

ELRL Series

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9/1/2015

[Edition Article Volume 1]

Mythologies

Let's Clear the Air

Over the years ELRL has been the subject of rumours and misinformation. We typically ignore these rumours electing to let our actions speak for themselves. Unfortunately

Myth #1

ELRL Runs Everything and Profits By It

In the previous article in this series we addressed our reasons for becoming involved in community projects. To say that ELRL 'runs everything' is simply disrespectful to all the other groups and individuals in this City who are giving of their time and effort to make Elliot Lake a better place to live.

Our involvement in each and every project and organization has come at the

some topics persistently come up, so in order to move forward as a community we feel that it is important to address these myths.

request of the either the City or other organizations. We provide our assistance, expertise and resources at NO COST. We do however, at times expect that we are reimbursed for any out of pocket costs that we may incur.

Myth #2

ELRL Makes Money on Doctor Recruitment

We are a very focused organization. Each employee works hard towards achieving our goals, however, addressing rumours and false information takes us away from that work. As we move forward we will make an effort to communicate our activities in a more proactive manner and hope that doing so will eliminate rumours and speculation.

It is a bit bewildering to understand how anyone can believe that there is money to be made in doctor recruitment. Yes, we led the effort to recruit physicians at a time when the community had a potential crisis, an individual was hired and the cost for that individual was reimbursed to ELRL.

Myth #3

ELRL Makes Money Running the Golf Course

The City felt that the redevelopment of the local golf course was important for community development and appeal. ELRL agreed and invested \$1.0 million into the construction of the course.

Under agreement with the City, the City maintains ownership of the golf course and ELRL runs it entirely. This means that we maintain the operating profits, fund the operating losses, and pay for all capital investments.

Over the 9 years that the course has been running this deal has cost us, ELRL more than \$1.5 million (plus the initial \$1.0 million investment). We cannot sustain this level of investment and will be discussing the arrangement with the City in the near future.

Myth #4

ELRL Charged the City Fees for Leading the Cottage Lot Project

Since its inception, we have been involved in assisting the

City and the Elliot Lake Residential Development Commission with the cottage lot development project. We have provided this project with thousands of hours of senior staff time, some of this time was provided during normal business hours, but a majority of the time was provided by staff from their personal time. Not once did we ask that ELRL be compensated for any of that time.

When the first phase of the program was launched we provided hundreds of hours preparing a launch plan and consulting with the directors and staff of the Commission. In lieu of asking for payment, we requested that the Commission participate in the sponsorship of Stone Ridge golf course, which they gladly did.

Myth #5

ELRL is Blocking other Hotel/Motel Development Initiatives

The fact that another hotel/motel has not been constructed in Elliot Lake has nothing to do with interference from us and a lot to do with viability. An investor will do their due

diligence and look at the cost to construct and the profit potential. From there they will determine if there is enough profit to generate a return on their investment. If the return does not exist or is too low, then the development is not viable.

We suspect that potential investors have assessed the demand for hotel rooms and have realized that currently there is not enough demand in Elliot Lake to sustain more hotel rooms. The Hampton Inn sells out of rooms less than 20 nights a year. The rest of the year the occupancy at the Hampton Inn in Elliot Lake is slightly below the average occupancy in Northern Ontario. If a second hotel were constructed in Elliot Lake, it is most likely that the sales would be split between both, and those sales would not be sufficient to sustain the costs of operating each of the hotels.

We encourage new developments of every type in Elliot Lake even if the developments are competitive to our business.

Myth #6

ELRL is Selling Houses to Subsidize Losses

The sale of our houses is a strategic business decision that serves two purposes.

First, our single family housing stock has been that one feature of our inventory that has made us unique. We can offer our customers various styles of housing from apartment style, townhouse and single house, however, an inventory of 350 forty year old houses is very difficult to manage. We have decided that we need to reduce the number of houses that we have in order to allow us the ability to invest in the remaining properties at an appropriate level.

As you can see by our financial statements we are financially healthy. We have invested significantly in our rental units over the past several years and have secured long term debt to

help us finance a large portion of the investment. As we move forward we expect to continue to invest in our properties, while at the same time paying off our debt. The second reason that we have decided to sell some of our houses is to generate cash to help us fund those future improvements without taking on additional debt.

Myth #7 ELRL Staff are Exorbitantly Paid

Some of the rumours regarding staff pay levels are, quite frankly, absurd and will not be addressed here. There are those who spread these rumours who seem to believe that our staff should not be fairly compensated for the work that they do for both the company and the community. We can confidently say that pay levels for all staff in the

organization are competitive with the other organizations in the city. We can also state that senior staff are making only a fraction of what they could earn elsewhere in the province, yet they choose to stay here because this is their home. We are very fortunate to have such dedicated, skilled and hardworking staff.

Myth #8 ELRL Board of Directors are Paid for Their Services

Since the inception of the corporation every member of the board has been a volunteer, giving of their personal time to help ensure ELRL remains healthy and Elliot Lake continues to prosper. At no time has a director been paid for their services to the corporation.