



# North Simcoe Curling Clubs Options and Feasibility Study

*Report*

*November 19, 2024*

*a report from*

**TCI Management Consultants**

## Ontario Trillium Foundation Grant Acknowledgement

The Midland Curling Club and the Penetanguishene Curling Club wish to acknowledge and express appreciation for the Ontario Trillium Foundation's 2023-2024 Resilient Communities Fund grant award of \$39,800 to the curling clubs. Funding from the Ontario Trillium Foundation is assisting our curling clubs to ensure the long-term sustainability of curling in the North Simcoe region. This report was made possible and is a direct result of this funding.



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## Key Findings, Conclusions and Recommendations

As a result of declining membership at both clubs and a concern for long-term sustainability, the Midland Curling Club, in partnership with the Penetanguishene Curling Club, applied for and received an Ontario Trillium Foundation grant to explore the feasibility of maintaining the status quo, consolidating the clubs and/or developing a facility for joint use. A shared facility would enable both clubs to realize considerable economies of scale (operating one facility rather than two) and could be more appealing to residents of both communities. As well a consolidated club could focus on ending the membership declines and growing the sport in the longer term. The Toronto-based firm TCI Management Consultants was retained in April 2024 to explore the various options available to both clubs and to recommend a way forward. The key findings and recommendations resulting from the work are summarized below:

- 1. Neither Club Can Go It Alone:** Neither club appears to be able to easily ‘go it alone’ over the coming decade. Membership at each club has been declining significantly over the last 20 years, despite regional population growth that has been about 50% higher than that of the province overall<sup>1</sup>. ‘Status quo’ projections for each club independently over the next decade (to 2034) suggest that membership declines will continue and financial deficits become more likely unless serious strategic action is undertaken. While it is possible that more strenuous marketing efforts might reverse the decline seen in each club, the decrease in membership appears to be a phenomenon seen in other clubs as well, reflecting diminishing interest in the sport in some rural and northern areas of Canada, and lack of attractiveness for many new Canadians from non-traditional backgrounds<sup>2</sup>.
- 2. Consolidating clubs appears to be the only way forward.** The analysis shows that consolidating the two clubs and operating out of one facility could be a way forward, and quite possibly the only feasible solution to the current situation. The analysis of multiple scenario options shows that the preferred option is for both clubs to consolidate and operate out of the Penetanguishene facility.
- 3. A new identity should be forged:** The historical association with either club (i.e., the names ‘Penetanguishene’ and ‘Midland’) should be jettisoned. A new name, likely ‘North Simcoe Curling Club’, is recommended. Alternatively, naming the new club after arguably the most famous curler to come out of the region, Glenn Howard, who had historical associations with both clubs, could be another ‘neutral’ solution. (Obviously, this possibility would need to be cleared with the Howard family.)

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<sup>1</sup> Combined population growth in Midland and Penetanguishene has been 8.7% over the 5-year period 2016 – 2021, compared to 5.8% for the province overall.

<sup>2</sup> See for example: <https://www.orilliamatters.com/local-sports/future-of-curling-club-on-thin-ice-official-warns-of-150-year-old-club-8779769>; <https://torontosun.com/sports/were-in-a-crisis-curling-in-canada-needs-to-become-more-diverse-in-order-to-grow>

4. **Need to aggressively promote and nurture the sport:** Regardless of which scenario is chosen, the combined club will need to aggressively promote and nurture the sport. Even assuming a 'consolidated scenario' is the way forward over the next decade, beyond that timeframe the club may well face the same situation of declining membership, eventually reaching a point where even the combined membership is not sufficient to carry the enterprise. The creation of a new club could create greater public awareness and interest in the sport and this could be used to forge the next generation of curlers in the region.
5. **Need for professional management:** A full-time business operations manager position should be considered, with some sort of compensation package that incents and rewards this individual to bring in new members.

## Next Steps – A Recommended Path Forward

Recognizing that there are benefits to be realized from each of *consolidating efforts* and, separately, *consolidating facilities*, and further recognizing that making a decision about facilities ahead of forming stronger relationships between the two clubs, we recommend a two-step approach as a path forward.

### **Step 1: Form One Club with Two Facilities**

In step one MCC and PCC form a new club tasked with the leadership and governance of a consolidated club with two facilities. The existing MCC and PCC non-profit corporations continue to exist holding the assets and leases that they hold today while tasking the new club non-profit corporation with operations.

It is proposed that the board of the new club *with two facilities* is composed of 4 members from the existing MCC and 4 members from the existing PCC. Half of the members (2) from each club will be existing board members, while the other half (2) from each club will not be, so that the new club board has both the perspective of the ways that each of the clubs have operated to date and has board members that bring a fresh and potentially more neutral perspective to the new club's board.

The board of the new club *with two facilities* determines rates, policies, schedules, and everything else that goes into operating a curling club *with two facilities*. Working as *one club with two facilities*, inadvertent competition between the two curling facilities will be eliminated, ensuring that the focus and efforts are on growing the sport in the region and ensuring its sustainability, to everyone's benefit. Duplication of volunteer efforts in *running the corporations* will be reduced and can be refocused on *growing curling and improving the product offered*.

The new club board's first task is to address the need for professional management. It is recommended that the MCC and PCC jointly apply immediately to the Ontario Trillium Foundation's 'Grow Grant' fund, which has an application closing date of November 6, 2024. This grant fund provides up-to \$600,000 over 3 years for non-profit organizations to grow their

organization. Funding for this program could be used to fund the recommended full-time business operations manager position for 3 years, to aggressively promote and nurture the sport to grow the consolidated club's membership and sponsorship streams, as well as other tasks to strengthen the club's long-term sustainability.

Over time, as relationships strengthen operating as *one club with two facilities*, the *one club* should then evaluate the then current environment, membership levels, opportunities and fiscal circumstances and work towards Step 2.

### **Step 2: Work Towards Right-Sizing of Facilities Under One Club**

Once working together as *one club with two facilities* the club should evaluate any efforts to grow the sport and membership levels of the consolidated club and make a decision about facility right-sizing, as one organization and membership with interests in-common and aligned.

While drastic changes in membership levels, generous benefactors, or other opportunities and environmental factors may influence a decision, without any significant change from today's situation, operating out of one facility in Penetanguishene would be the financially prudent decision, pending the securement of a satisfactory long-term arrangement between the Town of Penetanguishene and the *one club*. Decisions about selling or leasing surplus assets can be made at this future step and will be influenced by the opportunities available at the time.

A decision to implement Step 1, nor the decisions made during Step 1, will commit the club to a specific outcome if it proceeds to Step 2.

### **Actions to Take Now**

Given the analysis of the situation, the 5 recommendations above and the next steps also outlined above, it is further recommended that:

- a. The Presidents of each club send communications to their members explaining and summarizing this analysis and explaining that it is the recommendation of *both* Presidents and the Steering Committee to their respective memberships that this path be pursued.
- b. Members meetings should be held to answer any questions, allay any fears about the proposal going forward, and vote on the recommendations.
- c. A formal vote of the membership of both clubs be held to ratify the recommendation to proceed with Step 1 as above, including:
  - i. Direction to the Steering Committee to seek legal assistance to undertake the work necessary to form a new *one club* non-profit corporation (with existing MCC and PCC assets and leases remaining in the existing non-profit

corporations), including any initial by-laws (which may be revised at a future meeting of all members) or contracts required or deemed necessary to form the new *one club* non-profit corporation to operate *one club with two facilities* starting with the 2025-2026 season, and operating as a board as soon as practicable.

