

Priorities Committee Meeting_Sep15_2020

STRATEGIC INITIATIVE AND UPDATE**Multi-Purpose Agricultural Facility Economic Report****Report Purpose**

To provide the Priorities Committee with the proposed five-year operating budget as well as the Economic Impact Assessment for the Multi-Purpose Agricultural Facility

Our Prioritized Strategic Goals

Goal 2 - Manage, invest and plan for sustainable municipal infrastructure

Goal 5 - Foster collaboration through regional, community and governmental partnerships

Goal 7 - Provide opportunities for public engagement and communication

Report

Vision: Strathcona County's Multi-Purpose Agricultural Facility will be a destination where residents from across the County can enjoy agricultural, community and social events.

The facility and site will:

- Enable residents to be more healthy, active, vibrant, and creative through participation in community events of all kind
- Help the County become a champion for advancing diverse agricultural business
- Display our agricultural heritage
- Create a heightened sense of community throughout the County
- Be open to the general public
- Be multi-purpose in nature, meeting the needs of agricultural groups, hosting special events, and enabling other non-traditional agricultural activities to occur

Utilization assumption

Upon researching many facilities across North America, it has been determined that utilization percentage is the best indicator of the success of a facility. Many facilities indicated that the optimum percentage of utilization is between 80-90% as there are days that never get booked such as Christmas, as well as times when the facilities need to be closed for maintenance and sanitization. The assumption has been made by the consultant as follows:

	2023	2024	2025	2026	2027
Utilization of indoor facilities (weekends/yr)	31.3%	49.3%	62.5%	77.6%	88.9%
Utilization of outdoor facilities (weekends/yr)	34.0%	48.7%	47.4%	48.6%	51.2%

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The assumption has been made that it will take five years to get to that optimum percentage. This is due to the fact many groups sign three to five-year contracts; therefore, it will take several years before they can move their show or exhibit to our facility.

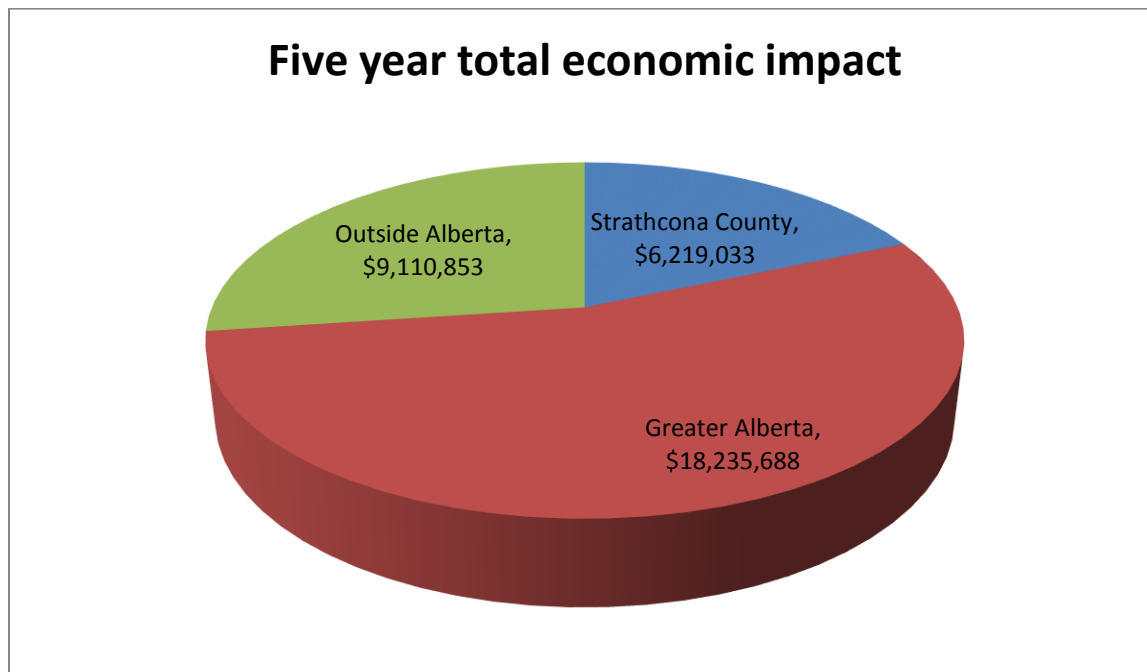
Economic Financial Model

The financial model is based on more than 600 individual factors and was developed with each of the underlying assumptions identified, validated and documented. Modeling the first five years of operations, the Multi-Purpose Agricultural Facility is projected to have a net loss of a \$1.25M over the five-year period; however, it is anticipated to become revenue positive in year five.

