



Shareholder Memorandum

Date: December 4, 2020
From: Janice Wing, President - Board Chair and Mike Olesen, CEO
Subject: Deloitte Sustainability Audit Westerner Park Report
Document #: 2020-001

Greetings all Shareholders and fellow Westerners,

As you have likely noted, we recently completed our work with Deloitte and the City of Red Deer in evaluating our future financial sustainability. The report was shared and reviewed with Red Deer City Council on November 2nd, 2020. We are following up with you as our key stakeholder to provide a more detailed report as to where we are at with each recommendation identified in the report. The following matrix represents a summary of Westerner Park's reactions, insights and updates against each of Deloitte's key findings and recommendations.

In addition, the Westerner Park Board and management is addressing each recommendation from this report within its Strategic and Business Planning process that is currently underway. This is expected to be complete by January 2021 in preparation for our annual budgeting cycle from January – March 2021. Our Annual General Meeting event, currently slated for June 2021, will incorporate a robust review of these plans to garner feedback and insights from you as Shareholders for the formation of our plans and strategies for the future.

As always, please do not hesitate to contact either of us should you wish to discuss any of these matters.

Respectfully submitted,

Janice Wing, President & Board Chair Mike Olesen, CEO

Deloitte Audit Report Matrix

	Deloitte Findings & Recommendations	Westerner Park Reactions, Insights & Updates
	“WEA Should continue to operate as an Agricultural Society with an independent Board of Directors...”	Westerner Park strongly agrees with this statement. The power of an independent non-profit community organization can be realized in many ways including its access to grants and its ability to raise community support through volunteerism and sponsorship.
STRATEGIC ALTERNATIVES		
1	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.	<p>Westerner Park’s scope of capital assets and facilities is very extensive, and its revenues are nearly completely reliant on their form and function. Therefore, this represents a key risk area to the organization. This is a recommendation that we are aligned in addressing as soon as possible.</p> <p>This also represents a key interdependency with our need to establish long-term cash-flow forecasts, so we have the ability to pivot and adapt as the future rolls out.</p>
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.	Community engagement is one of our top strategic priorities and this is evidenced in our earlier communications on being more externally focused as an organization. We have already begun work in engaging with other external groups for the sake of collaborating on future event development.

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.	<p>Complete – Staff Directors in each of the key divisions within the strategy to enhance our operations and boost event activity have been put in place.</p> <ul style="list-style-type: none">• Our Director of Client Services focuses on the key services to events that are hosted within our facilities. This includes providing not only the key services required to execute on events, but also to provide services of consultation to enhance and grow events. Further, this division now has an external sales focus ensuring our marketing efforts are focused on recruiting new events to our facilities.• Our Director of Development is focused on our organic growth in event hosting as we focus on the development and creation of events within our core mandate as an organization.• All in all, we have been focusing on stabilizing the operations of Westerner Park since December of 2019. This has included rebuilding all Accounting functions, IT Managed services, policies/controls, implementing event management systems, and refocusing our strategies on being priced for value and shaping our culture to be more community minded.
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REVENUE & PROFITABILITY		
4	Accelerate implementation of the new event management system to increase visibility into key operational metrics including venue utilization and space demands.	Complete – Our event management software, Event.Pro has been fully implemented and is producing reports and data insights that Westerner Park has not had previously. This gives us the ability to measure our facility usage by hours and revenues per square foot.
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.	Ongoing – Now that we have the ability to measure our performance in facility usage by event and financial measures by event type, we can establish baselines for future measurement.
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.	Ongoing - Since January of 2020 we have been developing our financial measurement process related to new and developing events. Our “Event Analysis” is a defined process to analyze each event for its forecasted financial performance. This gives us insight into the required resources that can be assessed against all events we host which facilitates the creation of a ratio to be applied against our overhead costs which addresses this recommendation.
SALES & MARKETING		
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.	Complete - In the aforementioned restructuring we have addressed this within each of the new divisions created. The Client Services role is focused on “net-new” event attraction (External events, recruited to be hosted at Westerner Park) and event organic growth (events to be facilitated and created by the Westerner Park team)

8	Accelerate plans to launch the Westerner Foundation as a new source of community-driven fundraising and support.	Ongoing - A group of community leaders with experience in this regard have been recruited to focus on the development of a Westerner Foundation. In addition, legal counsel has been retained to advise on the development of our charitable application in order to facilitate the process in an accurate and expedited fashion.
9	Develop a formal evaluation framework for future major events with stage gates before bidding and negotiating each opportunity.	Completed – The aforementioned event analysis process has addressed this. This will also act as evidence for the Board when the CEO is proposing new opportunities that require significant investment and risk.
10	Develop a “lessons learned” process for events to inform future decision making around pricing and other key details.	Ongoing – We have developed a standard operating procedure for event planning and evaluation. Complimentary to our event analysis we have a weekly event team check-in to review past and upcoming event analysis to document key learnings for future adjustment.
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.	Completed – The restructuring of divisions has addressed this by aligning the business units that serve our customers within one division. The Client Services division has now defined the customer life-cycle process which also allocates the positions responsible for guiding our customers through this process.
COST MANAGEMENT		
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.	Unfortunately, due to layoffs the vast majority of employees within the Association are no longer employed. However, this creates the opportunity to meet with Association leadership to work together and define the future models to ensure there is mutual benefit in the new normal that will present itself post COVID-19.