- ii. Direction to the MCC and PCC Boards to authorize and execute any legal documents as required by the work of the Steering Committee to form a new *one club* non-profit corporation and to pass any by-laws that may be required.
- iii. Direction to hold an all members meeting of the new *one club with two facilities* as soon as possible following the formation of the new *one club* non-profit corporation to:
  1. Elect a board of directors for the new *one club* non-profit corporation.
  2. Choose a name for the new *one club with two facilities* (with a call for name suggestions from the membership ahead of the meeting).
- d. After a vote to proceed with Step 1 by the MCC and PCC memberships, the Steering Committee and Boards implement the directions approved, as described above.
- e. The MCC and PCC, via the Steering Committee, jointly applies to the Ontario Trillium Foundation's 'Grow Grant' fund for funding for the full-time business operations manager (as discussed above) before the grant application deadline of November 6, 2024, regardless of the timing of any other steps. Funding, if awarded, can always be turned down if the clubs' membership chooses not to proceed.
- f. Once a new Board is appointed, the new Board hires a full-time business operations manager (as discussed above) to operate the new club, funded by the Ontario Trillium Foundation grant discussed above, or other sources if necessary and available.
- g. The new Board, ideally with a business operations manager in place, goes to work unifying rates, policies, schedules, and everything else that goes into operating a curling club *with two facilities* in preparation for the 2025-2026 season, calling membership meetings as appropriate and required.



## Implementation Timeframe

The following general timeframe is suggested for the activities proposed above in order to take advantage of the current significant Ontario Trillium Foundation ‘Grow Grant’ fund opportunity as well as the timing in the annual operating cycle. It is understood that the MCC and PCC Presidents have already updated their respective Boards with a general overview of the recommendations within this report, based on prior discussions between the consultants and the Steering Committee.

Activity	Recommended Timeframe
a. Each President sends communique to their members	November 2024
b. Members meetings	Early December 2024
c. Formal vote by the memberships	Early December 2024
d. Two clubs form a single club	Winter 2024-2025
New Board Election and Club Naming by Membership	Winter 2024-2025
e. Ontario Trillium Fund Grow Grant Application for Business Operations Manager	By November 6, 2024
f. Hiring of Business Operations Manager	Spring 2025
g. New Board and Business Operations Manager prepares for the 2025-2026 season	Late Winter (of 2024-2025) through Summer 2025

# 1. Introduction and Background

## 1.1. Project Background and Objectives

As a result of declining membership at both clubs and a concern for long-term sustainability, the Midland Curling Club, in partnership with the Penetanguishene Curling Club, applied for and received an Ontario Trillium Foundation grant to explore the feasibility of maintaining the status quo, consolidating the clubs and/or developing a facility for joint use. A shared facility would enable both clubs to realize considerable economies of scale (operating one facility rather than two) and could be more appealing to residents of both communities. As well a consolidated club could focus on ending the membership declines and growing the sport in the longer term. A larger and modernized facility could also enable the Midland / Penetanguishene region to host larger events on a provincial and potentially national scale, resulting in considerable economic benefit to the region. As well, a larger modernized facility could enable the two clubs to offer the facilities to the wider community for events and activities.

The following are the project objectives:

- Investigate the feasibility of **status quo** vs. **consolidating the clubs**
- Explore the **feasibility and implications of consolidating operations in one facility**
- Propose **alternatives and a financing plan** that are in the best interests of promoting sustainable, affordable, and enjoyable curling in North Simcoe
- To be broadly **understood and supported by the memberships** of both clubs
- To promote and grow the sport **long term**

For context, this introductory section first discusses relevant trends and issues facing curling in Canada generally, then a brief history of each club. This is followed by projections of membership for each club showing the situation a decade from now if current trends continue and no intervening action is undertaken. It concludes with a statement outlining the need for joint strategic action to address the situation.

### 1.1.1 Project Steering Committee

The joint project steering committee formed between the MCC and PCC to work with the consultants on this study include the presidents of each club, two additional members of each club, as well as an external third-party neutral member.

Members of the steering committee include:

- Graeme Jay, President of the MCC
- Stu Spiers, President of the PCC
- Bruce Stanton, Former Simcoe North M.P. & Deputy Speaker of the House of Commons
- Christine VanderByl (PCC) – Non-Profit Executive Experience

- David Brunelle (PCC) – Former PCC Manager, Public Sector, Non-Profit & Community Event Organizer/Fundraising Experience
- Daryl O’Shea (MCC) – Municipal, Non-Profit & Private Sector Experience
- Geoff Barley – Past President of MCC

## 1.2. Overview of the Sport of Curling in Canada: Recent Trends

In 2020, the overall size of the curling ‘market’ in Canada (i.e., those who have participated in or watched in curling to some extent) was estimated to be 7.1 million, of which 1.4 million reported being participants in the sport, and a further 5.7 million, spectators<sup>3</sup>. Just under half the number of participants (48%) reported being ‘light’ curlers (one or two times a year); 24% were ‘medium’ curlers (three to nine times a year); and the remainder (28%), ‘heavy’ curlers (ten or more times a year). ‘Heavy’ curlers represented just under 400,000 individuals, most of whom were registered in a formal curling club.

While the pandemic undoubtedly had a deleterious effect on participation in the sport, many clubs are seeing growth again in participation and in their memberships. Other clubs, however, not as responsive to new opportunities and possibilities, are seeing their memberships not recovering as well, or even diminishing. With many facilities being a half century old or older, many clubs are now struggling to renew and replace their infrastructure, reinforcing the need to adapt to the current environment.

Trends in curling in Canada<sup>4</sup> include the following:

1. **Increased Popularity in Some Areas:** Curling continues to grow in popularity in metropolitan areas and, *especially among younger audiences*. Social curling leagues and events are attracting new players, making the sport more accessible. Clearly while some clubs are experiencing increased popularity and growth, others (such as Midland and Penetanguishene) are seeing declines in their memberships. It appears this may be a phenomenon more associated with rural and northern clubs, where the overall population base is not growing as fast as major urban centres.
2. **Use of Technology:** Teams are increasingly using technology for performance analysis. Data analytics and video analysis help players refine their techniques and strategies.

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<sup>3</sup> Potwarka, *Profile of the Canadian Curler*, 2020.

<sup>4</sup> This section is based on a ChatGPT query of ‘trends in curling in Canada’ which has been edited by the consultants. It also includes findings from curling.ca blogs on growing the sport.

3. **Diversity and Inclusion:** There's a stronger push towards inclusivity, with more initiatives aimed at encouraging participation from diverse communities, including women and Indigenous groups. Creating a welcoming environment for all backgrounds and skill levels is crucial. Offering programs specifically aimed at underrepresented groups can enhance diversity within the sport. Curling Canada, for example, is encouraging clubs to promote more to the BIPOC (Black, Indigenous, People of Colour) market<sup>5</sup>.
4. **Youth Development Programs:** Many curling clubs are focusing on youth programs to nurture the next generation of curlers. Schools and community centers are also integrating curling into their sports offerings.
5. **Sustainability Efforts:** There's a growing awareness of environmental sustainability in the sport, with clubs implementing eco-friendly practices and reducing their carbon footprints.
6. **Professionalization of the Sport and Media Coverage:** The landscape of competitive curling is evolving, with more players pursuing professional careers and an increase in sponsorships and media coverage. Interest in curling increases with media coverage, particularly during major events like the Olympics or the Brier. Increased visibility during these times can boost participation and interest.
7. **Mixed Doubles Popularity:** Mixed doubles curling is gaining traction, especially since it was introduced to the Olympic program. This format is attracting a different demographic and is often seen as more fast-paced and dynamic, as well as more casual and less time-consuming, appealing to a broader audience.
8. **Adaptation to Trends:** Many curling clubs are adapting to current trends, such as offering shorter games, mixed doubles, and social events to attract new players. This adaptability helps sustain interest in the sport.
9. **Youth Initiatives:** Programs targeting youth and new players are gaining traction, which is crucial for the sport's future. Encouraging younger generations to take up curling can counterbalance any decline among older players. Some clubs with professional management structures incentivize bringing in new members (who often are youth) by providing bonuses for each new members signed up.
10. **Membership Trends:** In some traditional curling clubs, membership numbers, particularly among older players, have declined. This trend is concerning for some established clubs that rely heavily on a senior demographic.

