

INFORMATION FOR CONSIDERATION RE: *MEMORANDUM OF UNDERSTANDING* BETWEEN ATHLETICS ONTARIO AND ONTARIO MASTERS ATHLETICS

The Board of Directors of Ontario Masters Athletics (OMA) has established a sub-committee to draft and negotiate and a Memorandum of Understanding (the MOU) between OMA and Athletics Ontario (AO). Upon completion of the negotiation phase, the sub-committee presented the draft MOU to the OMA Board for a vote. It passed by a margin of 10-1, with 1 Board member abstaining.

OMA's long-standing operational model has been deemed too dependent on volunteers (primarily, Doug Smith) and the membership has directed the Board to resolve this issue. Specific information regarding the background of this is documented in the OMA AGM minutes available on the OMA website. The MOU is intended to be the first step in formalizing the roles and responsibilities of both parties by identifying the tasks and operations each party will provide. The goal is to have AO provide full management and administration of OMA events and activities at the direction of OMA, such services being provided by AO in exchange for an annual fee received from OMA and thereby addressing the issue of dependence on volunteers.

Specific objectives include defining services already being received by OMA (e.g. discounted AO annual membership, competitive insurance) and establishing additional services to be provided (e.g. administration, meet management, marketing, accounting).

CONSIDERATIONS:

1: NATURE OF ORGANIZATIONS – AO is a professional, not-for-profit organization designated as the governing body for competitive athletics in Ontario, with a stated mission to develop, promote and ensure competent delivery of programs and competitions in athletics for the participant's enjoyment of the sport; produce highly competitive provincial, national and international athletes, and to contribute to the health, fitness, social development and well-being of all participants. It has an annual operating budget of approximately one million (\$1,000,000) dollars, membership of approximately six thousand (6,000), with full-time paid staff, volunteer staff, an office and storage facilities and is focussed on the management and administration of athletics events for all age groups.

OMA is a not-for-profit volunteer organization with an annual operating budget of approximately twenty-five thousand (\$25,000) dollars, membership of approximately nine hundred (900), a storage facility, and is focussed on the management and administration of athletic events for athletes 30 years old and older. OMA is a member group of AO, and all individual members of OMA become AO members by virtue of the OMA membership.

2: VALUE OF MEMBERSHIPS – AO has 10 different classes of competitive memberships across all age groups (one of which is Masters), along with Non-Competitive, Coach, Associate and Official membership classes. The average cost of a competitive-class AO membership is

\$106 annually per person. OMA has one class of competitive membership with an annual cost of \$50 per person, with plans to increase the annual cost of membership to \$60 per person for the 2019 season and beyond. \$10 from each OMA membership is paid to AO for the purposes of registering each OMA member with AO.

3: WRITTEN AGREEMENT FOR DISCOUNTED FEES – There is currently no written agreement between AO and OMA providing for the discounted annual membership – this is provided at the discretion of AO.

4: OPERATING COST OF OMA – as a volunteer organization, it is difficult to provide an accurate and detailed breakdown of the costs involved in the provision of services by OMA. As an organization providing a service (as opposed to a physical product) it is accurate to presume that OMA’s major annual cost would be labour and as a volunteer organization that labour has no set dollar amount. For the purposes of this discussion, volunteer labour will be referred to as “Sweat Equity” (SE). Of the numerous members providing SE to OMA on a regular basis, it is also accurate to state that OMA President, Doug Smith, provides more SE than any other member. Doug Smith conservatively estimates his SE contribution to be in the range of 25 hours per week, 52 weeks a year, with certain weeks requiring well over 40 hours of SE to ensure the successful operation of OMA events. At an hourly rate equal to the current minimum wage in Ontario, that translates to a minimum of \$18,200.00 without the necessary payroll burdens, employer contributions, etc.

nb. This writer personally feels that the expertise required to perform at the level established by Doug Smith and which the job requires far exceeds that which would be available to an employee earning minimum wage.

5: SHORT AND LONG-TERM SUSTAINABILITY OF OMA OPERATIONS – as with any volunteer organization, OMA is constantly pressed for people to provide SE for the planning and implementation of their events. Doug Smith is coming to the end of his tenure with OMA vis-à-vis his weekly SE contribution, due to his involvement and commitment to other ventures including but not limited to WMA Toronto 2020.

6: DIRECTION OF OMA UNDER MOU – The intention of the MOU is that it will allow OMA to go from a volunteer-run organization to a position where it can direct professional, full-time staff to conduct all of its events, thereby significantly lessening the need for SE from OMA volunteers. This will allow OMA to re-direct their resources away from its current focus on holding meets to growing membership to numbers more representative of the number of masters athletes in the province.

