



Westerner Exposition Association Financial Sustainability Review

August 31, 2020

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City of Red Deer
PO Box 5008
Red Deer, AB T4N 3T4
Canada

Subject: Westerner Exposition Association Financial Sustainability Review

On behalf of our team at Deloitte, we are pleased to present our findings and recommendations with respect to the financial sustainability of the Westerner Exposition Association. We look forward to working with both the City and WEA to ensure that these important events and facilities continue to benefit residents of and visitors to Alberta for years to come.

Our findings and observations are based on the scope of procedures outlined in Section 3 of this report.

As discussed with you, we have redacted certain information from this version of our report that could be considered commercially sensitive for WEA or the City.

Should you have questions or concerns, please do not hesitate to contact Jeremy Webster at 780-421-3651 or Darren Liviniuk at 780-421-3685.

Sincerely,



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1. Sustainability Review Highlights

1.1 Background

Westerner Exposition Association (“WEA” or “Westerner”) is Central Alberta’s largest convention, sports and trade show operator. The mandate of WEA is to attract, host and manage events through venues located in Red Deer. Westerner is a non-profit agricultural society and operates on 320 acres of City-owned land.

During 2019, following construction of the 51,500 square foot Exhibition Hall and securing the Canadian Finals Rodeo, Westerner began to show signs of financial distress and notified City Administration. Deloitte was engaged by the City of Red Deer (the “City”) to conduct an operational and financial review of WEA. The purpose of the review was to assess the current and future financial status of WEA, then provide recommendations on a desired future state.

1.2 Findings & Recommendations for WEA

Our review found that, while WEA is a significant contributor to the Red Deer economy, the current financial situation is not sustainable and there is an urgent need to modernize operations. Our findings can be summarized as follows:

1. The contribution of WEA to the community is significant. On an annual basis, WEA hosts more than 1.5 million visitors and generates more than \$150 million in economic activity¹. WEA is host of a number of events and activities that are rooted in the community and culture of Central Alberta, including the Agri-Trade Equipment Expo, Westerner Days and the Westerner Dairy Showcase.
2. Over the previous five years, operating expenses have increased 6% while external revenues have decreased 4%. Over the same period, WEA had net cash outflows of \$4.0 million, while accumulating \$16.4 million in additional borrowings. At March 31, 2020, WEA had current assets of \$1.2 million and current liabilities of \$20.3 million (including \$17.4 million in loans that can be called at any time). This means that WEA may not be able to meet its financial obligations in the next 12 months.
3. WEA has three mandates to: i) attract events; ii) manage events; and iii) manage facilities. The current governance and management structures are not clearly aligned with these mandates to support planning, targets and accountabilities. While WEA should continue to operate as an Agricultural Society with an independent Board of Directors, immediate steps should be taken to reorganize management roles and board committees to provide clear accountabilities for each mandate. Management should also consider whether certain mandates can be outsourced or partnered to streamline operations and gain efficiencies. While WEA should continue to deliver major events, the City should consider future opportunities to consolidate or partner on certain functions, such as facility management and event attraction, to increase focus of WEA on its core competence of delivering major events.
4. While WEA should continue to operate major events as a standalone organization, there is an immediate need to modernize operations. This includes implementing new systems to support event management, a more proactive approach to facility maintenance and an arm’s length foundation to support long-term capital investments. Modernizing operations will enable WEA to make more sound financial decisions, increase productivity and efficiency, engage with community stakeholders and mitigate financial risks. While WEA has a proven track record as a major event operator, with consistently strong guest satisfaction scores, manual processes make it difficult for management to plan, monitor and manage key indicators that drive financial sustainability, as well as other strategic and operating goals.

¹ Reddeer.ca. 2020. Westerner Park - The City Of Red Deer. [online] [Accessed 1 August 2020].

5. There is a need to invest more focus and resources into event attraction. While WEA has recently attracted two marquee events, the Canadian Finals Rodeo and World Junior Ice Hockey Championship, overall external event bookings and revenues have declined. While WEA made a significant investment in new venue space, we did not see a commensurate investment in associated sales and marketing activities.
6. There is a need for a more proactive approach to facility management, including planning and budgeting for long-term capital maintenance. While many of the venues are relatively new, more active stewardship will be needed as these facilities age to ensure that adequate reserves are in place. Currently, WEA does not have a strong in-house capabilities to plan and execute these requirements. In addition, the Major Maintenance Fund should be replaced with a more structured approach to capital planning and budgeting that considers the condition of the facilities over time.
7. The COVID-19 health pandemic has increased uncertainty associated with the financial outlook for WEA. There are material risks around a number of events, including the Western Hockey League and the World Junior Ice Hockey Championship. Management will need to be proactive in developing long-term forecasts that consider the implications of COVID-19 on future event attendance. Like WEA, comparable organizations across western Canada have been calling upon their local governments to provide supplemental funding in the short-term.^{2,3}

1.3 Strategic Alternatives for the City

While this report is focused on the operations of WEA, we have recommended that City Council and Administration consider further investigation of two strategic opportunities to enhance coordination across a broader group of stakeholders:

1. **Enhance coordination of the City's existing Asset Management Programs with operators that own facilities on City-owned lands** – Many third-parties occupy facilities on City-owned lands but do not have the in-house capabilities to proactively manage these major assets. Where these operators own and manage their facilities, it is common for their maintenance practices to be reactive and for their capital reserves to not keep pace with long-term funding needs. The City is often compelled to provide funding when shortfalls arise to ensure that users can continue to access services.

The City has an asset management program under Community Services that provides capital project, maintenance and custodial support to more than 40 facilities occupied by third parties. At minimum, this function engages with each operator to develop a 10-year capital plan, then meet on a regular basis to discuss emerging issues and priorities. While WEA has accessed City resources in the past to support major projects, such as the ongoing Centrium enhancements, it is not considered to be in the scope of the asset management program and does not engage with the City to support capital planning activities.

We recommend that City Administration review the scope of the existing asset management program and consider enhanced coordination with operators that own facilities on City lands, such as Westerner Park, Alberta Sports Hall of Fame or Red Deer Public Library. We also recommend that the City review policies and processes for asset management across Community Services and Inspections & Licensing to ensure that leading practices and resources are shared where beneficial. This will involve assessing the roles and responsibilities of each party for facility maintenance, renegotiating applicable governing documents and replacing outdated structures such as the WEA Major Maintenance Fund with modern processes, systems and reporting to ensure compliance over time. This will ensure that major assets are maintained to an adequate standard and that each operator can budget for their future capital needs. This will also provide the City with more visibility into financial risks where operators are not providing for future capital needs.

² <https://everythinggp.com/2020/04/28/county-of-grande-prairie-to-continue-to-support-payroll-at-evergreen-park/>

³ <https://globalnews.ca/news/6828719/coronavirus-regina-exhibition-association-financial-relief/>

More consideration will be needed to determine which organizations should participate, which roles and responsibilities can be shared and whether more functions should be outsourced to external providers.

2. **Enhance regional collaboration to attract events and guests to Red Deer** – Numerous government and non-profit organizations provide similar services to attract event and tourism activity across Central Alberta. There is a need to increase coordination and reduce overlap across these organizations to more effectively execute on their mandates. This includes increasing coordination and reducing overlap with respect to destination development, major event attraction, marketing, capacity building and attraction management activities. This could be achieved through the development of a single body to lead these activities or through enhanced coordination across existing bodies. The City will need to take a role in facilitating and coordinating a shared model for enhanced collaboration. It will take time for the City to facilitate transition to a new model in partnership with organizations such as WEA, which will benefit from enhanced coordination.

More consideration will be needed to determine the potential scope and form of regional collaboration to attract events and tourism.

1.4 Conclusion & Next Steps

WEA is a significant contributor to the community and economy of Central Alberta, but will require extensive modernization to return to financial sustainability. At present, there continues to be significant uncertainty around the long-term impact of COVID-19 and a strong possibility that financial performance will not improve enough in 2021-2022 to sustain operations.

We have highlighted more than 30 opportunities for WEA to modernize operations and become a more efficient, performance-driven organization. We have also highlighted two opportunities for the City to streamline the operations of similar organizations across Red Deer to create more value for stakeholders. While these initiatives will help WEA return to financial sustainability, implementation will take time and WEA will continue to be at risk if conditions surrounding COVID-19 do not substantially improve.

We therefore recommend that WEA prioritize the completion of a modernization plan with clear timelines and targets, a building condition assessment and long-term cash flow forecasts before returning to City Council to discuss funding requirements for the next 12-18 months. The intent of this funding request would be to create more certainty around the viability of WEA over the medium term until event operations return to normal. We recommend that the City structure future requests as a loan, with provisions to create accountability to the City, such as a budget and timeline for modernization activities. City Council can then consider collecting, deferring or forgiving the loan at a later date.

2. Executive Summary

2.1 Our mandate

2.1.1. Scope of work and objectives

Deloitte LLP (“Deloitte” or “We”) has been engaged by the City of Red Deer (the “City”) to undertake a comprehensive financial and operational review of WEA. The objectives of the review were to assess the current and future financial capabilities of WEA and provide a recommendation on its future state.

This report summarizes our process, analysis and recommendations on how to deliver a more sustainable financial model while maintaining service levels and community benefits.

The overall engagement involved the following steps which led to our recommendations:

1. Evaluation Framework Development

Deloitte developed the evaluation framework outlined in Section 2.1.2 in collaboration with the City and WEA. The evaluation framework identifies all of the major relevant areas that should be considered in evaluating the financial sustainability of WEA. Our input was informed by leading practice research into more than 50 convention and trade show organizations. Both the City and WEA provided input and concurrence into the resulting framework.

2. Document Review

Deloitte collected numerous documents from the City and WEA. This included significant detail regarding the past, current and future operations of WEA, including strategic, governance, managerial, operational, financial and legal information. WEA provided full access to all requested information, where available.

3. Interviews

Deloitte consulted numerous representatives of the City and WEA to inform our understanding of the current state and shared goals. We conducted in-depth interviews with numerous representatives of WEA to understand the past, current and future state of operations. In addition, we held regular project team meetings including key stakeholders from both the City and WEA.

4. Jurisdiction Scan

Deloitte compared the operations of WEA to 15 similar major event operators. We focused on organizations with similar attributes to WEA (e.g. similar mandate, economy, population, geography, etc.), as well as a number of best-in-class organizations. Refer to Appendix E for profiles of select comparators.

5. Alternative Analysis & Recommendations

Deloitte applied the learnings from our document review, interviews and jurisdiction scan to assess alternatives and to develop recommendations on how to enhance the financial sustainability of WEA. The alternatives and recommendations were discussed with representatives from the City and WEA throughout this process. Refer to Section 2.5 for a summary of recommendations identified throughout this report.

2.1.2. Evaluation framework

The framework illustrated to the right was used to evaluate the current state of WEA and to assess the impact of alternatives and recommendations. As discussed above, Deloitte worked with stakeholders from the City and WEA to develop an evaluation framework that is grounded in leading practices but tailored to the unique circumstances of WEA. This framework is intended to cover not only the financial and operational activities of WEA but also its community and economic benefits across Central Alberta. The framework is discussed in more detail in Appendix C.



Our view of what makes an organization effective, efficient and sustainable was informed by leading practice research into more than 50 convention and trade show businesses. We have summarized the key themes from this research as follows:

1. Effective organizations have well-defined business units with clear mandates, plans, targets, and reporting in the areas of event attraction, event management and facility management;
2. Appropriate governance and management structures provide clear responsibilities, accountabilities and incentives to execute on the mandates, plans and targets set out for the organization;
3. Sustainable organizations regularly set, measure and monitor targets for facility utilization to inform decisions around capital investment and event attraction;
4. Effective management teams bring deep expertise across all relevant domains including event attraction, event management, financial discipline and facility management;
5. Efficient organizations are proactive around coordination or consolidation of functions with other municipal or regional organizations that have the same or similar mandates;
6. Meaningful culture and community goals are aligned with regional mandates and goals; and
7. Strong, consistent messaging across multiple channels are key to marketing and sales.

2.2 Background Information

2.2.1. History and nature of operations

WEA was established in 1891 as the Red Deer Agricultural Society and has since become a critical contributor to cultural and economic activity across Central Alberta. The mission of WEA is to provide exceptional guest services through its premier facilities and services. WEA occupies 320 acres of municipal land that is home to its event venues, including the Agricentre, Centrium and Exhibition Hall. WEA attracts more than 1.5 million visitors and generates more than \$150 million in economic activity⁴ each year. WEA hosts events of all sizes, including weddings, hockey games, agricultural exhibitions and trade shows. WEA is home to several major annual events such as the Agri-Trade Expo and Canadian Finals Rodeo.

2.2.2. Recent events and financial distress

During 2019, following construction of the 51,500 square foot Exhibition Hall and a successful bid to host the Canadian Finals Rodeo for 10 years, WEA began to show signs of financial distress. Following years of flat revenues and steadily increasing expenses, WEA could no longer fund operations, make principal payments on outstanding loans or contribute to the Major Maintenance Fund. Even with additional loans from CIBC and withdrawals from the Major Maintenance Fund, WEA was still at risk of missing future loan payments. In late

⁴ Reddeer.ca. 2020. Westerner Park - The City Of Red Deer. [online] [Accessed 1 August 2020].

2019, WEA notified the City of these financial concerns. In early 2020, the City assumed temporary financial oversight of WEA. The operating results and financial condition of WEA continued to worsen in the spring of 2020 when the COVID-19 global health pandemic necessitated the cancellation or delay of many events in Red Deer, including the 2020 Canadian Finals Rodeo and Westerner Days. With looming risks surrounding upcoming events such as Agri-Trade, Red Deer Rebels games and World Junior Hockey Championship, the financial sustainability of WEA is increasingly uncertain.

2.2.3. The relationship between the City and WEA

The City has a unique relationship with WEA as both the lessor of the land it occupies and as one of the key stakeholders of WEA (as WEA brings both economic and community benefits to the City). The relationship between the City and WEA is governed by the following active agreements:

1. Centrium Guarantee dated March 23, 1989;
2. Assignment of Centrium Land Lease dated March 26, 1991;
3. Centrium Major Maintenance Fund Letter dated October 18, 1994;
4. Campground Management Agreement dated September 30, 2002;
5. Westerner Park Strategic Development Plan dated January 2008; and
6. Consolidated Westerner Agreement dated November 10, 2009.

None of the agreements give the City authority to direct the strategic or operational activities of WEA, outside of approval of WEA's annual operating budget, unless it is in default of the obligations under the Consolidated Westerner Agreement. Any decision to reorganize WEA therefore needs to be made in mutual agreement with the Board of Directors (the "Board") of WEA. Under the latest Consolidated Westerner Agreement, the City has agreed to lease the land it operates on for 50 years ending in May 2059 at an annual cost of \$1. WEA maintains ownership of the capital assets, with the expectation that ownership revert to the City at the end of the agreement at no cost. WEA has the following obligations under the Consolidated Westerner Agreement (which, if defaulted on, give the City the right to terminate the agreement):

1. To maintain the site and any buildings or other assets constructed upon it in a state of good repair;
2. To pay all business and other taxes charged on the site or buildings;
3. To pay for all utilities or other services supplied to the site;
4. To comply with all bylaws, rules or regulations relevant to the site;
5. To develop the site consistent with the Westerner Park Strategic Development Plan dated January 2008;
6. To provide the City with minutes of its Annual General Meeting on an annual basis; and
7. To maintain specified insurance coverage at all times and provide a copy of the policy to the City.

WEA has the following obligations under the Centrium Major Maintenance Fund Letter dated Oct. 18, 1994:

1. To maintain a Major Maintenance Fund at approximately \$1,000,000 to finance future capital maintenance or replacement activities;
2. To contribute at least \$50,000 per annum to replenish the fund, when it falls below the target; and
3. To not use the funds for any purpose other than major maintenance needs of the facility.

If WEA defaults on any of these obligations, it is required to forward its annual budget to the City for approval until the defaults are remedied.

The City has an obligation under the Centrium Guarantee dated March 23, 1989 to fund any annual operating deficits specific to operations of the Centrium.

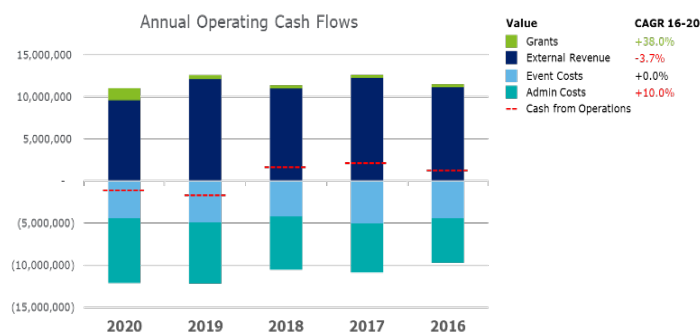
2.2.4. Historical financial results and financial position

The following sections summarize the financial performance of WEA for the past five years.

2.2.4.1 Operating Cash Flow

Operating Cash Flow is a measure of the cash generated by normal operations. This can indicate whether an organization can sustain current operations. Operating Cash Flow is calculated as revenues less operating expenses and non-cash items such as changes in working capital. Over a five year period, WEA experienced:

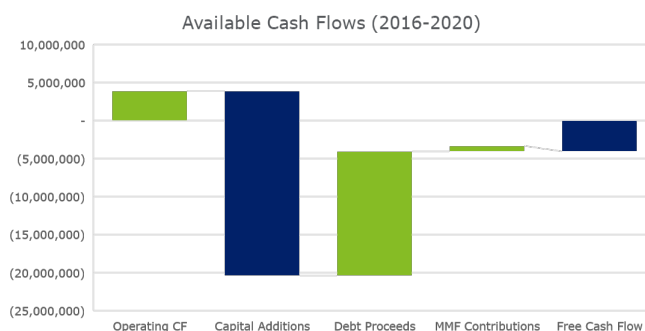
- A 3.7% decline in external revenues, despite investing to increase venue space and securing the Canadian Finals Rodeo ("CFR"). This decline is expected to accelerate in the 2021 fiscal year as COVID-19 impacts event bookings and attendance.
- A 38.0% increase in grant revenues, which includes \$250,000 per annum in new provincial funding for CFR. While overall funding levels have increased since fiscal 2015-2016, the amount reported in 2019-2020 includes funding for both the current and upcoming fiscal year (due to the timing of receipts) and is not representative of ongoing funding levels.
- A 5.8% increase in operating expenses, which has not mirrored the decline in revenues due to losses associated with CFR and the costs of managing additional venue space.



2.2.4.2 Available Cash Flows

Available Cash Flow considers the additional funding required to maintain capital assets and make loan payments. Available Cash Flow therefore measures what is available for use after considering all of the cash required to maintain existing operations and satisfy lenders. Available Cash Flow is calculated as Operating Cash Flow less Capital Additions and Loan Payments. Over the previous five fiscal years, WEA:

- Generated cash from operations totaling \$3.9 million (or an average of \$783k per annum);
- Invested \$24.3 million into capital additions, primarily associated with the construction of the Exhibition Hall;
- Withdrew \$700 thousand from the Major Maintenance Fund to fund operations; and
- Accumulated \$16.4 million in new borrowings, primarily associated with the new Exhibition Hall.



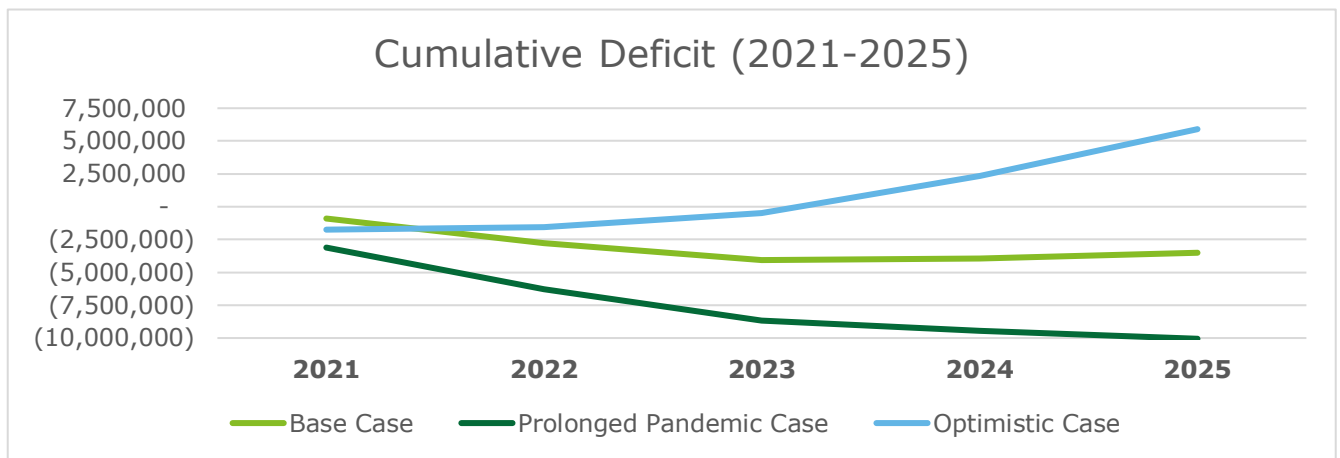
From fiscal 2016 to 2020, WEA had negative Available Cash Flow of \$4.0 million, despite accumulating \$16.4 million in new borrowings and reducing the Major Maintenance Fund to \$287,000.

At March 31, 2020, WEA had current assets of \$1,245,273 and current liabilities of \$20,229,715, including \$17,382,823 of borrowings that are callable at any time but not otherwise due in the next 12 months. This indicates that WEA may not be able to meet its financial obligations in the next 12 months.

2.2.4.3 Long-Term Cash Flows

WEA is in the business of operating major capital assets with long lifespans, but does not have a cash flow forecast that extends beyond fiscal 2020-2021. This is a significant risk for both WEA and the City. While the City provided WEA with an operating grant for \$2,000,000 in July 2020, this funding will not support WEA through the end of the current fiscal year. Unless circumstances around COVID-19 improve drastically, it is likely that additional outside funding will be required to continue to operate as planned. The following scenarios, which are outlined in more detail in Appendix B, illustrate the potential cumulative impact of shortfalls through the end of fiscal year 2024-2025 under various assumptions:





Scenario	Base Case	Prolonged Pandemic Case	Optimistic Case
2025 cumulative shortfall	(\$3,580,395)	(\$10,054,567)	\$1,181,114
Key assumptions	<ul style="list-style-type: none"> i. COVID-19 restrictions continue to ease in late 2020 and allow events to proceed at a reduced capacity in accordance with FY21 Budget; ii. Gradual growth in event activities at historical rate; iii. Event expenses decrease as the organization achieves more scale and efficiencies; iv. Admin expenses grow at a nominal rate of 2%; v. Existing capital plans are completed, in addition to spending 2.5% of capital on annual maintenance. 	<ul style="list-style-type: none"> i. COVID-19 restrictions impact the remaining major events for FY21 and continue to impact operations through FY22; ii. Event activities begin to rebound in FY23 and then grow at the historical rate; iii. Event expenses increase in the short-term to reflect the cost of COVID-19 safeguards before normalizing at their historical rate; iv. Existing capital plans are completed, in addition to spending 4.0% of capital on annual maintenance. 	<ul style="list-style-type: none"> i. COVID-19 restrictions ease in late 2020 and allow for a full return to normal operations in FY22; ii. Event activities quickly rebound due to pent up demand then continue to grow at an increased rate; iii. Event expenses decrease to 67% of event revenues as management achieves cost savings; iv. Admin expenses remain flat as WEA achieves economies of scale. v. Existing capital plans are completed, in addition to spending 2.5% of capital on annual maintenance.













WEA should develop and monitor a long-term cash flow forecast that can provide more visibility into medium-term funding requirements in the event that operations do not normalize after 2020-2021.

2.3 Evaluation Overview

The following table summarizes the results of our evaluation of WEA using the scale illustrated on the right. Key highlights of our evaluation are outlined in the sections that follow. Refer to Section 2.5 for a summary of our key recommendations.

Rating	Description
	Function mildly enables achievement of WEA objectives
	Function moderately enables achievement of WEA objectives
	Function strongly enables achievement of WEA objectives
	Function fully enables achievement of WEA objectives

	Focus Area	Rating	Description
Operations	Revenue & Profitability		<ul style="list-style-type: none"> Revenues are primarily earned from four major events (Agri-Trade, Canadian Finals Rodeo, Red Deer Rebels and Westerner Days), as well as facility rentals (approximately 210 events of all sizes). Revenue per square foot lags behind comparable facilities in Western Canada (\$35/sq. ft. for WEA compared to \$39-\$140 for four peer venues). Highly manual scheduling and booking processes. Limited insight into facility utilization to assess demand for venues. No allocation of overhead or other indirect costs to assess true profitability.
	Sales & Marketing		<ul style="list-style-type: none"> Highly manual and ad-hoc processes. Personnel and resources not scaled up to match investment in facilities. Exhibition Hall not actively marketed early enough in sales cycle. Resources and attention often diverted to event-specific matters.
	Cost Management		<ul style="list-style-type: none"> Expenses have grown approximately 4.5% per annum over five years. Salaries & wages are a greater proportion of operating expenses than those of comparable facilities. As WEA attracts more events and increases venue utilization, salaries & wages can be expected to grow at a slower pace. Procurement and expense approval have been fragmented across units. Vendor base is highly fragmented with opportunities for strategic sourcing.
	Facilities Management		<ul style="list-style-type: none"> Spending on capital additions is 2.4% per annum and spending on repairs & maintenance is 1.0% per annum. Management has not conducted a comprehensive building condition assessment in recent years increasing risk around deferred maintenance. Management does not have strong in-house capabilities in this space and outsourced more than 95% of repairs and maintenance spend last year. Major Maintenance Fund has been reduced to \$286,515.
	Financial Management		<ul style="list-style-type: none"> Basic processes are in place, but need to be formalized and communicated. New reporting structures have been recently implemented. Budgeting and forecasting processes only consider one year in outlook.

Leadership	Governance		<ul style="list-style-type: none"> Existing Board and Committee structure is robust, but not fully aligned with the key activities of the organization. Committees can be streamlined to reduce administration. WEA would benefit from a proactive approach to recruiting candidates for the Board with direct experience managing other major event operators. Management’s current structure is inefficient and reduces accountability for achieving key organizational priorities and targets. There is no formal process for evaluating the performance of the CEO.
	Strategy		<ul style="list-style-type: none"> No consistent, formal strategic planning process exists. No structured stakeholder management/engagement process exists. Strategic plans and priorities are often not integrated into the day to day messaging of the organization, creating brand confusion.
	Performance Management		<ul style="list-style-type: none"> Management reporting could be improved with a standardized structure that integrates key operational targets and progress to date. Annual reports have not been issued since 2018 and do not include detail comparable to peer organizations in Western Canada.
Community	Community & Economic Impact		<ul style="list-style-type: none"> Manages events that bring together Central Albertans and create a sense of civic pride. WEA hosts events relating to farming, ranching, sports and music that reflect the spirit and culture of the region. Generates more than \$150 million in annual economic impact. Contributes more than \$350,000 in services to community organizations.
	People & Culture		<ul style="list-style-type: none"> Employs more than 500 full-time, part-time and seasonal employees. Volunteers have contributed more than 6,800 hours in the last 18 months. Last conducted an employee engagement survey in 2017. Opportunities exist to engage with employees and volunteers more often through a consistent, structured approach.

2.4 Alternative Structures

2.4.1. Current State

WEA is currently structured as a standalone non-profit organization with a broad mandate to manage events, attract events and maintain facilities. WEA is governed by its Board which is nominated by shareholders.

With respect to managing events, WEA has a proven track record as an event operator and a strong reputation as a key destination in Central Alberta. WEA attracts more than 1.5 million visitors each year for events and generally receives positive guest satisfaction scores. While there are opportunities to improve administrative processes such as scheduling and booking, as well as the financial management of events, management has demonstrated that it can run major events that attract interest across Central Alberta.

With respect to attracting events, while WEA has booked some marquee events such as the Canadian Finals Rodeo and the World Junior Ice Hockey Championship, there are some indications that management does not have the depth or domain expertise within their team to maximize the return on existing venues. The lack of a structured sales plan with targets and metrics, the delayed marketing of the new Exhibition Hall and the low growth rate of rentals suggest that WEA may not have adequate sales and marketing resources to keep up with the significant investments made in facilities in recent years. Management needs a sales plan with clear targets and accountabilities for driving utilization of venues – and dedicated resources to action those plans on a consistent basis.

With respect to managing facilities, while many of the major venues at Westerner Park are relatively new, more active stewardship will be required as these facilities age. Management's current approach to maintenance appears to be reactive and does not include a rigorous process for the routine reassessment of short-term or long-term maintenance needs. Without completing building condition assessments or structural reviews, management does not have the information needed to budget for future major maintenance needs. While the MMF structure was well intentioned at the time, it is not responsive to the aging or condition of the facility and should not be relied upon as a benchmark for funding future capital needs. Management will need deep expertise in real estate and property management to design and implement a structure process to identify, plan and monitor short-term and long-term maintenance needs.

While the recent transition to a new CEO has injected a renewed passion and commitment to execution into WEA, the investment and effort needed to address these concerns should not be underestimated. With short-term pressure on staffing levels in response to COVID-19, management will need to do more with less while rebuilding processes and systems to position WEA for long-term sustainability.

While other governance options are available, we believe that WEA should continue to operate as a standalone agricultural society and can become more sustainable through an increased focus on collaboration with the City and other stakeholders to enhance event attraction and facility management activities. If other operating models are considered, a business case should be developed, including a financial analysis and process mapping, to ensure that any plans are viable.

2.4.2. Potential Alternatives

In addition to our recommendations to modernize WEA, there are opportunities available to structurally reorganize the activities of WEA and similar organizations across Red Deer to create more focused, effective and sustainable organizations.

We have discussed two of these opportunities below. Either opportunity could be implemented in isolation or together. Both represent bold, ambitious plans for how to restructure service delivery across the Red Deer area to reduce overlap and duplication across a series of related organizations. While these alternatives would require significant upfront investments, each has the potential to generate significant community/economic benefits while also increasing value for money.

