

# ***MULTI-PURPOSE AGRICULTURAL FACILITY***

***Financial Model and Economic Impact***

September 15, 2020

*KapAir*  
CONSULTING

# Objectives

The purpose of today is to review the MPAF financial model and the results of the economic impact study

- Provide overview of MPAF financial projections
- Describe key economic impact indicators

# FINANCIAL MODEL

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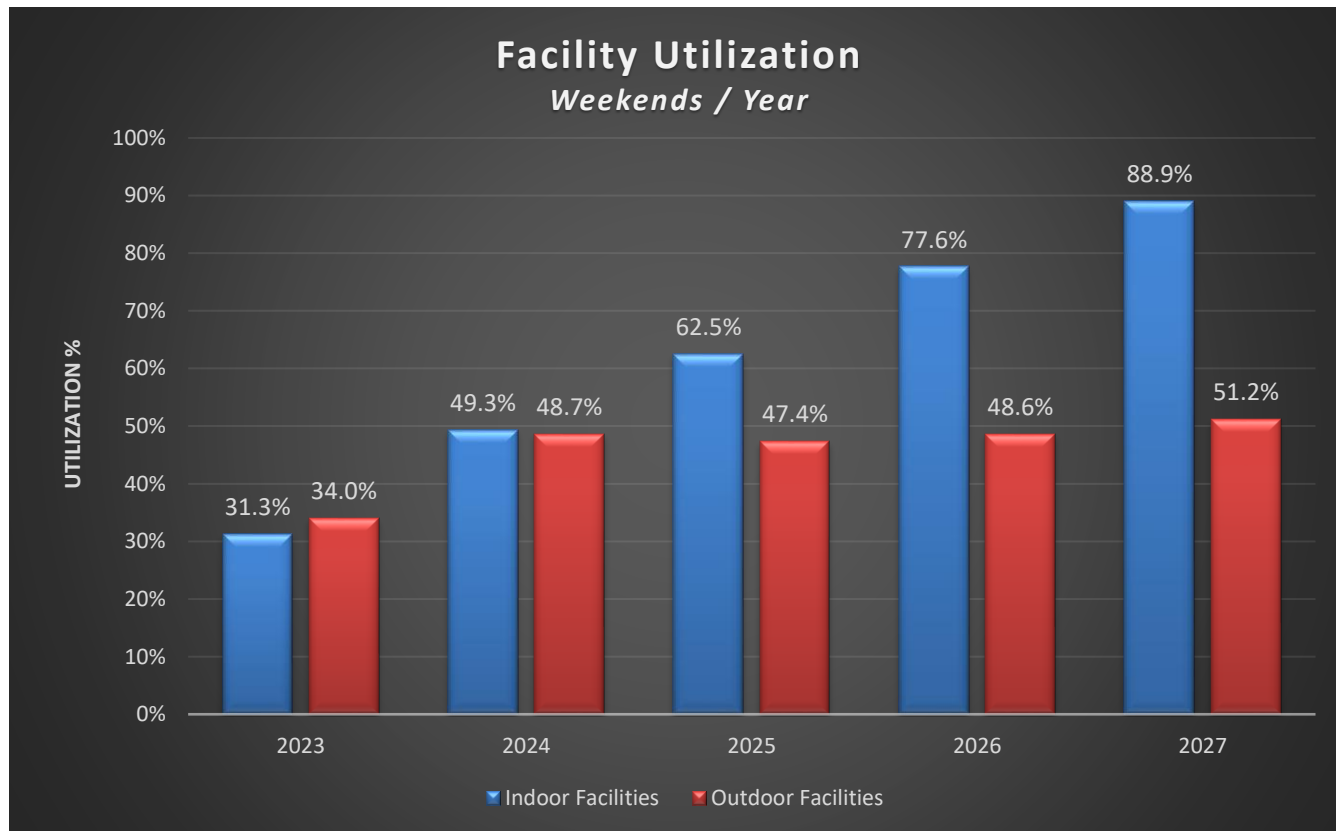
# Financial Model Methodology

The MPAF financial model was developed with each of the underlying assumptions identified, validated and documented

- 600+ data points
- Bottom up / top down
- Multiple lines of evidence approach
  - Document review
  - Environmental / jurisdictional scan
  - Additional research
- Conservative but realistic

# Utilization

Utilization of the indoor facilities are projected to increase to nearly 90% in Year 5 and the outdoor facilities to 50% by Year 2



# Rental Rates

Rental rates are based on both facility comparators as well as unique characteristics of the facility relative to its peers

Facility Rental Rates (Daily)	
Facility	Rate
Indoor Arena	\$ 4,000
Animal Housing	\$ 1,500
Outdoor Covered Arena	\$ 1,250
Outdoor Uncovered Arena	\$ 400
Multi-Purpose Field	\$ 300
Misc Space	\$ 100
Pull Track	\$ 200

*Note: All financials are provided in 2020 dollars and exclusive of GST.*

# Operating Revenues: Summary

Revenues are anticipated to increase each year as the Facility becomes more utilized, totaling \$9M over the first five years



