



# Harvest Sky Region Agricultural Center Business Case

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**SUMMIT72**

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# INTRODUCTION

## SUMMIT72

- **Business Advisory Firm**
  - Strategic Planning
  - Financial Analysis
  - Economic development
- **Currently working on an Investment Attraction Plan for the Harvest Sky Region**

## Economic Development Perspective

- Importance of incremental growth
- Prioritize regional strengths

# AGRICULTURAL CENTER BUSINESS CASE

## Components

### 1. Background Research & Analysis

- Community Action Teams (CAT)
- Stakeholder Engagement
- Research and Analysis

### 2. Opportunity Screening

- Considered a range of economic factors
- Board approval of recommendations

### 3. Business Case

- Identify the feasible components of an agricultural center in the Harvest Sky region.

# AGRICULTURE CENTER BUSINESS CASE

## Opportunity Shortlist Results

### 1. Livestock Hub

- Animal Health Services

### 2. Research Facility

- Attracting research to the region

### 3. Education

- Education and training

### 4. Riding & Event Center

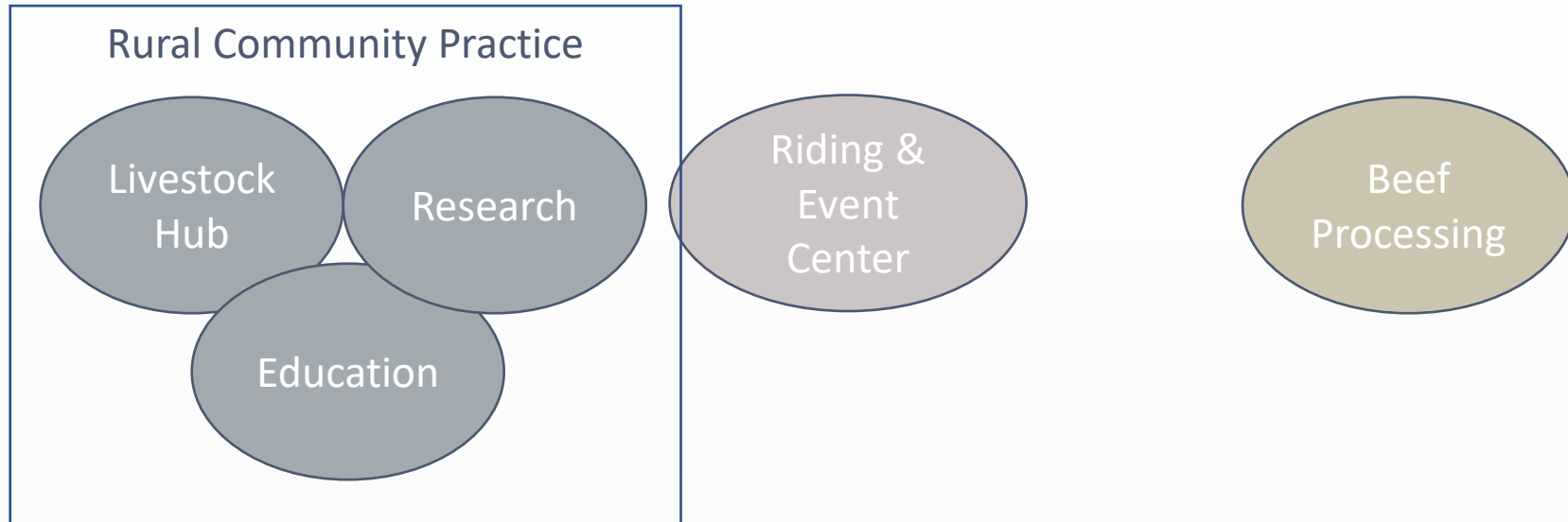
- Recreation and sports facility

### 5. Food Production

- Beef slaughter/abattoir and butcher facilities

# AGRICULTURAL CENTER BUSINESS CASE

## Opportunity Linkages



# **AGRICULTURAL CENTER BUSINESS CASE PART 1**

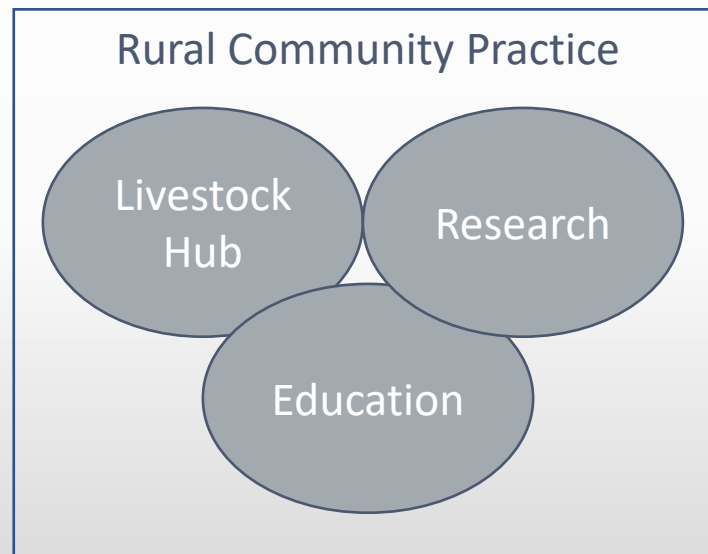
## **RURAL COMMUNITY PRACTICE**

# RURAL COMMUNITY PRACTICE (RCP)

## Concept

*"A rural community practice combines traditional services provided in a mixed-animal veterinary practice with an expanded portfolio of public practice and communication services that meet the emerging animal, public, and ecosystem health needs of the collective community, not just those of animal owners"*

*Journal of Veterinary Medicine*



# RCP VISION

## Livestock Hub

- **Animal Health Services**
  - Veterinarian
  - Breeding/Genetics
  - Lab Services
  - Rehabilitation
