



Lethbridge & District Exhibition Project Update

Emergency Financial Sustainability Request

City Council

November 28, 2023



A large, stylized iceberg graphic is centered on the page. The top portion of the iceberg is above a horizontal line representing the surface of the water, while the much larger bottom portion is submerged. The iceberg is composed of many light blue and white polygonal facets. The background is a light blue sky with a white sun in the top left and a dark blue ocean with white speckles representing bubbles or stars. In the distance, there are faint, light blue mountain ranges.

\$6.75M

On the Surface

- \$2.08 million capital grant
- \$4.67 million 4-year debt deferral

\$31.3M+

Below the Surface

- \$500K/year operating cost grant for old pavilions
- \$11.3 million demolition or repurposing of old pavilions
- \$3.79 million investment income loss over 30 years
- \$15.71 million parking lot refurbishment
- Additional staff/consultant costs
- Less funding for other City projects

Emergency Financial Sustainability Request

Provided two options to fund the Capital overages of the Agri-Food Hub Project

Option 1:

- \$6.7M Capital Grant
- Estimated capital overage from original \$70.6M Budget to forecasted actual cost to complete of \$77.3M

Option 2:

- \$4.67M - 4-year Loan Deferral
- \$2.08M - Capital Grant

Immediate take-over of old pavilions:

- Shifts annual operating costs of \$320-\$500K to City
- Shifts \$11.3 million demolition costs to City **or**
- Repurposing to meet future uses of Pavilions

Net effect: This will reduce the available funding Council has for current or future projects ₃

Lethbridge & District Exhibition is formally asking the City of Lethbridge to consider the following request:

a capital grant in the amount of \$6,742,315.72; **or**

a capital grant in the amount of \$2,081,093 to cover unfunded capital of construction; and a four-year debt deferral that will be repaid on the back-end of the loan totaling \$4,671,309.72.

In addition to one of the above-mentioned options, we are also requesting the City of Lethbridge immediately takeover the old pavilions (excluding the West Pavilion).



Emergency Financial Sustainability Request Impacts

Request	Operating	Capital	Total
4-Year Debt Deferral (8 payments)	\$ 4,671,000		\$ 4,671,000
Capital Grant		2,081,000	2,081,000
<i>Exhibition Request currently on the table</i>	<i>\$ 4,671,000</i>	<i>\$ 2,081,000</i>	<i>\$ 6,752,000</i>

Anticipated costs not in Exhibition Presentation

Old Pavilions 1 year Operating Cost Grant	500,000		500,000
Investment Income Loss over 30 years until repaid @ 2.06%	3,792,000		3,792,000
Deconstruction of old Pavilions (or repurposing)		11,300,000	11,300,000
<i>Total other Costs associated with the request</i>	<i>\$ 4,292,000</i>	<i>\$ 11,300,000</i>	<i>\$ 15,592,000</i>

Total Impact of Current Request	\$ 8,963,000	\$ 13,381,000	\$ 22,344,000
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Known Future impacts

Parking Lot Refurbishment		15,717,000	15,717,000
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Total Known Potential future Requests	\$ 8,963,000	\$ 29,098,000	\$ 38,061,000
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Council Resolution: City-Led Third-Party Review

The objective of the City-led third-party review is to provide City Council and Administration with:

- Information and analysis on Lethbridge & District Exhibition's financial situation including the strategic and operational planning and their financial decision-making.
- Provide an economic feasibility assessment of the Exhibition to determine its short-term (2024), mid-term (2025-2027) and long-term financial sustainability (2028-2034).
- Compare business models similar to the Lethbridge & District Exhibition
- Conduct scenario analysis for the future state of the Exhibition by analyzing existing operating initiatives, future opportunities and operating models.

Administration recommends any funding be conditional on the Lethbridge & District Exhibition agreeing to a City-led, independent third-party review



\$22.34M

On the Surface

- \$2.08 million capital grant
- \$4.67 million 4-year debt deferral
- \$500K/year operating cost grant for old pavilions
- \$11.3 million demolition or repurposing of old pavilions
- \$3.79 million investment income loss over 30 years

Below the Surface

- \$15.71 million parking lot refurbishment
- Additional City staff/consultant costs for third-party review and other supports
- \$1.68 million/year if loan payments can't be met
- Ongoing operating costs for Agri-food Hub & Trade Centre if revenue generation isn't met
- Ongoing operating costs if we repurposed pavilions

Questions