger swim class sizes and fewer lifeguards on the pool decks. Other users remember gym machines being broken for long periods of time. Long-term Ray Friel users recall a distinct improvement in the cleanliness and maintenance when City of Ottawa took the facility back from the private operator. The city instituted its standard fees and policies giving Ray Friel Centre's users the same access to recreation at the same price as other residents of Ottawa.

Employees of the Ray Friel Centre were initially understandably nervous about having their jobs transferred from one employer to another during the transition of operations from Serco to the City of Ottawa. When they did transfer to the city, and became members of CUPE Local 503, they saw a pay increase of 30 per cent (from \$11 to \$14 an hour) -- a significant increase in their standard of living.

As direct employees of the City of Ottawa they also have more opportunities. Serco employees were limited to jobs at the Ray Friel Centre. One of the current employees reported that after paying his way through university as a part-time recreation worker at Ray Friel, he was able to advance his career by moving to a job with the City in his field. For another employee, being able to transfer to another facility when she moved meant she didn't have to commute outside her community to be able to work at the job she loved.

Other staff who were transferred from Serco to the City of Ottawa enjoy the improved working conditions like regular shifts and teaching smaller swim classes. Some just feel safer using the facility, or feel less job stress because of increased training and supervision.

Despite the failure of the Ray Friel Centre public-private partnership, the lessons seem difficult to grasp for municipal politicians in Ottawa.

The failure of the centre's first private contractor should have been a clear warning against private operators. The City of Ottawa should never have considered a new deal with Serco. Ottawa residents and politicians have been left with a \$12 million reminder of why P3 deals should be avoided.

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- ⁱⁱ Ottawa Citizen, "Fit Bits", May 27, 1990, p. B6
- ⁱⁱⁱ Canada News-Wire, "Municipality of Cumberland's Ray Friel Centre Wins Award", September 24, 1992
- ^{iv} Ottawa Citizen, "Ray Friel Centre: Denied shot at contract, fitness firm owner says", March 12, 1993, p.F1
- ^v Ottawa Citizen, "Durrell's leisure firm gets to work at Cumberland complex; to manage Ray Friel Centre in Canadian First", February 18, 1993, p.D1
- ^{vi} Canada News-Wire, "Centre Ray Friel Centre Ice Arena Tender Awarded to Ruitter Engineering and Construction Limited", October 13, 1993
- ^{vii} Ottawa Citizen, "CFL plea reached Durrell as his firm hit the rocks: Management company fights bankruptcy as paycheques bounce", November 21, 1996, p.A1
- ^{viii} Ottawa Citizen, "CFL plea reached Durrell as his firm hit the rocks: Management company fights bankruptcy as paycheques bounce", November 21, 1996, p.A1
- ^{ix} Ottawa Citizen, "Durrell's Bankrupt firm ordered sold; 250 jobs saved: Recreation Services International had debts of \$2.4 million", March 29, 1997, p.E3
- ^x Canada News Wire, "Cumberland council awards Ray Friel Leisure Centre Management Contract to Serco Facilities Management Inc.", September 12, 1997
- ^{xi} Ottawa Citizen, "Girl, 6, latest pool victim", June 19, 1996, p.A1
- ^{xii} Ottawa Citizen, "Girl still fighting for life after Cumberland pool accident: Design of pool not cause of mishap, police officials say", June 20, 1996, p.B8
- ^{xiii} Ottawa Citizen, "Family of drowning victim intends to sue township", July 21, 1996, p.A12
- ^{xiv} Ottawa Citizen, "Sports venue relief in sight: That long-awaited ice rink or soccer pitch may be coming to your neighbourhood", September 1, 2003, p.D1
- ^{xv} City of Ottawa, "Report to the Corporate Services and Economic Development Committee and Council, May 6, 2004, Reference Number: ACS2004-CMR-OCM-0008
- ^{xvi} Ottawa Citizen, "Public-private concept tested at Ray Friel Centre: Orleans residents would have waited years otherwise: councillor", August 3, 2005, p.B3
- ^{xvii} Pyndus, M., "Ottawa's 'Orphaned' Community Recreation Facility", September 21, 2006, p.3
- ^{xviii} City of Ottawa, Report to Corporate and Economic Development Committee, May 6, 2004, Reference Number: ACS2004-CMR-OCM-0008
- ^{xix} Daily Commercial News and Construction Record, "Ottawa City council bails out two failing P3 projects", April 30, 2007
- ^{xx} Ottawa Citizen, "Rink partnerships are failing, report finds; City staff propose \$1.2 million bailout for facilities build with private companies", April 20, 2007, p.F1
- ^{xxi} Orleans Star, "Ray Friel P3 officially kaput", December 13, 2007
- ^{xxii} Daily Commercial News and Construction Record, "Ottawa City council bails out two failing P3 projects", April 30, 2007
- ^{xxiii} Various Interview Subjects, Conducted by CUPE outside Ray Friel Centre, May 16, 2013