2.4.2.1 Enhance coordination between the City's existing asset management programs and private operators that own facilities on City-owned lands

Many third-parties occupy facilities on City-owned lands but do not have the in-house capabilities to proactively manage these major assets. Where these operators own and manage their facilities, it is common for their maintenance practices to be reactive and for their capital reserves to not keep pace with long-term funding needs. The City is often compelled to provide funding when shortfalls arise to ensure that users can continue to access services.

The City has an asset management program under Community Services that provides capital project, maintenance and custodial support to more than 40 facilities occupied by third parties. At minimum, this function engages with each operator to develop a 10-year capital plan, then meet on a regular basis to discuss emerging issues and priorities. While WEA has accessed City resources in the past to support major projects, such as the ongoing Centrium enhancements, it is not considered to be in the scope of the asset management program and does not engage with the City to support capital planning activities.

We recommend that City Administration review the scope of the existing asset management program and consider enhanced coordination with operators that own facilities on City lands, such as Alberta Sports Hall of Fame, Red Deer Public Library and Westerner Park. We also recommend that the City review policies and processes for asset management across Community Services and Inspections & Licensing to ensure that leading practices and resources are shared. This will involve reassessing the roles and responsibilities of each part for facility maintenance, renegotiating applicable governing documents and replacing outdated structures such as the WEA Major Maintenance Fund with modern processes and reporting to ensure compliance. This will ensure that major assets across the City are maintained to an acceptable standard and that operators can effectively budget for their future capital needs. The operators will benefit from increased access to skilled resources. The City will benefit from increased mitigation of financial risks associated with each asset.

More consideration will be needed to determine which organizations should participate, which roles and responsibilities can be shared and how services should be funded.

This approach would:

1. Simplify the mandate of WEA to focus on attracting and managing events;
2. Provide support to WEA from a specialized group with expertise in asset management;
3. Increase influence of the City to ensure that facilities are maintained to a high level; and
4. Create synergies by consolidating similar resources across the City and multiple operators.

Under the current agreement with WEA, the City cannot direct this change. As a result, either WEA would need to default or the two parties would need to reach a mutual agreement.

The following next steps would be needed, at minimum, to action this recommendation over 3-6 months:

1. Conduct additional research to identify organizations that own facilities on City land, assess the City's legal rights to direct participation and estimate costs associated with different service levels;
2. Work with each operator to develop a mutually beneficial model for sharing roles, responsibilities and resources related to asset management, including a defined funding model for services;
3. Obtain Council approval to proceed or terminate discussions;
4. Where applicable, renegotiate governing documents with each operator; and
5. Determine incremental personnel needs for Community Services to support the additional facilities and consider the potential for transfers from each operator or other City departments.

2.4.2.2 Enhance regional collaboration to attract events and guests to Red Deer

Numerous government and non-profit organizations provide similar services to attract event and tourism activity across Central Alberta. There is a need to increase coordination and reduce overlap across these organizations to more effectively execute on their mandates. This includes increasing coordination and reducing overlap with respect to destination development, major event attraction, marketing, capacity building and attraction management activities. This could be achieved through the development of a single body to lead these activities or through enhanced coordination across existing bodies. The City will need to take a role in facilitating and coordinating a shared model for enhanced collaboration. It will take time to transition to develop a new model in partnership with organizations such as WEA, which will benefit from enhanced coordination.

The City does not have the right under the current agreement to direct this change. As a result, the two parties would have to come to a mutual agreement.

The following next steps would be needed, at minimum, to action this recommendation over 12–24 months:

1. Conduct a comprehensive study to identify potential participants and understand the City's rights to direct participation in such a partnership;
2. Negotiate with target participants, where applicable, to confirm their terms for inclusion;
3. Plan for the new entity including a high-level mandate, structure of ownership and legal entity type;
4. Determine the terms of reference for the new entity and any other relevant documents;
5. Develop a high-level business plan including all activities required for the organization, including governance, operations, business model, capital, sources of funds, and others;
6. Recruit and install a Board of Directors, if applicable;
7. Hire a Chief Executive Officer;
8. Identify personnel needs and consider potential allocations from participant organizations;
9. Develop detailed operating plans, financial plans, budgets and key performance indicators; and
10. Select and implement relevant systems and infrastructure.

2.4.2.3 Conclusion & Next Steps

WEA is a significant contributor to the community and economy of Central Alberta, but will require extensive modernization to return to financial sustainability. At present, there continues to be significant uncertainty around the long-term impact of COVID-19 and a strong possibility that financial performance will not improve enough in 2021-2022 to sustain operations.

We have highlighted more than 30 opportunities for WEA to modernize operations and become a more efficient, performance-driven organization. We have also highlighted two opportunities for the City to streamline the operations of similar organizations across Red Deer to create more value for stakeholders. While these initiatives will help WEA return to financial sustainability, they will take time to implement and WEA will continue to be at risk if conditions surrounding COVID-19 do not substantially improve.

We therefore recommend that WEA prioritize the completion of a modernization plan with clear timelines, a building condition assessment and a long-term cash flow forecast before returning to City Council to discuss funding requirements for the next 12-18 months. The intent of this funding request would be to create more certainty around the viability of WEA over the medium-term until event operations return to normal. We recommend that the City structure future requests as a loan, with provisions to create accountability to the City, including a budget and timeline for modernization activities and reporting. The City can then consider collecting, deferring or forgiving the loan at a later date.

2.5 Summary of Recommendations

The following sections summarize our recommendations:

2.5.1.1 Recommendations on Strategic Alternatives

Recommendation 1: In the short-term, we recommend that the City assist WEA management in conducting a comprehensive building condition assessment. In the long-term, the City should review the scope of their existing asset management programs and consider the inclusion of facilities such as Westerner Park that are not owned by the City but are located on City lands. The City should also review the asset management policies and processes across Community Services and Inspections & Licensing to ensure leading practices and resources are shared across the organization.

Recommendation 2: In the short-term, we recommend that WEA implement a structured stakeholder management process to identify opportunities to collaborate with organizations across Central Alberta on economic development and tourism attraction initiatives. In the long-term, the City should continue to evaluate the potential for a dedicated Major Event & Tourism Attraction Corporation that will pool resources to drive destination development, event attraction, marketing and capacity building activities.

Recommendation 3: That WEA management develop a prioritized 30-60-90 day action plan to accelerate the restructuring of the organization and enhance key operational processes to increase clarity, streamline operations, and boost event attraction / community engagement.

2.5.1.2 Recommendations on Revenue & Profitability

Recommendation 4: Accelerate implementation of the new event management system to increase visibility into key operational metrics including venue utilization and space demands.

Recommendation 5: Develop target metrics around revenue per square foot, venue utilization and event profitability that are appropriate for the size and scale of WEA and create clear accountabilities for those metrics. In doing so, determine the margin of each event type, then map these against each venue to determine the minimum number of events required to achieve financial sustainability.

Recommendation 6: Leverage data with respect to space utilization to develop a practical method for allocating indirect costs and overheads to events to accurately assess their profitability.

2.5.1.3 Recommendations on Sales & Marketing

Recommendation 7: Introduce a senior management role responsible for event attraction activities and empower that individual to support the CEO in developing a plan, targets and monitoring processes.

Recommendation 8: Accelerate plans to launch the Westerner Foundation as a new source of community-driven fundraising and support.

Recommendation 9: Develop a formal evaluation framework for future major events with stage gates before bidding and negotiating each opportunity.

Recommendation 10: Develop a lessons learned process for events to inform future decision making around pricing and other key details.

Recommendation 11: Streamline the customer experience between sales, marketing and event management. Redesign a new end to end process that minimizes hand offs by assigning each customer a single representative who guides them throughout the process with each internal group.

2.5.1.4 Recommendations on Cost Management

Recommendation 12: Renegotiate the WEA Employee Association Agreement to increase organizational flexibility to restructure and scale up and down during this period of uncertainty due to COVID-19.

Recommendation 13: Contract a procurement professional to centralize and enforce use of a standard procurement process in line with existing policies.

Recommendation 14: Review current vendors across each function and consolidate where possible to obtain preferred pricing and reduce operational complexity.

2.5.1.5 Recommendations on Facilities Management

Recommendation 15: Obtain a building condition assessment from a qualified engineer to identify any deferred maintenance then use the results to develop a new contribution schedule for the Major Maintenance Fund.

Recommendation 16: Develop an ongoing process to guide the creation and monitoring of a long-term maintenance plan. This plan should consider the need to routinely reassess the steps needed to ensure that each facility is appropriately preserved and funded.

Recommendation 17: Consider outsourcing property management activities to Community Services or a third-party with deep expertise in end to end facility maintenance.

2.5.1.6 Recommendations on Financial Management

Recommendation 18: Continue implementation of a centralized repository for policies and process documentation across WEA.

Recommendation 19: Continue updating and drafting documentation of policies where none formally exist.

Recommendation 20: Expand budgeting and forecasting process to include a 3-5 year outlook on cash flows that better aligns with the spending patterns of a major facility operator.

2.5.1.7 Recommendations on Governance

Recommendation 21: Restructure Board committees to create alignment with core business activities and reduce administration.

Recommendation 22: Run recruitment campaign during next nomination cycle to attract prospective Directors from other jurisdictions with direct experience working for or with comparable organizations in other markets. This may require an amendment to the WEA's Articles of Association, as Directors must have their principal residence in Central Alberta.

Recommendation 23: Finalize and implement an appropriate annual CEO Performance Evaluation Process.

Recommendation 24: Finalize and complete the restructuring of management to align leadership roles with accountabilities. This should be done for the core mandates of attracting events, managing events and maintaining facilities. Once complete, review the Delegation of Authority Matrix to assign for day to day authorities to the individual leaders responsible for their budgets and outcomes.

Recommendation 25: Update the communications guidelines to align with the strategic vision and priorities of the organization. Establish a policy to update and approve changes to the communications guidelines on an annual basis.

2.5.1.8 Recommendations on Strategy

Recommendation 26: Design and implement an annual strategic planning process. This process should incorporate the assessment of WEA's operating environment, the identification of strategic priorities, as well as the setting of targets for key operating metrics. Incorporate economic development and community development goals into the metrics with specific targets for improving outcomes over time.

2.5.1.9 Recommendations on Performance Management

Recommendation 27: Enhance the monthly CEO report with a standardized structure that incorporates key operational and financial targets and metrics. Develop a public consumption version of the monthly report that can be distributed more broadly to management and staff.

Recommendation 28: Prepare and publish the 2020 Annual Report and 2019-2020 Audited Financial Statements for WEA in accordance with historical practice. Where applicable, revise the Annual Report to incorporate more detail in line with leading practices.

2.5.1.10 Recommendations on Community & Economic Impact

Recommendation 29: Develop targeted plans and target outputs with respect to community and economic benefits to enhance management awareness of and accountability for results.

2.5.1.11 Recommendations on People & Culture

Recommendation 30: Formalize and implement a process to more routinely engage with volunteers and collect feedback to drive engagement over time. Incorporate volunteer feedback into success metrics for each project to create accountability around volunteer experience.

Recommendation 31: Conduct a 2021 employee engagement survey to obtain updated feedback given the challenging current circumstances. Consider increasing the flow of information through town halls and other mechanisms to enhance engagement during this time of uncertainty.

2.5.1.12 Recommendations on COVID-19

Recommendation 32: Formalize a taskforce to routinely meet and address COVID-19 related issues across the organization. Develop policies and processes for responding to positive cases for employees and guests.

Recommendation 33: Restore the non-event marketing budget for 2020-2021 and redeploy funding for planned and pending events to drive awareness and attendance.

Recommendation 34: Consider running a campaign under the Westerner Foundation that highlights the community benefits of the events and calls for funding to maintain and enhance the existing facilities without funding from operations.

Recommendation 35: Continue to update the 2020-2021 forecast, in addition to preparing a 3-5 year outlook that considers the rebound from COVID-19 restrictions, to develop a longer-term outlook of the funds needed to sustain the organization over that time period.

2.6 Prioritization & Timelines

With limited resources due to staff reductions, it will be critical for WEA to effectively prioritize the activities that will provide the greatest return on investment in the shortest timeframe. Based on our experience with similar transformations, and feedback from WEA management, we have assessed each recommendation to support management in these next steps:

Legend							
Category	Community Benefit	Financial Impact	Effort / Investment	Risk	Duration		
High	Direct improvement	\$150,000+	\$150,000+	Highly impactful and likely obstacle	7+ months		
Medium	Indirect improvement	\$50,000-150,000	\$50,000-150,000	Moderately impactful and possible obstacle	3-6 months		
Low	Marginal impact	\$0-\$50,000	\$0-\$50,000	Remote possibility of a low impact obstacle	1-3 Months		

#	Area	Recommendation	Community Impact	Financial Impact	Effort / Investment	Risk	Timeline
1	Strategic Alternatives	Assist WEA management in conducting a comprehensive building condition assessment. Review the scope of their existing asset management programs and consider the inclusion of facilities such as Westerner Park that are not owned by the City but are located on City lands. Review the asset management policies and processes across Community Services and Inspections & Licensing to ensure leading practices and resources are shared across the organization.	Medium	High	Medium	High	Medium
2		Implement a structured stakeholder management process to identify opportunities to collaborate with organizations across Central Alberta on economic development and tourism attraction initiatives. Evaluate the potential for a dedicated Major Event & Tourism Attraction Corporation that will pool resources to drive destination development, event attraction, marketing and capacity building activities.	High	Medium	Medium	Low	Low/ Medium
3		That WEA management develop a prioritized 30-60-90 action plan to accelerate the restructuring of the organization and enhance key operational processes to increase clarity, streamline operations, and boost event attraction / community engagement.	Low	Low/ Medium	Low/ Medium	Low/ Medium	Medium

#	Area	Recommendation	Community Impact	Financial Impact	Effort / Investment	Risk	Timeline
4	Revenue and Profitability	Accelerate implementation of the new event management system to increase visibility into key operational metrics including venue utilization and space demands.	Medium	Low	Low	Low	Low
5		Develop target metrics around revenue per square foot, venue utilization and event profitability that are appropriate for the size and scale of WEA and create clear accountabilities for those metrics. In doing so, determine the margin of each event type, then map these against each venue to determine the minimum number of events required to achieve financial sustainability.	Low	Low	Low	Low	Low
6		Leverage data with respect to space utilization to develop a practical method for allocating indirect costs and overheads to events to accurately assess their profitability.	Low	Low/ Medium	Low	Low	Low/ Medium
7	Sales and Marketing	Introduce a senior management role responsible for event attraction activities and empower that individual to support the CEO in developing a plan, targets and monitoring processes.	High	Medium	Medium	Low	Low/ Medium
8		Accelerate plans to launch the Westerner Foundation as a new source of community-driven fundraising and support.	High	Medium	Low	Low	Low/ Medium
9		Develop a formal evaluation framework for future major events with stage gates before bidding and negotiating each opportunity.	Medium	Medium	Low	Low	Low
10		Develop a lessons learned process for events to inform future decision making around pricing and other key details.	Medium	Medium	Low	Low	Low
11		Streamline the customer experience between sales, marketing and event management. Redesign a new end to end process that minimizes hand offs by assigning each customer a single representative who guides them throughout the process with each internal group.	High	Medium	Low	Low	Low/ Medium

#	Area	Recommendation	Community Impact	Financial Impact	Effort / Investment	Risk	Timeline
12	Cost Management	Renegotiate the WEA Employee Association Agreement to increase organizational flexibility to restructure and scale up and down during this period of uncertainty due to COVID-19.	Medium	High	Medium	High	Medium
13		Contract a procurement professional to centralize and enforce use of a standard process in line with the existing policies.	Low	Medium	Medium	Medium	Medium
14		Review current vendors across each function and consolidate where possible to obtain preferred pricing and reduce operational complexity.	Low	High	Medium	Low	Medium
15	Facilities Management	Obtain a building condition assessment from a qualified engineer to identify any deferred maintenance then use the results to develop a new contribution schedule to be used as part of an updated Major Maintenance Fund.	Low	High	High	High	Low
16		Develop an ongoing process to guide the creation and monitoring of a long-term maintenance plan. This plan should consider the need to routinely reassess the steps needed to ensure that each facility is appropriately preserved and funded.	Low	Medium/ High	Low	Medium	High
17		Consider outsourcing property management activities to Community Services or a third-party with deep expertise in end to end facility maintenance.	Low	High	High	Medium	Low
18	Financial Management	Continue implementation of a centralized repository for policies and process documentation across WEA.	Low	Medium	Low	Low	Low/ Medium
19		Continue updating and drafting documentation of policies where none formally exist.	Low	Medium	Low	Low	Low/ Medium
20		Expand budgeting and forecasting process to include a 3-5 year outlook on cash flows that better aligns with the spending patterns of a major facility operator.	Low	Medium/ High	Low	Medium	Low

#	Area	Recommendation	Community Impact	Financial Impact	Effort / Investment	Risk	Timeline
21	Governance	Restructure Board committees to create alignment with core business activities and reduce administration.	Low	Low	Medium	Low	Medium
22		Run recruitment campaign during next nomination cycle to attract prospective Directors from other jurisdictions with direct experience working for or with comparable organizations in other markets. This may require an amendment to the WEA’s Articles of Association, as Directors must have their principal residence in Central Alberta.	Medium	Low	Medium	Low	High
23		Finalize and implement an appropriate annual CEO Performance Evaluation Process.	Medium	Low	Low	Low	Medium
24		Finalize and complete the restructuring of management to align leadership roles with accountabilities. This should be done for the core mandates of attracting events, managing events and maintaining facilities. Once complete, review the Delegation of Authority Matrix to assign for day to day authorities to the individual leaders responsible for their budgets and outcomes.	Low	Medium	Medium	Medium	Medium/High
25		Update the communications guidelines to align with the strategic vision and priorities of the organization. Establish a policy to update and approve changes to the communications guidelines on an annual basis.	Medium	Low	Low/Medium	Low	Medium/High
26	Strategy	Design and implement an annual strategic planning process. This process should incorporate the assessment of WEA’s operating environment, the identification of strategic priorities, as well as the setting of targets for key operating metrics. Incorporate economic development and community development goals into the metrics with specific targets for improving outcomes over time.	Medium	Medium	Medium	Low	Medium

#	Area	Recommendation	Community Impact	Financial Impact	Effort / Investment	Risk	Timeline
27	Performance Management	Enhance the monthly CEO report with a standardized structure that incorporates key operational and financial targets and metrics. Develop a public consumption version of the monthly report that can be distributed more broadly to management and staff.	Low	Medium	Low	Low	Low/ Medium
28		Prepare and publish the 2020 Annual Report and 2019-2020 Audited Financial Statements for WEA in accordance with historical practice. Where applicable, revise the Annual Report to incorporate more detail in line with leading practices.	Low	Low	Low	Low	Low
29	Community Impact	Develop targeted plans and target outputs with respect to community and economic benefits to enhance management awareness of and accountability for results.	High	Low	Medium	Low	Medium/ High
30	People and Culture	Formalize and implement a process to more routinely engage with volunteers and collect feedback to drive engagement over time. Incorporate volunteer feedback into success metrics for each project to create accountability around volunteer experience.	High	Medium	Medium	Medium	Medium/ High
31		Conduct a 2021 employee engagement survey to obtain updated feedback given the challenging current circumstances. Consider increasing the flow of information through town halls and other mechanisms to enhance engagement during this time of uncertainty.	Low	Low	Medium	Low	Low/ Medium

#	Area	Recommendation	Community Impact	Financial Impact	Effort / Investment	Risk	Timeline
32	COVID-19	Formalize a taskforce to routinely meet and address COVID-19 related issues across the organization. Develop policies and processes for responding to positive cases for employees and guests.	High	High	Medium/High	High	Medium
33		Restore the non-event marketing budget for 2020-2021 and redeploy funding for planned and pending events to drive awareness and attendance.	Medium	Medium	Medium	Medium	Medium
34		Consider running a campaign under the Westerner Foundation that highlights the community benefits of the events and calls for funding to maintain and enhance the existing facilities without funding from operations.	High	Medium	Medium	Medium	Medium
35		Continue to update the 2020-2021 forecast, in addition to preparing a 3-5 year outlook that considers the rebound from COVID-19 restrictions, to develop a longer-term outlook of the funds needed to sustain the organization over that time period.	Low	Medium	Low	Low	Medium

3. Introduction & Background

3.1 History

WEA was established in 1891 as the Red Deer Agricultural Society and has since become a critical contributor to cultural and economic activity across Central Alberta. The mission of WEA is to provide exceptional guest services through its premier facilities and services. WEA occupies 320 acres of municipal land that is home to its event venues, including the Agricentre, Centrium and Exhibition Hall. WEA attracts more than 1.5 million visitors and generates more than \$150 million in economic activity⁵ each year. WEA hosts events of all sizes, including weddings, hockey games, agricultural exhibitions and trade shows. WEA is home to several major annual events such as the Agri-Trade Expo and Canadian Finals Rodeo.

WEA is incorporated under the Alberta Business Corporations Act as a not-for-profit organization and is both a registered charity and agricultural society. The WEA is governed by a Board of Directors (the "Board") which currently consists of twelve members. Of the Directors, nine are elected by the shareholders, two are from Red Deer City Council and one is from Red Deer County.

During 2019, following construction of the 51,500 square foot Exhibition Hall and a successful bid to host the Canadian Finals Rodeo for 10 years, WEA began to show signs of financial distress. Following years of flat revenues and steadily increasing expenses, WEA could no longer fund operations, make principal payments on outstanding loans and contribute to the Major Maintenance Fund ("MMF"). Even with additional loans from CIBC and withdrawals from the MMF, WEA was still at risk of missing future loan payments. In late 2019, WEA notified the City of these concerns. In early 2020, the City assumed temporary financial oversight.

The financial performance and condition of WEA continued to worsen when the COVID-19 global health pandemic necessitated the cancellation or delay of many events in Red Deer, including the 2020 Canadian Finals Rodeo and Westerner Days. During the summer of 2020, WEA approached the City with a request for additional funding. In July 2020, City Council approved a \$2.0 million grant to maintain operations.

3.2 Vision, Mission & Values

The vision of WEA is to be "Western Canada's Event Centre... Your Home for Celebration!" and it is supported by the mission "To provide exceptional guest experience through premier facilities and services for agriculture and trade, sports and entertainment, conferences and meetings, generating economic benefits for Central Alberta." WEA focuses on five values when delivering on their mission and vision:

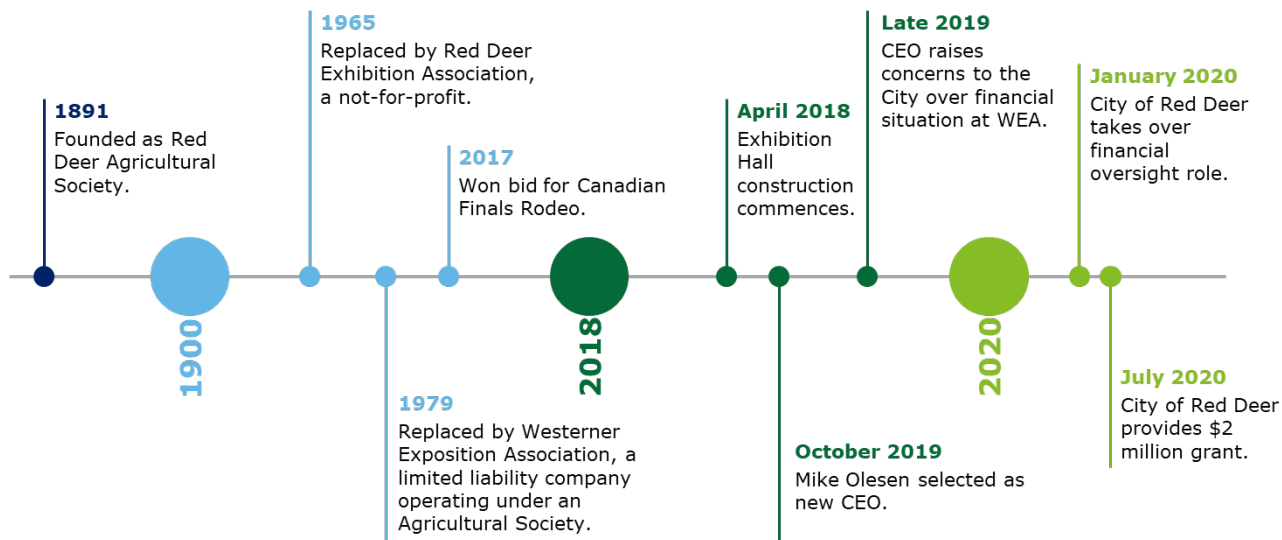
- 1. Community and Westerner Team Focused** - We are committed to our community, and our Westerner Team. We see the community in the park, and the park in the community.
- 2. Welcoming** - We are welcoming and inviting. Westerner Park is here for everyone in our community. As Westerners, we value and respect the diverse nature of our clients, guests and team.
- 3. Agriculturally Rooted** - We celebrate our tradition as an agricultural society. We have a strong sense of where we've come from as a community. We seek to bridge our agricultural past with a growing urban population while embracing new technologies and innovations.
- 4. Deliberate Stewards** - We manage our resources responsibly and our risks with careful consideration. We intentionally provide personal, team, and organizational development for continuous improvement.

⁵ Reddeer.ca. 2020. Westerner Park - The City Of Red Deer. [online] [Accessed 1 August 2020].

5. Socially Responsible - We act with integrity and strong ethics. We consider our actions and their effects on those we serve and our Westerner Team.

3.3 Timeline of Events

We have summarized the key events leading up to the current situation below:



Timeline of WEA events

3.4 Key Management

During recent years, WEA has experienced significant turnover at the CEO level:

Term	CEO
June 1996 - May 2014	John Harms
January 2016 - September 2018	Ben Antifaiff
September 2018 - November 2019	Bradley Williams
November 2019 - Present	Mike Olesen

Timeline of CEO turnover

Mike Olesen assumed the CEO role in November 2019 and has embarked on an aggressive plan to strengthen the organization, including reorganizing financially and operationally. Unfortunately, due to the financial situation of WEA and the impact of COVID-19, 90 percent of WEA staff have been temporarily laid off and fixed operating costs have been reduced to less than \$300,000 per month.

3.5 Facilities

At present, WEA owns and operates numerous facilities at Westerner Park. Interested parties are able to host events in small intimate settings to large scale exposition hall and arenas. Capacity throughout the various venue’s ranges from intimate meetings and get-togethers up to 12 people to thousands in their exhibition hall and arena. In addition to inside venues, WEA offers a few outdoor options and over a million square feet of parking lot that can convert into a large outdoor event space. WEA has the facilities and capacity to run small events such as family gatherings and meetings, as well as large scale trade shows, concerts and sporting events.

Refer to Appendix D for a list of key venues.

3.6 Notable Events

WEA hosts the following notable events, which represent 53% of annual revenues:

1. **Agri-Trade** - In collaboration with City of Red Deer and the District of Chamber of Commerce, WEA hosts the annual Agri-Trade Equipment Expo which attracts approximately 20,000 attendees each year and contributes around \$300 million in spin-off revenue. The Expo has been invaluable to the farming community as the premier place to create and maintain connections within the industry.
2. **Canadian Finals Rodeo** – A six day event which includes athletes participating in various rodeo competitions, a trade show, a cabaret and other free onsite activities that support local charities and community organizations.
3. **Red Deer Rebels** – WEA hosts approximately 36 home games for the Red Deer Rebels WHL team in the Centrium between September and April on an annual basis.
4. **Westerner Days Fair & Exposition** – The largest Central Alberta festival spanning 5 days in Mid-July, with midway rides, live entertainment, races, and food for visitors. This festival alone contributes more than \$7 million dollars to the Red Deer Economy and has over 30,000 visitors annually. Each year visitors and exhibitors spend \$5 million on food services, retail and entertainment supporting local businesses in Red Deer.
5. **Westerner Dairy Showcase** – An exhibition style event attracting exhibitors from across the western provinces to build connections in the agricultural space and provide opportunities for industry updates and education.

3.7 Relationship with the City

1. Refer to the discussion in Section 2.2.3.

3.8 Borrowings

WEA signed an agreement with Canadian Western Bank (“CWB”) on May 14, 2018 to obtain a demand loan for \$16,000,000 and a line of credit for \$3,000,000. The \$16,000,000 was intended to fund the remainder of the development of the new Exhibition Hall. On March 21, 2019, WEA signed a new agreement with CIBC for the amount of \$16,500,000 to settle the outstanding loan with CWB. Under this new loan with CIBC, WEA transferred funds into an account and were going to use CIBC as their daily account. However, due to other business matters and convenience, WEA has retained their daily operational banking with ATB Financial for the time being.

In late 2019, the City, as the landowner, was notified that there were growing concerns regarding WEA’s ability to comply with its debt service coverage ratio covenant of 1.0 to 1.0 minimum in accordance to the loan agreement with CIBC as well as the financial situation of WEA.

As required under the credit facility, WEA is required to maintain a debt service coverage ratio that is equal to or greater than 1.00 to 1.00 in fiscal 2019 and 1.20 to 1.00 the subsequent years. This requirement was not met in fiscal 2019 with WEA experiencing an operating loss.

Since that time, there have been ongoing discussions including several amendments (e.g. to defer principal payments during a temporary accommodation period that currently extends to September 2021) to maintain WEA’s banking relationship during this period of non-compliance with covenants. Much of the discussion continuing can be credited to the City assuming financial oversight (reviewing and approving the 2020-2021 budget, monthly cash flow forecasts corresponding plans at a council level) and providing grant funding to stabilize operations during COVID-19.

4. Scope & Restrictions

The following describes our scope, procedures, and any limitations/restrictions on the use of this report:

4.1 Scope of Work

Deloitte LLP ("Deloitte", "us" or "we") was engaged by the City on May 28, 2020 to gather information, report findings and observations and provide recommendations on the following issues:

4.1.1. Westerner Exposition Association Financial Sustainability Review:

1. A detailed financial assessment of the current operations.
2. A comparison to benchmark facilities from a financial perspective.
3. The financing structure for the outstanding borrowing at WEA to determine its long-term sustainability.
4. The most sustainable financial model that may include any set of service offering changes, asset dispositions, debt structuring or strategic changes.
5. The optimal operational approach for managing (including interim management of) the facility.
6. Steps to stabilize finances as well as to improve performance.
7. Details any changes to internal control activities that are appropriate or required.
8. How to maximize community benefit.

Our findings, observations and recommendations with respect to the financial sustainability of the Westerner Exposition Association are outlined within this report.

