


Subject: **Follow-Up to Request from Badlands Recreation Development Corp.**
 Meeting Date: Tuesday, June 25, 2024
 Prepared By: Barb Hazelton, Manager of Planning & Development
 Presented By: Barb Hazelton, Manager of Planning & Development

RECOMMENDED MOTION:

1. That Council moves that Administration enter into an agreement with Badlands Motorsports Development Corp. and apply for the STIP-LMI grant on behalf of BMR for potential funding for the access road.

STRATEGIC PLAN ALIGNMENT: (Check all that apply)

	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>
High Quality Infrastructure		Economic Resilience		Quality of Life		Effective Leadership		Level of Service	

RELEVANT LEGISLATION:

Provincial (cite)- Municipal Government Act

Council Bylaw/Policy (cite)- Badlands Motorsport Resort Area Structure Plan

BACKGROUND/PROPOSAL:

Developer James Zelazo has been working to move this project forward. The proposed project is within an approved Area Structure Plan. As per his subdivision application and his Development Agreement, he is required to build and pave 5.88 miles of the access road from Highway 9 to the site. He has found it challenging to raise investor funds for the construction of the road as well as the security required since it is an asset that they won't own, so he has been in contact with different ministers to see what funding may be available to help facilitate this portion of the project.

DISCUSSION/OPTIONS/BENEFITS/DISADVANTAGES/OTHER CONSIDERATIONS:

Several provincial ministries have mandate letters that require them to encourage economic development and there are several funding streams available for this purpose. Minister Devin Dreeshen of Transportation and Economic Corridors arranged a meeting between the Assistant Deputy Minister Tom Loo and BMR in July of 2023. The perception obtained from this meeting was that the STIP – LMI (Local Municipal Initiatives) stream would be the appropriate program for funding of this magnitude and scope. Mr. Loo advised that the LMI program eligible project costs for park access roads are funded as a grant of 75% province and 25% municipal and suggested the Developer could make an arrangement with the Municipality to pay the Municipality's 25% share. These conversations noted a potential cost of \$15,000,000 for this road project, so the Ministers were aware of the prospective level of commitment on the table.

The Developer met with the County to share the outcome of this meeting. Further clarification regarding the potential amount of funding was requested by the Municipality. On January 16, 2024, a virtual Team meeting was held between Minister Dreeshen representing Alberta Transportation, James Zelazo (Developer) and Marshall Chalmers (representing the Developer). From this meeting the Developer



understood that the Province would be agreeable to grant the funding requested and recommended the Developer work with the Municipality to submit the funding application as required.

The deadline to apply for this funding is November 30. Once applications are received, all projects are rated on a province-wide, competitive basis. To move this project forward, the Developer would like the Municipality to submit an application on their behalf by the November 30th deadline. This will allow them to proceed with the next steps regarding the road which includes obtaining some of the required geotechnical and engineering work.

Administration was of the opinion that a letter from the Reeve to Minister Dreesen confirming this potential funding source as well as assurance that it will not impact the municipality’s ability to obtain grant funding through the normal process for municipal projects would be in order.

At the April 23, 2024, Council meeting Council did authorize the Reeve to send a letter to Minister Dreesen of Transportation and Economic Corridors confirming the funding opportunity and verifying that an application for this purpose will not impact the Municipality’s ability to obtain grant funding for municipal infrastructure projects.

The Reeve has forwarded the response received from the Minister and attached to this package. The original understanding of a 75%/25% split was clarified to be for park access roads. As Badlands Motorsports Resort is not a park, they would be eligible for a 50% funding grant. The Minister noted that there is a higher chance of receiving Government of Alberta grant funding if they have secured support from municipal partners and can clearly outline the economic benefits of the project for all Albertans. The proposed funding breakdown would be as follows based on the Ministers response letter:

Total estimated project cost of \$15,000,000 (The Developer would pay for any construction costs exceeding this amount)

- The Province would provide a grant in the amount of \$7.5M (50%)
- Badlands Recreation Development Corp. agrees to provide \$7.5M to meet the other 50% share
- The Municipality would agree to submit an application for this funding on behalf of Badlands.

The Minister also noted in his letter that an “application from Kneehill County for STIP related to the Badlands Motorsport Resort project will not impact the municipality’s ability to apply for other municipal projects, as each project/application is evaluated on its own merit. The county could therefore submit multiple STIP applications in the same year.”

The Developer has been made aware of the maximum 50% provincial and 50% municipal funding split and has agreed to this split. They have asked that the County carry out the proposed STIP application for funding on their behalf.

If Council approves this request, Administration will enter into an agreement with Badlands Motorsports Resort (BMR) regarding this application submission and the requirement for BMR to provide the other 50% of the proposed project costs as well as anything over and above the \$15,000,000 projected costs.

FINANCIAL & STAFFING IMPLICATIONS:

There are no staffing implications currently as this falls under the normal operations for our department. There could be significant financial implications in the form of tax revenue once this site is developed.

RECOMMENDED ENGAGEMENT:

Directive Decision (Information Sharing, One-Way Communication)

Tools:	Individual Notification	Other:	
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ATTACHMENTS:

Response from Honourable Devin Dreeshen, ECA

COUNCIL OPTIONS:

2. Council recommends that Administration enter into an agreement with Badlands Motorsports Development Corp. and apply for the STIP-LMI grant on behalf of BMR for potential funding for the access road.
3. Council request additional information prior to making a decision.
4. Council accept as information.

FOLLOW-UP ACTIONS:

Administration will ensure the developer is notified of the outcome of this request.

APPROVAL(S):

Mike Haugen, Chief Administrative Officer

Approved-