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<sup>5</sup> See: <https://www.curling.ca/blog/2021/07/28/growing-the-sport/>

11. **Community Engagement:** Clubs that actively engage with their communities, promote inclusivity, and follow-up on inquiries often see better participation rates. Events designed to make curling more accessible have been effective in drawing in new players. Participating and being seen at community events, festivals, or open houses can help raise awareness and interest in curling. Interactive demonstrations and “come try” events can attract curious newcomers.
12. **Social Leagues and Events:** Organizing casual, fun leagues or events can attract newcomers. Emphasizing a social atmosphere, such as themed nights or post-game gatherings, makes curling a more relaxed and enjoyable experience.
13. **Youth Programs and Clinics:** Implementing programs specifically designed for youth can spark interest. Offering introductory clinics and schools can help younger players learn the basics in a fun and supportive environment.
14. **Collaboration with Schools:** Partnering with local schools to introduce curling as part of physical education programs can engage students. Organizing school tournaments can also create excitement.
15. **Social Media Engagement:** Utilizing platforms like Instagram, TikTok, and YouTube to share engaging content, tutorials, and highlights can capture the interest of younger audiences. Showcasing the fun and camaraderie of curling can be especially effective.
16. **Mentorship Programs:** Pairing younger players with experienced curlers can provide guidance and build a sense of community, encouraging long-term involvement in the sport.
17. **Gamification:** Incorporating elements of competition and rewards, such as leagues with points systems or challenges, can make curling more engaging for younger participants.

These are all trends of which the management of both clubs should be mindful of going forward. The possible consolidation of the clubs represents a new opportunity to embrace and take advantage of these factors.

### 1.3. History and Current Situation of Each Club

The comparison table below outlines some key parameters relating to the history and current situation of each club:

	Midland Curling Club	Penetanguishene Curling Club
<b>Website</b>	<a href="https://midlandcurlingclub.com">https://midlandcurlingclub.com</a>	<a href="https://penetangcurlingclub.ca">https://penetangcurlingclub.ca</a>
<b>Date Established</b>	1919	1903
<b>Membership (2023-2024 Season)</b>	187	145
<b>Membership Rates (2023-2024 Season) (including fees and taxes)</b>		
<i>Unlimited Adult Membership</i>	\$677	\$550
<i>Adult Single League Membership</i>	\$458 to \$542	N/A
<i>Young Adult Unlimited League Membership</i>	\$380 (18 to 34 years old)	\$300 (18 to 25 years old)
<i>Students</i>	\$198 (students aged 12-17)	\$200 (students aged 18-25) \$110 (11 to 17 years old)
<i>Children</i>	\$153 (6 to 11 years old)	\$55 (6 to 10 years old)
<b>Building Parameters</b>		
<i>Date of Construction &amp; Age</i>	1919 – 105 years old	1973 – 51 years old
<i>Building Size</i>	Approx. 18,000 square feet	Approx. 21,000 square feet
<i>Ice Pad Size</i>	Length: 142'10" Width: 68'9" (13'9" per sheet)	Length: 145'10" Width in use: 74'10" (14' 11-5/8" per sheet) Width total: 83'0" total
<i>Number of Sheets</i>	5 sheets	5 sheets
<i>Spectator Capacity</i>	Lower and Upper Lounges	Raised Lounge
<i>Accessibility</i>	Does not meet standards	Does not meet standards
<i>Meeting / Rental Rooms</i>	Two lounges	One Lounge Small Room in Lower Level
<i>Foodservice</i>	Licensed bar Large Basic Kitchen	Licensed bar Limited Kitchen Facility

	<b>Midland Curling Club</b>	<b>Penetanguishene Curling Club</b>
<i>Parking Capacity</i>	12,000 square feet of parking and located adjacent to 100,000 square feet of parking at the North Simcoe Sports and Recreation Centre	30,000 square feet of parking
<b>Building Ownership</b>	Midland Curling Club Inc.	Town of Penetanguishene
<b>Capital Upgrades in Original Building Condition Assessment Reports</b>	\$2,364,500 in 2023 dollars over 24 year period)	\$839,000 in 2019 dollars over 20 year period (excludes need for ice pad replacement)
<b>Adjusted Capital Upgrades Required</b> ( <i>TCI calculation based on construction cost indexing of Building Condition Assessments and adjustment for projects already completed</i> )	\$3.6 M up to 2049 (current dollars)	\$2.2 M up to 2046 (current dollars) (adds \$450,000 for ice pad replacement In 2036)
<b>Net Present Value of Future Capital Costs (4% discount rate).</b> ( <i>as these are costs, a lower number is better</i> )	\$2.6 M – MCC responsible for the whole amount	\$1.6 M for all projects, including ice pad replacement \$139,000 – PCC’s share of above – Town responsible for remainder
<b>Budget (2023 – 2024 Fiscal Year)</b> ( <i>PCC based on 11 months data</i> )		
<i>Operating Revenues</i>	\$260,000	\$235,000
<i>Operating Costs</i>	\$230,000	\$229,000
<i>Net</i>	\$30,000	\$6,000

**Note:** Details of the capital upgrades and net present value calculations are provided in pages 22 to 24 of this report.

### Key Points:

Some key takeaways from the above table include:

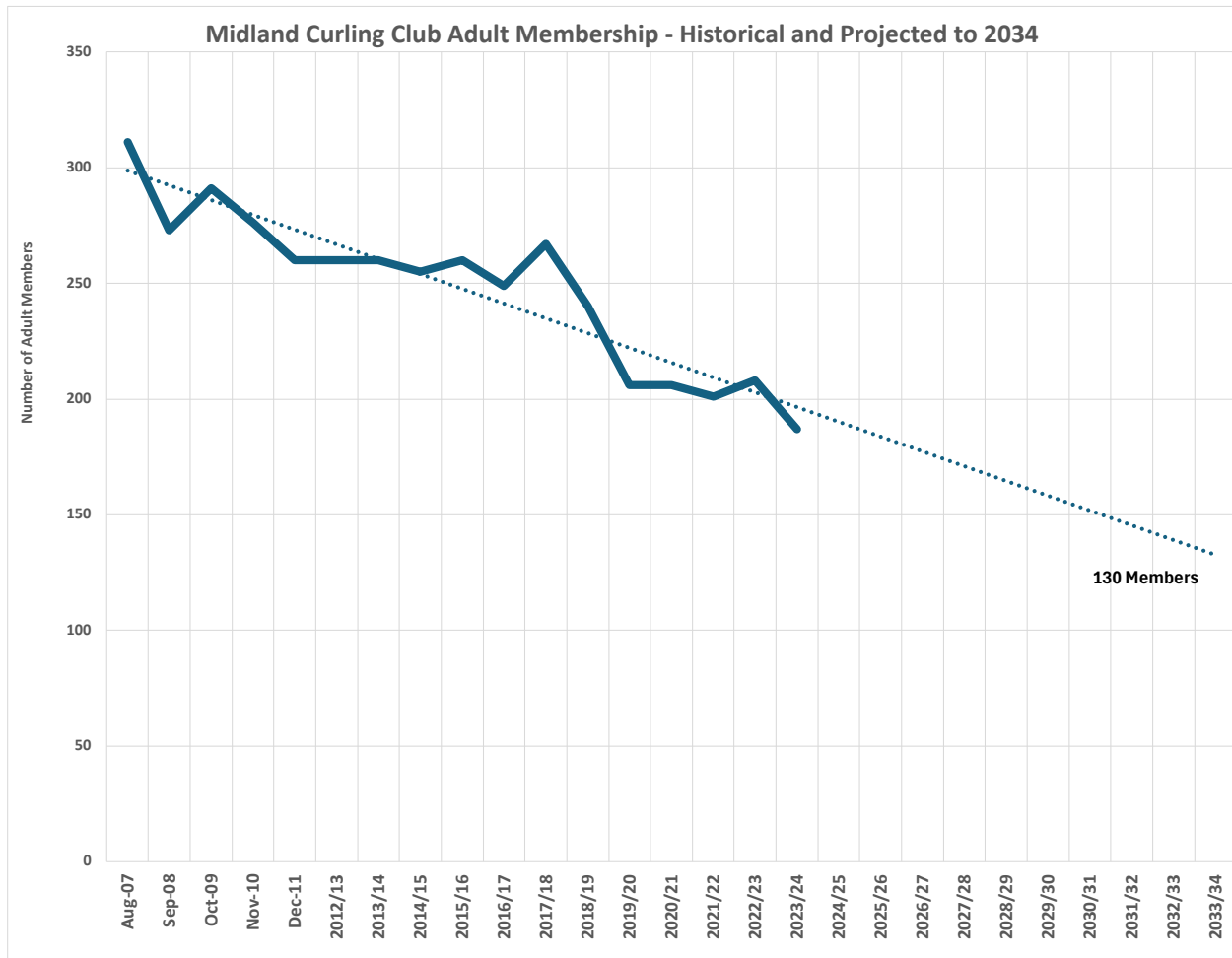
1. Curling is a capital intensive business
2. Both clubs’ facilities are facing significant capital costs in the near and longer term
3. The MCC is responsible for its capital costs, while under the lease agreement the Town of Penetang is responsible for PCC’s building maintenance.