- **Feed and Land Services**
  - Range Management
  - Nutrition
- **Equine Maintenance**
  - Farrier Services
  - Boarding Facilities



# RCP VISION (CON'T)

## Education & Training

- **Youth Mentorship**
  - Partnerships with PLSD, Calgary Stampede Foundation
  - Dual Credit Programs for High School Students
  - Schools of Excellence
- **Partnerships with Colleges and Educational Institutions**

## Research

- **Cattle Production**
- **Climate Research**
- **Native Grasslands**

# RCP CONSIDERATIONS

## Operating/Management Structure

- Private Management
- Community Management
- Shared Management

## Facility

- Veterinary exam rooms
- Office space
- Research space
- Classrooms

# RCP FINANCIALS

Construction Costs	
Land Cost	18,000
Site Prep	51,037
Facility Costs	1,000,000
<b>Total Capital Cost</b>	<b>1,069,037</b>
Debt	
Down Payment (25%)	264,634
<b>Total Debt</b>	<b>793,903</b>
Annual Expenses	
Utilities	12,500
Property Taxes	18,380
Insurance	2,500
Janitorial	2,500
Professional Services	3,000
Contingency	8,000
<b>Operating Expense Subtotal</b>	<b>46,880</b>
Debt Expense (Interest)	43,376
<b>Facility Expense Subtotal</b>	<b>90,255</b>
RCP Management Expense	85,000
<b>Total Expense</b>	<b>175,255</b>

A facility funded by debt with a 25% down payment would require a lease rate of ~\$14.50/sf to break even

# AGRICULTURAL CENTER BUSINESS CASE PART 2

## RIDING & EVENT CENTER

# RIDING & EVENT CENTER

## Concept

Desired Functionality	Potential Users	Potential Events
All Season Facility	Hanna Professional Indoor Rodeo	Rodeo Events
Multi-Purpose	High School Rodeo	Ag shows / Cattle / Horse Shows
Central Location	4-H Club	Community Events
Spectator Seating Capacity	Public Riders	Sporting Events
Animal Wash Bays	Rough Stock Practice	Horsemanship Clinics/Ag. Education
Ample Parking	Schools and Academy's	Events and Fairs
RV hook-ups	Livestock Industry	Concerts
Concession	Veterinarians and Rehab Specialists	Livestock Auctions
Retail Space	Rural Community Practice	Stock Dog Events