4.2 Procedures

The following summarizes the procedures performed to uncover our findings, observations and recommendations throughout this report:

1. We worked with City Administration and WEA Management to develop a mutually agreed evaluation criteria that outlines the components of a healthy, sustainable WEA.
2. We reviewed various accounting, business and governing documents.
3. We analyzed financial information and records from April 1, 2017 to May 30, 2020 to understand overall financial trends, the use of funds and the delta to achieve financial sustainability.
4. We interviewed members of WEA's management and Board of Directors.
5. We identified a set of comparable organizations and conducted a scan of publicly accessible information to benchmark the governance and operations of WEA.
6. After accumulating all of the information described above, we applied it to assess the current and desired future state of WEA, as outlined by WEA management, against our evaluation criteria.
7. We developed a comprehensive report on our findings.

We received full cooperation and support from management of WEA and were able to obtain all requested information, where available, in a timely manner.

4.3 Limitations

The following summarizes any scope limitations readers should consider in reviewing the findings, observations and recommendations within this report:

1. We did not engage with the external auditor, lenders or shareholders of WEA.
2. We limited our review of financial and operational information to the period following 2018.
3. Where policies or processes were not formally documented, our understanding and comments have been obtained based on verbal discussions and interviews.
4. Where we referenced benchmarking data, we have relied on publicly accessible data and have not conducted procedures to verify the completeness or accuracy of that data.

4.4 Restrictions

The following is a summary of the restrictions on the use of our report:

1. Our report has been prepared at the request of the City.
2. This report was based on information, documents, interview statements and explanations that have been provided to us and, therefore, the validity of our conclusions rely on the integrity of such information. Should any of the information provided to us not be factual or correct or should be asked to consider different information or assumptions, any findings set out in this report could be significantly different.
3. The analyses, advice, recommendations, opinions, or conclusions contained herein are valid only as of the indicated date and only for the indicated purpose.
4. The analyses, advice, recommendations, opinions, or conclusions contained herein are for the exclusive use of the client for the sole and specific purposes noted herein and may not be used for any other purpose by the client or any other party. Furthermore, the analyses, advice, recommendations, opinions, or conclusions are not intended by the author and should not be construed by the reader to be investment advice in any manner whatsoever. The analyses, advice, recommendations, opinions, or conclusions represent the considered opinion of Deloitte based on information furnished to it by the client, its representatives, and other sources.
5. Any third party (other than the City of Red Deer) that uses the information contained herein does so at its sole risk and agrees to hold Deloitte, its subcontractors, and their respective personnel harmless from any claims resulting from use by any other third party. Access by any third party does not create privity between Advisor and any third party.
6. No item in this report shall be changed by anyone other than Deloitte and Deloitte shall have no responsibility for unauthorized changes.
7. Where prospective financial information provided by the client or its representatives has been used in this analysis, we have not examined or compiled the prospective financial information and, therefore, do not express an audit opinion or any other form of assurance on the prospective financial information or the related assumptions. Events and circumstances frequently do not occur as expected and there will usually be differences between prospective financial information and actual results, and those differences may be material.
8. We assume no responsibility for the legal description or matters including legal or title considerations. Title to the subject assets, properties, or business interests is assumed to be good and marketable unless otherwise stated herein.
9. We assume that the client is in full compliance with all applicable federal, provincial, and local regulations and laws unless noncompliance is stated, defined, and considered in this report.





10. No effort has been made to determine the possible effect, if any, on any subject asset, property, or business interest due to future changes in federal, provincial, or local legislation, including any environmental or ecological matters or interpretations thereof.
11. We assume that all required licenses, certificates of occupancy, consents, or legislative or administrative authority from any federal, provincial or local government, private entity, or organization have been or can be obtained or renewed for any use on which the analyses, advice, recommendations, opinions, or conclusions contained herein are based.
12. We assume no responsibility for any financial or tax reporting requirements; such reporting requirements are the responsibility of the client for whom this analysis was prepared.
13. This report is not intended for circulation or publication, nor is to be reproduced for any purpose other than described herein, without our prior express written permission in each specific instance. We do not assume any responsibility for losses incurred by any party, as a result of the circulation, publication or reproduction of this report contrary to the provisions of this paragraph.
14. We used our professional judgement to identify and document the key events in the report to provide a concise summary. There may be other information that we have reviewed that another professional may consider a key event.
15. We reserve the right, but will be under no obligation, to review this report, and if we consider it necessary, to revise this report in light of any information that becomes known to us after the date of this report.

5. Current State Assessment

5.1 Introduction

To assess the future sustainability of WEA and provide meaningful recommendations, understanding of the current (and historic) state of operations is required. WEA has undergone a number of CEO changes over the past five years. Under the new CEO there has been a clear effort to modernize operations and infrastructure, but based on our procedures there is a significant deficit of investment in people, processes and systems.

As we have conducted our assessment, we have scored each function within the evaluation criteria using the following scale. The intent of this scale is to focus first on the mandate of WEA, then assess how the people, policies, processes and systems in place are supporting that mandate. We also consider the output in evaluating whether these elements have been successful in achieving their purpose.

Rating	Description
	Function mildly enables achievement of WEA objectives
	Function moderately enables achievement of WEA objectives
	Function strongly enables achievement of WEA objectives
	Function fully enables achievement of WEA objectives

Assessment and grading of WEA

To provide some consistency to our evaluation, we leveraged a number of frameworks such as the Deloitte Operational Maturity Model below to use common language in evaluating elements such as processes.

Leading Organization	Leading	<ul style="list-style-type: none"> Processes are aligned with the business strategy and there is a mature process in place that enables current and future business requirements to be measured and proactively managed. Process and tools fully defined and optimized; controls are automated and preventative. Highly integrated systems to support operations.
	Advanced	<ul style="list-style-type: none"> Business processes support the business through designed forms, defined process and framework, which start to enable workers to focus on business operations. Clearly defined decision tree and roles and responsibilities enable streamlined efforts. Standardized processes and documented policies; controls trending toward automated and preventative. High level of systems support, automation and integration across the organization.
Typical Organization	Defined	<ul style="list-style-type: none"> Defined strategy exists with detailed descriptions, governed by basic policies and or frameworks. Processes are mostly defined with varying levels of documentation; controls are defined, documented and mostly defective. Process is assessed for areas of redundancy, but with a reliance on manual efforts.
	Developing	<ul style="list-style-type: none"> Basic strategy and competency definitions exist but are not governed by formal policies and or frameworks. Processes are partially defined and highly manual; controls are mostly manual and revolve around one individual. Manual activities, duplication of efforts, and basic use of existing system functionality limits productivity of those involved.

Deloitte Operational Maturity Model

5.2 Financial Analysis

Refer to the discussion in Section 2.2.4.

5.3 Evaluation Criteria

Refer to the discussion in Section 2.1.2.

5.4 Strategic Alternatives

Refer to the discussion in Section 2.4.

5.5 Recommendations

We recommend that City Administration consider the following strategic alternatives:

Recommendation 1: In the short-term, we recommend that the City assist WEA management in conducting a comprehensive building condition assessment. In the long-term, the City should review the scope of their existing asset management programs and consider the inclusion of facilities such as Westerner Park that are not owned by the City but are located on City lands. The City should also review the asset management policies and processes across Community Services and Inspections & Licensing to ensure leading practices and resources are shared across the organization.

Recommendation 2: In the short-term, we recommend that WEA implement a structured stakeholder management process to identify opportunities to collaborate with organizations across Central Alberta on economic development and tourism attraction initiatives. In the long-term, the City should continue to evaluate the potential for a dedicated Major Event & Tourism Attraction Corporation that will pool resources to drive destination development, event attraction, marketing and capacity building activities.

Recommendation 3: That WEA management develop a prioritized 30-60-90 action plan to accelerate the restructuring of the organization and enhance key operational processes to increase clarity, streamline operations, and boost event attraction / community engagement.

6. Evaluation – Operations

6.1 Revenue & Profitability

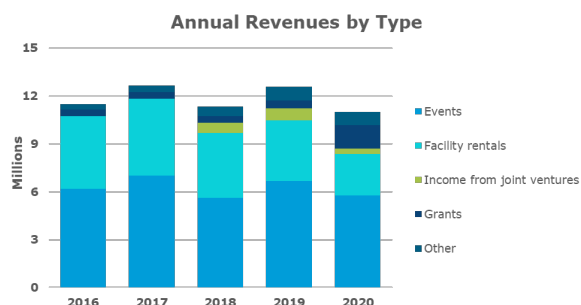
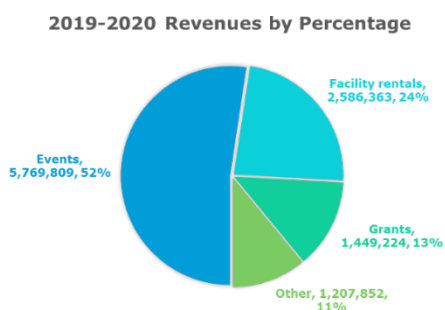
When assessing Revenue & Profitability, we considered recent financial performance and management practices as a strong indicator of future results. Refer to Appendix A for more information on historical financial performance of WEA.



Conclusion: Function mildly enables achievement of WEA objectives.

6.1.1. Revenue Sources

WEA earns revenues from events, facility rentals, income from joint ventures, grants and other sources.



Over five years, from 2015-2016 to 2019-2020, total revenues averaged \$11,817,000 and declined from \$11,499,505 to \$11,103,248.

Events accounted for 52% of revenues in 2019-2020. Event revenues consist of gate admissions, concessions, parking and other sources of revenue related to five major events:

- 1. Agri-Trade** – WEA hosts the annual Agri-Trade Equipment Expo in partnership with the Red Deer & District Chamber of Commerce. The Expo attracts approximately 20,000 attendees per annum and generates more than \$300 million in spin-off revenues. The Expo is considered invaluable to the farming community; according to a 2017 guest survey, 49% of guests rank the agricultural events at Westerner Park as the most important ones they attend. Agri-Trade is forecast to generate ██████████ in 2020-2021 based on 50% attendance due to COVID-19.
- 2. Canadian Finals Rodeo** – WEA has a 10-year contract to host the Canadian Finals Rodeo (“CFR”), a 6-day event which consists of athletes participating in various rodeo competitions, a trade show, a cabaret and other free on-site activities that support local community organizations. CFR generated ██████████ in 2019-2020 and was forecast to generate a loss of \$473,299 prior to being cancelled due to COVID-19.
- 3. Red Deer Rebels** – The Centrium is home to approximately 36 home games for the Red Deer Rebels hockey team between September and April. WEA primarily earns revenues from the facility rental, concession sales, and parking. Red Deer Rebel games are expected to generate ██████████ in 2020-2021 based on 50% attendance due to COVID-19.

4. **Westerner Days Fair & Exposition** – The largest festival in Central Alberta involves midway rides, live entertainment, and races for visitors. The fair contributes more than \$7 million dollars to the Red Deer economy and has over 30,000 visitors annually. Westerner Days generated ██████████ in 2019-2020 but is cancelled for 2020-2021 due to COVID-19.
5. **Westerner Dairy Showcase** – The showcase attracts exhibitors from across Western Canada with over 150 cattle showings each year. The vision for the event is to showcase the best in the industry and to provide opportunities for industry updates and education. The showcase is forecast to contribute ██████████ in 2020-2021 based on 50% attendance due to COVID-19.

Facility rentals accounted for 24% of revenues in 2019-2020. During that year, WEA hosted more than 210 events that on average generated \$11,350 in revenues net of direct expenses. Of these events, 88% were profitable and 1% were breakeven.

Grants accounted for 13% of revenues in 2019-2020. Recurring grant revenues primarily consist of a \$400,000 per annum for Westerner Days as a “Class B” fair and \$250,000 per annum grant for CFR from the Alberta Major Cultural Events and Sports program.

6.1.2. Revenue Generation & Venue Utilization

Major event operators make significant investments in venues that take years to recover. The Revenue per Square Foot and Utilization Rate are important drivers of profitability that help operators maximize the return on investments in facility space.

While reviewing the processes in place to schedule and coordinate event bookings, we found that the current systems in place are highly manual and do not generate insights into space utilization on a venue, room or calendar basis. Without information on these metrics, management is unable to proactively focus efforts on filling specific gaps and to drive better utilization across venues. WEA, as an organization that is in the business of renting event venues, needs to monitor capacity on an ongoing basis.

The following table compares revenue per square foot in 2018-2019. Each figure was obtained from the Annual Report or other comparable public information for the period ending in fiscal 2019:

2018-2019 Revenue Per Square Foot	Westerner Park (Red Deer)	Edmonton EXPO Centre	Evrax Place (Regina)	Lethbridge & District Exhibition	Vancouver Convention Centre
External Revenues	\$11,013,248	\$20,498,902	\$41,934,991	\$4,991,889	\$65,085,000
Square Footage	315,204	522,000	500,000	121,110	466,500
	\$35	\$39	\$84	\$41	\$140

Based on 2018-2019 figures from each peer organization’s annual report, WEA realized the lowest revenue per square foot after construction of the Exhibition Hall. The construction of the new Exhibition Hall, which added 51,500 square feet in new event space, increased the capacity of Westerner by approximately 20% starting in 2019-2020; however, without a commensurate increase in event bookings and utilization, this contributed to a significant decline in the revenue per square foot of the Association compared to peers.

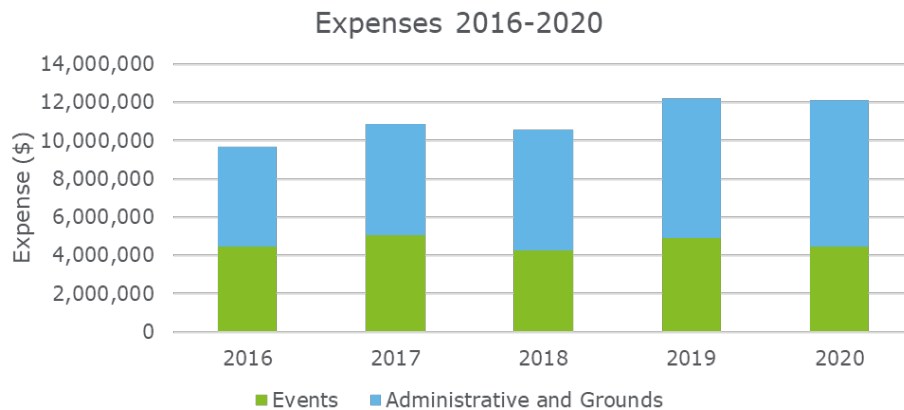
Facility utilization is an important metric that allows operators to assess space demands and make decisions around the construction or divestiture of individual venues. From our discussions with management, it is apparent that the current manual booking processes do not provide the ability to efficiently measure or monitor utilization on an ad-hoc or ongoing basis. As a result, management does not have a current process

to set targets for utilization and measure performance against those targets over time. This information is expected to be available once management implements a new event management solution.

6.1.3. Event Profitability

Historically, management has not had adequate processes to measure or forecast revenues and expenses associated with each major event to assess and improve profitability. In 2020-2021, management introduced a more granular process to support decision-making around event management going forward, but similar information was not available for prior years.

Under the new process, revenues and direct expenses are allocated to each major event and other category on a detailed level, however there continues to be no allocation for overhead or indirect expenses. Without an allocation for direct expenses, it is difficult to ascertain whether each event is truly sustainable or whether sufficient value is being captured to fund current and future maintenance requirements of facilities. Between 2015-2016 and 2019-2020, event expenses averaged \$4,611,633 or less than 42% of total expenses. By not considering the allocation of indirect costs such as facility maintenance, WEA has systematically overestimated the profitability of each event. For example, the Westerner Dairy Showcase, which was forecast to generate [REDACTED] before considering COVID-19, likely would not cover the true cost of operations when considering facility costs and management time.



Historical Sources of Expenses (Obtained from WEA Financial Statements)

Based on the information received (which covered the period from May 2019 to March 2020):

1. WEA hosted approximately 210 events with average earnings of \$11,350;
2. 89% of events generated a profit or broke even, while 11% incurred losses;
3. [REDACTED]; and
4. [REDACTED].

While there are some indications that WEA should be more selective in focusing on events that will drive margin, the importance of smaller events and loss leaders (such as the Westerner Dairy Showcase) should not be underestimated. These events are critical contributors to the community impact that WEA generates across Central Alberta. As further explored in Section 9 COVID-19, ongoing travel restrictions and changing consumer behaviours will continue to limit WEA’s ability to host large indoor events, elevating the importance of smaller indoor and outdoor events.

Based on our leading practice review, similar convention and trade show operators typically generate a small profit to sustain their operations. The desired future state for WEA is to generate a small profit, in addition to

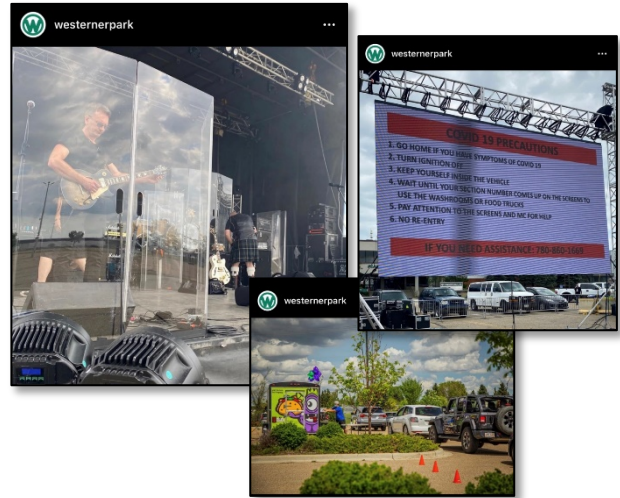
reserving funds for future capital additions and maintenance activities. This goal balances the financial sustainability of operations with public policy objectives to generate community and economic benefits.

While WEA has historically been financially sustainable, capital maintenance and financing costs have grown faster than revenues in recent years. In response, WEA will need to drive greater event revenues and increased productivity across the organization, which is discussed further in Section 6.3 *Cost Management*.

6.1.3.1 Management Response

From our discussions, management has identified a number of the issues with event management and has undertaken the following strategic initiatives in response:

1. Increasing the granularity of budgets and forecasts to better understand the profitability of each event and make better decisions around cost management;
2. Implementing a modern event management system to streamline event scheduling and booking functions, while also generating more insight into key operating metrics; and
3. Hosting unconventional events using outdoor or virtual mediums to maintain connection with the community while driving cash flow.



Events at WEA with COVID-19 procedures (Source: WEA Instagram)

6.1.3.2 Recommendations

We recommend that management prioritize the following initiatives:

Recommendation 4: Accelerate implementation of the new event management system to increase visibility into key operational metrics including venue utilization and space demands.

Recommendation 5: Develop target metrics around revenue per square foot, venue utilization and event profitability that are appropriate for the size and scale of WEA and create clear accountabilities for those metrics. In doing so, determine the margin of each event type, then map these against each venue to determine the minimum number of events required to achieve financial sustainability.

Recommendation 6: Leverage data with respect to space utilization to develop a practical method for allocating indirect costs and overheads to events to accurately assess their profitability.

6.2 Sales & Marketing

When assessing Sales & Marketing, Deloitte considered the policies, processes and resources in place to consistently drive lead generation and pipeline progression.



Conclusion: Function mildly enables achievement of WEA objectives.

6.2.1. Structure & Resourcing

WEA has a Major Event Sales Executive that reports to the Chief Executive Officer. Following construction of the new Exhibition Hall, which increased rentable square footage by approximately 20%, WEA did not make a commensurate investment in sales and marketing activities. No new business development positions were added and overall advertising spend declined in the years following construction. In addition, marketing of the new Exhibition Hall did not begin until approximately 11 months prior to opening, despite major events having a longer sales and planning cycle of 24 to 36 months. There was, as a result, no measurable increase in event revenues to cover the increased operating and capital costs associated with the new venue.

Under the current governance and management structure, WEA does not have a senior leader with accountability for sales and marketing other than the Chief Executive Officer. As a result, resources can from time to time be diverted to other activities such as event management, and this area has not received the investment needed to achieve desired outcomes.

6.2.2. Processes & Metrics

WEA has various informal sales and marketing processes, but based on our discussions with management these are not well documented or linked to result-driven metrics. For example, while management holds weekly sales meetings, we could not corroborate specific targets or outcomes from those meetings. Pipeline information is tracked in MS Excel and summarized as needed to support forecasts or other activities.

While WEA has experienced recent success in attracting major events such as the Canadian Finals Rodeo and World Junior Hockey Championship, this has been done without structured processes that are aligned clear plans, targets or accountabilities that support financial sustainability and other objectives. The Major Event Sales Executive (and previous iterations of the position) have worked with various sources such as Board members, existing clients, or other local contacts to attract new business.

From our review of WEA's current marketing practices, we understand that most marketing activities are focused on individual events rather than the venues themselves.

Through our discussions with management, we heard that another persistent issue is the number of handoffs across departments. For example, once a client is brought in, they typically move from sales and marketing representatives to account managers, food & beverage and several other stakeholders. As discussed in Section 7.1 *Governance*, WEA is in the process of introducing a new management structure that will reduce touch points to service one customer. Establishing a consistent point of contact throughout the process will increase customer satisfaction at each stage.

To achieve its desired state, WEA will need to invest an adequate amount into an effective, results-based sales and marketing process to drive consistent utilization and attendance. In making these investments, a balance must be struck between marketing the overall venues to ensure utilization and marketing individual events to drive customer satisfaction.

Based on our leading practice review, comparator organizations tend to maintain a strong digital footprint as a way to attract guests from out of town and province, while leveraging a dedicated sales team to generate leads and source events from organizers.

As management roles are restructured, WEA should consider developing a team with designated responsibilities for social media management and other forms of communication, customer relationship management and prospecting activities.

6.2.2.1 Management Response

From our discussions, management is currently acting on the following initiatives:

1. Defining the role of the Chief Executive Officer in executing on business development. This has been historically the role of the current Business Development Manager, but there is benefit to including the CEO in the process.
2. Implementing a new event management system and developing a framework for data/insight that can inform event attraction and event management activities.
3. Designing a new end to end process for how the organization engages with clients, reducing handoffs and touch points, to increase client satisfaction.

6.2.2.2 Recommendations

We recommend that WEA prioritize the following modernization initiatives:

Recommendation 7: Introduce a senior management role responsible for event attraction activities and empower that individual to support the CEO in developing a plan, targets and monitoring processes.

Recommendation 8: Accelerate plans to launch the Westerner Foundation as a new source of community-driven fundraising and support.

Recommendation 9: Develop a formal evaluation framework for future major events with stage gates before bidding and negotiating each opportunity.

Recommendation 10: Develop a lessons learned process for events to inform future decision making around pricing and other key details.

Recommendation 11: Streamline the customer experience between sales, marketing and event management. Redesign a new end to end process that minimizes hand offs by assigning each customer a single representative who guides them throughout the process with each internal group.

6.3 Cost Management

When assessing Cost Management, Deloitte considered the policies, processes and resources in place to maximize the value or return on investment from expenditures into both capital and ongoing operations. Refer to Appendix A for a summary of historical expenditures by type.



Conclusion: Function mildly enables achievement of WEA objectives.

6.3.1. Overview

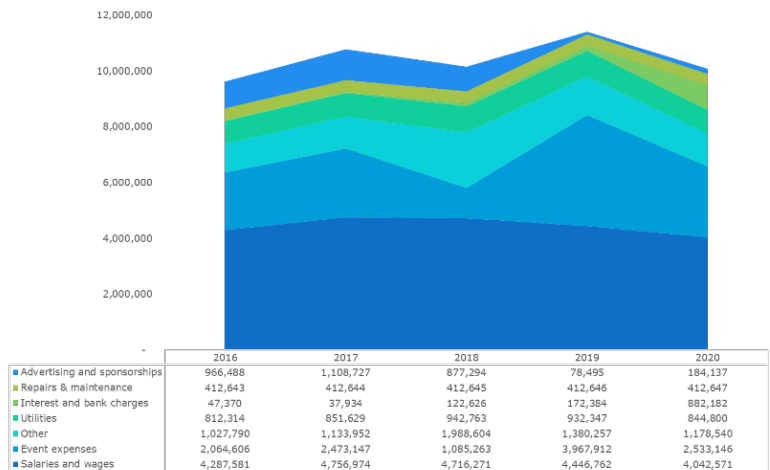
Effective cost management policies and processes are needed to maximize the return on funding invested into both capital and ongoing operations.

WEA’s annual operating expenses (including both major event and non-event spending) have fluctuated between \$9.6 – 11.4 million while growing an average of 4.5% per annum over the past five years. This outpaced external revenues which were flat over the same time period.

The table illustrates trends in operating expenses from 2015-2016 to 2019-2020:

- Overall expenses grew 4.5% per annum. This growth was primarily driven by increases in event spending associated with operations of CFR. While these expenses are expected to decline in future years, management was still forecasting a loss of \$473,299 prior to cancellation due to COVID-19;
- Utilities increased 1.0%, despite the construction of the new Exhibition Hall increasing the footprint of Westerner Park by more than 20%; and
- Non-event advertising and sponsorships have declined 3.0% per annum despite the need to market the new venue spaces.

Annual Operating Expenses (2016-2020)



In response to COVID-19, WEA has taken numerous steps to reduce operating expenses including temporary layoffs of staff, deferral or cancellation of events and suspending use of facilities. Under the current structure, the fixed overhead of WEA is approximately \$300,000 per month.

We have discussed the spending on repairs & maintenance in more detail within Section 1.4.4.

6.3.2. Ongoing Cash Requirements

To continue operations in a sustainable way, WEA needs to generate enough cash to fund operations, provide for their Major Maintenance Fund and service borrowings outstanding from CIBC. At March 31, 2020, WEA had a balance of \$15,830,939 outstanding from CIBC.

WEA has received a principal repayment holiday from March 27, 2020 to September 27, 2021. As a result, WEA will only need to make interest payments over the next 16 months. Following completion of the payment, blended annual payments including principal and interest will be required until maturity in 2044.

CIBC Borrowings	
Outstanding loan balance as at March 31, 2020	15,830,939
Interest rate (1)	3.53%
Expected annual payment for 2021 (interest only)	558,832
Expected annual payments thereafter (principal and interest)	1,031,346

Note:

(1) WEA has signed an interest rate swap agreement with the lender to fix the interest rate at increments ranging from 3.34% - 3.53%. For conservative budgeting purposes, the higher end of this range was used above.

Source: CIBC Loan Repayment Calculator

In addition to the cash flow required to service WEA’s existing debt, WEA must also consider replenishing the MMF capital reserve. Established through an agreement between the City of Red Deer and WEA signed on October 18, 1994, the MMF has a target balance of approximately \$1,000,000 and its funds are not to be used for any purpose other than the major maintenance needs of the facility without approval by the City of Red Deer. Where the balance is under \$1,000,000, as is the case now, WEA is expected to contribute at least \$50,000 per annum.

6.3.3. Salaries & Wages

Salaries and wages are the largest expense line for WEA at 35-50% of revenues over the previous five years. Most WEA staff contracts are governed by the Westerner Exposition Association Agreement which provides non-exempt employees with certain benefits and protections similar to a union. During the current COVID-19 global health pandemic, the agreement has made it difficult for management to restructure and reduce overhead costs until event activities resume; for example, the practice of grandfathering employees over time has resulted in the accumulation of a significant vacation liability and the agreement provides strict restrictions on the ordering of layoffs and rehires based on seniority. As WEA restructures to become a more effective organization, management will need to work proactively with the employees to make decisions based on the future sustainability of the organization.

Based on public information for 2018-2019, we compared the spending on salaries and wages to three comparable operators in Western Canada. The table below summarizes the results:

2018-2019 Salaries & Wages as a Percentage of External Revenue	Westerner Park (Red Deer)	Grande Prairie RAES	Lethbridge & District Exhibition	Vancouver Convention Centre
External Revenues	11,013,248	21,761,822	4,991,889	65,085,000
Salaries & Wages	4,348,208	5,138,972	2,121,245	12,393,000
% on Salaries & Wages	39%	24%	42%	19%

WEA is on the higher end of its peers, which have salary and wages between 19% and 42% of external revenues. Consistent with our leading practice review, the decline of staffing costs as a percentage of revenues as operators grow demonstrates the benefits of scale.

A major contributor to the increase in event-related expenses in 2018-2019 was the decision to in-source catering activities, which involved a \$500,000 capital investment and \$40,000 per month increase to operating costs. The in-house catering program was not profitable and was not well received by customers. We understand that management has taken steps to outsource the program to a new partner starting in 2020-2021 which has supported a reduction in overhead during COVID-19.

With COVID-19 impacting event activities, WEA has taken permanent and temporary steps to reduce staffing costs. In addition to the changes mentioned below, additional steps have been taken such as temporary layoffs or enrolment in reduced hour programs to further reduce staffing costs.

WEA Permanent Employees

	FY 2020 (Actual)	FY 2021 (Budget)
Full-Time Equivalents (FTEs)	67	52
Revenue per FTE	\$248,482	\$241,478

Source: Management Reporting

While it is important to reduce fixed overhead costs, it will be important that WEA does not solely focus on cost reduction in the short-term. As discussed throughout this report, there are numerous opportunities to improve policies, processes and systems that are prerequisites of becoming a sustainable organization. WEA will need to continue to invest in these modernization activities, whether by maintaining employees or accessing external services. Programs like the Canada Emergency Wage Subsidy can be accessed to accelerate progress in the short-term at a reduced cost.

6.3.4. Procurement

During our interviews with management, we heard about multiple gaps in procurement practices (e.g. ad-hoc purchases of supplies outside of standing arrangements, not tracking inventories for food and beverage items, etc.). We reviewed management’s procurement policy which outlines expectations for a competitive tendering process based on different thresholds, establishes signing authorities for approvals, and sets other expectations in line with good practices. We understand that management is taking deliberate efforts to increase compliance with these policies.

During our review, we noted that WEA has a highly fragmented vendor base. For example, in 2018-2019, WEA engaged more than 100 unique contractors for repairs & maintenance related activities alone. We have recommended that management consider adding a central procurement coordinator to consolidate procurement activities across different functions and drive strategic sourcing decisions to reduce costs. Continuing to standardize procurement activities and engaging in more strategic sourcing activities is expected to drive cost savings and reduce operational risks across the organization, however more analysis will be needed to quantify the impact of these recommendations.