### 1.3.1. Status Quo Projections of Membership Trends

The accompanying graphs show the situation at each club if the trends in membership seen over the last decade continue into the coming decade. While this is a simple trend line analysis, it does show a dire situation for each club unless joint strategic action is undertaken (joint because the situation in the area does not improve by shifting members between clubs).

#### 1.3.1.1. Midland Curling Club

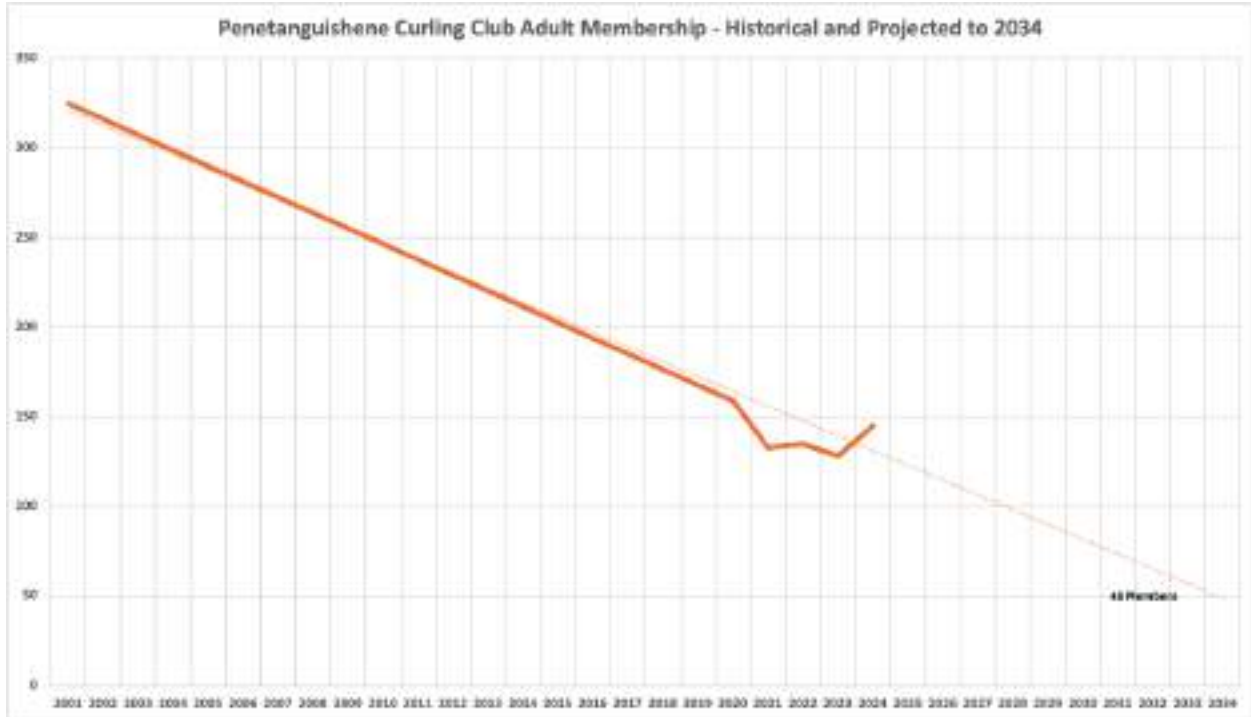
In 2007, the Midland Curling Club membership stood at just over 300 adult members. A decade later, this was down to just over 250 members and by the present time the membership is less than 200. As the graph shows, if these trends continue according to a simple straight-line projection, by 2034 the membership would be down to around 130 members, which may be unsustainable to sustain the operation of the current facility (unless membership dues are drastically increased in order to cover operating costs – which would very likely drive membership numbers even lower).





### 1.3.1.2. Penetanguishene Curling Club

Year-over-year data is not available for the Penetanguishene Curling Club, but data points for 2001 and the 2019 – 2024 seasons show the same general downward trend. A straight linear projection of the trend implies a membership level of around only 45 in a decade's time. Even though the municipality owns and pays for the facility, this would still imply a membership fee likely too high to be tenable for a smaller membership base. The other question relates to logistics: this small number of members would likely be insufficient to run a sustainable curling club operation.



## 1.4. The Need for Joint Strategic Action

The above analysis implies that over time, neither club is likely to be sustainable on its own. To their credit, the leadership teams at both clubs have recognized this situation and agreed to sponsor the current study, which examined several different consolidation scenarios and, based upon this analysis, recommends a course of action going forward.

It should be noted that many of the findings in this report will come as no surprise to the boards and memberships of the MCC and PCC. This report serves the clubs' boards and memberships to confirm, by third-party independent management consultants, the situation that the clubs are facing, and to offer recommendations to improve the situation to ensure the long-term sustainability of curling in the region for generations to come.

TCI Management Consultants, specializing in strategic planning and feasibility studies, was engaged to help the clubs analyze various options including the status quo "go-it-alone" option, as well as options for consolidating operations at either of the two existing facilities. To carry out this work, key tasks to date included:

- Site visit to each of the facilities with members of the project Steering Committee
- Review of background documentation provided by each of the clubs (e.g., membership trends, financial statements, building condition assessments, etc.)
- Review of background reports regarding trends in curling facilities
- Key stakeholder contacts and interviews (e.g., Curling Ontario representative, TD bankers, Vancouver Curling Club Association)
- Meetings with the Steering Committee and regular contact with Daryl O'Shea representing the Steering Committee
- Discussion with the steering committee about interim findings assessing the status quo option and preliminary conclusions about possible consolidation
- Analysis of various consolidation scenarios including several financing options
- Development of this draft report

The next section of this report reviews benchmarking comparators with a view to understanding the size of community or membership that is required to support an ice sheet.

## 2. Benchmarking Comparators

While there are many differences in the way curling facilities are funded in Ontario, it was considered instructive to review at a high level the number of sheets of ice that are supported by various communities in Ontario. These comparators, it should be cautioned, are high level indicators at best and the feasibility of curling in any community will be determined by a number of variables including the ownership of the curling facility, the number of users or members, the structure of the membership, etc. For example, the traditional membership model has been one all-inclusive membership fee, like joining a fitness club, regardless of how much you use the club. In recent years, more clubs are switching to a base membership fee plus a per league fee which allows clubs to get paid more every time the rink gets used more.

