

April 20, 2021

## **City recommending stronger legal oversight and financial support for Westerner Park**

### **1. Why did The City originally get involved in the Westerner Park's finances?**

Westerner Park reached out to The City of Red Deer for assistance in December 2019 after a number of factors ultimately led to the financial instability at Westerner Park, including the decision to expand the facility, major event contract negotiations and the current economic reality, to name a few. The additional impacts of COVID-19 are placing greater financial pressures on Westerner Park with no ability to host events or generate revenue throughout the COVID-19 pandemic.

The City's goal is to continue to support strong economic activity in the city and region. Westerner Park has an annual impact of \$150 million on the economy and is an important part of the region's economic recovery. While The City is also experiencing financial impacts from the economic climate and COVID-19, it is important to look long term for economic resilience.

At this time, without support from The City of Red Deer, Westerner Park cannot continue to operate based on current capital and operating projections.

### **2. What involvement has The City had in Westerner Park in the past?**

In early 2020, The City of Red Deer assumed temporary financial oversight for Westerner Park to help navigate the current challenges. In addition, The City owns the land at Westerner Park, which it leases to Westerner Park under a 50-year lease.

Our shared goal is financial and operating stability with Westerner Park continuing to serve as our community hub for events that are pivotal to our community life and economic development in our city, and to prevent additional or similar financial challenges from occurring in the future.

### **3. Why are The City and Westerner Park considering a long-term agreement and oversight now?**

Shifting to a more formal agreement is a natural transition with the increase in financial support being considered by The City. The agreement will provide access to City resources for operational, capital and financial planning and decisions, giving a broader community lens as the success of Westerner Park has substantial community impact.

### **4. How much financial support has The City provided to Westerner Park in the past and how does it affect tax payers?**

The City provided \$2.55 million in operating grants in 2020 and another \$1.45 million in 2021. There was no direct impact to tax payers stemming from these grants as they were funded from reserves through one-time funding.

### **5. How much money is The City considering to support Westerner Park now?**

With the continued provincial restrictions on both outdoor and indoor social gatherings, Westerner Park's ability to generate revenue has been near impossible over the past year and is struggling to be self-sustaining. The City will consider providing up to an additional \$3 million to ensure continued operational costs are covered until Westerner Park can begin regular operations again.

To ensure the long term sustainability of Westerner Park, City Council will consider loaning the organization approximately \$19 million to pay out a loan related to the construction of Exhibition Hall.

The current financing is not sustainable for the Westerner and puts the organization at risk financially. If Council approves the loan, The City will work with Westerner Park to find a sustainable payback plan that ensures return for City taxpayers.

**6. How will these be funded if approved?**

If Council supports Administration's recommendation, the \$3 million grant will be funded through the Operating Reserve – Tax Supported and will not directly impact property taxpayers in Red Deer. If Council chooses to provide the \$3 million dollars in the form of a loan, the repayment will be flexible based on Westerner Park's ability to generate revenue when public health restrictions are eased or lifted.

The \$19 million loan being considered will be funded through debt. The City recognizes the impact the \$19 million loan will have to its finances, but also sees value in ensuring Westerner Park survives the current global pandemic and strained economic state. Administration has proposed a payback plan based on 7 years of the Westerner's financial data. This investment in the organization will push The City over its 75% debt limit, and therefore adjustments will need to be made to the capital plan to stay within the debt limit.

At this time, without support from The City of Red Deer, Westerner Park cannot continue to operate based on current capital and operating projections.

**7. What impacts to Red Deerians will any approved loans have?**

There will be no immediate impact to Red Deerians if the loans are approved. However, there will need to be adjustments to the capital plan that could result in capital projects originally slated for the next ten years pushed further out.

**8. If the \$19 million loan is approved, how will it affect The City's budgets?**

Currently approved budgets will not see any effect, however, the capital plan will need to be adjusted meaning some projects planned for the next ten years may be pushed back or bumped.

**9. If signed, will the new arrangement take away decision making from Westerner Park?**

No. The new arrangement leaves most decision-making with the Westerner Board, but makes sure The City has more timely access to critical information than it did in the past. This is important given the degree of financial support The City is considering providing. Going forward, this will mean greater legal and financial oversight by The City of Red Deer.

**10. Why is an asset management plan required for Westerner Park?**

Just like in our homes, we need to maintain our assets to make sure major costs don't come up unexpectedly. An asset management plan at Westerner Park will give The City and Westerner Park an overview of the state of all infrastructure on the site, required maintenance and costs, and capital investments requiring budget to ensure the grounds can continue to be operational until events can resume and well into the future.

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

**For more information, contact:**

Corporate Communications  
The City of Red Deer