Moving forward, WEA must continue to streamline its cost structure and build flexibility into the budget, so that management can scale operations up and down as event activities dictate. Better processes to plan, budget and monitor costs associated with long-term activities such as facility maintenance, as discussed in other sections, will allow management to better forecast expected future costs. With respect to major capital investments, WEA should request assistance from the procurement team at the City, which has significant relevant expertise.

Based on our review, it will be important for WEA to continue:

1. Minimizing fixed overhead in the short-term, while continuing to invest in modernization activities;
2. Building flexibility into cost structures, such as by renegotiating the collective agreement with employees to provide more options with respect to the restructuring of staff; and
3. Centralizing or standardizing procurement activities to reduce overlap that results in increased costs.

6.3.4.1 Management Response

From our discussions, management is currently acting on the following initiatives:

1. Outsourcing catering operations to reduce financial risk and minimize overhead during off-peak periods;
2. Implementing a more efficient online payroll process that enables more effective management and oversight. Under the new process, WEA will have enhanced reporting capabilities and ability to monitor expenses and liabilities in real-time; and
3. Implementing measures to require purchase orders for most transactions (as of January 2020).

6.3.4.2 Recommendations

We recommend that WEA prioritize the following modernization initiatives:

Recommendation 12: Renegotiate the WEA Employee Association Agreement to increase organizational flexibility to restructure and scale up and down during this period of uncertainty due to COVID-19.

Recommendation 13: Contract a procurement professional to centralize and enforce use of a standard procurement process in line with the existing policies.

Recommendation 14: Review current vendors across each function and consolidate where possible to obtain preferred pricing and reduce operational complexity.

6.4 Facilities Management

When assessing Facilities Management, Deloitte considered the policies, processes and resources in place to ensure that facilities are developed and maintained to maximize their long-term value.

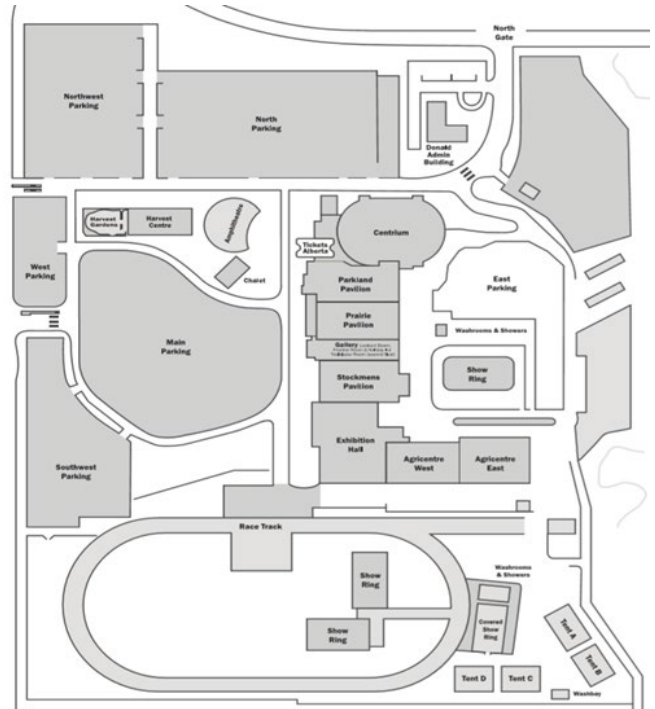


Conclusion: Function mildly enables achievement of WEA objectives.

6.4.1. Overview

WEA manages more than 315,000 square feet of indoor venue space, including arenas, exhibition space, and traditional meeting rooms. WEA also manages several outdoor spaces, parking lots, a racetrack, and a campground. Effective facility management practices are needed to maximize the lifetime value of each venue. WEA’s business model is based on realizing value from 25+ year investments into large-scale event facilities that will be used for multiple decades. Successful facility management depends on having the expertise to make prudent investments to preserve these assets at a level that provides that best return on investment.

Facility management is the responsibility of the Assistant General Manager and Operations Manager. As we understand from our interviews, WEA does not have deep expertise in this space and relies on third parties for as much as 95% of these activities. As mentioned above, WEA contracted more than 100 unique vendors for maintenance related activities in 2019-2020. WEA has accessed City resources to manage major projects such as the Centrium enhancements but does not receive assistance on an ongoing basis.



Based on our leading practice review, effective operators have separated event management from facility management to create standalone organizations with focus and scale. This encourages the development of appropriate skillsets, accountabilities and incentives. Where separate organizations are not in place, we observed clear management structures with senior professionals that could take responsibility for the leadership of capital maintenance activities. Given the number of short-term initiatives, and the financial constraints, at WEA, we would recommend taking an outsourcing approach to get those skillsets in the short-term while the City evaluates the potential for a broader real estate management transformation.

6.4.2. Capital Replacement & Maintenance

Over time, we expect WEA to invest between 2.5-4.0% of the market value to replace or maintain each facility as they age. The following table summarizes the investment in capital replacement and repairs & maintenance over the past five years, excluding net new investments in the Exhibition Hall:

Capital Maintenance & Spending	2016	2017	2018	2019	2020
Buildings - Cost	66,045,712	67,082,713	67,700,040	69,065,079	87,059,325
Average Useful Life	40 years	40 years	40 years	40 years	40 years
Accumulated Depreciation	30,132,093	31,790,995	33,239,717	34,942,664	37,085,452
Net depreciation	1,632,930	1,658,902	1,448,722	1,702,947	2,142,788
Addition: New exhibition hall	-	-	-	-	16,099,684
Net capital additions, disposals, improvements, and transfers (exc. New exhibition hall)	3,084,375	1,037,001	617,327	1,365,039	1,894,562
Net capital additions (% of Cost)	4.90%	1.57%	0.92%	2.02%	2.74%
Repair & Maintenance (\$)	656,078	733,372	646,009	846,415	766,043
Repair & Maintenance (% of Cost)	0.99%	1.09%	0.95%	1.23%	0.88%

Based on recent trends, management has invested ~1.81% per annum in capital additions over the past four years, which is in line with our understanding that management has been deprioritizing proactive and/or preventative investments in capital maintenance due to the current financial situation.

We understand that management has a capital plan, but that it is primarily based on the Westerner Park Strategic Development Strategy, which focuses on major investments such as the planned Centrium enhancements. Outside of that planned upgrade, we have heard that there has not been a comprehensive building condition or sustainability study completed in recent years. This presents a significant financial risk for the organization as it is unknown as to whether there is a material deferred maintenance liability that WEA does not have financial capacity to address.

6.4.3. Major Maintenance Fund

The MMF was established in 1994 in exchange for the City agreeing to release the Centrium Operating Trust Fund to WEA. The MMF is a reserve fund with a target level of \$1 million to provide a mechanism for the Board and management of WEA to save for future maintenance and replacement activities. Funds within MMF are not intended for use other than major maintenance.

During 2019-2020, the Board approved the withdrawal of \$700,000 from the MMF to fund short-term operations. While management intends to replenish the fund, it does not have a formal plan or the cash flows from operations to do so.

Before replenishing the fund, management should consider whether the existing mechanism is achieving its stated purpose for WEA. The target of \$1,000,000 was established in 1984 and has not been adjusted for inflation or the aging of each building. We recommend that management engage with the City to obtain assistance in undertaking a comprehensive building condition study to ascertain the current and future maintenance needs of WEA, then use that information to develop a more meaningful capital reserve contribution schedule. This will enable WEA to develop a targeted maintenance plan with clear funding sources. This plan should be updated and reviewed annually to ensure it reflects work completed and work planned but not completed. We recommend revising WEA’s MMF policy to require management to conduct such a study every 5-10 years. This will better equip management and the Board to oversee the long-term maintenance of the facilities.

6.4.3.1 Management Response

From our discussions with management, we understand that preventative maintenance has been a low priority due to the current budget constraints and reduced headcount across the organization. While the assets are being used less, we recommend proceeding with a building condition assessment to provide management, the Board and the City with visibility into any deferred maintenance requirements.

6.4.3.2 Recommendations

We recommend that WEA prioritize the following modernization initiatives:

Recommendation 15: Obtain a building condition assessment from a qualified engineer to identify any deferred maintenance then use the results to develop a new contribution schedule to be used as part of an updated Major Maintenance Fund.

Recommendation 16: Develop an ongoing process to guide the creation and monitoring of a long-term maintenance plan. This plan should consider the need to routinely reassess the steps needed to ensure that each facility is appropriately preserved and funded.

Recommendation 17: Consider outsourcing property management activities to Community Services or a third-party with deep expertise in end to end facility maintenance.

6.5 Financial Management

When assessing Financial Management, Deloitte considered the design, implementation and effectiveness of controls to safeguard assets and support sound decision-making in both the short-term and long-term.



Conclusion: Function mildly enables achievement of WEA objectives.

6.5.1. Overview

Appropriate financial management policies and processes are needed to safeguard assets and manage cash flows. WEA has a Controller who reports to the Chief Executive Officer. The Controller is responsible for the design and implementation of appropriate accounting and financial management processes to enable business objectives.

The finance function at WEA has seen significant turnover with three different Controllers in a three-year period. Under the current Controller, significant effort has been undertaken to ensure that basic internal controls are in place such as bank reconciliations, monthly account reconciliations and internal management reporting. With the rate of process improvements in the last year, many policies and procedures have been adopted in practice but have not been formally documented. When asked about controls, policy and procedures, most staff were able to articulate consistent expectations based on the actual control in practice. Limited documentation was available, however through other document review such as auditor management letters and Board meeting minutes we confirmed that various documents exist. This is one area for improvement that the current management has noted and taken steps to improve the situation going forward.

6.5.2. Internal Controls

The Board is responsible for approval of operating and capital budgets, account payables for unbudgeted amounts in excess of \$50,000, contracts over \$100,000 and the CEO employment contract. The CEO is responsible for purchase orders under \$10,000, accounts payable for unbudgeted amounts under \$50,000, expense accounts for other individuals, other contracts and employee contracts. From our discussions with management, these approval pathways are consistently followed across the organization.

Appropriate segregation of duties is needed to reduce risk. While having the CEO approve transactions creates segregation of duties between him and the finance staff posting transactions, this is not an efficient delegation of responsibility. We recommend revising the delegation of authority to provide more flexibility to the next level of management to approve smaller transactions within their departments.

While common policies are in place in practice, as outlined above, it is not clear whether these policies and processes have been formalized and communicated for consistent use across all employees. For example, during the course of our interviews, we were provided with copies of numerous policies in draft form that were in various stages of being re-introduced by management – but found that these controls were being followed in practice. There is an initiative underway to formalize and publish a library of internal controls using Sharepoint as a central repository which is in progress for September 2020.

It was also noted throughout our procedures, that approval to release payments from WEA's banking system requires only one user. Our jurisdictional scan revealed that best practice for payment control is to require multiple authorizing parties for online payments, in line with dual signatures required for traditional cheque payments. In addition to the separate approvals, monthly management completes the financial accountability package which includes the completion of bank reconciliation, statements, list of online transactions, and GST quarterly. Although evidence of strong controls, currently due to the low staffing compliment due to COVID-19 measures (cost reduction), those who are posting and approving transactions

are completing the bank reconciliation. While staffing is limited, the accountability packages should also contain review/approval from the Board.

6.5.3. Budgeting & Forecasting

Financial management processes play a key role in setting goals and then measuring/monitoring results over time. We reviewed a number of past, previous and future budget and forecast documents obtained from management. As a result of the staffing changes discussed above, there has been a high degree of inconsistency in the form and granularity of budgeting and reporting, as well as the detailed mapping and grouping of transactions, which makes it difficult to compare results year-over-year.

The current management team has introduced a number of changes to the chart of accounts, account mappings and budgeting/reporting templates to better reflect the core operations of WEA. The intent of these changes is to more clearly articulate results on an event-by-event basis and to allow management to better assess the profitability of different functions.

The current budgeting and reporting capabilities of the organizations have limitations, especially with respect to the ability of management to use these processes to inform insightful decision making. Currently, there is no process in place to allocate the indirect costs and overheads associated with each venue to specific event or non-event functions. As a result, management does not have a view of the true profitability of each event/activity and may not be setting pricing appropriately to recover the costs associated with each event. Another gap relates to the timeframe of the forecasting cycle. WEA's core business is based on capturing value over time from major capital investments in venues that can take more than ten years to recover. As a result, a 3-5 year forecast of operating results and cash flows is critical to account for variability in annual event performance and the long-term nature of major capital maintenance projects. For example, WEA's recent request for additional financing is based on an analysis of the impact of COVID-19 on the 2020-2021 fiscal year, but it is equally important for management to consider a longer term outlook on how quickly activities will return to normal. These considerations have a significant impact on the cash flow forecast for the organization and should be maintained on a rolling basis.

Strong financial management ensures organizations' assets are protected, and as such better allows them to get the best value for their money. As a public facing, community-oriented organization, strong controls mitigating fraud also help protect WEA's image in the eyes of the community.

To dispel the public perception of financial mismanagement while preventing significant losses – as incurred by WEA in recent years – from happening in the future, it is imperative that WEA properly document the controls it currently follows, while continuously implementing and revising their entire control structure moving forward.

Specifically, WEA should consider:

1. Maintaining a detailed, supported long-term financial forecast estimating cash flows for the purposes of improved capital planning and debt management;
2. Adopting a full control framework for each key business function ensuring that segregation of duties is maintained throughout; and,
3. Formalizing their authority matrix, for greater clarity on authorization thresholds by role.

6.5.3.1 Management Response

From our discussions, management is currently acting on the following initiatives:

1. Developed the Financial Accountability Policy as a starting point to address control documentation (and process owner) issues;
2. Compiling documentation of all existing controls implemented both currently and historically;
3. Formalizing, dating, and publishing existing controls in place
4. Created a SharePoint to store controls (to be completed by September 2020); and,
5. Including formalized controls in their onboarding process when training new employees.

6.5.3.2 Recommendations

We recommend that WEA prioritize the following modernization initiatives:

Recommendation 18: Continue implementation of a centralized repository for policies and process documentation across WEA.

Recommendation 19: Continue updating and drafting documentation of policies where none formally exist.

Recommendation 20: Expand budgeting and forecasting process to include a 3-5 year outlook on cash flows that better aligns with the spending patterns of a major facility operator.

7. Evaluation - Leadership

7.1 Governance

When assessing Governance, Deloitte considered the purpose and mandate of WEA, then whether the ownership, legal, oversight and management structures in place enable long-term execution with clear accountabilities.



Conclusion: Function moderately enables achievement of WEA objectives.

7.1.1. Overview

WEA is incorporated under the Alberta Business Corporations Act as a not-for-profit organization and is both a registered charity and agricultural society. A Board of Directors ("Board"), which currently has twelve members, governs WEA. Board membership consists of between 6 to 12 elected (by shareholders) members, up to two representatives from Red Deer City Council, up to one representative from the Red Deer County and any non-voting honorary members (Red Deer District Chamber of Commerce holds one). Currently, with Council approval, the City-appointed councillors have stepped away from their roles on the Board to ensure that no conflicts of interest arise while the City provides financial oversight. An employee of the City is acting as a liaison between the Board and City during this time.

Each year, new board members are elected at the Annual General Meeting based on candidates put forward by the Nominating Committee. The Board determines the number of Directors to be elected and provides a current skills matrix to the Nominating Committee to identify, screen and propose appropriate candidates.

7.1.2. Vision, Purpose & Mandate

An organization needs a clear vision, purpose and mandate to help employees from the Chief Executive Officer down make effective, efficient decisions that reflect the intent of the organization. As we understand, the current stated vision and mission of WEA are as follows:

Vision - *"Western Canada's Event Centre... Your Home for Celebration!"*

Mission - *"To provide exceptional guest experiences through premier facilities and services for agriculture and trade, sports and entertainment, conferences and meetings, generating economic benefits for Central Alberta"*

7.1.3. Organizational Structure

As an organization, WEA is intended to fulfill three mandates as an organization:

1. **Attracting events and guests** - Engaging with event organizers and attendees (corporate and individual) across Central Alberta, Western Canada and North America to draw community, cultural and economic benefits to the Red Deer area. This is effectively a sales and marketing function that requires proactive effort and investment to drive utilization of current and future venues.
2. **Managing events** - Working with customers to run seamless events that deliver great experiences for organizers and guests. This is effectively a logistics or event management function that requires strong day to day execution to deliver a consistent experience.

3. Managing facilities – Overseeing the construction and maintenance of venues and amenities that house events of all sizes – and charging appropriate rates for space usage to support not only short-term maintenance but also long-term capital replacements. This is effectively a property management function that requires specialized experience and expertise to preserve the long-term value of the assets.

Under the present model, all three of these functions are organized within WEA as an independent non-profit organization and delivered using in-house capabilities. This structure is common across similar operators in Western Canada, but is not aligned with leading practices based on our research. We considered the structure of 15 similar organizations and found that:

1. Leading organizations are more likely to separate the ownership and management of their facilities. For example, 10 of the 15 entities researched maintain ownership of their facilities within a separate government entity. This approach allows governments to create synergies by consolidating facility management across similar operations using a centralized team of resources with expertise and scale.
2. The remaining organizations that did not separate the ownership and operation of their facilities tend to be from smaller communities that may not have the scale to benefit from such consolidation.
3. Leading comparable organizations are more likely to keep event attraction and management activities within one entity. For example, only 1 of the 15 entities researched combined event attraction or event management with existing government operations. This approach allows for creation of a non-profit with specialized expertise in event attraction and management that a municipal government may not have internally.

When reviewing comparable organizations, we compared both peer groups (similar size, event offering, geographical location) as well as those considered to be employing leading practices (from around the world).

We have discussed some common alternatives below:

7.1.3.1 Current Model

Under the current model:

1. WEA is established as a separate non-profit organization outside of any government;
2. The City owns land which is leased to WEA under a long-term arrangement;
3. WEA owns buildings on the land which are maintained and operated by WEA; and
4. WEA maintains in-house resources to identify, source and manage events from end to end.

The current structure of WEA managing the property, as well as owning and operating the venues is common across Canada.

7.1.3.2 Public Ownership vs. Private Ownership

Across different jurisdictions, there are a number of common models that include government land and building ownership, government land and private building ownership, and private land and building ownership. Often, especially in smaller communities, it is common for government and the local or regional level to retain ownership and operation of similar assets to generate community and economic benefits.

Common structures include direct municipal management or the establishment of a special purpose entity to govern the operations of the venues. Examples of this model include the Washington State Convention Center, the Kansas City Convention Center, the San Diego Convention Center, the San Antonio Henry B. Gonzalez Convention Center, the Minneapolis Convention Center, and the Vancouver Convention Center. Each of these the local government created a crown corporation to hold and maintain the facilities.

There are also numerous examples of venues being constructed and operated with private funding such as the Sands Expo Center in Las Vegas.

The Messukesus in Helsinki Finland, which is operated by The Finnish Fair Corporation, is owned by a cooperative with 200 members, consisting of businesses, the City of Helsinki and the Finnish Fair Foundation.

The Metro Toronto Convention Centre is currently owned by a private company, Oxford Properties, but operated by the Metropolitan Toronto Convention Centre Corporation.

7.1.3.3 Owner Operation vs. Separate Operation

Once it is determined whether the public will fund and operate the venues, it must be determined whether the ownership and operation of the buildings will be held within the operating entity or consolidated with other assets. Under many leading practice models, the three functions have been separated (e.g. through the establishment of dedicated entities to hold and maintain physical assets such as buildings) to create separate organizations with clear mandates and specialized expertise.

For example, Northlands used to own and operate event venues on municipal land in Edmonton, Alberta. After reviewing the operations and management of Northlands, it was decided to consolidate the ownership of the building asset portfolio under Edmonton Economic Development Corporation, which also managed the Shaw Conference Centre in addition to other assets. This change allowed management of Northlands to focus solely on executing events.

The Oregon Convention Center is owned by the Metro Regional Government but operated by the Metropolitan Exposition Recreation Commission.

Another example of a split includes within the City of Austin. The City is the owner and operator of the Austin Convention Center, however it is managed by the Austin Convention Center Department.

7.1.3.4 Insourced Operation vs. Outsourced Operation

Once it is determined which functions will remain within WEA, it must be determined whether the capabilities needed to successfully fulfill the associated roles will be developed internally or outsourced – the key is that the right expertise, qualifications and capacity are made available to fulfill the mandate. As an example:

1. While WEA has demonstrated sales and marketing capabilities, those have not scaled up as the organization added significant event space and diverted more resources to the Canadian Finals Rodeo leaving it unable to effectively utilize available space;
2. Without strong expertise and capabilities around property management, WEA has experienced challenges planning for long-term capital maintenance.
3. We have seen a number of cases, such as outsourcing golf pro shop management in Edmonton's municipal courses, outsourcing catering at WEA or outsourcing property management throughout Government of Alberta buildings, where similar organizations have leveraged third party providers to obtain specialized expertise.

7.1.3.5 Considering Synergies

A key consideration in structuring WEA is considering the potential for synergies through consolidation of functions with other organizations. In the Northlands example above, consolidating the building assets made sense because multiple organizations in the Greater Edmonton Area were managing competing venues. At an extreme, you can imagine a scenario where an event that makes sense for Facility A is assigned into Facility B based on the employment relationship of the marketing professional from Facility B who sourced it – consolidation enables optimization across different programs and venues.

We considered the operating environment for WEA in the Central Alberta area including the presence of notable organizations delivering overlapping services:

- 1. Attracting and sourcing events** – Red Deer District Chamber of Commerce, Tourism Red Deer, Travel Alberta, etc.
- 2. Managing events** – Numerous private operators such as hoteliers, etc.
- 3. Managing and maintaining buildings** – City of Red Deer – Recreation, Parks and Culture Department, City of Red Deer – Licensing and Registration Department, River Bend Golf & Recreation Society, Tourism Red Deer, private operators, etc.

Within the City and Government of Alberta, there are several departments/organizations with overlapping intents. Tourism Red Deer and Travel Alberta are both in the space to attract events and visitors to Red Deer and Alberta (See relationship with City below for further discussion). Without a defined strategy to attract events and visitors, and numerous individuals and organizations contributing, there is potential to align attracting events and visitors with the most responsible party to drive maximum benefits. Along with grouping assets to benefit from synergies and experience maintaining assets.

7.1.4. Legal structure

7.1.4.1 Legal structure

WEA is incorporated under the Alberta Business Corporations Act as a not-for-profit organization and is both a registered charity and agricultural society. WEA has a group of shareholders who are not entitled to the assets or incomes of WEA but can vote to elect members to the Board.

We considered the key differences between Agricultural Societies, Societies, Municipal Ownership and Private Ownership. The current structure as an Agricultural Society provides certain benefits including charitable status and access to incremental funding made available to agricultural societies from time to time.

We considered a number of available options in Alberta:

Consideration	Agricultural Society	Society / Non-Profit	Municipal Ownership	Private Ownership
Applicable Legislation	Agricultural Societies Act, Societies Act, Companies Act	Societies Act, Companies Act	Municipal Government Act	Companies Act
Ownership	Members/Shares	Members/Shares	Government	Private Ownership
Control	Directors	Directors	Elected Officials	Shareholders
Governance	Bylaws	Bylaws	Bylaws	As Determined
Use of Funds	As approved by the Board of Directors	For the stated objectives of the organizations	As directed by Council	At the discretion of the shareholders or their designates within management
Charitable Status	Available	Available	Available	Not Available

Summary of legal structure types

We understand that management is planning to establish a new Westerner Foundation to increase focus on community engagement and enable incremental fundraising opportunities. While WEA is already registered

as a charity, we noted that this is a common approach that similar organizations have taken to separate fundraising activities from their core operations.

The vision for the foundation is to allow WEA to raise funds to support capital projects around Westerner Park that will enhance each guest’s experience. The foundation could also off-set the fixed costs and overhead associated with in-kind room rentals and other services that WEA provides to non-profit organizations at a discounted cost.

The Cobb Galleria and Calgary Stampede are examples of organizations that have foundations in place for similar purposes.

7.1.5. Board of Directors

The Board of WEA consists of between 6 and 12 members elected by shareholders, up to two representatives from Red Deer City Council, up to one representative from Red Deer County and any non-voting honorary members. Each year, the shareholders elect candidates recommended by the Nominating Committee of the Board at the Annual General Meeting. The following table summarizes the board’s composition as of the last meeting of each fiscal year from 2016 to 2020. The table also indicates the number of Board members who have been in place since the beginning of our review period in 2016. As of March 2020, 7 (or 64%) of the current members have been on the Board of WEA since 2016.

	March 31, 2016	March 23, 2017	March 22, 2018	March 21, 2019	March 26, 2020
Elected	13	11	10	9	10
Appointed – Red Deer Council	2	2	2	2	0*
Appointed – Red Deer County	1	1	1	1	1
Appointed – Red Deer & District Chamber of Commerce	1 (Honorary)	1 (Honorary)	1 (Honorary)	1 (Honorary)	0
Members as of March 31, 2016	17 (100%)	13 (87%)	11 (79%)	8 (62%)	7 (64%)

History of Board members

*As discussed above, representatives have recused themselves while the City provides financial oversight

The current nomination process is rigorous but may not consistently achieve the desired results. As we understand, on an annual basis, the Board will prepare an updated skills matrix which is provided to the Nomination Committee to inform the application and screening process. This is important to ensure that the Board as a whole has the right competencies and experience to provide effective oversight to the organization. However, we heard that there is a tendency to renew Directors for multiple terms by default without considering the needs of the Board as a whole or the performance of the individual Director.

In evaluating the current composition of the Board, we found that there is a mix of relevant competence and domain expertise in accounting, construction and maintenance, hospitality and tourism, human resources, legal, risk management and other areas that you would generally expect from this Board. We did note that the current matrix does not take into perspective geographic diversity or direct experience with comparable organizations – there could be significant benefit in attracting members from other jurisdictions that can provide perspective from direct work with similar organizations.

The Board has an established structure with committees for Finance, Investment & Audit, Governance, Human Resources & Compensation, Nominating, Planning & Development, Risk Management, and Community Engagement. We heard that the current structure may create significant administrative burden without appropriately aligning with the core business operations of the organization. For example, a financial

institution will have a loans committee, but WEA does not have a committee that provides oversight and guidance on the process of identifying, attracting and managing events. As a result, the Board is not creating accountability for a more formalized and deliberate effort to grow WEA and attract new events.

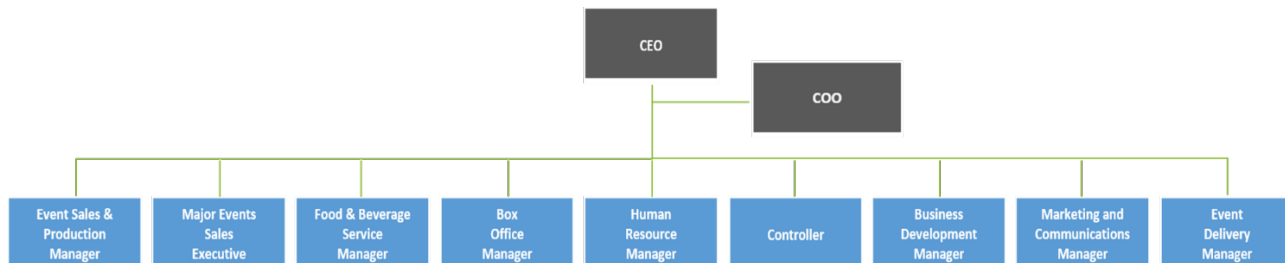
The potential for adding committees with new accountabilities should be balanced with consideration of the administrative burden on management and volunteer Directors. At present, the Board has a complex structure for the size of organization with seven active committees. Candidates for consolidation could include the Governance and Nominating committees, Community Engagement and a new Strategic Initiatives & Events committee, and Risk Management with the overall Board. This would reduce the number of committees to four reducing the overall administrative burden on both Directors and management.

We evaluated the roles and responsibilities of the Board against guidelines established by the Alberta Association of Agricultural Societies (which are aligned with leading practice materials from the Institute of Corporate Directors). We found that the Board is generally in line with good governance practices. We identified two notable gaps.

This first of which was the need to conduct an annual performance review for the Chief Executive Officer to create alignment around objectives and ensure accountability. We understand that the current CEO is working with the Board to finalize a new process. The second was in setting the strategic direction. This has historically focused on facilities and land use development over time.

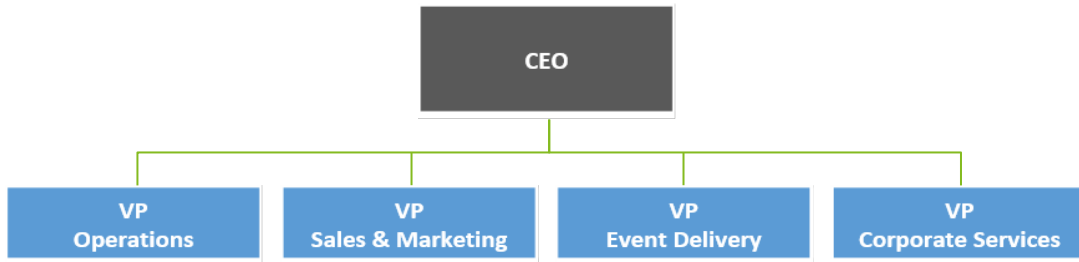
7.1.6. Management Structure

Like the Board, an effective management structure should be aligned with the mandate of the overall organization to support clear targets and accountabilities at all levels. At present, WEA has a highly flat management structure where the CEO has more than 10 direct reports with overlapping accountabilities for aspects of event attraction, event management and facility management.



March 2020 Organizational Structure.