7: PROPOSED 50/50 PROFIT SHARING – the MOU calls for a sharing of event profits between AO and OMA. The current model for profit sharing between AO and all other clubs/organizations is 60/40 in favour of AO. In 2019 and beyond, AO will be adopting a

different financial model that eliminates profit sharing and will see clubs/organizations hosting an AO event receive a set fee of \$500.00.

8: ESTABLISHING THE \$20,000 ANNUAL FEE – As previously stated, Doug Smith’s contribution (along with that of many others) of SE represents an enormous contribution to OMA, and the members have directed the Board to take steps necessary to provide support. The membership has made it clear at previous AGMs that OMA is too reliant on Doug’s daily contribution. Some discussion involved hiring someone to take over tasks under the direction of the Board. An alternative to this is to outsource many of these tasks to AO. A payment to AO of \$20,000 annually is less than the cost of hiring an individual with the knowledge and experience required to provide the array of services that will come from AO. Substantial discussion and negotiation between the AO and OMA resulted in the establishment of an annual transfer of \$20,000.00 as proposed in the MOU.

9: OMA STRUCTURE – OMA currently enjoys a unique status in the realm of provincial athletics. In all other provinces that have a Master’s association, they are in fact a sub-committee to the governing provincial athletics body rather than an autonomous, self-directed and self-sustaining organization like OMA. This unique status allows Master’s athletes in Ontario to enjoy participation in numerous master’s-only indoor, outdoor and cross-country events year-round and has resulted in OMA attracting and representing the largest group of Master’s athletes in any province in Canada. The MOU does not compromise or surrender OMA’s autonomy or put us under the direction of AO. It is a means to outsource the day-to-day functions to an entity that already possesses the knowledge and experience to competently operate at OMA’s direction.

CONCLUSIONS:

1: Under the current \$10 per member provided by OMA to AO, OMA is substantially under-funding their participation in the sport. The payment of \$20,000.00 annually from OMA to AO as proposed under the MOU represents an increase of approximately \$22.00 per member. With this additional payment, OMA members raise their contribution to AO membership revenue from 2% to 6.5% while still representing 15% of the total number of AO members. The proposed \$20,000.00 payment is not dependent on the number of OMA members.

2: The following figures are extrapolated from the above information:

- a) OMA members comprise approximately 15% of the total number of AO members;
- b) OMA membership fees paid to AO represent approximately 2% of AO revenue from across all classes of members;
- c) At an average membership cost of \$106 per person annually, AO loses \$96 revenue for each OMA membership as compared to the revenue available to AO through the same membership channels instituted for all other age groups of athletes – this represents an amount of \$86,400.00;

- d) At \$10 per OMA member, AO receives \$9,000.00 annually in membership revenue from OMA;
- e) At \$106 per OMA member, AO stands to receive \$95,400.00 annually in membership revenue from OMA.
- f) In the absence of a written agreement, AO could take it upon themselves to raise the cost of a Master's AO membership by any amount they see fit.

3: The loss of Doug Smith's SE contribution at the highest level of the organization brings OMA to a critical juncture and creates an imperative need for a contingency plan. The MOU is proposed as a contingency plan sufficient to address the loss of SE and allow OMA to continue to provide its services.

4: The current services provided by AO for the benefit of OMA are not enumerated in any document or agreement between AO and OMA; they are being provided at the exclusive discretion of AO and as such could be rescinded at any time and without alternate consideration. The MOU is the first step towards establishing the terms for a contract that will protect OMA from any unilateral discretionary decisions on the part of AO in the future.

5: The proposed MOU represents a culture change for OMA, allowing it to focus efforts on expanding its membership rather than simply providing opportunities for Master's athletes to compete, which is currently where the bulk of resources are allocated. The financial numbers clearly indicate that OMA members are not paying their proportionate share towards participation in the sport, and yet we enjoy competitive opportunities far greater than any other age group within AO because of our unique status among other provincial organizations. In order to preserve OMA's ability to continue providing for its members and enjoy the growth necessary to sustain operations, the MOU with AO needs to be adopted while the opportunity still exists. In the alternative, a different OMA operating model needs to be developed and implemented promptly to enable the organization to continue to operate.



MOU Sub-Committee:

Doug Smith – President
Daniel Fiorini – Interim Vice-President
Jay Yakabowich
Mirco Graenert

November 8, 2018