### 2.1. City of Toronto Curling Strategy Indicators

In 2020, the City of Toronto developed a curling strategy<sup>6</sup>. The Phase 1 Findings<sup>7</sup> suggest that a good benchmark for ice utilization is 100 to 125 members per sheet which does not account for use by non-members that can be significant.

Midland and Penetanguishene combined have 332 members on 10 sheets of ice, or 33 members per sheet which is well below the standard suggested in the Toronto strategy.

The Toronto strategy also is based on a recommendation of 1 sheet per 50,000 population. If we consider the populations of Midland, Penetanguishene, and half of each of Tay and Tiny townships (which are the potential draw for the clubs recognizing that there are clubs in Coldwater and Elmvale), the area has a population of approximately 40,000. With the two clubs providing 10 sheets, this amounts to 1 sheet per 4,000 population, considerably below the strategy benchmark used in the Toronto curling strategy.

At 1 sheet per 4,000 population and only 33 members per sheet, it suggests a considerable oversupply of ice sheets relative to the number of members and population size.

	2021 Census
Midland	17,817
Penetanguishene	10,077
1/2 Tay Township	5,546
1/2 Tiny Township	6,483
Total	39,923

<sup>6</sup> See: <https://www.toronto.ca/city-government/planning-development/construction-new-facilities/parks-facility-plans-strategies/curling-strategy>

<sup>7</sup> <https://www.toronto.ca/wp-content/uploads/2020/08/8e2a-curling-strategy-phase-1-findings-july-2020.pdf>, p.16

## 2.2. Supply and Demand for Curling Facilities in Ontario Communities

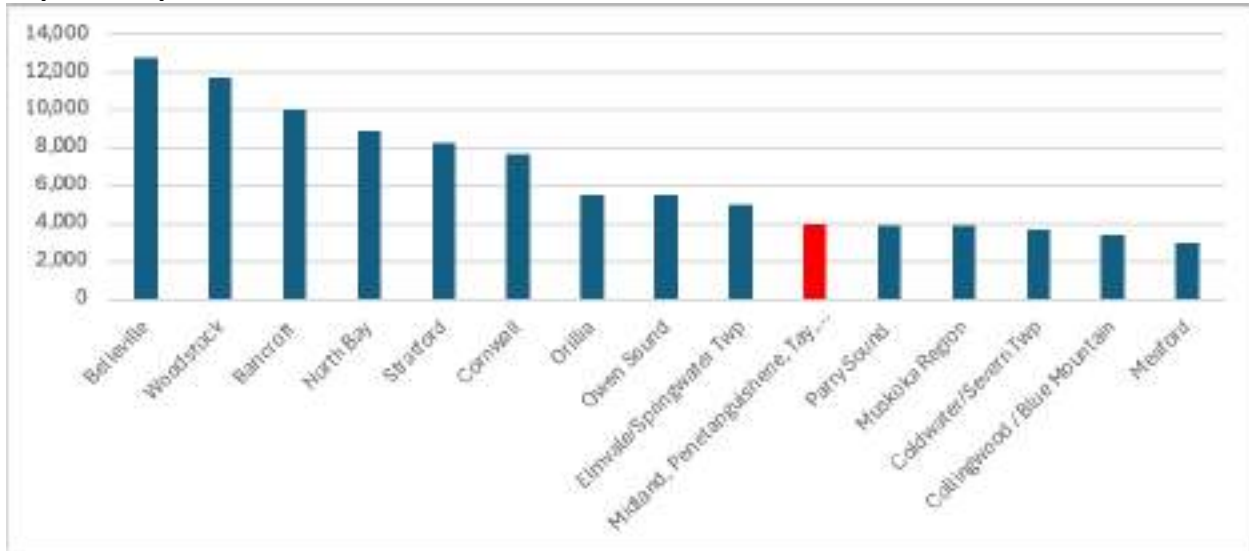
In contrast to the Toronto benchmarks, arguably, curling is more in demand in rural communities with fewer competing winter offerings. The table below shows a population of approximately 5,800 is required to support one sheet of ice on average for the communities reviewed. This amount is again higher than the one per 4,000 population served by MCC and PCC. Additionally, a very cursory review of the rates at clubs with smaller populations per sheet reveals that, in general, these clubs *may* not be recovering the true cost of operating and renewing their facilities on a long-term basis, similar to the situation that the MCC and PCC are currently in.

Community	Sheets	Regional Population	Population Per Sheet	Joint Use Facility or Partnership
Cornwall	6	46,000	7,667	
Belleville	4	51,000	12,750	Pickleball
Woodstock	4	47,000	11,750	
Stratford	4	33,000	8,250	Curling, Golf & Country Club
Bancroft	4	40,000	10,000	Pickleball
Orillia	6	33,000	5,500	Municipally Owned Facility Monthly Euchre Nights Facing Financial Challenges <sup>8</sup>
Coldwater/Severn Twp	4	14,500	3,625	Shuffleboard during summer. Built by long-term fundraising and converting a municipal building.
Elmvale/Springwater Twp	2	10,000	5,000	Attached to a municipal arena.
Muskoka Region (Bracebridge, Gravenhurst, Huntsville, Bala, Lake of Bays)	18	70,000	3,889	Bracebridge: Golf Club Gravenhurst: Pickleball Lake of Bays: Bocce Ball
Owen Sound	4	22,000	5,500	
Collingwood / Blue Mountain	10	34,000	3,400	
Meaford	4	12,000	3,000	
Parry Sound (Callander, Parry Sound, South River)	12	47,000	3,917	
North Bay	6	53,000	8,833	Tennis: 5 outdoor courts Pickleball: 2 outdoor courts
<b>Totals and Average</b>	<b>88</b>	<b>512,500</b>	<b>5,824</b>	
Midland, Penetanguishene, Tay, Tiny (Tay and Tiny at 50% population)	10	40,000	4,000	Penetanguishene facility municipally owned, with ongoing capital investments by the Town.

<sup>8</sup> <https://www.orilliamatters.com/local-sports/future-of-curling-club-on-thin-ice-official-warns-of150-year-old-club-8779769>

The chart below shows a comparison of MCC and PCC with other communities showing the population size in each community supporting a single sheet of ice.

**Population per Sheet of Ice**



As can be seen, the Midland and Penetanguishene region (including 50% of the populations of Tay and Tiny, recognizing curling clubs in Coldwater and Elmvalle that draw from the Townships as well) is in the lower tail of the distribution, showing perhaps some weakness in terms of the ability of the region to support 10 sheets of ice.

The next section of the report addresses various scenarios of the two clubs including go-it-alone and consolidation options.

## 3. Scenario Development

We begin first with a brief profile of each club, focusing particularly on variables such as the number of members, revenues, and aspects of the building conditions assessment at each club which are necessary to build the financial models.

### 3.1. Overview of Facilities at Each Club

#### 3.1.1. A Note on Capital Cost Comparisons

In order to develop comparable cost estimates for the two scenarios (consolidation of operations at the Penetanguishene Curling Club against consolidation at the Midland Curling Club) two conversions of existing cost estimates need to be undertaken:

- 1) First, the capital cost estimates for future improvements that will be required need to be updated to reflect the best estimate of their cost in current dollars *at the time that they will be undertaken*. This has been done using a 4% annual construction cost escalator (which represents a consensus estimate in the construction industry as to the average increase in construction and related costs over the coming decade).
- 2) Second, to compare these different cost trajectories on a consistent basis over the next decade, all these future cost estimates have been converted to their *net present value* over the period, using a 4% annual discount rate. This will enable a direct comparison of the cost of capital improvements for each club; the lower the net present value (which represents the present cost of all improvements), the better the situation for the combined club operation.