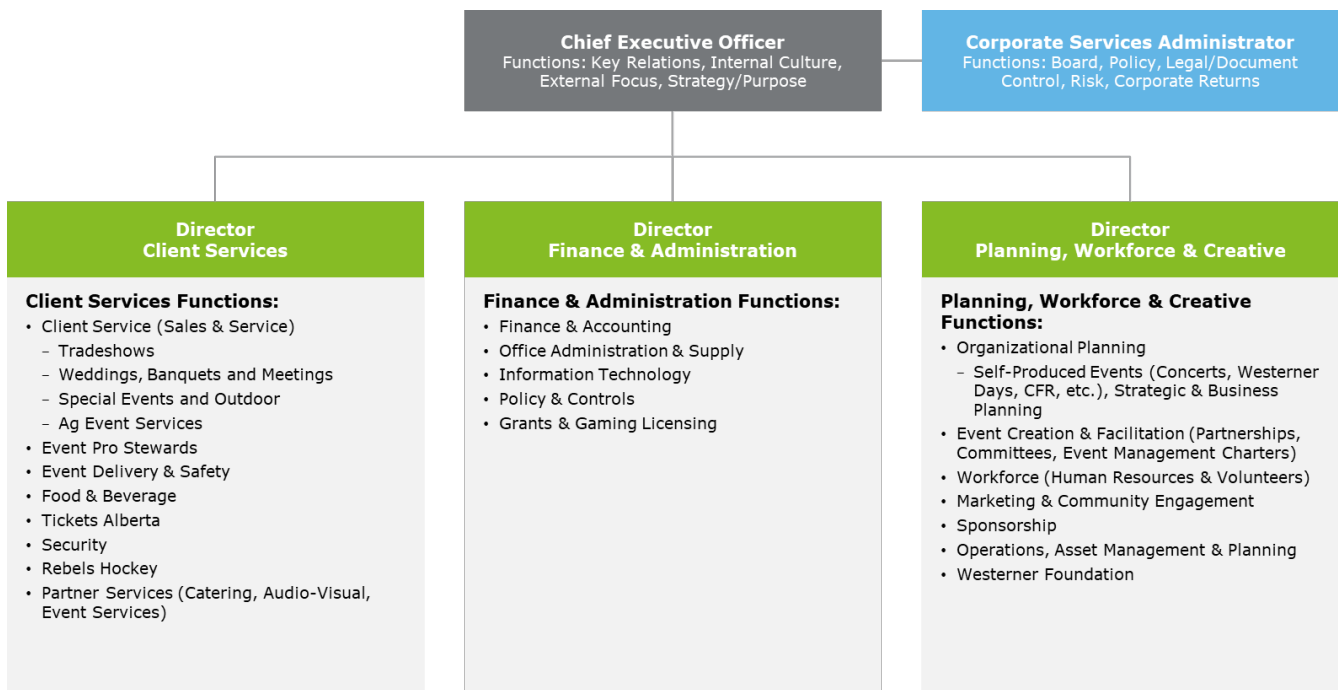
This structure is inefficient because it diffuses the attention and effort of the CEO, limits the ability of the organization to attract and retain senior leaders that bring a strategic perspective outside of the CEO, and doesn't assign clear accountability for each underlying business activity (event attraction, event management and facility management). A more streamlined structure will provide for a more clear delegation of authority and enable the CEO to focus efforts on the entire operations versus individual functions.



Illustrative example of a simplified organizational structure that aligns with strategic mandates.

7.1.6.1 Management Response

In a Board presentation, the CEO has proposed to restructure management as follows:



Structure prepared by Management presented to the Board in 2020.

While this model represents a significant improvement over the current structure, it continues to mix some event attraction, event management and asset management activities. We have recommended the following changes to better align with the current strategic mandates of the organization:

1. Consolidating other administrative functions, including the Corporate Services Administrator and Workforce, with Finance & Administration under a broader Corporate Services banner; and
2. Consolidating self-produced event planning functions under Client Service Functions.

7.1.6.2 Recommendations

We recommend that WEA prioritize the following modernization initiatives:

Recommendation 21: Restructure Board committees to create alignment with core business activities and reduce administration.

Recommendation 22: Run recruitment campaign during next nomination cycle to attract prospective Directors from other jurisdictions with direct experience working with comparable organizations in other markets. This may require an amendment to the WEA's Articles of Association, as Directors must have their principal residence in Central Alberta.

Recommendation 23: Finalize and implement an appropriate annual CEO Performance Evaluation Process.

Recommendation 24: Finalize and complete the restructuring of management to align leadership roles with accountabilities. This should be done for the core mandates of attracting events, managing events and maintaining facilities. Once complete, review the Delegation of Authority Matrix to assign for day to day authorities to the individual leaders responsible for their budgets and outcomes.

Recommendation 25: Update the communications guidelines to align with the strategic vision and priorities of the organization. Establish a policy to update and approve changes to the communications guidelines on an annual basis.

7.2 Strategy

When assessing Strategy, Deloitte considered whether policies, processes and resources in place support the development of and monitoring against clear strategic, operational and financial plans in line with WEA's vision and mandates.



Conclusion: Function mildly enables achievement of WEA objectives.

7.2.1. Strategic Planning

An effective planning process provides clarity for all stakeholders around the priorities and targets of an organization. The Chief Executive Officer is responsible for operationalizing strategic priorities outlined by the Board.

With the exception of the Strategic Development Plan, which outlines a vision for land development over the next 40 years (but does not discuss events, marketing, tourism or other aspects of operations), management does not have a comprehensive strategic plan. A draft business plan for 2019-2022 was obtained and was the most detailed strategic plan for operations available. A good strategic plan should indicate where an organization is headed to enable management to identify opportunities, allocate resources, and communicate priorities (internally and externally) consistent with the stated goals and objectives of the organization. The business plan provided outlines what WEA management is doing and would like to do going forward (e.g. increasing the convention business volume by 6 percent, but does not discuss the strategic direction of the organization. It does provide insight into future market growth potential, but beyond reliance on existing venue/infrastructure and market position, there is no strategy on how to capitalize on these identified opportunities.

Although no formally documented plan exists, WEA's primary focus over its history has been on generating community benefit. When selecting and planning events, management often considers non-financial benefits to support the community and other stakeholders. These decisions are hard to evaluate however without clear direction on what the strategic priorities and community benefit targets are for the organization.

Leading organizations create various short-term and long-term plans on a rolling basis and then communicate these to their stakeholders to create clarity and accountability. For example, BC Pavilion Corporation publishes a three-year service plan which includes an assessment of their operating environment, their strategic direction and alignment with priorities, a performance plan and key financial targets. These service plans are made publicly available through their website.

We understand that the CEO has been initiating and driving discussion around a refresh of WEA's vision and strategic priorities to inform better organizational clarity. This discussion is important but should in the future be part of a recurring annual discussion around strategic priorities as part of the annual planning process. Management should work with the Board to develop an appropriate structure and cadence for strategic planning to create more accountability across the organization.

7.2.2. Strategic Partnerships

Effective organizations in the convention and exhibition space operationalize strategic relationships with service providers and government organizations. Based on our leading practice review, common partnerships include:

1. Economic development and tourism attraction agencies;
2. Food and beverage service providers;
3. Hotels, bars and other hospitality providers;

4. Labour unions and professional boards;
5. Charities and community organizations; and
6. Other government organizations.

For example, BC Pavilion Corporation identifies strategic partnerships with Business Events Canada, Destination BC, Tourism Vancouver, Vancouver Hotel Destination Association, and various other local organizations.

WEA has been successful in leveraging similar relationships in the past to reduce risks associated with events. For example, Agri-Trade is an example where an ongoing strategic relationship with Red Deer & District Chamber of Commerce has shared responsibility for the success of the event over time.

WEA has collaborated with the following organizations as sponsors and event partners:

Food and beverage services	Service providers	Local hotels, bars, and nightclubs	Other governments and authorities	Tourism organizations	Professional boards
Labatt, PepsiCo, Old Dutch, Olymel, Nosack, GFS, Troubled Monk, Mike's Hard, Red Deer Catering	Goodmen Roofing, Kal-Tire, Stantec, Canadian Linen, Parkland Audio, Goodkey Show Services, Bettensons Sand & Gravel, Marshall Construction, Speedpro Signs, Classic Cleaners, Contract Cleaners, waste Management, Reid Signs and many others	Holiday Inn & Suites (all 4 properties), Bos Bar & Stage, Longriders, Cambridge, Microtel, Hampton Inn & Suites, Days Inn, Motel 6, Baymont Inn & Suites, Quality Inn North Hill, Radisson, Chillibongs, Town Place Inn & Suites, Best Western, Hotels Red Deer	City of Red Deer, Government of Alberta, Red Deer County, Red Deer College, Red Deer Chamber of Commerce	Alberta Sports Hall of Fame, Red Deer Airport, Tourism Red Deer, Red Deer Museum, Alberta Culture and Tourism, Travel Alberta	Tourism Red Deer, Bid Red Deer, Red Deer Chamber of Commerce, Multiple event committees throughout the years (such as Canada Winter Games, World Juniors, Scotties Tournament of Hearts)

These partnerships are generally mutually beneficial and reduce operational risks. For example, WEA's partnership to operate Agri-Trade with Red Deer and District Chamber of Commerce reduces the financial risk associated with the event.

In a 2020 presentation to the Board, management highlighted the need for WEA to continue to attract or develop more events. Driving event activities and venue utilization is a key opportunity to generate more incremental revenue and community benefit without significant investment. Strategic partnerships with other organizations across Central Alberta will support WEA in achieving this goal.

7.2.3. Relationships

As one of the premier event venues in Central Alberta, WEA is well positioned to benefit from engagement with government, community and industry organizations that are invested in economic development across the region. We heard in our interviews that there is not a deliberate and structured approach to stakeholder and shareholder management; rather, these relationships have been informed by history. Leading organizations will establish structured stakeholder and shareholder management processes to identify, set targets and measure/monitor outcomes for each relationship. A formalized process and an initial review of

the current relationship with key stakeholders and shareholders is a first step to establishing more beneficial relationships that will drive events and guests to WEA.

7.2.3.1 Stakeholders

WEA has numerous stakeholders including the City, Red Deer County, Red Deer & District Chamber of Commerce, customers, vendors, visitors and residents.



Google Maps – Red Deer County and City of Red Deer.

With WEA’s mission and vision to be the destination venue for events and attractions in Central Alberta, it is important to understand the intricacies of the various relationships between those that impact (direct or indirect), those that utilize the space and/or events, and those who not only compete in the same space but other alternatives for where people can spend their time and money.

Within the Central Alberta market, WEA competes against similar properties and events for attention. As a result, WEA can better position themselves once truly understanding the space they operate in and the stakeholders they are serving. Red Deer has numerous hotels and other venues that offer competitive space for smaller meetings, conferences and events (e.g. weddings, graduation, trade shows). Special events requiring ice also have numerous options in the Red Deer market. Events such as Westerner Days contend with Edmonton’s Klondike Days, the Calgary Stampede, and other ride attractions that appear in the region during the summer months. The Canadian Finals Rodeo, although the main event in the rodeo circuit across Canada, contends with the Calgary Stampede and events held in other markets such as Ponoka, Innisfail and Benalto. WEA must compete with other venues to host national and international events like the Canadian Finals Rodeo.

When it comes to consumer choices, WEA and the events it hosts and produces compete with various local attractions within Central Alberta such as the City’s recreational facilities, River Bend Golf & Recreation Area, Bower Ponds, movie theaters and other places that families frequent.

7.2.3.2 Shareholders

Most shareholders of WEA are individuals with a strong understanding of and passion for the role WEA plays in the Central Alberta community. As vested members of WEA, the shareholders typically want what is best

of the organization and community as a whole. Shareholders can influence the organization based on their ability of elect representatives, but otherwise have limited power to influence strategic or operational decisions. The shareholders are not entitled to any assets of the organization.

While many shareholders of WEA have extensive knowledge of the history of the organization, there is no formal process or approach to define their relationship or interactions with the Board.

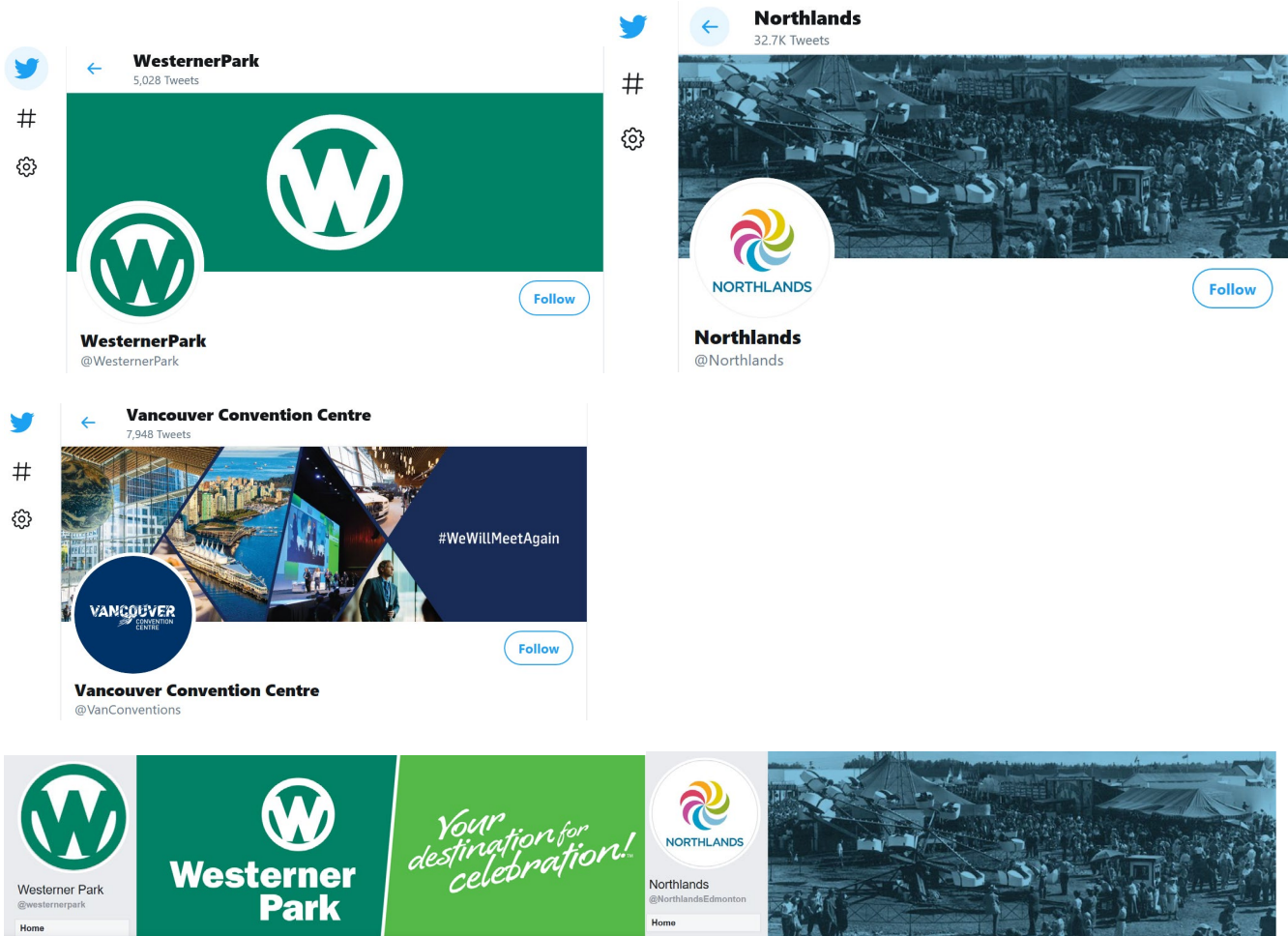
7.2.4. Consistent Messaging

When assessing the consistency of messaging, we considered the alignment of the current branding and communication with our understanding of the stated objectives of WEA. We also considered the consistency of the messaging across various mediums to reach different stakeholder group. With a mandate and strategic plan in place, it is important for organizations to have consistent messaging to ensure focus on the stated vision, mission and strategic priorities across all stakeholder groups.

WEA has a Marketing & Communications Manager that reports to the Chief Executive Officer. The in-house Communications team manages all external communications based on an internal process document. From our discussions with the team, we understand that the communications document reflects industry best practices but is not consistently tailored to reflect the vision, mission and current priorities of WEA. As a result, there is some inconsistency across multiple channels and time periods when considering messaging from WEA. The following example illustrates some of the differences that have emerged over time:

Source	Messaging
Current Website	
2018 Annual Report	
2017 Annual Report	

Consistent branding and messaging should be apparent across all daily interactions that WEA has with the public. Using social media as an example, WEA focuses heavily on their logo (a large “W”) in the page displays. Compared to Northlands and the Vancouver Convention Centre, WEA does not provide a sense of what they offer. WEA does a slightly better job on Facebook with their banner encompassing the “Your destination for celebration”.



Depending on the event and event partners, WEA will utilize traditional print media and advertising beyond social media. However, there is no marketing of WEA itself beyond the work to connect directly with potential organizations needing to utilize the space.

7.2.4.1 Management Response

Within the draft 2019-2022 Business Plan, there is mention of WEA embarking on an integrated marketing and communication process for its three brands (Westerner Park, Westerner Days and Tickets Alberta). A consistent messaging should be utilized across the various areas of WEA, as well to align with the vision and mission key words of “Celebration” and “facilities”.

7.2.4.2 Recommendations

We recommend that WEA prioritize the following modernization initiatives:

Recommendation 26: Design and implement an annual strategic planning process. This process should incorporate the assessment of WEA’s operating environment, the identification of strategic priorities, as well as the setting of targets for key operating metrics. Incorporate economic development and community development goals into the metrics with specific targets for improving outcomes over time.

7.3 Performance Management

When assessing Performance Management, Deloitte considered the policies and processes in place to actively measure and monitor performance against key operational metrics and targets set during planning.



Conclusion: Function mildly enables achievement of WEA objectives.

7.3.1. Management Reporting

The main deliverable for the purposes of internal management reporting at WEA consists of the CEO's monthly report to the Board discussing the current state of operations and performance. The report includes a discussion of major issues that arose during the month at the events or facilities, as well as provides updates on activities that occurred in the organization. Discussion for the issues also include corrective actions taken by WEA, as well as some discussion on actions to be completed by management or staff.

During the course of our review, we identified a number of gaps in the current management reporting:

1. **Lack of financial analysis.** The report includes discussion of revenue from events, however there is no detailed discussion of overall financial results including the breakdown of revenue from events, major expenses incurred during the period or major capital maintenance.
2. **Inconsistent format for reporting.** As the organization underwent management changes, reporting to the Board changed over time. We noted inconsistencies in the nature and content of reporting by the CEO to the board from 2016 to 2020. Reports differed significantly from CEO to CEO in absence of a clear expectation from the Board for management to execute on. Previous reports to the Board in 2016 included a more detailed financial analysis section, as well as a breakdown of discussions by functional topic categories, but this granularity was lost over time.
3. **Lack of benchmarking.** The reporting does not update the Board on the progress of WEA against key performance indicators such as event occupancy or sales revenue. No consistent benchmarking is done between results and expectations over time, as very little comparison has been done with either budgets or formal goals set by the organization.
4. **Lack of a formal format.** There is an opportunity to enhance the clarity of the report, as discussions appear to be a layout of the CEO's thoughts rather than a structured report highlighting key operational segments that are of importance to the board. The current reporting structure could lead to a lack of understanding by the Board about priorities, as significant events are buried amongst other less relevant events or activities.

Additional internal reporting includes ad-hoc results of various survey monkey and social media questionnaires/polls released to targeted audiences. As part of obtaining an understanding of partner feedback and stakeholder engagement, WEA has used various polling options to obtain feedback from partners, guests, and volunteers. These results are shared with key people and those who are impacted by the results. If feedback came in related to food and beverage, this would be communicated with the food and beverage area. The reporting on this type of feedback is informal and inconsistent over time. When considering the vision and mission of WEA, to provide various services and be a destination for celebration, we would expect there to be metrics and benchmarks to identify their achievement of these.

7.3.2. External Reporting

External reporting primarily consists of the annual report published by WEA on its website. However, WEA has not published an annual report since fiscal 2017-2018. At present, most comparable organizations are in the process of issuing their reports for fiscal 2019-2020. Given the importance of community engagement

and government investment in the long-term development of the organization, it is critical that management complete and publish its 2020 Annual Report.

When reviewing WEA reporting, there are some elements comparable (to a limited extent) to that of other similar organizations. WEA currently includes information on:

1. **Shareholders and Volunteers** – Lists the names of shareholders and volunteers.
2. **Event Performance** – Outlines key metrics including visitor totals, estimated economic impact, etc.
3. **Sustainability** – Summarizes changes to events and facilities to reduce environmental impact.
4. **Community** – Identifies charities receiving gift-in-kind rentals or services.

When looking to comparators across Canada, operators will generally report on the following in more detail:

1. **Volunteer Information** – This will include the number of volunteer hours contributed to deliver events and experiences, as well as the hours used to support other charitable initiatives.
2. **Event Performance** – Competitors provide more details on event performance such as the number of local vendors and charities supported, and the number of other smaller scale events.
3. **Community Impact** - Reporting includes the charities helped, the size and type of the help, and the resulting benefit from the involvement of WEA.
4. **Guest & Volunteer Experience** - As a destination and experience provider, a few competitors include feedback from those they serve and those involved with running events. With the mission of WEA “To provide exceptional guest experiences through premier facilities and services for agriculture and trade, sports and entertainment, conferences and meetings, generating economic benefits for Central Alberta” this would be a strong measure to see if they are living up to their mission.

The following table compares the most recent WEA reporting to leading practices:

Topic	Most Recent WEA Reporting	Leading Practice Reporting
Community Impact	<ul style="list-style-type: none"> • Community organizations receiving in-kind rentals 	<ul style="list-style-type: none"> • Size, nature and impact of direct and indirect contributions
Event Performance (Major Events)	<ul style="list-style-type: none"> • Estimated economic impact • Estimated visitor totals 	<ul style="list-style-type: none"> • Community organizations supported • Vendors or exhibitors hosted
Event Performance (Other Events)	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Number of events • Utilization of facilities
Guest Experience	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Guest feedback results • Vendor feedback results
Sustainability	<ul style="list-style-type: none"> • Facility improvement initiatives 	<ul style="list-style-type: none"> • Event-specific initiatives
Volunteer Information	<ul style="list-style-type: none"> • Volunteer names 	<ul style="list-style-type: none"> • Volunteer hours • Volunteer impact

When it comes to performance management, having a detailed continuous improvement cycle inclusive of a process to measure, monitor, report and adjust is beneficial to organizations to provide decision makers with meaningful data to enable decisions to be made.



Continuous improvement cycle

Measure - When it comes to performance management, the Board and management should work together to identify the key operating metrics that will provide meaningful insight into operations. These should align with the vision and mission of the organization. Measures should ultimately roll up to move the organization forward towards achievement of the strategic plan.

Monitor – WEA will need to ensure they have the tools and systems to be able to monitor the desired measures effectively and efficiently. They will also need to establish the roles and responsibilities of monitoring and at a frequency that will ensure data captured is done so timely to enable beneficial reporting.

Report – Currently, reporting is limited within the organization and externally. Formalizing the reporting structure internally and externally will provide WEA with greater transparency and accountability to current and future stakeholders. Internally, WEA will need to define who is responsible for reporting, who receives each report and what action each recipient is expected to take. Externally, WEA should increase their reporting on the triple bottom line to further broadcast and demonstrate contribution to the community – this could act as a differentiator against local competitors when attracting events and guests, focusing on consumers’ habits and the change to support organizations mindful of the triple bottom line.

Adjust – Throughout this process it will be important to adjust. This includes considering the input/feedback from the various stakeholders, evaluating the measures as over time priorities can shift, and re-aligning to strategy to ensure the cycle provides the greatest value.

7.3.2.1 Management Response

As noted above, we understand that management already undertakes to report on some of the key topics identified through our jurisdictional scan however various gaps were noted.

7.3.2.2 Recommendations

We recommend that WEA prioritize the following modernization initiatives:

Recommendation 27: Enhance the monthly CEO report with a standardized structure that incorporates key operational and financial targets and metrics. Develop a public consumption version of the monthly report that can be distributed more broadly to management and staff.

Recommendation 28: Prepare and publish the 2020 Annual Report and 2019-2020 Audited Financial Statements for WEA in accordance with historical practice. Where applicable, revise the Annual Report to incorporate more detail in line with leading practices.

8. Evaluation - Community

8.1 Community and Economic Impact

When assessing Community & Economic Impact, Deloitte considered the role of WEA in generating financial and non-financial benefits for stakeholders including guests, vendors, residents, business owners, volunteers and community organizations.



Conclusion: Function moderately enables achievement of WEA objectives.

8.1.1. Community Impact

WEA is a notable contributor to the community and culture of Central Alberta. WEA continues to provide a gathering place for the community through annual events such as Agri-Trade and the Westerner Dairy Showcase. WEA's contribution to the community can be summarized in three areas:

1. **Agriculture Sector** - As Alberta's third largest agricultural society, WEA has more than 125 years of experience supporting and promoting the industry in Alberta. WEA hosts the annual Agri-Trade Equipment Expo which attracts more than 20,000 attendees and contributes around \$300 million in spin-off revenues each year. The expo has been invaluable to the farming community providing opportunities to create and maintain connections. Along with Agri-trade, various other agricultural events are hosted by WEA, such as like the Westerner Dairy Showcase, which attracts exhibitors from across the western provinces, providing both the public and professionals industry updates and education
2. **Environment Sustainability** - Environmental sustainability is a key feature of WEA's strategic development plan. The plan includes cost savings through resource conservation, extensive recycling programs, and new park areas to be enjoyed by visitors. Four years in a row Westerner Park has been awarded the Community Champions Grant, worth \$20,000, due to its commitment to the environment and recycling over 150,000 beverage containers every year.
3. **Community Organizations** - Last year WEA provided gifts in kind totalling \$350,000 in the form of facility space for event organizers. WEA also provides onsite sponsorships to support local agricultural events, sporting events, educational institutions, and other non-profit organizations.

While WEA has demonstrated a commitment to the community over its history, management does not have a formal or structured plan for engaging with the community day to day. No plan, targets or accountabilities have been assigned with respect to driving community impact. As part of the annual strategic planning process, the Board and management should incorporate discussion around community engagement and set targets that can be monitored throughout the year

Setting specific, measurable and time-boxed goals to measure results with respect to community impact, sustainability and other community impacts is a critical first step towards delivering better results. These goals should be shared across the organization to reinforce its purpose and drive engagement. Similar organizations in Canada, like Edmonton Economic Development Corporation, have developed targets for customer satisfaction ratings for events held by the organization. The Kentucky State Fair Board also implemented a strategy for measuring progress towards sustainability, achieving a 33% reduction in water usage and a 24% reduction in energy costs in 2019.

Once meaningful measures are set, it is critical to report on these to stakeholders. Demonstrating the community impact of WEA is critical for driving community engagement. As management proceeds with plans to launch a new Westerner Foundation, it will be critical to re-engage with the community and share the benefits that WEA provides for people and organizations across Central Alberta. Assessing community impact and further communicating the impact effectively to the public could play a critical role in gaining community buy-in and support, which could lead to more funding from sponsors and governments.

The B.C. Pavilion Corporation provides a good example of an organization that effectively communicates its impact to the public. PavCo communicates its impact through measures like economic spending, number of visitors from outside the province, service quality and client satisfaction in its Annual Service Plan Report. The report also highlights goals that the organization has set in terms of community impact and how the organization has shown progression towards those goals⁶.

A 2018 Guest Survey conducted by the WEA with 441 participants' states that the top 3 methods people use to keep up to date with Westerner Park news are word of mouth, Facebook and Radio. Communication is always key; it's what pulls new customers, sponsors, employees and volunteers to any business. The WEA needs to use its popular platforms, including Facebook, radio advertisements, as well as Instagram, to share its news and updates. Community impact goals need to be shared with the public along with any positive progress. Such updates raise awareness to the community about what the organization is doing to benefit the community and its members, which attracts new sponsors along with like-minded individuals to support the organization. Positive progress on set goals should also be visibly highlighted on the organization's website, showing the WEA's alignment with its vision and values.

As management proceeds with plans to launch a new Westerner Foundation, it will be critical to re-engage with the community and communicate the benefits that WEA provides for individuals and organizations across Central Alberta.

The long-term sustainability of WEA depends on the community taking ownership of its activities. This commitment from the community could lead to more sponsorships and funding. Community engagement could be developed with techniques as simple as inviting feedback from residents of Red Deer through social media platforms. Evraz Place, one of the comparator organizations, has an online platform on their website and Facebook page to receive opinions from the community. The organization also held a series of public open houses to welcome new event ideas from the city's residents. This feedback from the community was then used to develop a 10-15 year strategic plan⁷.

8.1.2. Economic Impact

WEA is a key driver of economic impact across Western Canada. WEA contributes more than \$150 million to the Alberta economy on an annual basis through direct event and tourism spending, as well as exposure for local businesses and community organizations. For example, Travel Alberta estimates that the economic impact of CFR was more than \$36 million based on 2018 attendance figures. Each year, more than 1.5M visitors come through its gates to celebrate over 1,500 unique events, contributing to the local economy.

While WEA has demonstrated a capacity to generate economic benefit over its history, management does not have a formal or structured plan for driving benefits. No plan, targets or accountabilities have been assigned with respect to driving economic impact. As part of the annual strategic planning process, the Board and management should incorporate discussion around community engagement, set targets that can be measured and monitored throughout the year, and then report on these to stakeholders.

⁶ https://www.bcpavco.com/pdfs/BCPavCo_18_19_ASPR_Final.pdf

⁷ <https://www.evrazplace.com/evraz-place-2-0>

8.1.2.1 Management Response

We understand that management has already identified a number of these issues and has undertaken to host low-margin events in situations where there are no other alternatives, for the benefit of the community. Recent examples include drive-in events hosted under COVID restrictions, which allow the community to escape the confines of isolation in a safe and responsible manner.

8.1.2.2 Recommendation

We recommend that WEA prioritize the following modernization initiatives:

Recommendation 29: Develop targeted plans and target outputs with respect to community and economic benefits to enhance management awareness of and accountability for results.

8.2 People and Culture

When assessing People & Culture, Deloitte considered the contribution, engagement and morale of employees and volunteers.



Conclusion: Function mildly enables achievement of WEA objectives.

8.2.1. Employee Satisfaction

WEA employs approximately 50 full-time staff and 500 part-time and seasonal workers. According to a 2017 employee engagement survey:

1. 36% of respondents felt neutral or disagree that they feel connected to their coworkers;
2. 40% felt that they don't have a clear understanding of their career or promotion path;
3. 41% felt that they never get recognition from their managers;
4. 33% felt that the leadership team did not take feedback seriously;
5. 51% felt neutral or disagreed that management is transparent; and
6. 40% felt neutral or disagreed that the organization lives authentically by its values.