	2023	2024	2025	2026	2027
Operating revenues	\$926,957	\$1,527,728	\$1,786,372	\$2,197,543	\$2,583,686
Operating expenses	\$1,320,671	\$1,780,063	\$2,307,604	\$2,390,318	\$2,471,215
Net operations	\$(393,713)	\$(252,334)	\$(521,232)	\$(192,775)	\$112,471

Economic impact assessment

The five-year total economic impact, based on the current usage assumptions, to Strathcona County is \$33,565,574. These economic benefits are realized through increased business activity, jobs created, employee spending power and tax revenue to government. The job effect, reflected in person years of employment, is projected to be 289 jobs with an associated labour income of \$10.4 million.



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Council and Committee History

Date	Council/Committee approval
July 21, 2020	THAT administration provide a report to Council, in conjunction with the final design but no later than the end of Q3 2020, identifying the potential economic impact along with updated operational budget projections and fee structures for the current vision of the Multi-purpose Agricultural Facility.
June 16, 2020	Priorities Committee was updated on the Multi-Purpose Agricultural Facility design.
September 24, 2019	<p>THAT administration proceed with the detailed design for Option 2, as set out below:</p> <p>Option2 Approved funding: \$23.8M Approved in Principle: \$24.3M Total square footage: 107,000 sq. ft</p> <p>Project Scope:</p> <ul style="list-style-type: none">• Full site servicing for current construction and future expansion• Increased indoor arena size (132' x 262')• Covered outdoor area (132' x 263')• Stabling- permanent structure for 150• Pre-engineered construction method for stables and covered outdoor arena• Covered outdoor arena with the size increased to 132' x 263' and the addition of a serviced campground site• Serviced campground site; and <p>THAT an updated budget be included in the 2020 budget process, such budget to include cost information on a possible addition of kitchen facilities connected to the indoor arena area.</p>
September 17, 2019	Priorities Committee was updated on the progress of the Multi-Purpose Agricultural Facility.
June 18, 2019	Priorities Committee was updated on the progress of the Multi-Purpose Agricultural Facility.
March 12, 2019	Priorities Committee was updated on the progress of the Multi-Purpose Agricultural Facility.
November 13, 2018	Priorities Committee was updated on the progress of the Multi-Purpose Agricultural Facility.
September 18, 2018	Priorities Committee was updated on the progress of the Multi-Purpose Agricultural Facility.

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March 13, 2018	Priorities Committee was updated on the background of the Multi-Purpose Agricultural Facility project and the Regional Plus concept.
February 13, 2018	Priorities Committee was updated on the Regional Plus concept for the Multi-Purpose Agricultural Facility.
September 12, 2017	THAT Enclosure 6 be added to item 4.3 Multi-Purpose Agricultural Facility Site Servicing Update of the September 12, 2017 Council Agenda; and THAT Administration take the actions set out in enclosure 6; and THAT enclosure 6 to item 4.3 remain private pursuant to FOIP section 25.
October 25, 2016	THAT the Regional Multi-Purpose Agricultural Facility concept, as outlined in Enclosure 2 of the October 25, 2016 Transportation and Agriculture report, be approved and that the site chosen be of adequate size to allow opportunity for growth.
April 19, 2016	Priorities Committee was updated on the Development of a Functional Plan for the Multi-Purpose Agricultural Facility.
May 12, 2015	THAT Council approve proceeding with partnership solicitation for the construction and operation of a Multi-Purpose Agricultural Facility. THAT Council approve funding in the amount of \$75,000 from the Municipal Project Reserve (1.3773) to support the partnership solicitation process for the Multi-Purpose Agricultural Facility.
April 21, 2015	THAT the Priorities Committee refer the Multi-Purpose Agricultural Facility Solicitation Process to the May 12, 2015 Council meeting for formal direction.
January 20, 2015	THAT Council direct administration to bring back to the April 21, 2015 Priorities Committee Meeting a draft process to solicit partnership interest in building and operating a Multi-Purpose Agricultural Facility.

Other Impacts**Policy:** n/a**Legislative/Legal:** n/a**Interdepartmental:** Planning and Development Services; Transportation and Agriculture Services; Facility Services; Corporate Finance; Recreation, Parks, and Culture, Utilities**Master Plan/Framework:** n/a**Enclosure**

1	MPAF Economic Report Introduction
2	Financial Model and Economic Impact presentation