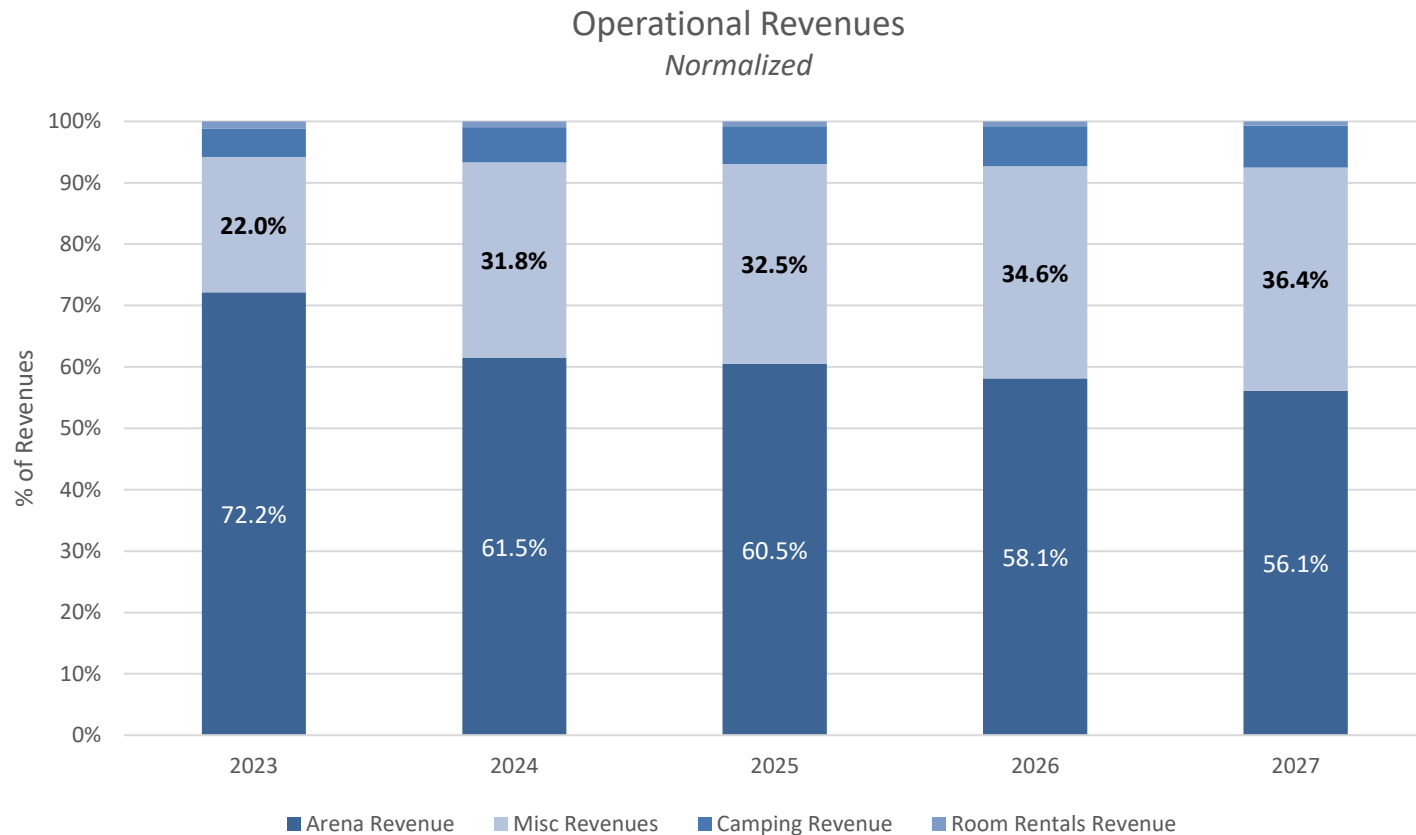
# Operating Revenues: Facility

Arena rentals are the largest component of Facility revenue, totaling more than \$5.4M over the first five years of operation...

Year	2023	2024	2025	2026	2027
<b>Arena Revenue</b>	\$ 668,879	\$ 939,962	\$1,081,107	\$1,276,996	\$1,448,835
<i>Indoor Arena Rentals</i>	\$ 442,499	\$ 616,239	\$ 711,658	\$ 837,940	\$ 943,194
<i>Animal Housing Rentals</i>	\$ 54,188	\$ 93,281	\$ 115,375	\$ 147,219	\$ 174,063
<i>Outdoor Covered Arena Rentals</i>	\$ 92,575	\$ 117,114	\$ 125,544	\$ 143,114	\$ 157,656
<i>Outdoor Uncovered Arena Rentals</i>	\$ 38,703	\$ 55,032	\$ 61,719	\$ 70,971	\$ 82,663
<i>Multi-Purpose Field Rentals</i>	\$ 32,363	\$ 45,169	\$ 50,908	\$ 59,074	\$ 69,131
<i>Other Misc Space Rentals</i>	\$ 7,753	\$ 11,928	\$ 14,103	\$ 16,278	\$ 19,129
<i>Pull Track Rentals</i>	\$ 800	\$ 1,200	\$ 1,800	\$ 2,400	\$ 3,000
<b>Subtotal: Arena Revenue</b>	<b>\$ 668,879</b>	<b>\$ 939,962</b>	<b>\$1,081,107</b>	<b>\$1,276,996</b>	<b>\$1,448,835</b>
<b>Camping Revenue</b>	\$ 43,020	\$ 88,191	\$ 109,701	\$ 143,042	\$ 176,382
<b>Meeting Room Rentals</b>	\$ 10,731	\$ 14,308	\$ 14,308	\$ 17,885	\$ 17,885