This was the most recent employee survey. Given the current situation, with significant turnover and temporary layoffs at all levels, it is possible that results have worsened.

Given the current financial situation of WEA, management will have to do more with less to rebuild the organization to be sustainable for the long-term. This will require engaging employees as active contributors to this goal at all level. Management should consider implementing regular mechanisms to collect employee feedback on plans, introducing a formal employee recognition program, and holding monthly town halls until operations normalize. These actions will all serve to engage employees in the process of recovery and to recognize their efforts in a non-monetary way.

8.2.2. Volunteer Satisfaction

Over 18 months from October 2018 to March 2020, more than 300 volunteers contributed more than 6,800 hours across a number of key events. Generating community support, including volunteer time, is critical to the financial viability of WEA. In comparison, Northlands⁸ in 2018, had over 1,300 volunteers provide over 16,000 volunteer hours.

Managed conducted a volunteer survey after CFR46 and found:

1. 66 percent found the level of communication to be good, very good or excellent;
2. 68 percent found the frequency of communication to be good, very good or excellent;
3. 76 percent found the frequency of assistance by staff members to be good, very good or excellent;
4. 74 percent found the accreditation process to be good, very good or excellent; and
5. 67 percent found their orientation/training to be good, very good or excellent.

Given that more than 50% of volunteers had previous experience with WEA, it is critical to ensure that volunteers have a positive experience and are willing to re-engage over time. Management should set clear targets for these results and then collect feedback after each event to measure/monitor results over time. A

⁸ <https://www.northlands.com/wp-content/uploads/2019/12/Northlands-Community-Report-2018.pdf>

more focused and deliberate approach to volunteer engagement, including clear accountabilities for staff involved, will be key.

As less than 50% of volunteers had previous experience with WEA, there is potentially an untapped resource of previous volunteers that can be re-engaged. Management should develop a strategy around list building and outreach to past volunteers to create engagement, including sharing reporting on the community and economic impact after events to reinforce participation.

As a not-for-profit organization, the WEA's Number 1 Goal is satisfying its community, which is why it's extremely important as previously mentioned to ensure a strong people and culture mindset. As the individuals that are interacting the community it is important for them to feel one with the brand and stand behind the mission.

Since measures regarding employee and volunteer satisfaction (such as surveys) in the workplace have not been conducted in a while, there is much room for improvement. The WEA needs to ensure that their staff and volunteers are being heard and that their feedback is seriously considered and implemented. Engaging in meaningful staff and volunteers' interactions and feedback will not only increase alignment with the vision and mission, but could lead to possible suggestions for improvements.

8.2.2.1 Recommendations

We recommend that WEA prioritize the following modernization initiatives:

Recommendation 30: Formalize and implement a process to more routinely engage with volunteers and collect feedback to drive engagement over time. Incorporate volunteer feedback into success metrics for each project to create accountability around volunteer experience.

Recommendation 31: Conduct a 2021 employee engagement survey to obtain updated feedback given the challenging current circumstances. Consider increasing the flow of information through town halls and other mechanisms to enhance engagement during this time of uncertainty.

9. COVID-19

9.1 Overview

As COVID-19 continues to affect our communities and economies, so too does it continue to have serious implications on operations of WEA. As countries look towards a phased re-opening of the economy and a return to pre-COVID-19 activities, it has become increasingly clear that gatherings of large crowds for events will be impacted for the foreseeable future. As such it is vital that the WEA consider not only how to weather the current storm of canceled events and decreased revenues, but also be proactive and thoughtful in recommencing activities where it can. Below, we have highlighted key considerations in the context of each component of our evaluation framework.

Based on management's current forecast and plans in response to COVID-19, WEA is expected to generate a net loss of \$1,187,733 compared to net income of \$25,062 under their Pre-COVID forecast. Other than certain large scale events such as Canadian Finals Rodeo and Westerner Days, WEA has planned for trade shows and other events to continue with reduced attendance in line with provincial gathering restrictions.

Comparable organizations across Western Canada are experiencing similar difficulties and calling on their provincial and local governments for support. For example:

- The County of Grande Prairie approved for Evergreen Park to receive more than \$575,000 in funding to cover payroll through August 31, 2020; and
- The City of Regina approved for the Regina Exhibition Association Limited to access more than \$4 million in borrowings from the City.

While management forecast a reduction in revenues, as well as some incremental costs associated with event operations, the publicly available research and analysis we reviewed suggest those estimates may not be conservative enough and may not consider a downturn far enough into the future. We identified material risks around Agri-Trade, Red Deer Rebels and World Junior Championship events that are expected to contribute [REDACTED] under the current forecast.

While Deloitte's Chief Economist recently observed that recent economic data reflects a "V" shaped recovery, there are significant risks in the broader economy. Weakness in U.S. demand for commodities, changes in consumer buying behaviors and the potential for a second wave could all impact future financial performance. Even if public health guidelines on gatherings ease, that does not guarantee that businesses or consumers will travel to attend events. Our Deloitte Economics analysis of foot traffic at commercial venues shows that, even though venues have re-opened across the country in recent months, consumer activity continues to be down between 2% and 40% depending on venue type.

COVID-19 introduces significant uncertainty and will require management to work harder than ever to make customers comfortable choosing Westerner as a destination and making guests comfortable attending events. We have provided a series of recommendations as management continues to iterate on these plans, including to:

1. Continue to invest in event attraction and community engagement to not only grow, but maintain, current volumes in a challenging environment;
2. Work proactively with event planners to introduce safety measures, alternative delivery models (virtual, hybrid or outdoor), or other considerations to drive engagement; and
3. Prepare aggressive scenario planning and forecasting to support the Board and other stakeholder groups in preparing for financial downsides and planning accordingly.

9.2 Operations

The operations of WEA are significantly impacted by COVID-19 restrictions due to the importance of large scale gatherings of people through major events.

9.2.1. Revenue and Profitability

WEA should expect to realize a sustained reduction in revenue and profitability throughout the pandemic and recovery. With tradition revenues from the hosting of events, facility rentals and sponsorships under pressure due to social distancing measures and changing consumer behaviours, WEA will be limited in its ability to drive incremental external revenues from guests. In addition, provincial guidelines will continue to limit the size and type of events that can be hosted for the foreseeable future. In this heavily restricted state, WEA must plan to operate with the limited funds it receives from all levels of government until it can host the large scale events that contribute a disproportionate amount of cash flow.

Building a realistic and complete budget for FY21, given the current economic and political environment, would require consideration of the following:

1. How soon can WEA resume the larger events that generate the majority of its income?
2. What costs are required with respect to additional Personal Protective Equipment, cleaning staff and materials, patrolling, visible signage, thermal scanning, and training in case of emergencies?
3. Can further overhead costs be cut by closing part or all of individual venues while space utilization is depressed?
4. Are there other public or private funding programs that WEA can access for further funding that have not been pursued?
5. Can alternative models for indoor events, including virtual, hybrid or outdoor offerings, be used to maintain community engagement and drive incremental cash flow and income?

9.2.1.1 Large gatherings in Alberta

Currently, Alberta is in Stage 2, which commenced on June 12, 2020. Stage 2 requires a number of restrictions on physical distancing, gatherings and travel with implications on WEA.

While there is uncertainty around the pace of reopening, which will be driven by public health measures, the potential timeline is the single most important input in developing a budget and forecast.

It is not sufficient to consider the pace of reopening under provincial guidelines, when COVID-19 has had a significant impact on consumer and business buying behaviours. As seen in the broader tourism sector, opening airports and attractions does not guarantee that guest traffic will normalize. We therefore considered a number of external indicators to understand if the proposed budget is reasonable.

Public health measure	Pre-Stage 1	Stage 1 May 14	Stage 2 June 12	Stage 3
Physical distancing	Maintain distance of 2m	Maintain distance of 2m	Maintain distance of 2m	Maintain distance of 2m
Gatherings	Max. 15 (indoor/outdoor)	Max. 15 (indoor) Max. 50 (outdoor)	Max. 50: Indoor social gatherings Max. 100: Outdoor events and indoor seated/audience events No cap: Worship gathering; restaurant; cafes, lounges and bars; casinos; bingo halls as long as physical distancing is maintained	Size of permitted gathering will increase
Public masks	Encourage wearing a mask where unable to physically distance	Encourage wearing a mask where unable to physically distance	Encourage wearing a mask where unable to physically distance	Unnecessary
At-risk Albertans (outside facility)	Remain home unless medically necessary	Stay at home as much as possible	Resume normal activities and interactions, with caution	Resume normal activities and interactions
At-risk Albertans (facility-based)	Visitor, staff, and operational restrictions	Visitor, staff, and operational restrictions	Visitor, staff, and operational restrictions	Restrictions lifted
Isolation and quarantine	14 days for cases, close contacts, and people entering Alberta from outside Canada 10 days if symptomatic but don't fit above criteria	14 days for cases, close contacts, and people entering Alberta from outside Canada 10 days if symptomatic but don't fit above criteria	14 days for cases, close contacts, and people entering Alberta from outside Canada 10 days if symptomatic but don't fit above criteria	Restrictions lifted

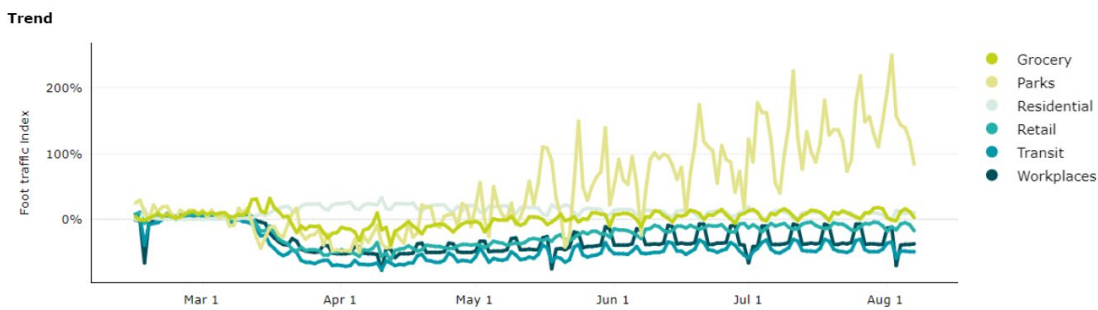
Government of Alberta Relaunch Strategy

9.2.1.2 COVID19 in Red Deer, Alberta

We considered the following fact patterns:

1. Currently, the City of Red Deer has extremely positive public health indications, with less than 10 active cases at the time of the writing of this report;
2. While many jurisdictions are re-opening, they still continue to report depressed economic activity. For example, an analysis of foot traffic by Deloitte Economics shows that all non-park venues are down between 2 and 50%;

City of Red Deer
 Rate of active cases per 100k: 9.4
 Active cases: 10
 Population: 105,939
 See current measure



Source: Deloitte analysis, Google LLC "Google COVID-19 Community Mobility Reports." <https://www.google.com/covid19/mobility/> Accessed: 11-Aug-20

3. While travel within Alberta is opening up and becoming increasingly popular due to restrictions on international travel and concerns around air travel, there will be significant pressure in the short-term on travel from other provinces and countries.

Considering the above, there is a potential opportunity for WEA to play a role in attracting visitors from centers like Calgary and Edmonton that may not typically visit Central Alberta to attend events with appropriate safeguards and social distancing measures. While proactive marketing must continue to combat general discomfort with travel and gatherings, WEA is well positioned for these opportunities

9.2.1.3 Event-Specific Comments

We then considered the risks around specific events that have a significant financial impact on WEA:

Canadian Finals Rodeo

We understand that it is confirmed that CFR will be cancelled for 2020. Given the significant financial shortfall experienced in recent years, this is forecast to contribute [REDACTED].

Westerner Days

The cancellation of Westerner Days for 2020 will [REDACTED].

Agri-Trade Expo

Agri – Trade Expo

Attended normally by 30,000+ people

	Post COVID	Post-Covid – FCST	
Revenues	██████████	██████████	Down 50%
Expenses	██████████	██████████	Down 40%
Net Income	██████████	██████████	
Profit Margin	██████████	██████████	-6%

WEA Management’s 2020-2021 Agri-Trade Forecast

Management forecast that Agri-Trade attendance will be down 50%, however recent events (the postponement of Edmonton’s FarmFair International and Regina’s Western Agribition) cast doubt as to whether this event will proceed. If Agri-Trade does not proceed, it would reduce net income by between \$190,239 and \$289,624. However, with management confident that this event will proceed, the cancellation of competitors could allow this event to exceed expectations.

According to a guest survey in 2017, 49% of guests rank the agricultural events as the most important ones they attend. Due to the strong community benefit, it would be preferable to identify opportunities to continue to engage with this community and potentially leverage the new Westerner Foundation to generate contributions to support virtual or hybrid initiatives in the interim.

Red Deer Rebels

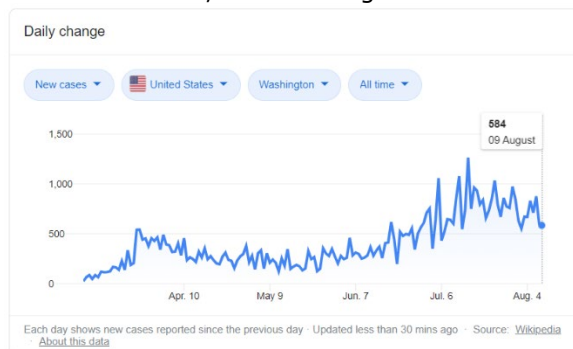
Rebels Hockey

	Post COVID	Post-Covid – FCST	
Revenues	██████████	██████████	Down 50%
Expenses	██████████	██████████	Down 40%
Net Income	██████████	██████████	
Profit Margin	██████████	██████████	-11%

WEA Management’s 2020-2021 Red Deer Rebels Forecast

Management forecast that the Rebels season will continue as planned, with 50% attendance to support social distancing. However, while at the time this was unknown, in early August the WHL announced that their season would start in December, consistent with the NHL and AHL. However, while the NHL and AHL appear likely to proceed without fans, the WHL commissioner has been quoted as saying that the league cannot commence play without the ability to reach >50% attendance – as a result, while management’s attendance target of 50% is appropriate, it is unclear whether the timeline to achieve that is reasonable.

While public health measures in Red Deer are incredibly positive, the WHL needs all of BC, Alberta, Saskatchewan, Manitoba, Oregon and Washington to stabilize to allow the whole league to operate in a sustainable manner. With cases continuing to trend upward in Washington State, it is possible that the WHL will not be able to commence play in December as planned, [REDACTED].



Washington Case Data as of Aug. 4, 2020

World Junior Championships

World Junior Championship

	Post COVID	Post-Covid – FCST	
Revenue	[REDACTED]	[REDACTED]	Down 50%
Expense	[REDACTED]	[REDACTED]	Down 40%
Net Income	[REDACTED]	[REDACTED]	
Profit Margin	[REDACTED]	[REDACTED]	-8%

WEA Management’s 2020-2021 World Junior Championship Forecast

As of the date of this report, there has been no announcement around the IIHF World Junior Championship. Consistent with the discussion above, there is some risk that the event will be postponed until 2021 if fans cannot attend.

Westerner Foundation

While not contemplated in the current budget, now is the perfect time to execute on the foundation concept to engage the community in saving WEA. Across Alberta, numerous non-profit organizations are hosting raffles, telethons and other types of events to offset declines in event revenue. With a strong brand in the community, and association with a number of memorable events, WEA should be able to follow this trend to generate some incremental operational funding for traditions such as the Dairy Showcase which is not forecast to breakeven in the current year.

9.2.2. Cost Management

When comparing overall revenues and expenses from pre-COVID-19 budget to post-COVID-19 forecast, we noticed the following variances:

Select Expenses	FY 21 FCST		FY 21 Budget		Variance
	Post COVID	Pre COVID	Post COVID	Pre COVID	
Marketing	\$ 11,200	\$ 281,554	\$ 270,354	\$ 281,554	-96%
Utilities	\$ 755,764	\$ 844,650	\$ 88,886	\$ 844,650	-11%
Food & Beverage COGS	\$ 855,170	\$ 1,213,771	\$ 358,601	\$ 1,213,771	-30%
Wages and benefits	\$ 3,012,160	\$ 4,365,969	\$ 1,353,809	\$ 4,365,969	-31%

Excerpt from Management’s 2020-2021 Pre-COVID and Post-COVID Budget

1. Event-specific marketing expenses decreased from \$281K Pre-COVID to \$11.2K post-COVID, a 96% decline. Although it is necessary to cut any costs that can be avoided, investing in marketing during such uncertain times could be critical for attracting guests and visitors who are on the fence. In addition, this is a unique opportunity to attract visitors from Western Canada’s urban centers who might not typically travel to Central Alberta.
2. Utilities expense decreased from \$844K to \$755K, an 11% decline. Utilities include the usage of electricity, heating, and water. Since WEA has multiple facilities, it will be worthwhile to consider whether the total shutdown or closure of specific venues can further reduce these costs. All necessary COVID-19 precautions will be implemented only in the operating venues which will further reduce costs.
3. Food and Beverage expenses decreased from \$1.2M to \$855K, which is a 30% decline. This is in line with the decline for Food and Beverage revenues. Even though some events will resume without significant limitations on the number of attendees, attendance will likely decline. While most of the major events have been forecast based on a 50% decline in attendance, Food and Beverage has only declined 30%. With limited space, and social distancing provisions such as masks in some cases, visitors may be less likely to eat on site.
4. Wages and Benefits for non-event expenses, which are the largest individual expense, decreased from \$4.4M to \$3.0M, a 31% decline. More aggressive collaboration with stakeholders such as the City and use of volunteers could help further manage this cost. A volunteer initiative will need to take place with aggressive social media presence and a dedicated team to train volunteers. Refer to Section 9.4.2 for more information on increasing the number of volunteers.

9.2.3. Facilities Management

During prolonged periods of inactivity, WEA can realize cost savings through reduced maintenance, utilities and cleaning usage for unused facilities. The WEA has already forecast for lower repair and maintenance costs, evidence by the 69% decrease in the expense when comparing the budget pre COVID-19 to the forecast post COVID-19. What we need to consider in addition to that is the fact that the majority of these expenses are sourced out to outside vendors with minimal expenses done in-house.

WEA contracted with more than 100 vendors for maintenance related services from 2017 to 2019. Managing 100+ vendors with a small team for facilities management can make it increasingly difficult to track progress, manage expenses and avoid overlap. We would recommend using this period of low activity to

consolidate with a smaller group of stronger vendors that can deliver expected levels of quality and provide better pricing with volume.

Summary of Repair and Maintenance expenses			
	2017	2018	2019
Total	\$ 201,323.64	\$ 448,704.86	\$ 116,185.54
In-House	\$ 2,896.83	\$ 10,239.93	\$ 6,771.84
Contractors	\$ 198,426.81	\$ 438,464.93	\$ 109,413.70
In-house %	1.44%	2.28%	5.83%
Contractors %	98.56%	97.72%	94.17%

Summary of Repair & Maintenance Vendors, 2017-2019

9.2.4. Sales and Marketing

Given that one of key mistakes of management in recent years was not investing in additional sales and marketing following the expansion of the venues to include the Exhibition Hall, we recommend continuing to lean in and invest in advertising for events that will go forward. With public health concerns, lingering restrictions and mask mandates in different communities making people reducing travel activity, there is a need to be proactive in helping them be comfortable coming to WEA.

We considered the following leading practices:

1. There needs to be a more prominent, active social media presence to advertise the readiness of the WEA to welcome back guests. For example, advertising new safety measures implemented for COVID-19, the monetary investment and time to prepare the facilities and train staff, the use of thermal scanning equipment, and the amount of space available to host events while social distancing and abiding by the new laws and regulations, etc.
2. It is vital to communicate during the crisis and let the public know of the organization’s efforts during the pandemic and what it is doing to prepare for the following stage. It is very likely that many events that were originally planned to take place out of the city/province/country will now divert to holding these events locally. Therefore, it is important to advertise the space and the services available during the pandemic to attract such possible new events. With Red Deer having strong public health metrics, it can continue to position as a host for events.
3. Along with aggressively communicating its readiness to re-open and host events as usual, the WEA also need to display the same effort with its stakeholders and partners to identify ways to keep events going. This includes coming up with documented plans in terms of capacity, vendors and any precautions that need to be in place. Planning in advance and having readily available plans to advertise to potential customers will instill confidence in them and ensure the organization as a whole is prepared to take them on. Likewise, hotels and other stakeholders in tourism have a vested interest in seeing these events go forward and should be approached to partner on advertising programs to supplement costs for WEA.
4. Community events are also vital in the time being. This is another chance to build new networks and foster closer ties with community members. For example, hosting smaller community events to raise awareness or donations for COVID-19, or hosting virtual game nights for the elderly will shed a light on the organization and its efforts, and hence advertise the organization by word of mouth.

9.3 Leadership

The health of any business is closely linked to the health of its people, society and the planet overall. Constant uncertainty makes it difficult to formulate a plan and chart a clear way forward, and this has been especially the case during COVID-19. Although circumstances are currently changing on a daily basis, it is clear that positive, active leadership is necessary during such uncertain times. Businesses must adapt to the

changing environments and to new realities, while ensuring the safety, health and morale of its staff and the community in which they operate in. Below we will highlight relevant points to take into consideration in terms of governance, strategy and performance monitoring amidst COVID-19.

9.3.1. Governance

With uncertainty amongst communities, organizations and staff due to COVID-19, it is important to adopt and publicly share a policy or a plan regarding the pandemic. This will ensure that a solid guidance has been formulated to take any necessary precautions. It is also important to conduct meeting sessions with internal staff as well as management to familiarize them with the policy and actions to be taken going forward in this new reality. To boost confidence and spread awareness, these sessions should be attended by all staff, including those not directly involved in carrying out steps within the newly formulated COVID-19 policy.

The new policy around the pandemic will undoubtedly include plans and initiatives that have never been exercised previously by the organization, and for that reason, some of the new plans should be tested to ensure flawless execution. For example:

1. Rapidly opening and operating a quarantine area/isolation room in case of an emergency;
2. Receiving and supporting First Responder staff for any suspected cases onsite;
3. Calling extra medical and security staff onsite for an event; and
4. Closing unused parts of the buildings (for safety reasons and to reduce costs).

Additionally, a Crisis Management Team should be created to handle any COVID-19 related emergencies that may arise. These individuals should be trained and equipped with the necessary tools to handle scenarios, starting with the leading health risks identified in risk assessments and audits. Such scenarios include:

1. Reporting of a suspected infection at the venue;
2. Off-site cases reported amongst staff or other stakeholders;
3. Media reports about an infection that might have occurred at the venue;
4. Cancellation of an event on short notice;
5. Urgent client requests before an event for extra control measures; and
6. Requests from the government for the urgent use of the facility for emergency purposes.

With uncertain and constantly changing rules and regulations around COVID-19, it's important to also have someone in charge of keeping the organization, its partners, vendors and customers up to date through its website and all social media platforms.

9.3.2. Strategy

To adjust to the new norm, the strategy of the organization will need to be altered to allow for new opportunities and accommodate changing demands. Previously, we discussed key opportunities for improvement which we will revisit in this section and explore how we can implement these new improvements during COVID-19:

- 1. Increasing community engagement.** Due to the financial difficulties facing the WEA, the main focus has been on generating income and boosting profits, which has skewed the focus away from community involvement. As big event hosting have currently come to a halt, this creates an opportunity to recoup and refocus efforts to engage the community and make sure its members' voices are heard. On the organization's website, a page should be created for residents and community members to provide

feedback. This could include ideas about new events to host, initiatives to take part in, things that could be done better, etc. This feedback can then be taken into consideration when developing a strategic plan for the years to come.

2. Developing community impact goals. Although the WEA is a not-for-profit organization and has hosted multiple community events, no set goals have been developed to evaluate an event’s turnaround against. The lack of such goals hinders the organization’s ability to pinpoint what could be done better and what was done well. When developing such goals, the new norm that is COVID-19 should be taken into consideration, and the goals to be set should include abiding by new health and regulation standards, hosting a number of smaller group events regularly to engage the community, and contribution within the community to raising awareness about COVID-19. Alongside developing community impact goals, targets for customer satisfaction should be created for all events held, as well as feedback from customers against those targets.

3. Communicating community impact. Once community impact goals are set as discussed above, along with targets to measure these goals, it will provide for more readily available information to share with the community regarding community impact. Sharing such information will bolster the organization’s reputation, advertise its commitment and milestones, as well as instill confidence in community members when seeing community impact goals being achieved. Lack of transparency with the public could hurt the standing of the organization in the community, even if it is in fact doing a good job with upholding its community goals. Therefore, all achievements, with numeric measures when applicable, should be advertised on the home page of the organization and on all social media platforms. For example: the number of social distancing activity held over a certain amount of time, the number of times venues were offered to industry members to hold COVID-19 related meetings and training, # of hours invested in training facility staff about new COVID-19 regulations, amount of money donated for COVID-19 related causes, etc.

9.3.3. Performance Monitoring

Processes and expectations for reporting in Pre and Post-COVID environments may differ, as the WEA is likely to experience a change in the scale, frequency, and number of events hosted. During times of no events, it is important that overall financial and operational reporting – both internal and external – remain ongoing, as these reports will guide management and the Board in navigating economic uncertainty.

Frequent meetings should be held internally with staff members to discuss the constantly changing COVID-19 related regulations and to make sure the organization is keeping up with all health and safety guidelines. Details such as number of attendees, number of staff working, and amount spent on cleaning and operating the facilities for all events should be clearly documented and reviewed to identify any trends as well as areas of improvements. Such information should also be benchmarked against available public information for similar competitors and against the organization’s own set goals.

9.4 Community

Due to the pandemic, WEA’s ability to host profitable large-scale events will be limited well into the future. This provides a unique opportunity to reconnect with the community and focus on smaller scale events for local residents and guests, which will reignite a sense of community and enable WEA to live by its value of being committed to the community and seeing the community in the Park.

9.4.1. Community Impact

The viability of WEA is very much dependent on its community, which is why it is of utmost importance to remain active, especially during rough times. It is the events held for the community which spread word about the organization and earns it sponsorships and funding to keep it going. It is also important that community members feel involved and heard. For those reasons, we have come up with possible actions to be taken that will strengthen WEA’s presence amidst the pandemic:

1. Make venues available to authorities or industry members to use for COVID-19 related seminars/activities as appropriate. Such activities could include training sessions, COVID-19 related meetings, crisis management exercises and vaccination efforts. Positioning WEA as a safe and reliable place to host events for other organizations will drive the perception of community benefit and support for continued operating funding;
2. Use the new parking lot space from the expansion to host outdoor events such as food truck drive-ins with social distancing rules and extra patrolling units to ensure the safety of individuals. This will benefit local businesses, broaden networks and provide as entertainment for the community; and
3. With COVID-19 rules and guidance changing on a daily basis, smaller social gatherings are currently possible. It should be advertised on the website and all social media platforms that the WEA is well prepared and has all security measures to host such events in a safe manner. Any other precautions (trained staff, social distancing, and cleaning measures) should also be advertised to the community.

9.4.2. People and Culture

As a not-for-profit organization, assistance from volunteers plays a very important role in helping the WEA achieve its goals and carry out its mission. This is why it is necessary to build, nourish and retain relations with volunteers as they are a vital part of the organization's going concern, and now more than ever amidst COVID-19. To attract and retain volunteers over a long period of times, the following steps should be taken:

1. Advertise the goals, values and mission of the organization. Ensuring the clarity of what the organization stands for will set the expectations from the volunteers and attract people with similar values;
2. For each event held, clarify the purpose of it, how it aligns with the organization's goals, exactly what they need to achieve as volunteers, and who they can reach out to if they have any questions or concerns. Organization and transparency is key;
3. Have a designated person(s) responsible for facilitating the volunteer programs, making sure the team stays within the budget, delegating tasks, and ensuring all necessary tools are available;
4. Create a community for volunteers to interact and share with each other. For example, a Facebook page or other sharing medium can connect volunteers and allow them to feel a sense of community engagement; and
5. Volunteers dedicate their time not only to support the cause but also to build friendships and be a part of the community. To make sure they are heard, volunteers should be able to provide formal feedback after each position they fill to understand what was done well and what could be done better.

9.4.2.1 Next Steps

We recommend that WEA prioritize the following modernization initiatives:

Recommendation 32: Formalize a taskforce to routinely meet and address COVID-19 related issues across the organization. Develop policies and processes for responding to positive cases for employees and guests.

Recommendation 33: Restore the non-event marketing budget for 2020-2021 and redeploy funding for planned and pending events to drive awareness and attendance.

Recommendation 34: Consider running a campaign under the Westerner Foundation that highlights the community benefits of the events and calls for funding to maintain and enhance the existing facilities without funding from operations.

Recommendation 35: Continue to update the 2020-2021 forecast, in addition to preparing a 3-5 year outlook that considers the rebound from COVID-19 restrictions, to develop a longer-term outlook of the funds needed to sustain the organization over that time period.

Appendix A: Historical Statement of Operations

**THE WESTERN EXPOSITION ASSOCIATION
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31**

	<i>Draft Financial Statements ⁽¹⁾ 2020</i>	<i>Audited Financial Statements 2019</i>	<i>Audited Financial Statements 2018</i>	<i>Audited Financial Statements 2017</i>	<i>Audited Financial Statements 2016</i>
REVENUE					
Event revenue	5,769,809	6,665,093	5,620,155	6,998,529	6,192,117
Rental of facilities	2,586,363	3,807,511	4,711,923	4,837,533	4,555,586
Income from interests in joint arrangements	368,453	747,343	N/A	N/A	N/A
Investment income	31,617	54,757	37,616	29,412	25,491
Commissions	677,438	711,286	520,669	327,845	315,474
Miscellaneous	130,344	87,330	71,198	45,313	11,985
Grants ⁽²⁾	1,449,224	495,630	396,914	405,560	398,852
	11,013,248	12,568,950	11,358,475	12,644,192	11,499,505
EXPENSES					
Events	4,449,841	4,889,450	4,240,780	5,034,639	4,443,457
Administrative and grounds	7,639,855	7,322,659	6,302,524	5,848,594	5,219,795
	12,089,696	12,212,109	10,543,304	10,883,233	9,663,252
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(1,076,448)	356,841	815,171	1,355,399	1,437,401
GAIN ON DISPOSAL OF CAPITAL ASSETS	381	89,767	N/A	N/A	N/A
AMORTIZATION OF CAPITAL ASSETS	(2,467,237)	(2,025,288)	(1,998,130)	(1,956,255)	(1,922,210)
AMORTIZATION OF CAPITAL CONTRIBUTIONS	1,293,821	1,288,463	1,288,885	1,277,333	1,275,688
DECREASE IN FAIR VALUE OF INTEREST RATE SWAP CONTRACTS	(1,166,539)	N/A	N/A	N/A	N/A
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(3,416,022)	(290,217)	105,926	1,082,037	1,189,731

Note(s)

⁽¹⁾ Draft financial statements received from WEA on June 21, 2020.