#### 3.1.2. Penetanguishene Curling Club

**Members** – The Penetanguishene Curling Club last season (2023/34) had 145 members.

**Financial** – Last fiscal year<sup>9</sup> the PCC had revenues of \$235,000 and net income of \$6,000.

**Facility** – The PCC facility is owned by the Town of Penetanguishene. The Club has a lease agreement that will expire in June 2027, with a provision for a ten-year renewal. Features of the lease agreement include:

- The Club will pay for all operating costs associated with the facility including insurance, utilities, staffing and programming costs
- The Town will pay for operating costs associated with the outside grounds and parking lot associated with the facility including insurance, utilities, staffing, supplies,

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<sup>9</sup> Based on 11 months of 2023/24

etc. (not related to or attached to the building proper (i.e. outside fixtures attached to the building proper).

- The Town will be responsible for upgrades and capital improvements to the facility except those improvements which the Town agrees to cost share with the Club
- The Town will consider on an annual basis cost sharing with the Club for capital repairs, upgrades, or improvements to the premises as funds permit
- The Town agrees to cooperate with the Club regarding applying for grants or funding for capital upgrades or improvements

**Facility Building Condition Assessment** – In 2019, GHD Engineering, Architecture and Construction Services carried out a Building Condition Assessment of the Town’s curling facility. The study projected a need to spend \$839,000 over 20 years. The study recommended the following required expenditures spread out over the 20-year period.

Structure	\$47,500
Shell	218,500
Interiors	105,500
Building systems	67,500
Equipment (Done)	100,000
Site work (Parking lot)	230,000
Accessibility	70,000
<b>Total</b>	<b>\$839,000</b>

As the study was originally completed in 2019, we have updated the study’s future funding requirements by essentially eliminating any projects that have been completed (including roof repairs and replacing the refrigeration plant and HVAC repairs), pushing forward in time the projects that have not been completed beginning with a start date of 2026. Notably, neither the 2019 Building Condition Assessment nor the Town’s 2024 budget long-term capital plan includes the replacement of the facility’s ice surface, which is 51 years old and, as reported by the PCC, is coming due for replacement. PCC has indicated their understanding that the Town is prepared to undertake the structural repairs and building systems improvements in 2025; however, these projects do not appear at present in the Town’s capital forecast plan. As such, recognizing that the refrigeration header system has recently been replaced, \$450,000 was added to our models for ice pad replacement in year 10 (compared to the \$500,000 for the ice surface replacement in the MCC’s 2023 Building Condition Assessment). Further, we applied a 4% annual construction cost inflator to the required capital repairs in order to obtain their cost in current dollars at the time each project will be undertaken.<sup>10</sup>

With this indexing and a 2026 start date, the total cost of capital repairs at PCC is estimated to be \$2.2 million in current dollars for the 20 year period following 2026. The net present value

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<sup>10</sup> From Statistics Canada, the average annual compound growth rate in south central Ontario for non-residential construction cost index was 7.9% (Q4, 2018 to Q 4, 2023). This rate was affected by the pandemic and we have used 4% annual growth as a more likely index projecting forward.

of these costs, assuming a 4% discount rate is \$1.6 million. Assuming the Town continues to pay for its share of building costs under the terms of the lease agreement, the Club's net present value share of these capital costs is estimated to be \$139,000, with the balance the responsibility of the Town<sup>11</sup>.

### **3.1.3. Midland Curling Club**

**Members** – In 2023/24, the Midland Curling Club had 187 members.

**Financial** – The Midland Curling Club had revenues of \$260,000 in the last fiscal year and net income of \$30,000.

**Facility** – The building facility and the land are owned by the Midland Curling Club.

**Facility Building Condition Assessment** – A Building Condition Assessment was undertaken by Cion Corp, an engineering services firm in June 2023. The assessment identified the need to spend \$1.5 million in the next five years including replacing the ice pad in 2024. In total, Cion identified the need to spend \$2,364,500 from 2023 to 2047.

Key elements of the Building Condition Assessment included the following:

Structure	\$565,000
Building envelope	815,500
Interior finishes	521,000
Mechanical, electrical	377,500
Life safety systems	12,500
Site work	73,000
<b>Total</b>	<b>\$2,364,500</b>

In order to develop comparable capital cost estimates between MCC and PCC, we updated the 2023 building condition assessment using a 4% non-residential construction cost index and assumed a 2026 start date for the various capital projects. This allowed us to convert future projects to current dollars during the years they are expected to be undertaken. Based on these calculations, the total cost of the upgrades will be \$3.6 million in current dollars over the 20 year period starting in 2026. The net present value of these costs for the Midland Curling Club, assuming a 4% discount rate is \$2.6 million. This compares with a net present value of \$1.6 million in costs for future repairs of the Penetanguishene Curling Club, and of this amount, the PCC members' net present value share is \$139,000, assuming existing building lease conditions are maintained.

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<sup>11</sup> PCC's share of future capital costs based on the Building Condition Assessment (BCA) include \$50,000 allocated for major renovations of the showers and change rooms in year 2; upgrades of \$7,500 to the wall finishes in the lounge and change rooms and other areas in year 11; and \$48,000 for replacement of floor finishes in year 11. Dollars used in the BCA report were 2019 dollars and have been converted to current dollars in this report. The ice pad replacement was not addressed in the BCA report and is assumed to be the responsibility of the Town.



## 3.2. Overview of Scenarios Developed

Approximately a dozen scenarios were investigated to review the long-term feasibility and sustainability of each club under various membership, consolidation, and financing assumptions. Of those scenarios we further developed three options for consideration, with two sub-options for the third option scenario.

The scenarios include projections over a 24-year time period that coincides with those used in the building condition assessments but assumes start dates in 2026 rather than the original dates proposed in the reports. The projections have also been inflated by 4% annually to account for construction cost inflation. The options presented include a go-it-alone option for both clubs, and consolidation options that consider consolidation at the Midland facility as well as consolidation at the Penetanguishene facility. Summary assessments of each scenario are presented.

### 3.2.1. New Facility Option

At this point, we have not included a new facility construction option, as there several assumptions that would need to be determined, for example:

- Do the clubs consolidate and attempt to construct a new facility on their own?
- Do they work with a developer and / or facility owner to develop a curling rink as a key amenity in a larger facility?
- Where would the facility be located?
- Who would own and be responsible for the facility?
- Would new sources of revenue (rentals, events, etc.) be possible?
- Would the facility be co-located with other recreational facilities? Or have joint uses?
- What would be the role of local municipalities in North Simcoe, if any?
- How much would it cost to build? To operate? To maintain?

Further, given the challenges the clubs face in maintaining the existing curling club facilities at current membership levels and with a consolidated club likely not being in a position to finance construction of a new facility well beyond 10 years from now (see the capital fund balances in the Scenarios Assessment later in this report), absent outside contributions and/or partnerships, it is premature to consider this option. This option would **require a separate and more detailed feasibility study including a needs analysis, business case, preliminary design, and cost estimate**. This should only be entertained **IF** an offer is on the table **OR** the ‘consolidation scenarios’ as discussed are not workable.

### 3.2.2. The Status Quo Option

A Status Quo option was analyzed using the membership and financial models, the details of which will be presented later in this section. The option included:

1. Penetanguishene CC on its own.
2. Midland CC on its own.

This option did not present a robust future for either of the clubs under our assumptions. As a result, consolidating the two clubs at either of the two existing facilities was examined.

### 3.2.3. Consolidation Scenarios

Consolidation presents, potentially, an overall opportunity to build critical mass, create efficiencies, invest in the facilities in a more predictable way and grow the sport in a fiscally responsible and sustainable way. The chart below presents a high-level view of possible benefits of consolidating at each of the two existing facilities.