# Operating Revenues: Normalized

...however “Misc Revenues” increase at a faster rate than the “Arena Rental” revenue

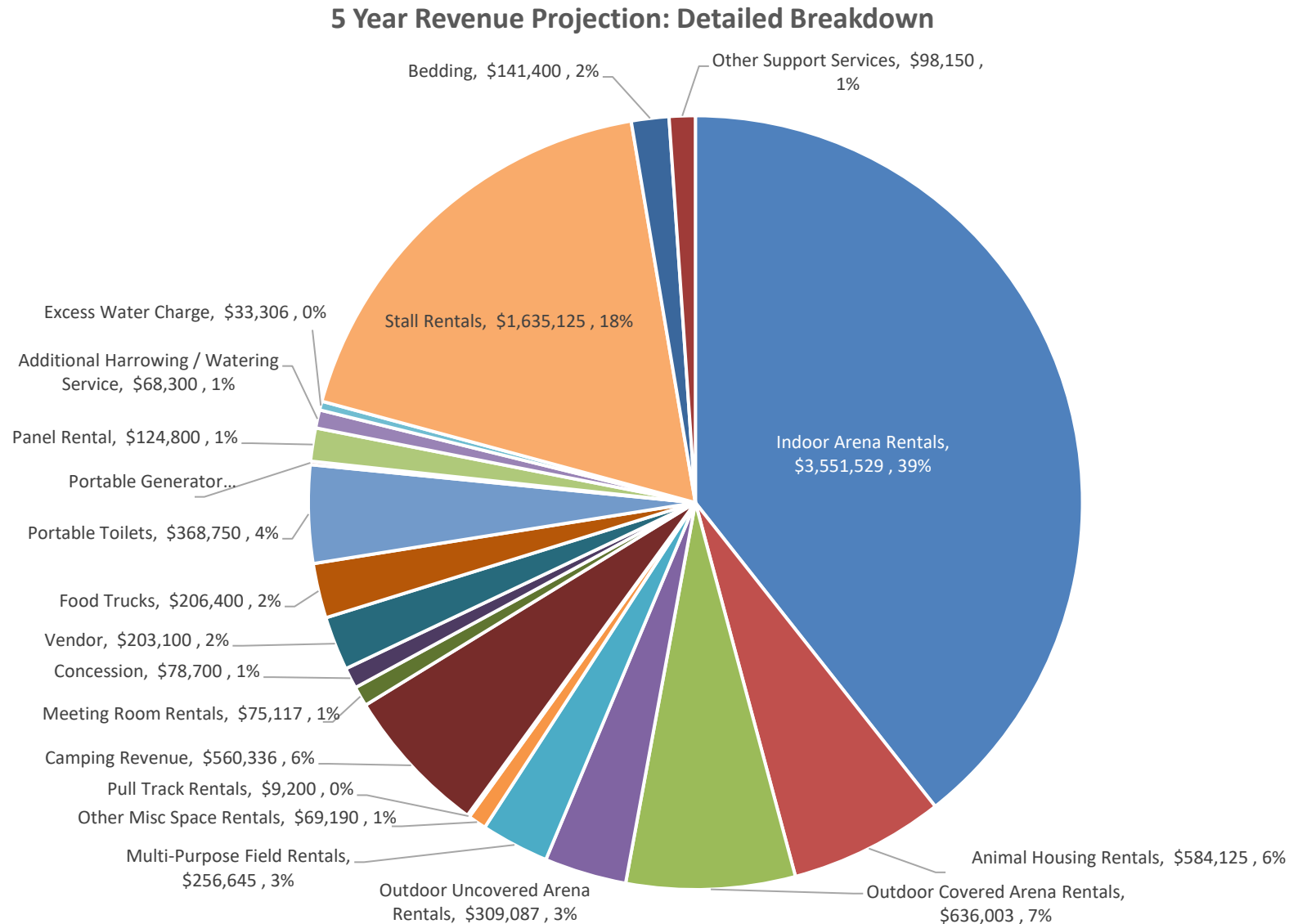


# Operating Revenues: Misc

There are a range of items included in “Misc Revenues” with the opportunity for further development

