

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 – interviewing people who work in and use the facility. This is a summary of a longer article documenting the problems with this P3 recreation facility, and the benefits of publicly-delivered recreation services.

MESSING WITH A GOOD THING

The Township of Cumberland, in Ottawa's suburbs, announced plans for a \$13-million sports complex in 1988. The move came in response to growing demands from residents for more recreation facilities. Federal and provincial governments provided over \$1 million in grants. The community also pitched in, hosting fundraising events. Soon after the facility opened in 1992, it won a facility excellence award from the Canadian Parks and Recreation Association.

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. The centre's 45 employees had their wages cut by 10 per cent.

Operations of a 300-seat ice rink, completed in 1994, were also handed to the private contractor. But in 1995, parent company Contemporary Leisure went bankrupt. In 1997, Canadian subsidiary Recreation Services International (RSI) followed suit and the Township of Cumberland was forced to cover payroll for RSI's 85 employees at the centre, and fund operating expenses to keep the doors open.

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. Despite this bad experience, in 1997 the township negotiated a further 10-year deal with Serco.

REPEATING THE SAME MISTAKES

Four years later, the Township of Cumberland was amalgamated into the City of Ottawa and the problems at Ray Friel gained public attention. In interviews, users of the facility recalled declining maintenance and cleanliness of the facility. Despite these concerns, 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).

In September 2003, Ottawa City Council approved a \$12.5 million P3 expansion of the Ray Friel Centre, extending Serco's contract for another 20 years. 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.

Citizens began to raise questions and concerns. A community member's presentation to Ottawa's Parks and Recreation Commission questioned why residents paid \$505 for an annual membership at the Ray Friel Centre, when memberships at larger city-run facilities ranged from \$344 to \$460 and were transferable.

City staff reports documented mounting concerns about cleanliness and maintenance at the Ray Friel Centre. In early 2007, a city staff investigation found

Serco had underestimated its operating costs by \$1.3 million per year and significantly overstated projected revenues.

In April 2007, the City of Ottawa cancelled Serco's contract based on the corporation's poor performance and failure to meet expected targets. 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.

BETTER TIMES FOR THE PUBLIC AND WORKERS

People using the Ray Friel Centre can still remember the days of the private operator. In interviews, 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 the City of Ottawa took the facility back from the private operator. The city also instituted its standard fees and policies, giving Ray Friel Centre users the same access to recreation at the same price as other Ottawa residents.

Interviews with staff show there were major improvements in their working conditions and wages when the P3 ended. Initially, staff of the Ray Friel Centre were 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 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, centre staff have more job opportunities. While working for Serco, employees were limited to jobs at the Ray Friel Centre. One of the 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 that transitioned from Serco to the City of Ottawa enjoy better working conditions like regular shifts or smaller swim class sizes. Some just feel

safer using the facility as a community member, or feel less job stress because of increased training and supervision.

Despite the failure of the Ray Friel Centre P3, the lessons seem difficult to grasp for municipal politicians in Ottawa. The city continues to enter into P3s – some of them sole-sourced – for projects such as the Lansdowne Park redevelopment and a new light rail rapid transit system.

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.

This summarizes a case study of the problems with the Ray Friel Centre P3. The full document, and other case studies, can be found at cupe.ca/p3.

September 2013

cope491