⁽²⁾ Grants in 2018 is comprised of operating grants and the Alberta Lottery Fund.

Appendix B: Long-Term Cash Flow Scenarios

B. 1. Scenario 1 – Base Case

Cumulative Deficit

(4,065,778)

	WEA Budget ⁽¹⁾ 2021	Projection 2022	Projection 2023	Projection 2024	Projection 2025
REVENUE ⁽²⁾					
External Revenues	11,613,626	12,017,889	12,436,224	12,869,121	13,317,087
City Operating Grant	2,000,000	-	-	-	-
Other Grants	943,208	976,040	1,010,016	1,045,174	1,081,556
	14,556,834	12,993,929	13,446,240	13,914,295	14,398,642
EXPENSES					
Events ⁽³⁾	7,595,822	5,534,476	5,570,220	5,601,746	5,628,718
Administrative and Grounds ⁽³⁾	6,148,745	6,271,720	6,397,155	6,525,098	6,655,600
	13,744,568	11,806,197	11,967,375	12,126,844	12,284,318
Operating Cash Flows	812,266	1,187,733	1,478,865	1,787,450	2,114,324
Expected Capital Grants ⁽⁴⁾	2,500,000	2,500,000	-	-	-
Planned Capital Expenditures ⁽⁴⁾	(3,000,000)	(3,893,000)	(1,130,000)	-	-
Repayment of Borrowings ⁽⁵⁾	-	(472,514)	(489,194)	(506,462)	(524,340)
Capital Maintenance ⁽⁶⁾	(1,286,181)	(1,286,181)	(1,286,181)	(1,286,181)	(1,286,181)
Available Cash Flows	(973,915)	(1,963,962)	(1,426,510)	(5,193)	303,803
Opening Cash	74,860	(899,055)	(2,863,018)	(4,289,528)	(4,294,721)
Ending Cash	(899,055)	(2,863,018)	(4,289,528)	(4,294,721)	(3,990,918)

Note(s)

⁽¹⁾ Obtained from WEA's "FY 21 Post-COVID Budget."

⁽²⁾ Revenue growth starting in 2021-2022 at WEA's historical rate over the last five years of 3.48% per annum.

⁽³⁾ Event expenses at 73% of event revenues in line with historical trend.

⁽⁴⁾ Planned capital expenditures from 2021 to 2023 were sourced from the Capital Budget Summary and primarily relate to the Centrium Enhancement.

⁽⁵⁾ Principal payments have been paused by CIBC and are expected to resume as planned in 2021-2022.

⁽⁶⁾ Represents estimated replacement cost of existing capital asset pool at a rate of 2.5% per annum.

B.2. Scenario 2 – Prolonged Pandemic Case

Cumulative Deficit (10,054,567)

	<i>WEA Budget</i> 2021	<i>Projection</i> 2022	<i>Projection</i> 2023	<i>Projection</i> 2024	<i>Projection</i> 2025
REVENUE ⁽²⁾					
Event revenue	1,248,855	7,326,445	8,059,089.79	8,341,158	8,633,098.46
Rental of facilities	1,093,305	2,780,308	3,058,339	3,165,381	3,276,169
Income from interests in joint arrangements	750,000	848,000	932,800	965,448	999,239
Investment income	-	-	-	-	-
Commissions	350,315	390,315	429,347	444,374	459,927
Miscellaneous	113,558	268,558	295,413	305,753	316,454
External Revenues	3,556,032	11,613,626	12,774,988	13,222,113	13,684,887
City Operating Grant	2,000,000	-	-	-	-
Other Grants	668,208	943,208	1,037,529	1,073,842	1,111,427
	6,224,240	12,556,834	13,812,517	14,295,955	14,796,314
EXPENSES					
Events ⁽¹⁾⁽³⁾	629,007	5,677,995	6,245,795	6,089,045	6,302,162
Administrative and Grounds ⁽³⁾	6,148,745	6,148,745	6,271,720	6,397,155	6,525,098
	6,777,752	11,826,741	12,517,515	12,486,200	12,827,260
Operating Cash Flows	(553,512)	730,093	1,295,002	1,809,755	1,969,054
Expected Capital Grants ⁽⁴⁾	2,500,000	2,500,000	-	-	-
Planned Capital Expenditures ⁽⁴⁾	(3,000,000)	(3,893,000)	(1,130,000)	-	-
Repayment of Borrowings ⁽⁵⁾	-	(472,514)	(489,194)	(506,462)	(524,340)
Capital Maintenance ⁽⁶⁾	(2,057,890)	(2,057,890)	(2,057,890)	(2,057,890)	(2,057,890)
Available Cash Flows	(3,111,402)	(3,193,311)	(2,382,081)	(754,597)	(613,176)
Opening Cash	74,860	(3,111,402)	(6,304,713)	(8,686,794)	(9,441,391)
Ending Cash	(3,111,402)	(6,304,713)	(8,686,794)	(9,441,391)	(10,054,567)

Note(s)

⁽¹⁾ Obtained from WEA's "FY 21 Post-COVID Budget", but modified to exclude "at risk" major events in 2020-2021.

⁽²⁾ Decline in revenue persists through 2021-2022 before beginning to rebound in 2022-2023. WEA then resumes historical growth rate of 3.5% per annum.

⁽³⁾ Event expenses increase to 77.5% of event revenues in 2022-2023 to reflect increased safety precautions.

⁽⁴⁾ Planned capital expenditures from 2021 to 2023 were sourced from the Capital Budget Summary and primarily relate to the Centrium Enhancement.

⁽⁵⁾ Principal payments have been paused by CIBC and are expected to resume as planned in 2021-2022.

⁽⁶⁾ Represents estimated replacement cost of existing capital asset pool at a higher rate of 4.0% to reflect deferred maintenance.

B.3. Scenario 3 – Optimistic Case

Cumulatative Surplus 1,181,114

	<i>WEA Budget</i> ⁽¹⁾ 2021	<i>Projection</i> 2022	<i>Projection</i> 2023	<i>Projection</i> 2024	<i>Projection</i> 2025
REVENUE ⁽²⁾					
Event revenue	7,326,445	8,059,089.79	8,462,044	8,885,146	9,329,404
Rental of facilities	2,780,308	3,058,339	3,211,256	3,371,819	3,540,409
Income from interests in joint arrangements	848,000	932,800	979,440	1,028,412	1,079,833
Investment income	-	-	-	-	-
Commissions	390,315	429,347	450,814	473,355	497,022
Miscellaneous	268,558	295,413	310,184	325,693	341,978
External Revenues	11,613,626	12,774,988	13,413,738	14,084,425	14,788,646
City Operating Grant	2,000,000	2,200,000	2,310,000	2,425,500	2,546,775
Other Grants	943,208	1,037,529	1,089,405	1,143,876	1,201,069
	14,556,834	16,012,517	16,813,143	17,653,800	18,536,490
EXPENSES					
Events ⁽²⁾	7,595,822	5,762,249.20	5,923,431	6,086,325	6,250,701
Administrative and grounds ⁽³⁾	6,148,745	6,148,745	6,148,745	6,148,745	6,148,745
	13,744,568	11,910,995	12,072,176	12,235,071	12,399,446
Operating Cash Flows	812,266	4,101,522	4,740,967	5,418,729	6,137,044
Expected Capital Grants ⁽⁴⁾	2,500,000	2,500,000	-	-	-
Planned Capital Expenditures ⁽⁴⁾	(3,000,000)	(3,893,000)	(1,130,000)	-	-
Repayment of Borrowings ⁽⁵⁾	-	(472,514)	(489,194)	(506,462)	(524,340)
Capital Maintenance ⁽⁶⁾	(2,057,890)	(2,057,890)	(2,057,890)	(2,057,890)	(2,057,890)
Available Cash Flows	(1,745,624)	178,119	1,063,883	2,854,377	3,554,814
Opening Cash	74,860	(1,745,624)	(1,567,505)	(503,622)	2,350,755
Ending Cash	(1,745,624)	(1,567,505)	(503,622)	2,350,755	5,905,569

Note(s)

⁽¹⁾ Obtained from WEA's "FY 21 Post-COVID Budget."

⁽²⁾ Revenue growth starting with a rebound of 10% in 2021-2022 followed by WEA's historical rate over the last five years of 3.5% per annum.

⁽³⁾ Event expenses decline 1.5% (as a percentage of event revenues) per annum as management continues to streamline operations.

⁽⁴⁾ Planned capital expenditures from 2021 to 2023 were sourced from the Capital Budget Summary and primarily relate to the Centrium Enhancement.

⁽⁵⁾ Principal payments have been paused by CIBC and are expected to resume as planned in 2021-2022.

⁽⁶⁾ Represents estimated replacement cost of existing capital asset pool at a rate of 2.5% per annum.

Appendix C: Evaluation Criteria

Section	Criteria	Objective
Leadership	Governance	Alignment of ownership, legal, oversight and management structures to enable long-term execution with clear accountabilities against the purpose and mission of WEA.
	Strategy	Development of and monitoring against clear strategic, operational and financial plans in line with WEA’s purpose and mandate. Also considers the state of relationships with stakeholders and the consistency of messaging across different channels and functions.
	Performance Management	Measurement and monitoring of performance against key operational metrics and targets set.
Operations	Revenue and Profitability	Recent financial results indicators of future results. Overview of quality and stability of revenues.
	Cost Management	Maximizing the return on investment from both capital and operational spending.
	Facilities Management	Supporting responsible development and maintenance to maximize the long-term value of assets.
	Financial Management	Safeguarding the assets of WEA and supporting sound decision-making in both the short-term and long-term.
	Sales and Marketing	Driving lead generation and pipeline progression to achieve utilization targets and other key metrics.
Community	Community Impact	Generating financial and non-financial benefits for stakeholders including guests, vendors, residents, business owners, volunteers and community organizations.
	People and Culture	Considering the contribution, engagement and morale of employees and volunteers. Creating a spirit and culture of pride in the mission of WEA.

Appendix D: Facilities

Venue	Size (Ft ²)	Max Cap. (Guests)	Typical Events
Exhibition Hall	51,500	3,000	Tradeshows, conferences, and other large gatherings
Centrium	17,000 – 49,600	7,819	Concerts, hockey, motor sports, ice shows, curling, boxing, rodeo, wrestling, trade shows, competitions and conventions
Parkland Pavilion	37,000	2,200	Banquets, concerts, conferences, shows, corporate events, festivals, graduations, and parties
Prairie Pavilion	31,000	1,200	Banquets, concerts, conferences, shows, corporate events, festivals, graduations, and parties
Stockmens Pavilion	42,378	1,200	Banquets, conferences, sporting events, shows, and swap meets
Salon A	3,264	150	Conferences, meetings, Shows (RV, auto, trade, craft)
Salon B	3,264	150	Conferences, meetings, Shows (RV, auto, trade, craft)
Agricentre	75,000	Open Area	Agriculture Events and Training Seminars, Beef events, dog shows, equestrian events, livestock shows and auctions, sporting events and trade shows
Agricentre West	33,400		
Agricentre East	38,000		
Equestrian Centre	Four large stalling tents (78, 66, 66 and 78 stalls), riding ring, warm up rings, parking		Camping, equestrian events, festivals, livestock shows and auctions
Harvest Centre	14,000	568	Banquets, conferences, shows (consumer, trade), corporate events, fundraisers, funerals, galas, meetings, weddings, auto training seminars, and parties.
Harvest Gardens	Outdoor space	200	Family reunions, weddings and other outdoor events
Chalet	2,260	150	Banquets, concerts, conferences, meetings, weddings, and parties
Trailblazer Room	3,435	180	Banquets, Conferences, meetings, weddings, parties, trade show
Frontier Room	4,127	224	
Lookout Room	1,976	72	
Parking Lots	1,500,000	N/A	Auto training seminars, beef events, camping, concerts, equestrian events, festivals, livestock shows and auctions, markets, rodeos, shows, sporting events, weddings
Amphitheatre	Outdoor space	1,200	Agriculture events, festivals, other outdoor events
Racetrack	5/8 mile dirt race track	3,000	Beef events, equestrian events, livestock shows and auction, rodeos, sporting events
Campground	98 camping sites		Camping

Appendix E: Select Comparator Profiles

Background

Our findings and recommendations are informed by leading practice research into more than 50 convention and trade show operators from around the world. For the purposes of this evaluation, we have focused on the attributes of 14 operators consisting of two groups:

Geographically & Demographically Similar Operations

These organizations operate in similar environments to WEA based on the size, location, demographics and culture of their communities. Examples of these organizations include:

1. BC Pavilion Corporation;
2. Edmonton EXPO Centre;
3. Franklin County Convention Facilities Authority;
4. Grande Prairie Regional Agricultural & Exhibition Society;
5. Indianapolis Capital Improvement Board of Managers;
6. Kentucky State Fair Board;
7. Lloydminster Agricultural Exhibition Association; and
8. Regina Exhibition Association Limited.

Leading Operations

These organizations are internationally acclaimed convention and trade show operators from all around the world. Examples of these organizations include:

1. Chicago Metropolitan Pier and Exposition Authority;
2. Helsinki Finnish Fair Corporation;
3. Las Vegas Sands Expo;
4. Portland Metropolitan Exposition & Recreation Commission;
5. San Antonio Henry B. Gonzalez Convention Centre; and
6. San Diego Convention Center.

The following section includes comparator profiles for the first group.

E.1. BC Pavilion Corporation



Vancouver Convention Centre and BC Place

Overview⁹

- B.C. Pavilion Corporation (“PavCo”) is a Provincial Crown Corporation. It owns and operates two world-class public facilities located in downtown Vancouver: BC Place and the Vancouver Convention Centre. PavCo’s mandate is to generate economic and community benefit for the people of BC through the prudent management of its public facilities.
- B.C. Pavilion Corporation has three divisions:
 1. BC Place
 2. Vancouver Convention Centre
 3. Corporate Office

⁹ <https://www.bcpavco.com/>

Ownership and Governance

Governing Board

1. Chair, Board of Directors: acclaimed leader in hospitality and tourism.
2. Chair, Marketing Committee: vice-president working in the hospitality and tourism industry.
3. Chair, Governance, Finance & Audit Committee: veteran leader in community and regional affairs.
4. Director: principal consultant at a meeting planning firm.
5. Director: president of a financial advisory firm.
6. Director: CEO of a marketing and communications firm.

The Executive Team

Corporate Office	Vancouver Convention Centre	BC Place Stadium
President and Chief Executive Officer	Assistant General Manager	Assistant General Manager
Chief Financial Officer	Vice-President, Sales & Marketing	Director, Facility Operations
Director, Finance	Director, Sales	Director, Sales & Marketing
Director, Communications & Stakeholder Relations	Director, Client Services	Director, Engineering & Maintenance
Director, Executive Operations & Board Liaison	Director, Finance	Director, Finance
	Director, Human Resources	Director, Information Technology
	Director, Facility Operations	Director, Event Operations
		Director, Human Resources & Labor Relations

Facilities

1. **Vancouver Convention Centre** – Located on Vancouver’s waterfront the Convention Centre offers a beautiful setting and convenient access to the downtown core. The Convention Centre includes its East building and connected West building expansion, combining for 466,500 square feet of flexible function space. It is able to host multiple, simultaneous events as well as large single events upwards of 10,000 delegates. It has hosted events with over 16,000 delegates.
2. **BC Place** – With over 54,000 seats and 235,000 square feet of exhibit space, BC Place is busy for more than 200 event days per year and is a venue that contributes to the social, cultural, and economic fabric of the Province of British Columbia.

Financial Highlights

- PavCo had revenues of \$132.50 million in 2019, with operating expenses of \$132 million, resulting in operating profit of \$500,000
- Total revenues for PavCo increased by \$15.98 million, or 13.7% over Service Plan targets. The increase was related primarily to event revenues of \$75.75 million, which were \$12.90 million higher than budget as a result of hosting more and higher yielding events than expected.
- Revenues, gross margins and net operating results at the Vancouver Convention Centre were all ahead of the Service Plan budget.

Economic and Cultural Impact

- PavCo attracts customers internationally and continuously strives to optimize the financial performance of its facilities, which generate significant economic benefit for the Province of British Columbia.
- The total economic impact at Vancouver Convention Centre from all spending from outside Metro Vancouver was \$346 million for 2019; while the Economic impact at BC Place from all spending was \$148 million.

E.2 Edmonton Economic Development Corporation



Edmonton EXPO Centre

Overview

- Edmonton Economic Development Corporation (“EEDC”) is a multi-divisional, multi-location conglomerate agency of the City of Edmonton, aligned through unified purpose, vision, and values. There are six divisions at EEDC that work in unison on initiatives that generate economic impact and build the brand and reputation of the city. One of those divisions is the Edmonton EXPO Centre. The Edmonton EXPO Centre is a 522,000 square foot facility in central Edmonton designed for large trade and consumer shows, conventions, and special events.¹⁰

Ownership and Governance

- Edmonton EXPO Centre was previously owned and operated by Northlands, a not-for-profit agricultural society focused on bringing together events, creating agricultural awareness and cultivating community enrichment.¹¹ However, based on recommendations from a private report to City council, EEDC took control of the Expo Centre from Northlands as of January 1, 2018 and merged the trade show operations

¹⁰ https://www.eedc.ca/what_we_do/edmonton-expo-centre/

¹¹ <https://www.northlands.com/about-us/>

with the downtown venue, Edmonton Convention Centre. Northlands has since relinquished management responsibilities and does not have a physical presence on the exhibition lands¹².

- EEDC reports to an Edmonton City Council appointed Board of Directors, comprised of business and community leaders who ensure the goals and strategies of the organization achieve the level of economic impact that is desired by the Shareholder, the City of Edmonton.¹³
- The Board of Directors meets quarterly to review the performance of EEDC management across all divisions including the EXPO centre, and provides insights and recommendations for achieving the resilient growth and continuous prosperity needed in the Edmonton economy. The Board of Directors is operated with the following Committee structure:
 1. Governance Committee
 2. Audit and Finance Committee
 3. Human Resources and Compensation Committee

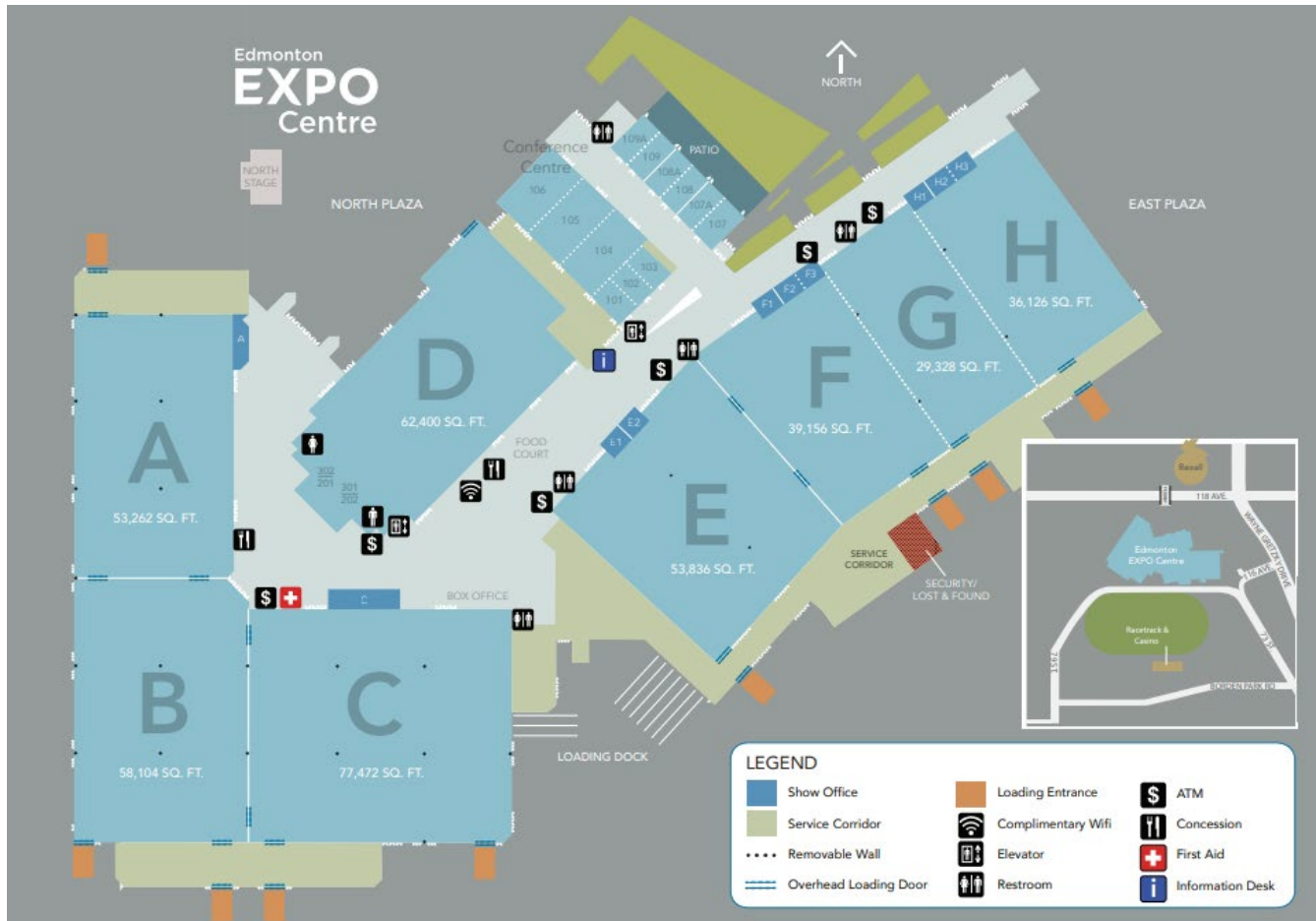
Facility¹⁴

- The Edmonton EXPO Centre is a large-scale event facility located alongside convenient public transportation stops and parking lots. The 522,000-square-foot facility in central Edmonton is designed for large trade and consumer shows, conventions, and special events. The versatile infrastructure supports events from large-scale trade and consumer shows, to conferences and private social events all while maintaining a personal service approach.
- The Edmonton EXPO Centre offers flexible space and is a perfect setting for any of the following:
 1. **Meetings** – the facilities has seven exhibit halls, six breakout rooms with access to outdoor licensed patios and a tiered arena space. Plus, the 16,000 square foot Alberta Ballroom has six adjustable spaces for meetings big and small.
 2. **Conferences and Conventions** – there are digital screens to keep guests informed and up-to-date while ensuring the technology infrastructure is in place to keep everyone connected.
 3. **Private and Special Events** – the space can be rented for weddings or seasonal parties, with flexible areas that can create a relaxed intimate environment or space out to fill up an entire hall for the event.
 4. **Culinary Experience** – the Edmonton EXPO Centre offers plated and buffet options for guests at a private party or an international reception.

¹² <https://www.cbc.ca/news/canada/edmonton/northlands-expo-centre-shaw-centre-consolidation-1.4267894>

¹³ <https://www.eedc.ca/about-us/board-of-directors/>

¹⁴ https://www.eedc.ca/what_we_do/edmonton-expo-centre/



Financial Highlights

- As Northlands was struggling to pay its debt, the City of Edmonton accepted that Northlands could no longer service their \$47-million City of Edmonton loan on the expansion of the Expo Centre. The City forgave that debt and merged its operations with the Edmonton Convention Centre.¹⁵
- EEDC had \$50.0 million in revenue in 2019 with the EXPO Centre contributing \$20.5 million. EXPO Centre had \$20.4 million in operating expenses in 2019, resulting in a \$0.1 million operating surplus before amortization and interest.¹⁶

Economic and Cultural Impact

- EEDC contributed more than \$200 million in economic impact in 2018, with Edmonton EXPO Centre accounting for \$34 million. The EXPO Centre hosted approximately 400 events and 1.5 million visitors during the period. Based on customer data, the EXPO Centre had a Net Promoter Score of +45.¹⁷

¹⁵ <https://edmontonjournal.com/news/local-news/council-votes-to-forgive-northlands-47m-debt-take-over-expo-centre>

¹⁶ <https://www.eedc.ca/wp-content/uploads/2020/06/2019-Report-to-the-community.pdf>

¹⁷ https://www.eedc.ca/wp-content/uploads/2020/06/EEDC_Annual_Report_2018.pdf

E.3 Regina Exhibition Association Limited



Evraz Place

Overview

- Situated in the heart of Regina, Evraz Place is the largest interconnected event complex in Canada and the centre of sport, business and entertainment for the community. The Regina Exhibition Association Limited ("REAL") is the not-for-profit corporation that operates the 100-acre Evraz Place property. The property hosts the majority of Regina's major events, including Canada's Farm Show, Queen City Ex and Canadian Western Agribition. Evraz Place is home to the Saskatchewan Roughriders, Regina Pats, Regina Soccer Association, many minor and recreational sports, and numerous concerts, trade shows and conventions.

Ownership and Governance

- REAL is a not-for-profit corporation that operates Evraz Place and is governed by a Board of Directors (BoD). The City of Regina is the owner and sole-shareholder of the REAL. REAL operates separately and independently from the City, however the City of Regina owns the land and assets of Evraz Place which REAL operates on behalf of City Council.
- The BoD is made up of no more than 15 members and no fewer than seven (7). There are currently eleven (11) voting appointed directors and two (2) ex-officio (non-voting) directors – one appointed by the City of Regina and the other by the Ministry of Agriculture, Province of Saskatchewan.
- The BoD is responsible for:

1. **Governance:** Structures and processes to fulfil responsibilities, such as board skills matrix and recruitment, committee appointments and governance policies to name a few.
 2. **Talent:** select, evaluate, and compensate the CEO, and oversee their performance targets and evaluation in alignment with strategy.
 3. **Integrity:** ethical tenor of the company. Standards of honesty, integrity, and ethics. Complies with regulatory compliance.
 4. **Risk:** Monitoring the company's strategic, operational, financial and compliance risk exposure. Collaborates with management to set risk-tolerance levels and alignment with strategic priorities.
 5. **Performance:** reviews and approves company strategy, annual operating plans, and financial plans. Monitors the execution against established budgets and alignment with strategic objectives of the organization.
 6. **Strategy:** Develops strategic priorities and plans that align with the mission of the organization and in the best interest of the shareholder. Monitors the ability to execute strategy.
- The BoD is assisted in performing its work by four committees:
 1. Audit and Finance Committee
 2. Governance and Nominating Committee
 3. Human Resources Committee
 4. Strategic Initiatives Committee

Facilities

- REAL operates Evraz Place, one of the largest event complexes in Canada, and features the following facilities among others:
 1. **The Brandt Centre** - Brandt Centre is home to the WHL Regina Pats. This 6,000-seat arena with executive skyboxes and full-service concessions regularly hosts large sporting events, concerts, championship curling, award shows, conventions and trade shows.
 2. **Canada Centre** - Canada Centre offers 112,000 sq. ft. of business and industrial trade show space able to accommodate everything from booths and concessions to vehicles, animals and machinery. The facility is home to Canadian Western Agribition, Canada's Farm Progress Show, Majestics Car Show, Regina Spring Home Show and many other events.
 3. **Mosaic Stadium** - Mosaic Stadium has a standard capacity of 33,000 and can be expandable to 40,000. The stadium delivers an incredible event experience with wider individual seats, a sunken bowl to ease spectator access, expansive concourses, and a wide range of concessions and hospitality offerings, including a general admission lounge and premium options that include 38 suites for corporate partners.
 4. **International Trade Centre** - The International Trade Centre is a 150,000 sq. ft. multi-purpose facility that opened in November 2017. It is designed for trade and consumer shows, large meetings, catered events and everything in between. The International Trade Centre has three multi-purpose spaces with multiple overhead doors for ease of movement. The one-storey building also includes the RHA Mezzanine, a 7,785 sq. ft. area that overlooks the multi-purpose spaces.



Financial Highlights

- The revenues in 2019 were \$44.8 million, up 3% from 2018, while the expenses increased by 5% compared to prior year. This was due to increase in expenses such as repairs and maintenance, contracted labour, and overhead costs. As a result, income from operations decreased from 703,000 in 2018 down to \$164,000 in 2019, representing a 77% decrease.
- Evraz Place receives \$2.6M annually from the Province of Saskatchewan in revenue continuance as compensation for relinquishing operation of its casino. This is a 30 year agreement signed in November 1997 and will continue until 2027.
- Contractual rights and obligations: Effective April 11, 2018, the Association entered into a 3 year and 9 month Operating & Maintenance agreement with the City of Regina for Mosaic Stadium. The contract includes a renewal term for 5 consecutive terms of 5 years each. The Association is paid an annual base building fee to operate and maintain the stadium as well as a game day fee to provide services to the Saskatchewan Roughrider Football Club.
- Future collections from the stadium Operating & Maintenance agreement with the City of Regina and other funding and sponsorship agreements are estimated as follows:

Year	Amount
2020	5,664,504
2021	5,082,327
2022	5,100,685
2023	5,119,593
2024	5,139,069

- The Association has agreed to repay the City of Regina for the funding required to complete the food and beverage areas. The repayment is an annual fee of \$300,000.
- As the association is a not-for-profit organization, they are not subject to federal or provincial income taxes.

Economic and Cultural Impact

- Evraz Place attracted 3.7 million visitors in 2019, and supported 4,800 jobs in the province. This accounted for \$430 million in provincial GDP.
- Mosaic Stadium hosted the Garth Brooks Stadium Tour in August 2019. The music concert entertained 80,000 fans across two sold-out nights and provided an economic impact of \$18.7 million for the province of Saskatchewan.
- Mosaic Stadium also hosted the 2019 NHL Heritage Classic featuring the Winnipeg Jets vs. Calgary Flames. This was the first-ever regular-season outdoor NHL game played in Canada, in a province without an NHL team. Media coverage was at its highest level for any event held in Saskatchewan with broadcasting spanning local, national, and international coverage. The event is expected to return over \$15 million in economic impact to the local economy through visitor and operational expenditures.