13	Contract a procurement professional to centralize and enforce use of a standard process in line with the existing policies.	Management would agree that procurement needs to be better controlled within Westerner Park's operations. This would be addressed with actual defined processes and policies as it relates to purchasing authority and various levels of controls based on purchase levels (i.e. RFP thresholds, authority levels, and central repositories for contract commitments and approved vendors) However, the leadership of this can be resourced internally and management does not feel that a specific role for procurement should be recruited. With proper procedure and policy managers and directors can participate in the purchasing process more efficiently.
14	Review current vendors across each function and consolidate where possible to obtain preferred pricing and reduce operational complexity.	Ongoing – Our Director of Finance & Administration has moved on to this phase of stabilizing our operations. A number of efficiencies have been identified including our IT Managed Service, office equipment suppliers, F&B Suppliers, and our contract administration process being centralized has created the control to ensure that there is consistency among business units and divisions.
FACILITIES MANAGEMENT		
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.	Management agrees fully with this recommendation. However, we will need the cash-flow in order to complete this necessary step. As soon as we are able to earn steady income once COVID limitations are lifted we will prioritize this within our budgeted expense.

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.	Recommendations 16 &17: Management has already begun meeting with external contractors on the facility management of Westerner Park. This recommendation is key considering the degree of capital equipment required to manage a facility as extensive as Westerner Park.
17	Consider outsourcing property management activities to Community Services or a third-party with deep expertise in end to end facility maintenance.	
FINANCIAL MANAGEMENT		
18	Continue implementation of a centralized repository for policies and process documentation across WEA.	Ongoing – A process that had begun in January of 2020. The central repository for all core corporate components of Westerner Park have been identified and it is an ongoing effort to establish the baseline repository, transitioning to future maintenance.
19	Continue updating and drafting documentation of policies where none formally exist.	Ongoing
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.	Management agrees with this recommendation and will be working into its ongoing business planning processes.

GOVERNANCE		
21	Restructure Board committees to create alignment with core business activities and reduce administration	<p>Ongoing – The Board has already begun evaluating the effectiveness of its committee structures and notably it has initiated a change to its Risk Committee structure to have the direct work on risk management being done by the board as a whole versus offloading it to a committee.</p> <p>Although committee resources focused on our core business activities is certainly required within our organization, Westerner Park feels that it may not be best for it to be managed directly by the Board. However, it will be delegated to the CEO to address and the Board will require evidence to demonstrate how we are addressing the incorporation of external perspectives of subject matter expertise into our organization.</p>
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	<p>Our Governance Committee is evaluating this recommendation and putting work into the required changes in structure and articles in order to address.</p> <p>This may not be able to be addressed in the next cycle as changes to our Articles would be required which will require an annual meeting in order to do so.</p>
23	Finalize and implement an appropriate annual CEO Performance Evaluation Process.	Ongoing – The Board Human Resource & Compensation Committee has been actioned to complete this in Q2.
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.	Completed – As we address our policy reviews renewed authority matrices will be developed to align with restructuring.

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.	Ongoing – A communications policy will be developed by management and vetted through the board. This will compliment and define the efforts noted in the ongoing business plan of the organization.
STRATEGY		
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.	Ongoing – This process has recently been redefined after a comprehensive review and re-documentation of Westerner Park’s mandate and purpose. (Reference: We are Westerners) The Board is slated to complete its first draft of its 5 Year Strategy in Q3 which will lead to Management’s business plan which will address the 3-year outlook for the organization.
PERFORMANCE MANAGEMENT		
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.	Completed – In its October report, management established a renewed format that addresses all core areas of our operations for insights into the performance and progress of the organization. (Reference Board Report October 2020)
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.	Ongoing – Recirculation of the results of the FY 20 AGM will be published shortly.
COMMUNITY IMPACT		
29	Develop targeted plans and target outputs with respect to community and economic benefits to enhance management awareness of and accountability for results.	Ongoing – With the establishment of the Board 5 Year Strategy combined with the CEO evaluation, the measures referenced in this recommendation will be addressed.

PEOPLE & CULTURE -		
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.	Ongoing – Volunteerism has been prioritized within the organization once again. Management will be addressing the plan to do so in the first iteration of the Business Plan in Q4.
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.	Ongoing – It's important to note that communications internally with staff have been managed diligently throughout this entire process since December of 2019. Numerous town-halls and internal newsletters have been completed to keep staff as informed as possible. Management agrees with measuring and proactively managing our engagement. We will establish our overall engagement strategy as we relaunch our organization to its former scope and scale.
COVID-19		
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.	Completed – Our Client Services team has developed our overall COVID policies and event service adjustments to ensure AHS compliance and to promote an environment of safety to our guests. (Reference Customer COVID -19 Procedures)
33	Restore the non-event marketing budget for 2020-2021 and redeploy funding for planned and pending events to drive awareness and attendance.	Management agrees with this recommendation. However, the only budget we have is the revenue we earn. This will be balanced against our outlook within COVID-19.
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.	Ongoing – The Cowboy Kicks concept and event is geared towards this identified purpose. The launch of which occurred at the AGM and is slated to run the marquee event in May of 2021.

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.	Ongoing – The Business Planning process will address a 3-year outlook for operating capital required to sustain operations.
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