- Needs Assessment based on original Community Action Team process and interviews with local stakeholders and other facilities

# RIDING & EVENT CENTER

## Market Comparables

Region	Facility	Ownership & Operating Model	Facility Size (sf.)	Seating Capacity	Capital Costs
Rimbey	Agrim Center	Ag. Society & Municipality	Total - 60,000 Arena - 22,500	500 permanent ~200 temporary	\$5.9M
Brooks	Silver Sage	Ag. Society	Total - 55,000 (est.) Arena - 18,500 Warm Up - 8,000	~350 flexible seating	\$3M (est.) in 1997
Oyen	Crossroads Center	Ag. Society	Total - 30,000 Arena - 20,000	~ 200 temporaries (est.)	N/A

# RIDING & EVENT CENTER

## Market Assessment

- Demographics and estimated demand by region

Region	Population	Average Age	Average Household Income (\$)	Recreation & Entertainment Market (\$)
Harvest Sky	4,698	42	68,733	3,220,897
Rimbey & Ponoka County	11,234	43	65,075	7,810,055
Brooks & Newell County	20,814	36	76,183	14,795,713
Oyen & Special Areas No. 3	2,095	44	65,888	1,346,527

Source: Statistics Canada Survey of Household Spending

- Population is not the only consideration, local preferences and competition for entertainment dollars are also important factors

# RIDING & EVENT CENTER

## Financial Analysis - Scenarios

- **Base Case**
  - Agrim Center and Silver Sage Community Corral are used as case studies with conservative adjustments made to the financial projections based on factors specific to the Hanna area. The proposed facility has been developed with the community needs assessment in mind.
- **Favorable Case**
  - Agrim Center and Silver Sage Community Corral are used as case studies for financial projections. Forecasts presume that the facility can attract higher revenue from rentals and events than in the base case.
- **Pared-Down Case**
  - Crossroads Center (Oyen) is used as a case study for estimating capital costs and financial projects. Capital costs, operating revenue, and expenses have been adjusted for a 30,000 sf facility.



# RIDING & EVENT CENTER

## Capital Costs

Construction Costs	Base and Favorable Cases	Pared-Down Case
Land Cost	135,000	135,000
Site Prep	918,673	918,673
Facility Costs	6,227,000	3,488,000
<b>Total Capital Cost</b>	<b>7,280,673</b>	<b>4,541,673</b>