E.4 Capital Improvement Board of Managers



Indiana Convention Center and Lucas Oil Stadium

Overview

- The Capital Improvement Board ("CIB") is a municipal corporation of Marion County created in 1965. The CIB operates and/or owns the Indiana Convention Center, Lucas Oil Stadium, Conseco Fieldhouse, Victory Field, Virginia Avenue Parking Garage, and Capitol Commons, all located in downtown Indianapolis.¹⁸ The CIB is a municipal body of Marion County (Indianapolis) and has no stockholders or equity holders and all revenues must be managed in accordance with County regulations.¹⁹

Ownership and Governance²⁰

- The board is composed of nine members. Six of the nine board members are appointed by the Mayor of the City of Indianapolis, one is appointed by the Marion County Board of Commissioners, one is appointed by the City-County Council of the Consolidated City of Indianapolis-Marion County, and one is appointed jointly by majority vote of a body consisting of representatives of local county commissioners.

¹⁸ <https://www.capitalimprovementboard.org/main/cib-content/uploads/2013/07/History-and-General-Provisions-Printable-Version.pdf>

¹⁹ <https://www.in.gov/sboa/WebReports/B46441.pdf>

²⁰ <https://www.in.gov/sboa/WebReports/B46441.pdf>

- One of the members appointed by the Mayor must be engaged in the hotel or motel business in the county.
- The current make-up of the CIB includes the following Mayoral appointments:
 1. President: background in manufacturing.
 2. Vice-president: background in business law.
 3. Treasurer: health care.
 4. Member: labor and employment law.
 5. Member: labor union president.
 6. Member: president in the hospitality industry.
- City and County appointees include the following:
 1. Secretary: financial law and governmental affairs.
 2. Members: president of a visitor bureau.
 3. Member: counsellor, Indianapolis City-County.

Facilities²¹

- A \$275 million expansion in 2011 has made the Indiana Convention Center & Lucas Oil Stadium (ICCLOS) a powerhouse destination for the largest events in the country, including the 2012 Super Bowl.
- **Indiana Convention Center** – One of the largest convention centers in America, the center is connected by skywalks to more hotel rooms than any other city in the nation. Also linked to the center is a four-story urban shopping mall, surrounded by more than 200 restaurants and clubs, well-known sports venues, and a 10-block state park that features top museums, green space and a convenient canal walk.
- **Lucas Oil Stadium** – Opened in 2008, Lucas Oil Stadium is a state-of-the-art retractable roof, multi-purpose facility seating over 67,000 fans while featuring views of the downtown Indianapolis skyline. The stadium's unique features include its flexibility in design and ability to accommodate a multitude of events beyond NFL football and NCAA basketball, including concerts, national conventions, trade shows, IHSAA tournaments, international and national band competitions, and numerous other national and local amateur sports events.
- The seven-level stadium has more backstage space than any other NFL stadium with seven locker rooms, 11 indoor truck docks, 43,000 square feet of exhibit space and 12 meeting rooms. The north operable window combines with the retractable roof to give the spectator the feeling of being at an outdoor stadium. Tradeshows and conventions can utilize 183,000 square feet of exhibit space when merging the field and both exhibit halls. Lucas Oil Stadium also features two multi-level club lounges, 139 suites, retractable sideline seating, house reduction curtains, two HD video boards, 360 degree ribbon boards, spacious concourses and much more.

Financial Highlights

- The CIB's financial position continued to improve in 2018. As was the case in 2017, the CIB ended 2018 with a positive net cash flow and an increase in operating cash balances.
- Operating revenues decreased by \$3.8 million, 10.1%, primarily due to decreases in rental income, labor reimbursements and food service and concession income.
- Non-operating revenues increased by about \$3.6 million, or 2.1% in 2018 due to an increase in taxes and investment income.

²¹ <https://www.icclos.com/about-us/history/>

- Capital contributions decreased by \$1.1 million as no capital contributions were received in 2018.

Economic and Cultural Impact

- The CIB generated high levels of traffic for both the convention centre and the stadium, bringing in approximately 2 million visitors annually.
- Visitors spend about \$4.4 billion annually in Central Indiana and support more than 75,000 full-time equivalent jobs.
- CIB generates tax revenue for the state of Indiana through hotel stays, food and beverage purchases, event tickets, car rentals and other spending.

E.5 Kentucky State Fair Board



Kentucky Exposition Center and Kentucky International Convention Center

Overview

- Established in 1938, the Kentucky State Fair Board (“KSFB”) resolves to advance Kentucky’s agriculture and tourism industries and economy while serving the entertainment, cultural and educational interests of the public, by providing the Kentucky Exposition Center and the Kentucky International Convention Center. The KSFB produces three events annually: the Kentucky State Fair, the National Farm Machinery Show, and the North American International Livestock Exposition. These shows are operated, staffed, and executed by KSFB staff members. KSFB employs 230+ full-time staff and 700+ temporary staff.

Ownership and Governance

- The KSFB is an agency of the Tourism, Arts and Heritage Cabinet. The board is composed of 17 members (+2 non-voting members):
 1. 3 members—the Governor, the Commissioner of the Department of Agriculture, the Dean of the University Of Kentucky College Of Agriculture.
 2. 4 members—one from each of the Kentucky Association of Fairs and Horse Shows, the Saddlebred Horse Association, the Kentucky Farm Bureau, and Louisville Convention and Visitors Bureau.
 3. 10 state-at-large members appointed by the Governor.

Facilities

- The mission of the KSFB is to promote Kentucky by providing the Kentucky Exposition Center and the Kentucky International Convention Center. The KSFB resolves to advance Kentucky's agriculture and tourism industries and economy while serving the entertainment, cultural and educational interests of the public.
 1. **Kentucky Exposition Center** - The Kentucky Exposition Center (KEC), is a large multi-use facility in Louisville, Kentucky, United States. Originally built in 1956. It is overseen by the Kentucky Venues and is the sixth largest facility of its type in the U.S., with 1,300,000 square feet of indoor space.²²
 2. **Kentucky International Convention Center** - A 300,000 square foot downtown convention centre, the Kentucky International Convention Center (KICC) achieved its highest attendance in its 36-year history in 2013, more than doubling its previous record. ²³ The convention center accommodates a wide variety of sizes and types of events with ease. Accompanying the exhibit halls is a 30,000 square foot ballroom and 52 meeting rooms.²⁴
 3. In-house events²⁵
 - a) **The Kentucky State Fair** is a family-friendly 11-day festival that celebrates local and statewide heritage as a showcase for Kentucky's products, companies, entertainment and citizenry. In 2013, 615,648 visitors attended. The event generates approximately \$16.5 million in economic impact.
 - b) **The National Farm Machinery Show** is a leader in the agriculture and farming industry. The largest indoor farm show in the country fills the facility's entire 1.2 million square feet with more than 800 exhibitors, offers attendees expansive produce comparisons and brings an estimated economic impact of \$24 million to the Louisville area.
 - c) Established in 1974, the **North American International Livestock Exposition** has grown into the world's largest purebred livestock show, integrating sales, cattle auctions and numerous programs for youth and college-age students. Kentucky and surrounding areas receive an economic impact estimated at \$11 million.

Economic and Cultural Impact

- KEC hosted 176 events in 2019 with an estimated \$266.5 million in total economic impact; whereas KICC hosted 112 events in 2019 with an estimated \$95.1 million in total economic impact.²⁶
- Between KEC and KICC, the Fair Board employs approximately 230 full-time staff and 700 part-time and seasonal staff. Together with local hospitality, restaurant, tourism, and retail industries, 6,630 jobs were generated in Louisville / Jefferson County due to the activity of the KSFB.
- As Kentucky Venues looks to the future, updates and projects are planned to use the Commonwealth's resources wisely. Both facilities made significant strides towards increased energy efficiencies in the past year.²⁷
 - KICC
 - 32% reduction in total water usage
 - 23.64% savings in energy cost
 - 26% use of recycled building materials

²² https://en.wikipedia.org/wiki/Kentucky_Exposition_Center

²³ <https://www.farmanddairy.com/wp-content/uploads/2015/08/KSFB-BusinessPlan.pdf>

²⁴ <http://www.state.ky.us/fairbd/kicc.html>

²⁵ <https://www.farmanddairy.com/wp-content/uploads/2015/08/KSFB-BusinessPlan.pdf>

²⁶ <https://convencal.com/LouisvilleKY>

²⁷ <https://www.kyvenues.com/assets/pdf/KYVenues-2019AR-Digital.pdf>

- Projected yearly volumes for storage and collection of recyclables:
 - Cardboard – 175,000 lbs
 - Compost – 8,000 lbs
 - Pallets – 1,000 lbs.
- KEC
 - 20% - 35% LED lighting increase in efficiency
 - 2.2 million kWh saved each year
 - 17K gallons of water saved each year

E.6 Grande Prairie Regional Agricultural & Exhibition Society



Evergreen Park

Overview²⁸

- The Grande Prairie Regional Agricultural & Exhibition Society is a not-for-profit organization founded in 1910 which oversees the development & daily operations of Evergreen Park.
- While still staying true to its agriculture roots with an annual Agri-Show, Rodeos, Chuckwagon Races, Live Horse Racing and indoor and outdoor accommodations for horses and other farm-related animals, Evergreen Park also offers a huge selections of options, and buildings, for a multitude of other events. The facility has a variety of halls, convention/conference areas, paved parking, pavilions, riding trails, fully licensed restaurant and lounge, and other special features like a 2,700 seat grandstand. Evergreen Park is located just a few minutes south of downtown Grande Prairie.

Ownership and Governance

- Evergreen Park is owned and operated by the Grande Prairie Regional Agricultural & Exhibition Society. The not-for-profit was issued the original certificate of organization by the Province of Alberta in 1912, and has managed fairs and exhibitions in the City of Grande Prairie ever since.²⁹

²⁸ <https://www.evergreenpark.ca/about>

²⁹ <https://www.evergreenpark.ca/history/1912-1914>

- In 1920, the Society purchased a quarter land (160 acres) to be used as fairground. The Society has received numerous loans and grants from other organizations, such as Horse Racing Alberta, as well as municipal and provincial governments to fund capital constructions projects.³⁰
- The Grande Prairie Regional Agricultural & Exhibition Society is governed by the Board of Directors comprised of 8 members, with one member representing the County of Grande Prairie.

Facilities

- Evergreen Park is the largest full featured exhibition facility north of Edmonton. It features the following facilities among other for its residents and visitors:
 1. **The TARA Centre**³¹ – opened in 2008, it is a 115,000-square-foot convention and exhibition facility for hosting small or large events, including meetings, weddings, conventions, graduations, trade shows of all kinds and more. The TARA Centre features a 46,200 square foot main hall, which can hold 2,000 people for a concert, banquet or other events. The Main Hall is also capable of accommodating hundreds of booths for trade shows and can be used to display large pieces of equipment like combines, tractor trailers, or even helicopters.
 2. **Gordon Badger Stadium & J.D.A. Raceway**³²– The Gordon Badger Stadium overlooks a 5/8 mile race track, J.D.A. Raceway, consisting of sand and loam.
 3. **The Stadium** - hosts live pari-mutuel racing in the summer as well as chuckwagon racing during the annual Grande Prairie Stompede and Boots and Moccasins Weekend. It is also used for rodeos, monster trucks, horsemanship competitions, tractor pulls, sled dog racing and many more events throughout the year.
 4. **Clarkson Hall**³³– a 9,600-square-foot building capable of hosting weddings and other events for up to 500 people. The Hall is a modern, bright and open facility that is capable of hosting events for up to 275 (tables and chairs) and 500 (theatre-style seating). A pergola, located just steps away from Clarkson Hall, allows for outdoor wedding ceremonies.
 5. **Various other amenities** – Evergreen Park also features an archery centre as well as an equestrian complex that includes permanent jumps and water hazards. The expanse of Evergreen Park also allows competitive cross-country horse competitions to take place using the equestrian facility.³⁴

³⁰ <https://www.evergreenpark.ca/history/1919-1951>

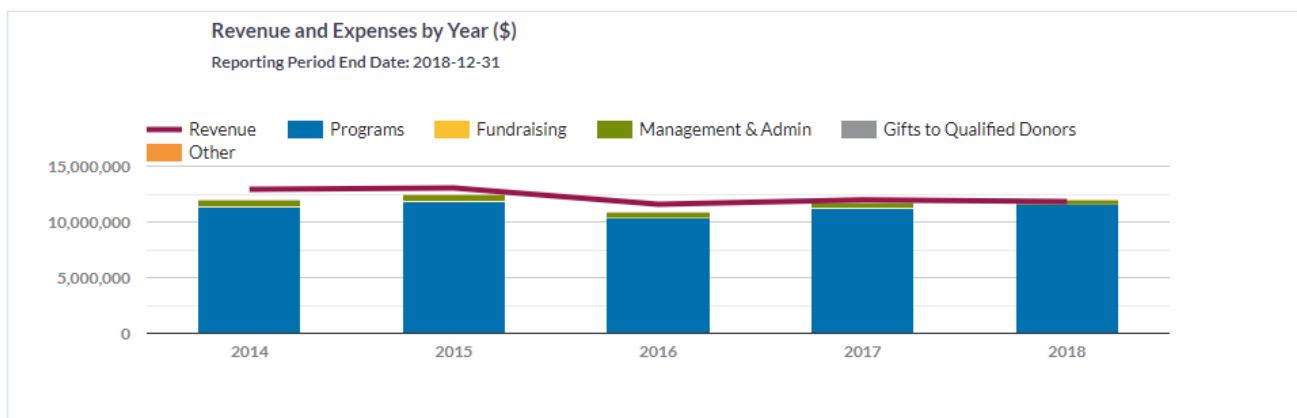
³¹ <https://www.evergreenpark.ca/facilities/tara-centre>

³² <https://www.evergreenpark.ca/facilities/gordon-badger-stadium>

³³ <https://www.evergreenpark.ca/facilities/clarkson-hall>

³⁴ <https://www.evergreenpark.ca/about>

Financial Highlights



23 FULL-TIME EMPLOYEES
205 PART-TIME EMPLOYEES

\$2,947,743
TOTAL COMPENSATION FOR ALL EMPLOYEES

\$36,884
PROFESSIONAL & CONSULTING FEES

- A high-level review of historical financial information shows that the programs and events account for majority of the expenses for the Society, with management and administrative fees making up a small portion. As revenues have declined over the past few years due to the economic downturn in the province, the Society has been able to reduce corresponding expenses to break-even.
- Additional relevant information pertaining to the operations are as follows³⁵:
- In the fall of 2005 each of the Province of Alberta and the County of Grande Prairie provided the Grande Prairie Agricultural Society with a Capital Grant in the sum of \$5.5 million for the development of the Trade and Exhibition Centre (TEC Centre).
- Horse Racing Alberta (HRA) who is charged with the responsibility of promoting horse racing in the Province of Alberta, proposed the construction and operation of a new Racing Entertainment Centre at Evergreen Park in 2005. The proposal provided Evergreen Park the opportunity to become one of only 4 Racing Entertainment Centers in Alberta, and provided for three significant economic impacts on the Park:
 - HRA agreed to loan the Society \$1,000,000 interest free to be paid back over 10 years from slot revenues generated at the Park.
 - HRA needed immediate upgrades to Evergreen Park facilities to host an expanded race meet and offered Evergreen Park Capital Grants to accommodate those needs.
 - HRA would grant the Grande Prairie Agricultural Society a license to operate 99 slot machines at Evergreen Park entitling the Society to share in the proceeds of the slot revenues generated at the Track.
- The Grande Prairie Agricultural Society had invested over \$20,000,000 into Evergreen Park from 2005 to 2010 to enhance the Exhibition Grounds.
- In the past the Society has organized community fundraising events to finance the operations during economic downturns as revenues from operations are in a decline.

³⁵ <https://www.evergreenpark.ca/about-us/news/item/33-susddendisse-in-nunc-turddis>

Economic and Cultural Impact³⁶

- Evergreen Park is the largest multi-purpose, multi-facility and most-used major venue north of Edmonton. It has hosted Prime Ministers, RCMP Musical Rides, Special Olympics, MMA fights, national conferences, and many other shows bringing exposure on the national and global stage for the City of Grande Prairie.
- Evergreen Park attracts approximately 500,000 visitors on an annual basis, providing great economic stimulus for the City.
- The Park is also home to the Learning & Innovation Centre, which has won an award for its tree planting pilot project and showcases innovative resource solutions to facilitate ecological knowledge and scientific education.

³⁶ http://www.evergreenpark.ca/images/pdf_files/2019/Evergreen_Park_Sponsor_Opportunities_2019_For_Website.pdf

E.7 Lloydminster Agricultural Exhibition Association



Overview³⁷

- The Lloydminster Agricultural Exhibition Association (“LAEA”) provides a host of modern facilities and events, giving all sectors opportunities to showcase their goods, services, and innovations with agricultural partners, colleagues and the general public.
- The Association is primarily operated by a base of over 400 volunteers, complemented by 27 dedicated full time employees and upwards of 180 part-time employees.

Ownership and Governance³⁸

- Back in October of 1904, Lloydminster held its first fair. Following this event, the community of Lloydminster recognized that there would be a benefit in forming an Agricultural Society and so two years later, a society was registered in Saskatchewan in 1906. On April 3, 1908, a second agricultural society

³⁷ <https://lloydexh.com/history>

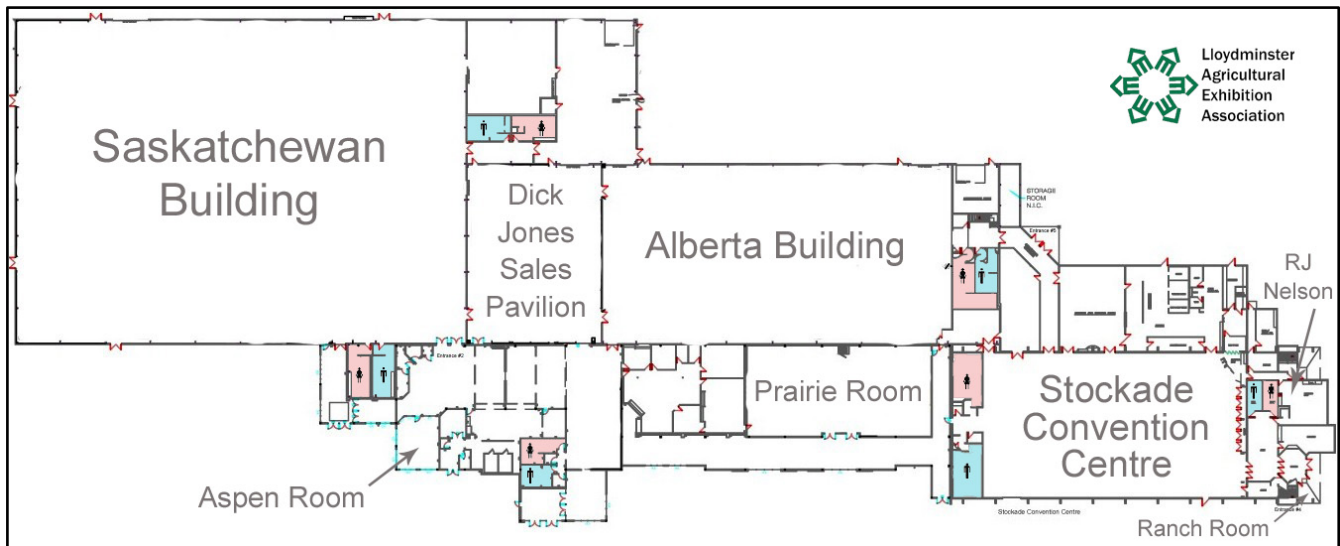
³⁸ <https://lloydexh.com/history>

was incorporated in Alberta, and eventually, on February 28 1921, both societies amalgamated into one. This united society has grown and evolved into the Exhibition Association as it exists today.

- The Lloydminster Exhibition is governed by a volunteer Board of Directors with 22 directors elected by members of the LAEA. The executive management team reports to the Board.³⁹

Facilities

- The LAEA facilities offer full concession, in-house catering, rental equipment, and staff to assist with event planning for weddings, corporate events, conferences, and conventions etc. Other amenities include 73 acres of land which provides the grounds for on-site camping with power and water services, a 5/8 mile racetrack, a grandstand stadium with capacity for 3,500 people, and 2 horse rings with 70 box stalls.⁴⁰
- The facility features the following rental options:
 1. **The Alberta Building**⁴¹– a 20,000 square feet building with capacity for 2,200 people in a concert type setting. It is able to host sizeable functions with enhanced acoustics, wide open spaces, and large overhead doors for convenient loading and unloading of equipment. The facility is ideal for concerts, graduation ceremonies, conventions, and tradeshow.
 2. **The Saskatchewan Building**⁴²– LAEA’s largest rental facility is able to accommodate functions of all sizes in its 45,000 square feet of space with capacity for 3,500 people in a theatre style set-up. The building is a perfect location for car shows and sales, livestock shows and sales, fundraisers, farmer’s markets, auctions and product sales.
 3. **The Stockade Convention Centre**⁴³– a full service facility measuring in 13,000 square feet. The facility has the capacity for 1,200 theatre style, or 800 with tables and room for dance floor. The convention centre offers a built-in bar, in-house catering, and excellent acoustics as well as an attractive interior design. It is a great place to host weddings, banquets, business trainings, Christmas parties, galas, and various other corporate events.



³⁹ <https://lloydexh.com/board-of-directors>

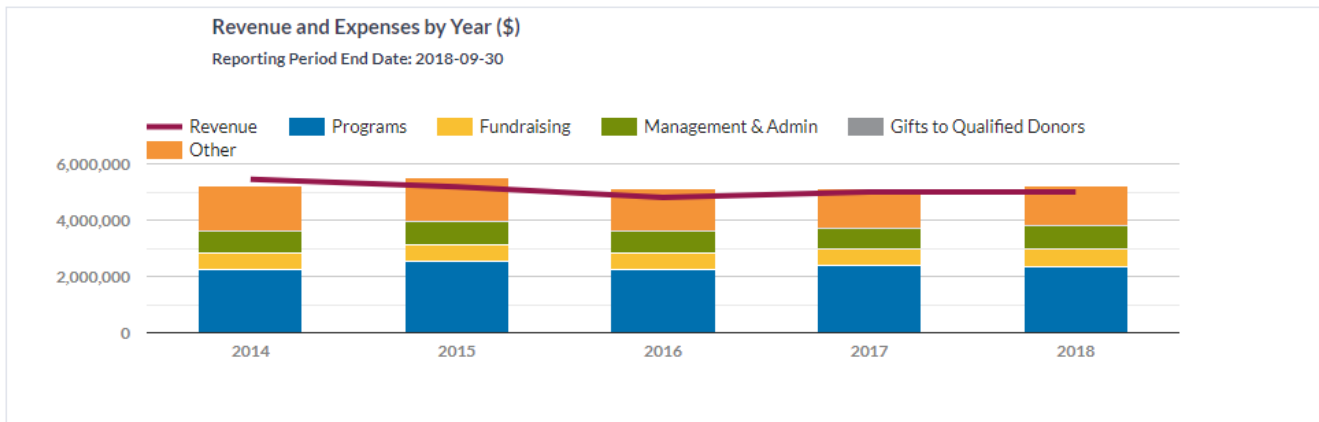
⁴⁰ <https://lloydexh.com/general-info>

⁴¹ <https://lloydexh.com/alberta-building>

⁴² <https://lloydexh.com/saskatchewan-building>

⁴³ <https://lloydexh.com/stockade-convention-centre>

Financial Highlights



27 FULL-TIME EMPLOYEES
186 PART-TIME EMPLOYEES

\$2,166,259 TOTAL COMPENSATION FOR ALL EMPLOYEES
--

\$41,599 PROFESSIONAL & CONSULTING FEES

- Programs and fundraising events make up for about half of the expenses for the operations, with the remainder comprised of management, administrative, and other overhead expenses. Revenues have declined slightly over the past few years, resulting in an excess of expenses over revenue over each of the last four years.
- In 2005, the LAEA received significant financial contribution from the Alberta Lottery Fund to further develop and improve their facilities. The funding was used to finance projects such as the construction of a new state-of-the-art catering facility that has allowed the Association to host larger groups and transform the catering department into a top notch facility⁴⁴.

Economic and Cultural Impact⁴⁵

- The events attract not only regional and local participants, but national and even international guests to Lloydminster, whether are agricultural, business or social in nature.
- This translates into over 200,000 visits annually to the Lloydminster Exhibition’s complex and to the City of Lloydminster.
- Agricultural development and education are the highest priorities for the LAEA’s. Through their programs and facilities, they are able to provide support to the business, social and cultural sectors of the region, as well as promote the tourism industry of the community.

⁴⁴ <https://lloydexh.com/history>

⁴⁵ <https://lloydexh.com/history>

B.8 Franklin County Convention Facilities Authority



Greater Columbus Convention Center, Nationwide Arena, and the Hilton Columbus Downtown Hotel

Overview⁴⁶

- The Franklin County Convention Facilities Authority (“FCCFA”) was created in 1988. It is responsible for the development, construction, improvement, management and successful operation of the facilities. It is also responsible for ensuring the continued success and growth of the convention business within Columbus. FCCFA owns and operates three facilities in downtown Columbus:
 1. Greater Columbus Convention Center
 2. Nationwide Arena
 3. The Hilton Columbus Downtown Hotel.

Ownership and Governance

- The Board of Directors is made up of 11 members:
 1. 6 members appointed by Board of County Commissioners.
 2. 3 members appointed by the Mayor of Columbus (subject to approval of a majority of City Council).

⁴⁶ <http://www.meetusincolumbus.com/wp-content/uploads/2018/12/GCCC-Roof-Replacement-Architect-RFQ.pdf>

3. 2 members appointed by consensus of remaining regional county mayors.
- Through FCCFA office, the board directs the management, development and improvement of facilities owned by the board, and:
 1. Maintains a staff to monitor facility management contracts;
 2. Pays for the insurance program for all facilities;
 3. Procures professional services for legal, public relations, audit, accounting, and other basic office support.

Facilities

1. **Greater Columbus Convention Center**⁴⁷ – venue management company ASM Global oversees day-to-day operations of the 1,800,000-square-foot facility, including 447,000 square feet of exhibit space, three ballrooms, and 74 meeting rooms.
2. **Nationwide Arena** – a multipurpose arena in Columbus, Ohio, United States. Since completion in 2000, the arena has served as the home of the Columbus Blue Jackets of the National Hockey League.⁴⁸ It has 684,000 square feet of event space, with arena seating for up to 20,000 people.⁴⁹ The facility also has a variety of meeting rooms, suites, and lounges. The Arena is managed by Columbus Arena Management LLC or CAM.
3. **Hilton Columbus Downtown Hotel** – accommodates 532 guest hotel rooms, on a 32,000 square feet of versatile meeting and banquet space. An enclosed Sky bridge links the hotel to the convention centre.⁵⁰

Financial Highlights

- 2018 was the sixth year the FCCFA received casino tax revenues from the City of Columbus and Franklin County to pay for costs associated with the Arena.
- Total revenue received by the FCCFA from the city and county was \$5.3 million. Of this revenue, \$4.7 million was transferred to CAM for Arena operations, \$165,000 was used to make the land lease payment, \$321,368 was set aside to help pay for real estate tax obligations and \$167,884 was set aside for capital improvements.
- Capital improvement projects and purchases for the Hilton Hotel are funded through a capital reserve fund that was established with the opening of the Hilton Hotel. Every year, a percent of gross revenues from hotel operations is deposited into this fund. In 2018, this deposit equaled 6% of gross revenues.

Economic and Cultural Impact⁵¹

- The FCCFA hosts hundreds of events across the three venues each year. The categorization of the events is reported as follows:
 1. **Recurring Events** – Arnold Sports Festival, Columbus International Auto Show, 10TV Health & Fitness Expo, and Wizard World Ohio Comic Con, American Cheer Power, Columbus Bride: The Columbus Wedding Show
 2. **Significant Events** – United Bus Owners Association, Rejuvenate with Steve Harvey, Honda Family Days, National Wild Turkey Federation, Super Floral Show, EcoSummit, John Deere, National Society

⁴⁷ https://en.wikipedia.org/wiki/Greater_Columbus_Convention_Center

⁴⁸ https://en.wikipedia.org/wiki/Nationwide_Arena

⁴⁹ <https://www.nationwidearena.com/arena-info>

⁵⁰ <http://www.meetusincolumbus.com/hilton-columbus-downtown/>

⁵¹ <http://www.meetusincolumbus.com/our-events>

of Black Engineers, Alpha Kappa Alpha Sorority, National Conference of Black Mayors, Presidential and political campaign visits, World Summit on Trade Efficiency

3. **Convention Centre Concerts & Performances** – Bon Jovi, Brooks & Dunn, Lorrie Morgan, Aerosmith, Alabama, Ringling Bros. and Barnum & Bailey Circus, Icecapades, Nine Inch Nails, Tina Turner, Barney the purple dinosaur, Prince, Run DMC, America’s Ballroom Challenge, Dr. Phil
4. **Arena Concerts & Performances** – Aerosmith, The Who, Rush, Taylor Swift, New Kids on the Block, WWE, Imagine Dragons, NHL All-Star Game, NHL Skills Competition, NHL Draft, Marvel Universe, Live Disney on Ice, Miranda Lambert, Tim McGraw, Faith Hill, Blake Shelton, Trans-Siberian Orchestra
5. **Sports** – WWE, Performance Racing Industry, Mid-America Basketball Tournament, ToughmanBoxing, Ohio Roller Girls, National Bicycle League, NHL Fan Fair, NBA Events, USA Volleyball, USA Fencing, Archery Trade Association, Major League Gaming
6. **Religious Events** – Church of the Brethren, Christian Missionary Alliance, Evangelical Free Church of America, Four Square Gospel, Islamic Society of North America, National Catholic Youth Conference, National Missionary Convention, North American Christian Convention, Ohio Teens for Christ, Southern Baptist Convention, United Methodist Church, International Women of Faith