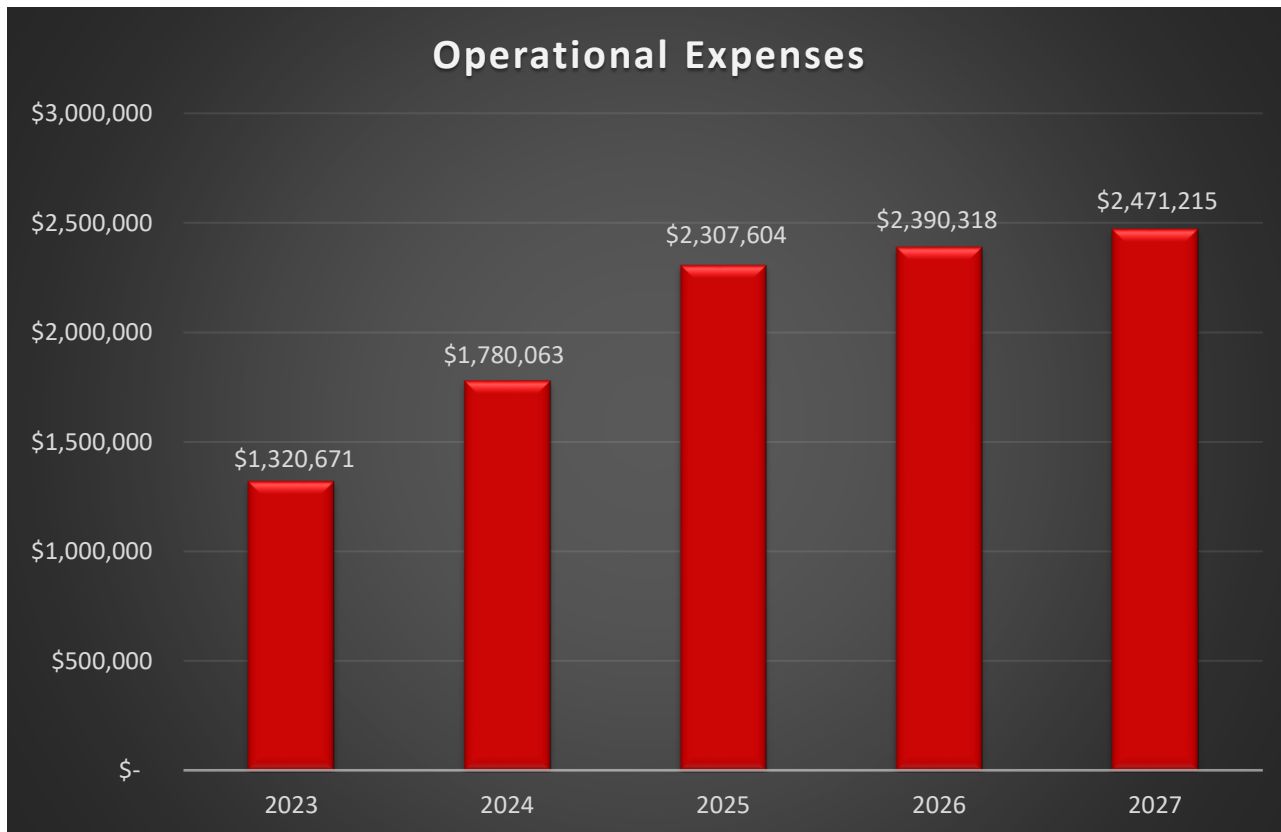
Year		2023	2024	2025	2026	2027
<b>Misc Revenues</b>						
Concession		\$ 8,200	\$ 13,600	\$ 15,400	\$ 19,100	\$ 22,400
Vendor		\$ 15,600	\$ 31,800	\$ 40,200	\$ 51,900	\$ 63,600
Food Trucks		\$ 15,600	\$ 31,800	\$ 43,500	\$ 51,900	\$ 63,600
Event Parking		\$ 42,520	\$ 101,562	\$ 120,866	\$ 157,925	\$ 195,161
Portable Toilets		\$ 26,000	\$ 58,500	\$ 72,500	\$ 94,750	\$ 117,000
Panel Rental		\$ 13,800	\$ 23,600	\$ 25,000	\$ 29,000	\$ 33,400
Additional Harrowing / Watering Service		\$ 5,950	\$ 11,850	\$ 13,450	\$ 16,800	\$ 20,250
Excess Water Charge		\$ 2,065	\$ 5,399	\$ 6,431	\$ 8,614	\$ 10,797
Stall Rentals		\$ 100,813	\$ 265,219	\$ 315,625	\$ 423,031	\$ 530,438
Product Sales / Merchandise		\$ -	\$ -	\$ -	\$ -	\$ -
Storage Space		\$ -	\$ -	\$ -	\$ -	\$ -
Horse Drawn Rides		\$ -	\$ -	\$ -	\$ -	\$ -
Bedding		\$ 4,900	\$ 24,150	\$ 26,600	\$ 37,450	\$ 48,300
Other Support Services		\$ 10,400	\$ 17,300	\$ 20,000	\$ 23,750	\$ 26,700
<b>Subtotal: Misc Revenues</b>		<b>\$ 204,328</b>	<b>\$ 485,267</b>	<b>\$ 581,256</b>	<b>\$ 759,620</b>	<b>\$ 940,585</b>