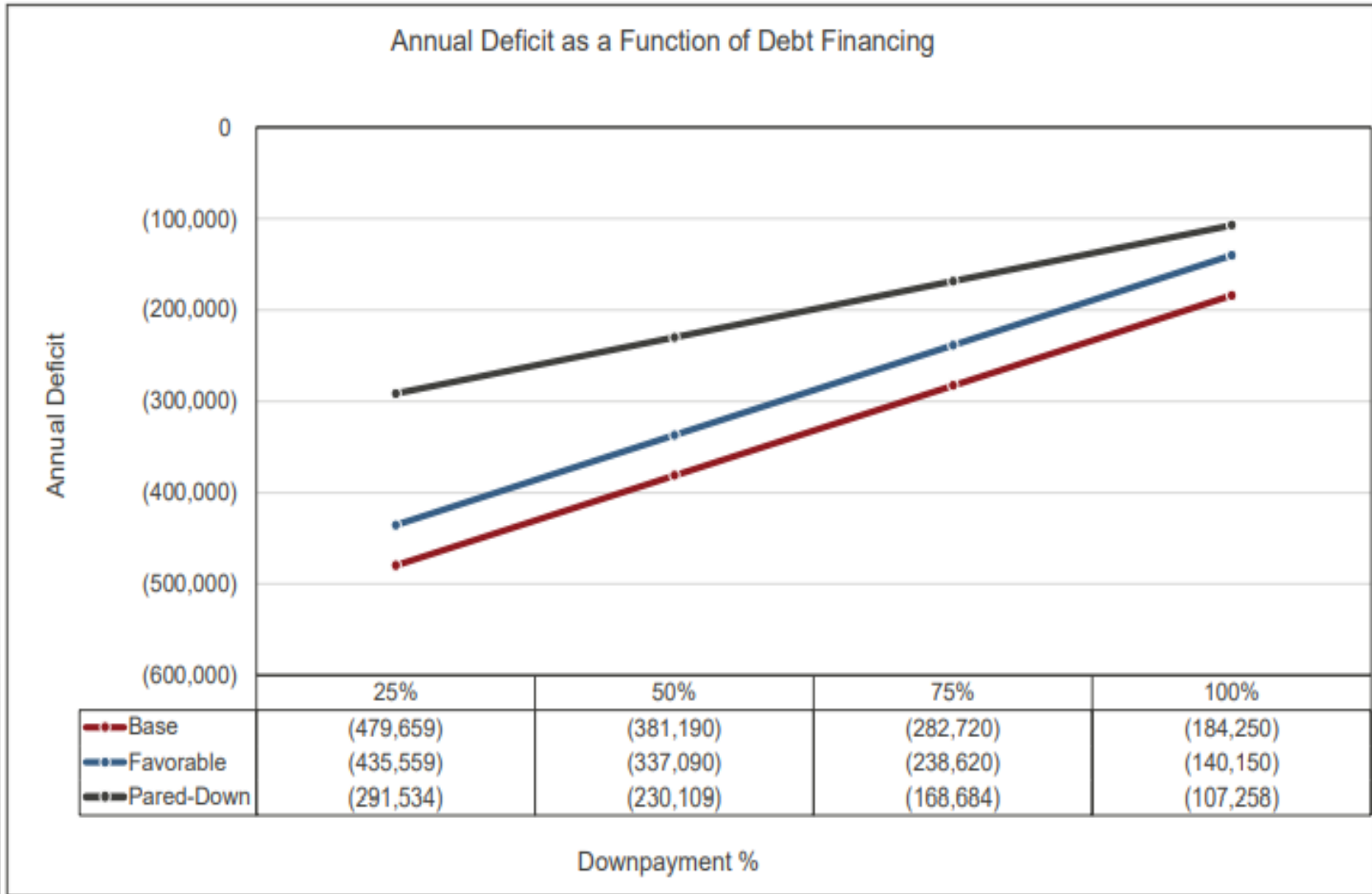
# RIDING & EVENT CENTER

## Annual Operating Costs

Revenue	Case (\$)		
	Base	Favorable	Pared-Down
Riding & Memberships	22,000	30,000	22,000
Rentals	55,000	80,000	49,500
Events	75,000	100,000	56,250
Sponsorship & Fundraising	30,000	50,000	30,000
All other revenues	10,000	10,000	10,000
<b>Total Revenue</b>	<b>192,000</b>	<b>270,000</b>	<b>167,750</b>
<b>Expenses</b>			
Cost of sales	66,500	91,900	55,900
Labor and commissions	91,500	94,000	90,400
Repairs and maintenance	31,800	31,800	17,300
Utilities and telephone	33,500	35,000	18,300
Professional and business fees	8,000	8,000	6,500
Advertising and promotion	6,000	10,000	6,000
Shipping and warehouse expenses	500	500	500
Insurance	12,000	12,000	8,000
Other expenses	4,000	4,500	3,000
Property Taxes	114,450	114,450	64,108
Contingency	8,000	8,000	5,000
<b>Total Operating Expenses</b>	<b>376,250</b>	<b>410,150</b>	<b>275,008</b>
Debt Expense (Interest)	295,409	295,409	184,276
<b>Total Expense</b>	<b>671,659</b>	<b>705,559</b>	<b>459,284</b>
Surplus/(Deficit)	(479,659)	(435,559)	(291,534)

# RIDING & EVENT CENTER

## Sensitivity Analysis



# AGRICULTURAL CENTER BUSINESS CASE PART 3

## SITE PLAN

# AGRICULTURAL CENTER

## Site Plan



# AGRICULTURAL CENTER

## Next Steps

1. Identification of Project Champions and Stakeholders
2. Formation of working group

## Areas of Focus

1. Identifying project components
2. Formalizing the organizational structure
  - Not for profit, corporation, cooperative, etc.

# Q & A

