



**YMCA-YWCA
Vancouver Island**

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Ryan McKenzie, Westhills Land Corporation
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CONFIDENTIAL

sent by e-mail to rmckenzie@westhillslandcorp.com

January 30, 2023

cc to Darren Kiedyk, City of Langford and Deb Moore, Breakwater Realty Inc.

Dear Ryan,

Thank you for the correspondence addressed to our Board of Directors from January 25, 2023, and for your continued conversations and support regarding the situation at our Langford location.

Unfortunately, despite the abatement of many pandemic restrictions and conditions, we have not seen a return of the health and fitness memberships at our Westhills Y location to anywhere near the levels of 2019. Monthly membership revenues in December of 2022 were approximately \$175,000, compared against average monthly revenues of over \$330,000 in 2019. We are pleased to report that the Childcare Centre at this location was approved as a *\$10 per day* site starting this month, which has resulted in significantly lower fees to parents.

We have experienced operating losses at this location in excess of \$1.7MM in 2022, bringing our cumulative deficit since opening in 2016 to more than \$10MM here. You may recall that we had already reported losses in the pre-pandemic period which have been significantly exacerbated by the pandemic and changes in market conditions. While the government supported wage and rent subsidies that are now at an end have been helpful, and we continue to see growth in membership as we also seek more diversified and alternative revenue sources as an organization, the financial situation remains very challenging. In an effort to reduce expense, our health and fitness centre and childcare at Eagle Creek in View Royal have not re-opened since the pandemic closure in 2020, and we have subleased the facility at this location. We also sought and obtained an amendment to the lease at our Downtown facility that provides us additional financial relief and allows us to continue delivery of services at this site. Operations at *Camp Thunderbird*, *Pandora Youth Apartments*, *Y Young Moms* and through various programs such as *Y-Mind*, *Healthy Living*, and our *Leadership Development* trips are ongoing.

Efforts are underway to work with the City of Langford to increase the City's contribution as a means to help us continue operation of this location. We have requested that by March 31, 2023, the City provide to us their commitment to increase their financial contribution.

At this time, we request a continued partial deferral of our rent payments to Westhills Corporation, with a proposed increase to 85% of the regular rent payment for February (based on the \$175K membership target reached in December), and then up to 90% to be based on increasing membership revenues to over \$200K, with 95% at \$225K and then 100% at \$250K, or based on receiving additional funding from the City of Langford. Note that these membership targets do not represent breakeven operations in the absence of additional funding, but we hope that this proposal shows our willingness to continue seeking mutual solutions.

Our organization very much wants to operate this important facility serving thousands of people from the Westhills neighbourhood and Langford community (70% of current users live in this municipality), as well as other users from the region. We will continue our efforts to seek additional resources and develop a sustainable operating model for addressing the evolving needs of residents here.

We greatly appreciate your patience and candour, with all efforts to work collaboratively.

Best regards,

Derek Gent, Chief Executive Officer

*Building healthy
communities*