# Operating Revenues: Detailed Breakdown



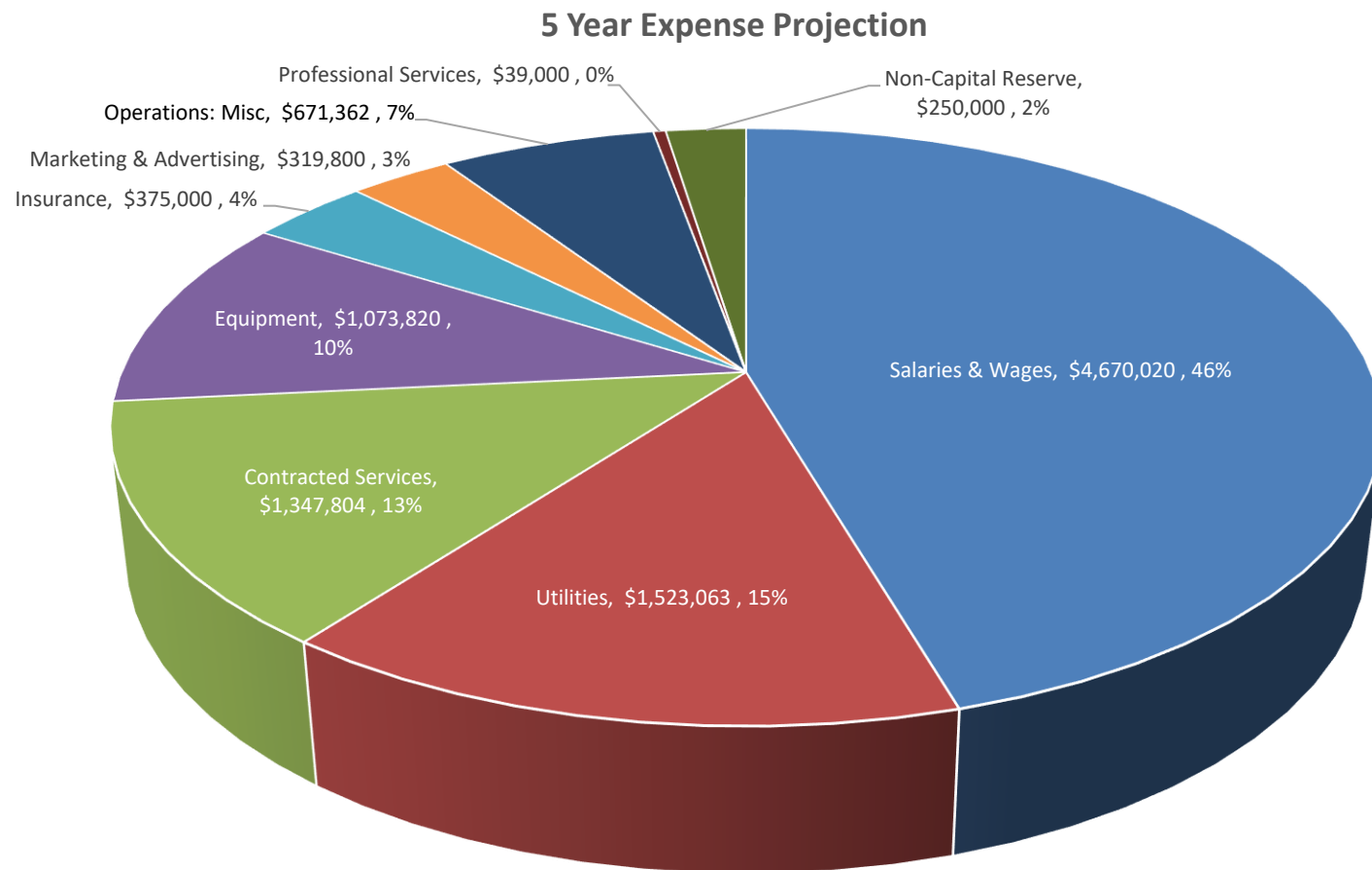
# Operating Expenses: Summary

Expenses are projected to total \$10.3M over the first five years of operations



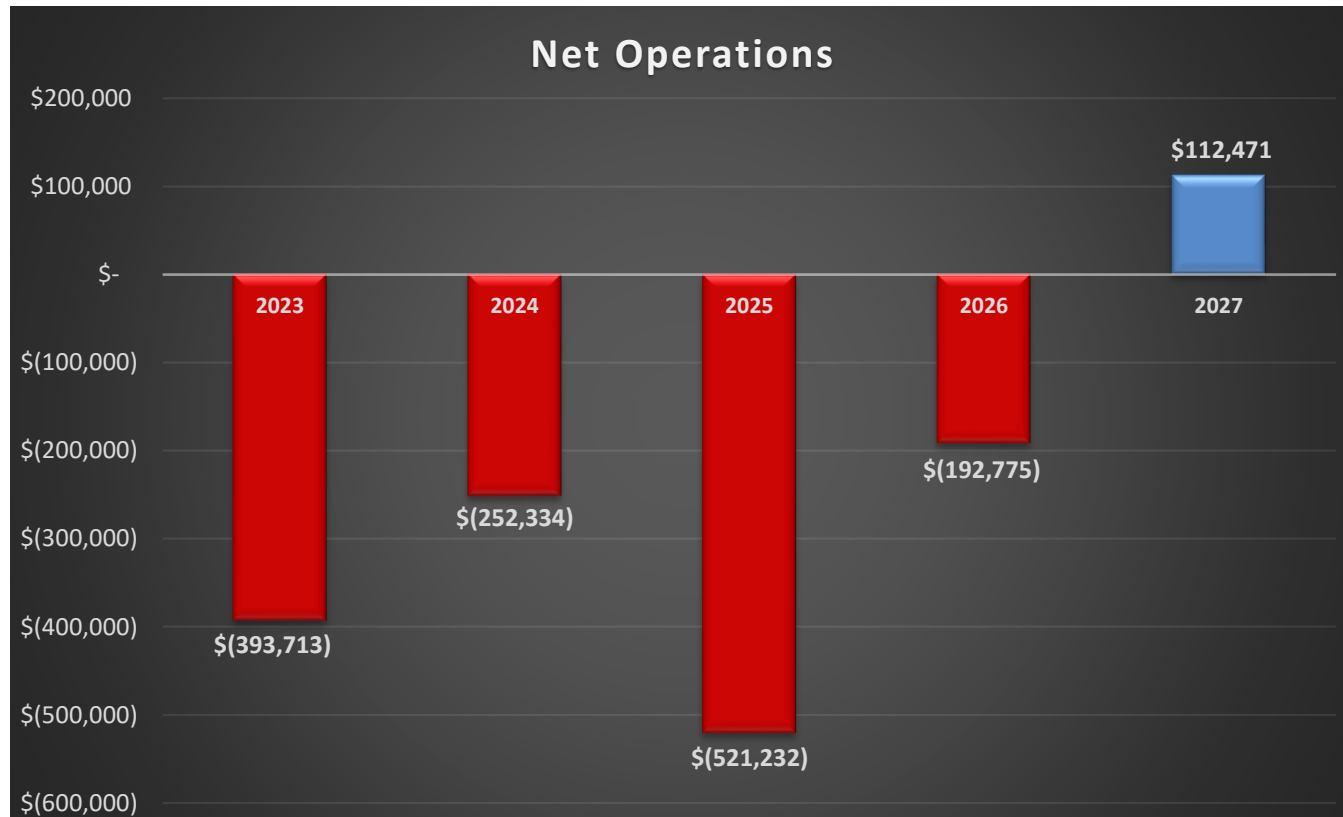
# Operating Expenses: Breakdown

Staff costs and utilities comprise approximately 60% of all facility operating expenses



# Net Operations

The Facility is projected to become revenue positive by Year 5, with a net operating loss of \$1.25M over the first five years