<p><b>Consolidation at Penetanguishene Advantages</b></p> <ul style="list-style-type: none"> <li>• Newer ice surface</li> <li>• Favourable lease agreement</li> <li>• Possibility of MCC sale, lease, or other use proceeds contributing to capital fund or operating expenses</li> <li>• Better on-site parking</li> <li>• Attractive setting</li> </ul> <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>• Long term capital needs potentially a concern</li> <li>• Locker room capacity for additional lockers</li> </ul>	<p><b>Consolidation at Midland Advantages</b></p> <ul style="list-style-type: none"> <li>• Larger membership</li> <li>• Centralized location</li> <li>• Historic facility</li> <li>• Potentially has some collateral for a loan</li> <li>• Substantial parking at the North Simcoe Sports and Recreation Centre</li> </ul> <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>• Significant facility improvements and long-term capital needs are a concern</li> <li>• Locker room capacity for additional lockers</li> </ul>
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After analyzing various consolidation options utilizing different types of debt financing where required, a consolidation scenario at the Penetanguishene facility and a consolidation option at the Midland facility were developed. As the consolidation option at the Midland facility requires substantial debt financing, two sub-options were developed – options with and without an annual member assessment – to provide both a comparable option to consolidation at the Penetanguishene facility and another option that would strengthen the club’s financial position in a scenario that entailed consolidation at the Midland facility.

### 3.3. Overview of the Financial Models

A conservative approach to building financial models for the status quo and consolidation options has been developed.

#### 3.3.1. Revenue Assumptions

- First, we examined two **status quo** or ‘go-it-alone’ models.
- Second, we examined various **consolidation options**. This included what the impact on existing operations would likely be as a result of the consolidation, for example incorporating a **30% discount factor** (i.e. 30% reduction in estimates) due to an assumed loss of members from the club likely to be closed, this discount is mirrored in other member related revenue categories (e.g., bonspiels, leagues, food and beverage).
- With the consolidation options, **membership is assumed to grow at 2%** annually following consolidation which is modelled to occur in 2026/27
- Membership dues are assumed to **start at the average of the two clubs** as a result of consolidation, then increase annually at 2%
- A **membership assessment** is modelled under some scenarios
- Possible **government grants are not included** in the projections as they cannot be relied upon to occur; this of course does not prevent applying for these in the future
- Other revenue categories are grown at **2% per annum**
- Projections are undertaken over a **24-year period** which is the time horizon of the Midland Curling Club building assessment report
- Where net income allows, a **capital reserve or preservation fund** has been created to pay for capital improvements or offsetting interest costs
- Any proceeds from a **possible sale, lease, or other use of the MCC facility have not been modelled**. If these were to result from the consolidation, these proceeds could be included in the capital fund or as an offset to future operating costs in the case of a lease or other use of the MCC facility.
- Possible **investment income in the capital reserve fund** where this occurs has **not been modelled** as the minimal proceeds would fall within the margins of uncertainty of our projections about the future.

#### 3.3.2. Expenditure Assumptions

- Operating expenses are assumed to grow at **2% annually**
- **Wages and salaries** currently paid are **included** (at MCC rates) in all of the consolidation scenarios, including the part-time House Manager that MCC employs
- In the projections, **member-related expenses** (e.g., food, leagues) are **discounted** similarly to the member revenue discount assumptions
- Depending on the location of the scenario, expenses tend to reflect the **expenses associated with that location**
- The consolidation models include **\$200,000 for transition-related expenses** (e.g., soft costs, fixtures and possible minor building renovations as a result of the move, etc.)

- Consolidation options at Penetanguishene include an **additional \$200,000 over 5 years (\$40,000 annually) in Midland facility carrying costs**, in other words, if the facility is not sold, leased, or put to another use, the Club is still responsible for carrying costs
- **Amortization and depreciation expenses have not been included**
- Each of the two Building Condition Assessments has been adjusted to assume **start dates following the consolidation** and with projections corresponding to the timelines in each BCA report
- As a result of construction cost inflation, the original **building condition assessment values have been adjusted by 4%** annually
- Line of credit and loan cost assumptions are based on very preliminary discussions with TD bank.
  - TD prime rate – **6.7%**; secured line of credit rate – **8.60%**
  - TD mortgage rate – **7.65%**
  - **These are likely to vary** depending on the ability of the bank to collateralize any loans or receive directors' guarantees and no doubt will change based on future rate environments and the bank's assessment of risks

## 4. Scenarios Assessment

In this section we provide a summary of the best status quo and consolidation options resulting from our consideration and analysis of approximately a dozen different financial models that consider membership levels, capital and operating financial requirements, membership rates, and debt financing options. Following the summary of these options, we offer an assessment of the most favourable option.

### 4.1. Scenarios

#### ***Key Assumptions Across All Scenarios***

- **Membership Growth:** Consolidation scenarios assume 2% growth annually post-consolidation, whereas the scenario of remaining as two separate clubs assumes declining membership trends will continue.
- **Capital Needs:** Both clubs face significant capital improvement requirements (e.g., \$2.2 million for PCC and \$3.6 million for MCC). Some scenarios defer these costs to allow capital funds or assessments to accumulate. Under the terms of the lease with the Town, which is assumed to continue, the majority of PCC's capital costs will be funded by the Town.
- **Financing:** Line of credit and mortgage loans are used in some scenarios to cover capital expenses. The interest rates assumed in all the financial models we considered are:
  - TD prime: 6.70%
  - Secured line of credit: 8.60%
  - TD mortgage: 7.65%
- **Operating Costs:** Operating expenses, wages, and salaries are assumed to grow at 2% annually.

#### ***Member Assessments***

Many of the option scenarios that follow include an annual 'member assessment' to generate revenue to strengthen the financial outcome of the option being considered. These annual member assessments would be charged annually (*not increasing by the specified amount annually*) for the number of years stated in the option's overview, or on a continual basis if no duration is specified. Annual member assessments can be equated to and thought of as an increase in membership rates by the amount of the annual member assessment.

## **A) Remain as Separate Curling Clubs**

This option considers the status quo in terms of remaining as separate curling clubs, taking into account declining membership trends over the last two decades, and considers some financial necessities and outcomes for each of the clubs.

Our analysis indicates, even with increases in rates (which may further deteriorate membership levels) with continued declining memberships the scenario of both clubs remaining separate – effectively the status quo – is not viable.

The following scenarios for each of the clubs remaining as separate clubs are illustrative of our analysis in general; moderate changes to rates or membership level trends do not significantly impact the outcomes.

### **1. Penetanguishene Curling Club on its own**

#### **Overview**

- A \$200/year member assessment is applied to strengthen the Club's financial position
- Membership is projected based on the assumption of continued declining historical trends – membership declines by 10 members per year beginning in 2026/27
- Membership related revenues and expenses adjusted accordingly with the decline.
- There is a loss of \$9,500 in year 4 (2029/30) with the size of the loss increasing each year
- Capital support comes from the Town, but this model projects a mathematical cumulative net income loss of \$325,000 over 10 years

#### **Pros/Cons**

- The financial model shows increasing losses, even with a \$200 annual member assessment. The scenario is not viable.

### **2. Midland Curling Club on its own**

As with PCC, the Midland Curling Club projections of continued decline in its membership and, in addition, the need to cover substantial capital cost improvements (which are not required in the PCC model), it is clear that the MCC go-it-alone scenario is also not viable. The following scenario tested whether, even with slight increases in its membership, and increases to its rates, the MCC go-it-alone scenario might be viable – which it is not.

#### **Overview**

- A \$500 member assessment is applied to cover capital costs, but a line of credit grows quickly to pay for initial capital needs and grows to \$3.3 million owing at the end of 24 years
- The large assessment income is not large enough to pay for interest costs
- Uses line of credit to fund some operating losses
- Capital fund is \$0 at end of period
- Interest payments about \$4.3 million for line of credit

- Cumulative net income \$120,000

#### **Pros/Cons**

- This scenario is not viable as the high assessments will likely lead to member loss, and interest costs are significant.

