



## Crowsnest Crossing – History of Events

One of the issues that was identified by the Municipal Inspection by Russell Farmer and Associates was the demolition of the Crowsnest Centre and the subsequent push to develop the land into a hotel development. Number 78 in the Inspection recommends that “the Municipality provides a clear explanation (excluding information protected by FOIP), over and above Council meeting notes, to residents of the events and timeline leading to the cancellation of the contract with Medican and the intended next steps to continue to demolish the old hospital and develop the land.” The Municipality remains committed to the development of commercial businesses on the former Crowsnest Centre location and the Municipality would like to take this opportunity to update residents on the development and provide a timeline of the events that took place.

**February 7, 2012** 60 Room Feasibility Study was completed by Rich Eichler Consulting, which provided analyzes of market and financial operating performance of a proposed hotel in order to help determine the support for its economic viability. The study provided insight on factors such as how many rooms, average cost per night, franchise fee that would be required of a major hotel chain, etc...

**May 18, 2012** The Municipality issued a Request for Proposals for the Hotel Development Opportunity.

**June 27, 2012** The Municipality formally accepts the proposal from Medican Construction Ltd for the purchase of 2.5 hectares of municipal lands for the development of hotel and family oriented outdoor park and enters into negotiations for the sale and development. Medican was to be responsible for demolition costs. Legal opinion from Municipal solicitors was obtained on the substance of the Sales and Construction Agreement, and contract negotiations proceed for the next 7 months.

**February 4, 2013** A Press Release is issued announcing that Medican Construction and Group Vachon have signed an agreement with the Municipality to launch a 50-75 room hotel in 2013. Group Vachon is a Calgary based hotel management company that will head up the management of the new hotel.

**June 28, 2013** Best Western Franchise was secured by Penrose Hospitality/ Group Vachon, for which they paid a \$50,000 franchise fee. Group Vachon provided the Municipality with the following timeline: Construction start October/Nov 2014, Construction completion in December 2015 and opening was to occur in Jan/Feb of 2015.

**July 16, 2013** Group Vachon presented at the Governance and Priorities Meeting and explained to Council that Medican failed to meet the conditions of the Sale and Construction Agreement with the Municipality which effectively rendered the agreement null and void.

“The removal of the old hospital with the development of a hotel and other possible ancillary businesses is a positive step in increasing the commercial tax base for the community. It appears that administration is working with the businesses involved to address recent issues and positively support the project moving forward.”

- Municipal Inspection, Russell Farmer and Associates (August 2013: Page 104)

**July 23, 2013** At a Special Council Meeting on this date Council was tasked with determining if the Municipality should go forward with Group Vachon and retain the Best Western Franchise. If the Municipality decided to proceed, the \$50,000 Franchise Application Fee would have needed to be reimbursed to Group Vachon and in exchange Group Vachon would maintain the franchise agreement with Best Western, participate in meetings with potential investors, and act collaboratively in stewarding or connecting potential investors to the Municipality. Councillor Lonsbury moved (Motion #6944-13) that the Municipality proceed with the action and disbursement of funds to keep the Best Western Franchise. Mayor Decoux, Councillors Gail, Gallant, Lonsbury and Mitchell were in favor and Councillors Saindon and Saje were opposed. Having this application remain in place would allow two years for the development of a Best Western Plus.

**July 30, 2013** The Municipality tendered the demolition of the Crowsnest Centre, the bids ranged in price from \$585,314 to \$800,000 and was ultimately awarded to Dakota Reclamators. The Municipal lawyers reviewed the contract. The discussion at the time was that the hotel development and associated land sale would be more attractive to potential investors after the demolition of the Crowsnest Centre. Funds spent on the demolition could be recouped when the land is sold.

**August 6, 2013** The following two motions were carried at the Council Meeting on this date with Mayor Decoux, Councillor Gallant, Councillor Lonsbury and Councillor Mitchell in favor and Councillor Saindon and Councillor Saje opposed (Councillor Gail was absent) :

M#6960-13: Councillor Mitchell moved that Council approves the demolition of the Crowsnest Centre by Dakota Reclamators in the amount of \$585,314 excluding GST and further that Council approves funding for the demolition project that would come from MSI Capital in the amount of \$250,000.00 and \$350,000.00 from the Mill Rate Stabilization Reserve.

M#6961-13 Councillor Lonsbury moved that the \$50,000 application fee to be paid to the Vachon Group as reimbursement for the Best Western Plus application fee be taken from the Municipal Land Reserve Account 3469007130000.

**September 12, 2013** Ground is broken on the Crowsnest Centre demolition. Further contract negotiations then occurred between the Municipality and Dakota Reclamators regarding a change order relative to linoleum containing asbestos that was not anticipated and for which, they submitted additional costs of \$ 157,471 to the Municipality. The Municipality negotiated this cost down to \$ 54,000 + gst in exchange for taking on some of the debris removal responsibilities.

**Current and Ongoing Progress** The Economic Development Officer, Administration in conjunction with the Vachon Group have been working to attract investors to the hotel development opportunity. The Economic Development Officer has produced a Hotel and Conference Centre Investment Proposal and has been in numerous meetings with developers, investors and other interested parties since coming onboard in June of 2013.

For more information:

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