# ECONOMIC IMPACT

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# Economic Impact Methodology

Every dollar spent by visitors to Strathcona County will circulate and recirculate within the Alberta economy

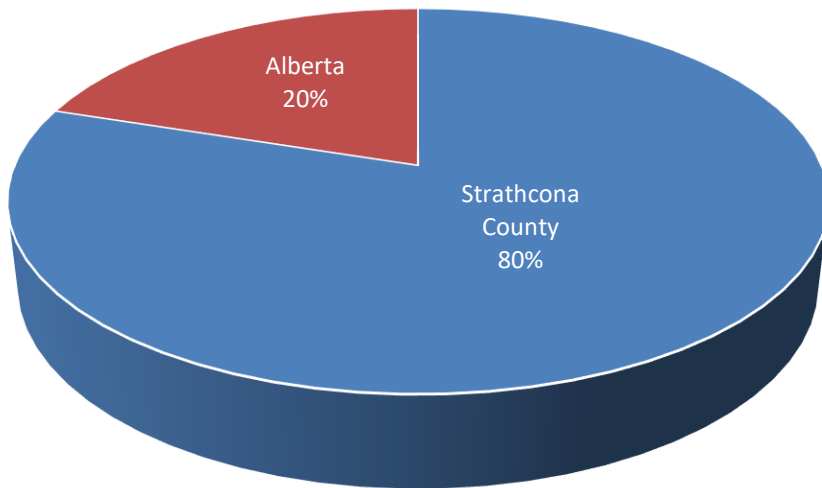
- Input / Output Model
- Multiplier Effect
- Based on person visits and visitor spend
- Conservative but realistic

# Visitor Profile

Large and medium events are expected to generate more participation from outside Strathcona County