### ***B) Consolidate at Penetanguishene Facility***

#### **Overview**

- Membership grows at 2% annually
- Provides for fairly modest club funded internal capital improvements in year 11
- Line of credit needed initially for transition costs (fixtures and/or minor renovations to accommodate additional members)
- Substantial capital fund built up - \$4.4 million by end of period
- Cumulative net income is \$380,000
- \$17,000 in interest costs paid over the period

#### **Pros/Cons**

- This is the most financially attractive option, with cumulative net income of \$380,000 by the end of the period. It allows for future investments to grow the sport.

### ***C) Consolidate at Midland Facility***

Two scenarios are presented for the option of consolidating at the Midland facility. The first scenario incorporates no member assessment for comparison versus Option B above; this scenario is likely not viable. The second scenario incorporates a member assessment that makes consolidation at the Midland facility a workable option.

#### **1. Use Line of Credit with no Member Assessment**

#### **Overview**

- Net income is low throughout the period
- Interest costs are substantial over the time period - \$3.3 million
- Capital fund is \$0 at end of period
- Line of credit owing is still \$1.4 million owing at end of year 24
- Cumulative net income end of period is \$113,000

#### **Pros/Cons**

- This option is likely a non-starter, as the line of credit is not fully paid off by the end of the period.

## **2. Use Line of Credit and \$150/year Member Assessment**

### **Overview**

- \$150 member assessment (or capital dues) plus HST applied for 17 years
- Capital fund builds up to \$1.4 million at end of 24-year period
- Total interest payments are \$1.3 million, and cumulative net income is \$232,000 by the end of the period.
- Line of credit balance is paid off in year 17

### **Pros/Cons**

This is a workable option that balances the need for capital with moderate member assessments.



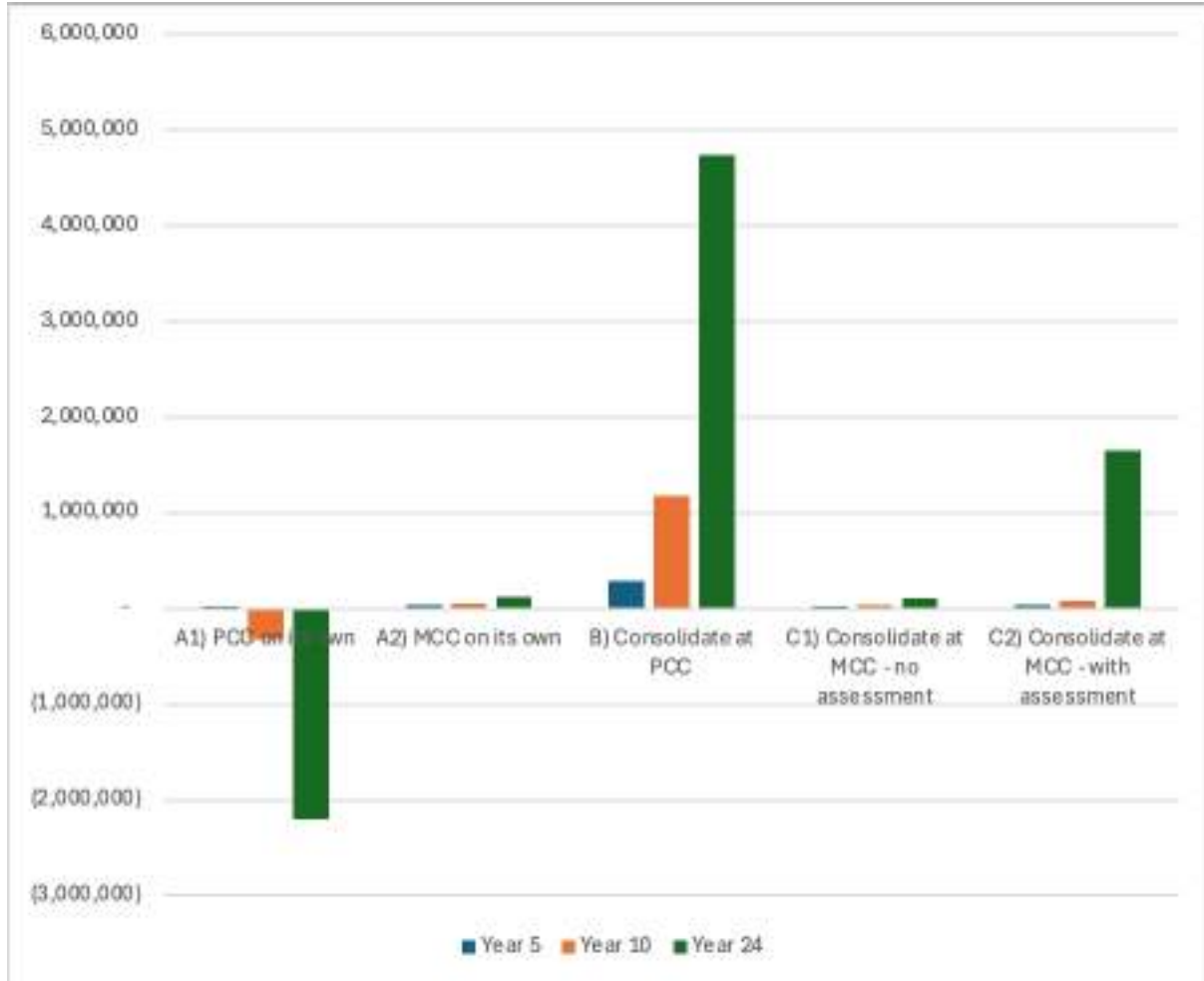
## 4.2. Summary of the Scenarios

The table below shows a summary of the scenarios presented. The scenario highlighted in green is the most favourable, whereas the scenario highlighted in yellow is a workable option, but not as attractive as the option highlighted in green. Those highlighted in red are not viable.

Sub-Option Number and Description	Annual Member Assessment (Increase to Annual Rates)	At End of 24-year Period Analyzed				Evaluation
		Total Interest Paid	Line of Credit Balance Owing	Capital Fund Balance	Cumulative Net Income	
<b>Option A – Remain as Separate Curling Clubs</b>						
1. Penetanguishene Curling Club on its own <i>Requires Significant Annual Member Assessment and/or a Halt of Declining Membership Levels</i>	\$200 (+ HST)	na	na	na	\$325,000 loss in 10 years Inability to fund loss after year 6	Not viable
2. Midland Curling Club on its own <i>Requires Use of Large Line of Credit &amp; Large Annual Member Assessment</i>	\$500 (+ HST)	\$4.3 M	\$3.3 M	\$0	\$120,000	Not viable
<b>Option B – Consolidate at Penetanguishene Facility</b>						
Consolidate at Penetanguishene Facility – Use Small Line of Credit	\$0	\$17,000	\$0	\$4.4 M	\$380,000	Best option
<b>Option C – Consolidate at Midland Facility</b>						
1. Consolidate at Midland Facility – Use Large Line of Credit	\$0	\$3.3 M	\$1.4 M	\$0	\$113,000	Likely not viable – very high cost
2. Consolidate at Midland Facility – Use Large Line of Credit & Annual Member Assessment	\$150 (+ HST)	\$1.3 M	\$0	\$1.4 M	\$232,000	Workable option

The chart on the following page combines the capital reserve and cumulative income for each of the scenarios at the end of 5, 10 and 24 years.

**Capital Fund and Cumulative Net Income, Years 5, 10 and 24 for Scenario Options A through C**



In conclusion, consolidating at the Penetanguishene Facility (Option B) is the best and recommended option. With the Town contributing to capital improvements and the consolidated club utilizing a line of credit when necessary, this option would position the consolidated club in the strongest financial position – including the largest capital reserve of all options throughout the entire period of analysis – to execute on a mission of growing the sport and ensuring the sustainability of curling in the region for current and future generations.

A summary of key findings, recommendations and implementation steps is presented at the outset of this report.