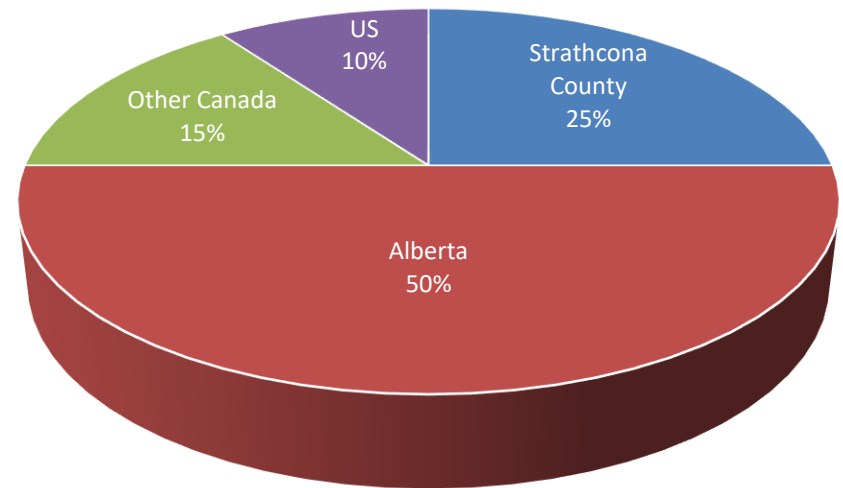
**Visitor Profile**

*Small Events*



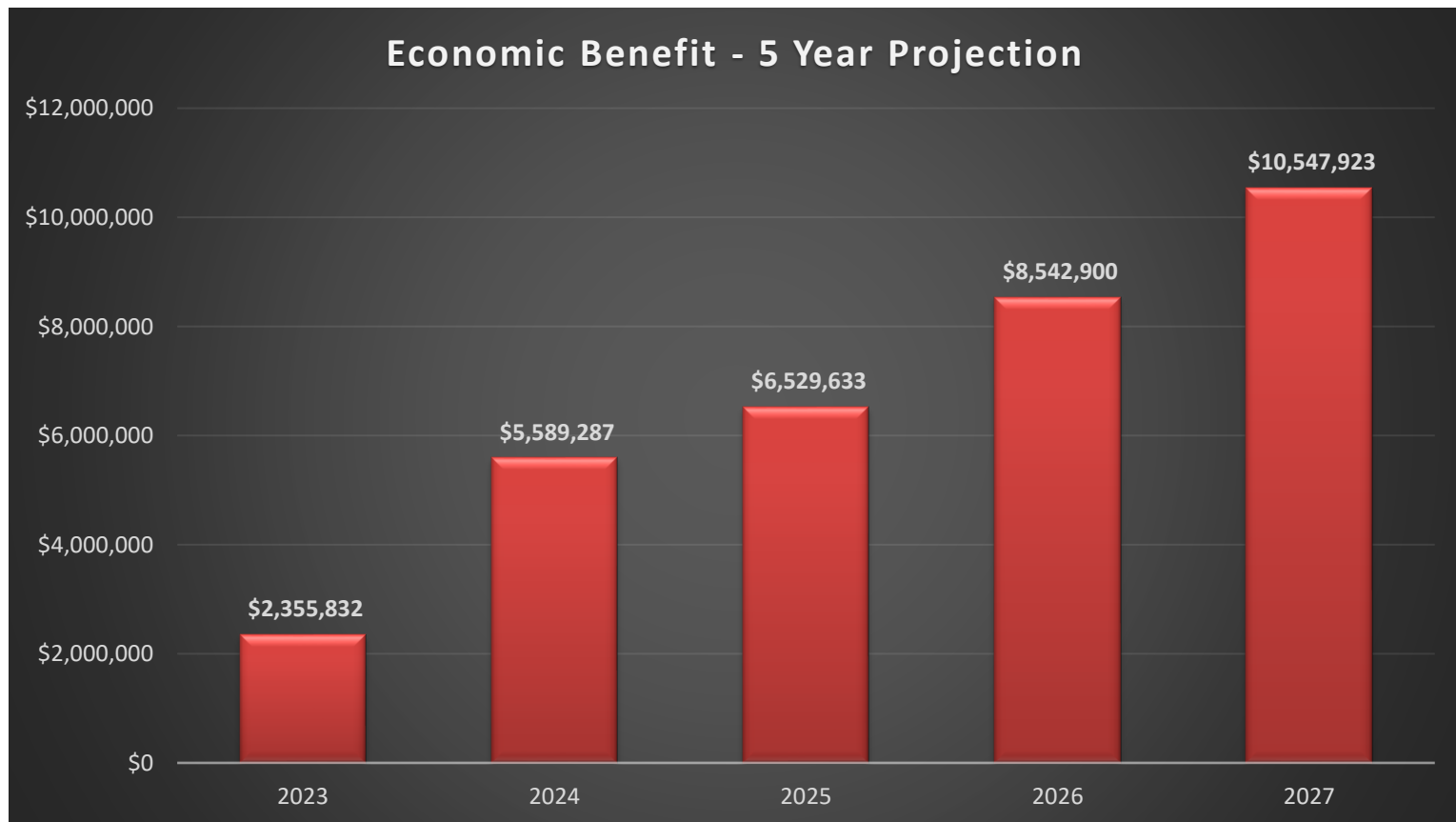
**Visitor Profile**

*Large and Medium Events*



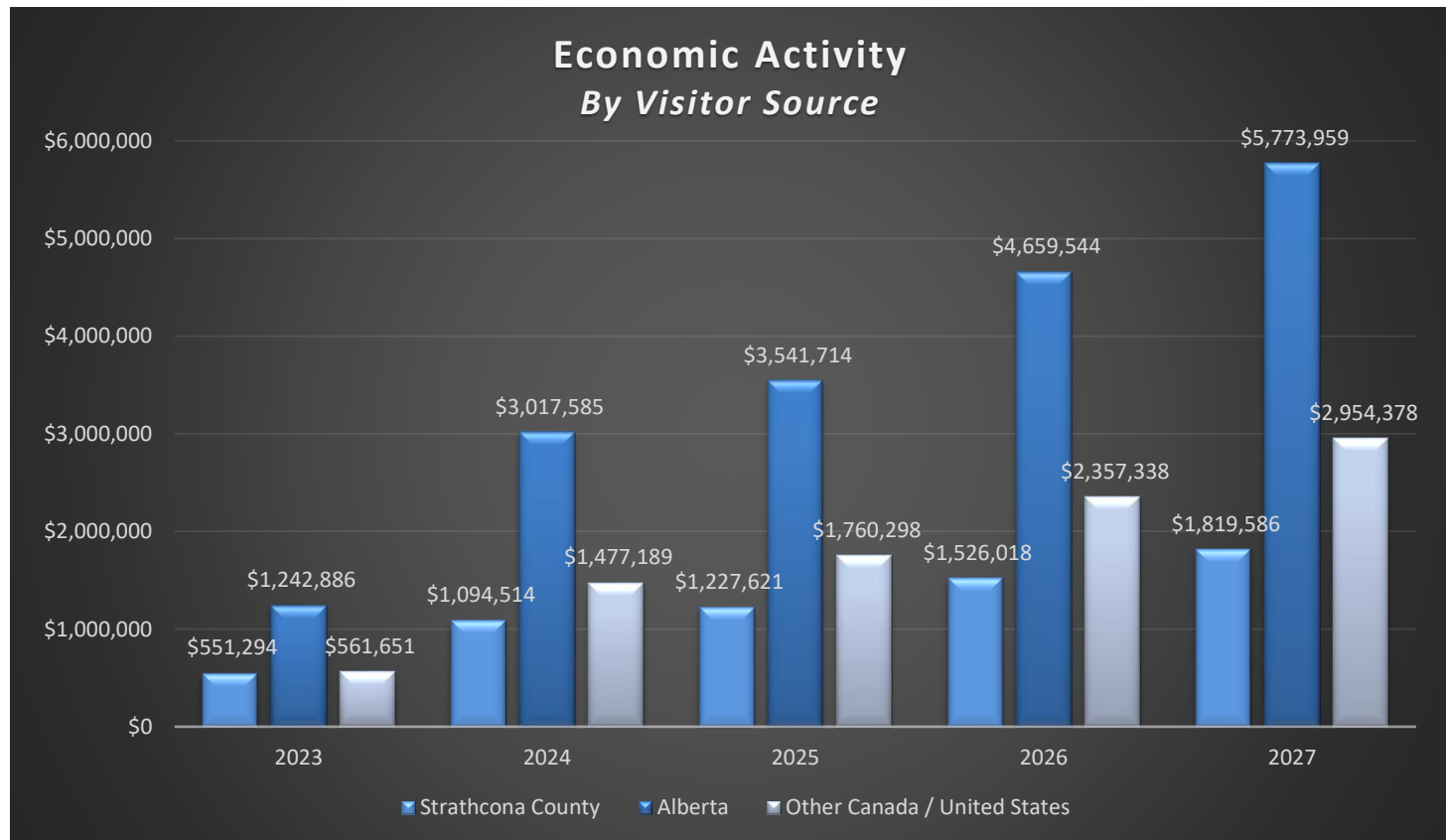
# Economic Benefit

The MPAF is projected to generate \$33.5M in economic activity in its first five years of operation



# Economic Benefit

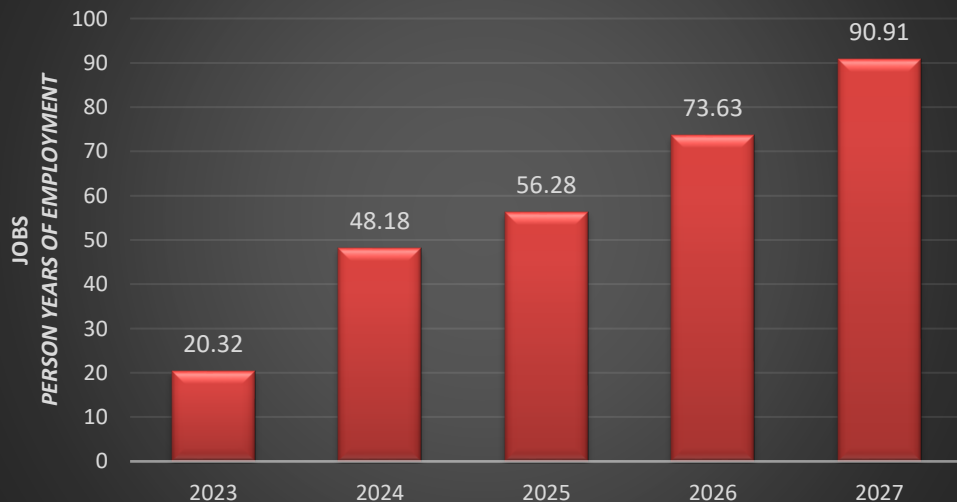
More than 54% of the economic benefit is generated by Alberta visitors from outside Strathcona County



# Job Effect

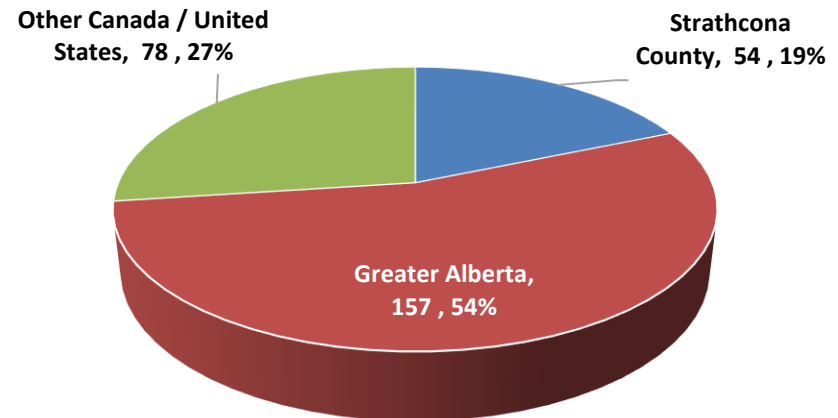
The MPAF is projected to generate 290 jobs in its first five years of operation

**Job Creation - 5 Year Projection**



**5 Year Job Effect**

*By Visitor Source*



# Labour Income

Labour income is anticipated to increase each year as the Facility becomes more utilized, totaling \$10.4M over the first five years



A photograph of a herd of sheep in a lush green field. In the center, a large adult sheep stands facing the camera. To its left, a small lamb is grazing. To the right, another lamb stands looking towards the camera. Several other sheep are visible in the background, some grazing and others standing. The background is filled with tall, thin trees, creating a soft, out-of-focus backdrop. The overall scene is peaceful and pastoral.

Questions?