

AGENDA

Meeting: June 28, 2020 7:00 p.m. – 8:00 p.m.
Bassano Community Hall (610 – 2nd Avenue)

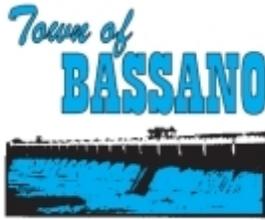
We, the undersigned, hereby agree that a Special Meeting of the Council of the Town of Bassano will be held in-person on **June 28, 2020 at 7:00 p.m.** to attend to the following items:

1. **CALL TO ORDER**
2. **EXCUSED FROM MEETING**
3. **ADOPTION OF AGENDA**
4. **UNFINISHED BUSINESS**
 - 4.1 Goal 2 – Task 3 Unique Project – FAB Village Square Business Plan
5. **NEW BUSINESS**

None
6. **CLOSED SESSION**

None
7. **ADJOURNMENT**

Mayor Ron Wickson	
Deputy Mayor Tom Rose	
Councillor Kevin Jones	
Councillor Doug Barlow	
Councillor Jackie Seely	
Councillor Irvin Morey	
Councillor John Slomp	



REQUEST FOR DECISION

Meeting: June 28, 2020

Agenda Item: 4.1

Strategic Plan – Goal 2 – Task 3 – FAB Village Square Business Plan

BACKGROUND:

At the June 2, 2020 Special Meeting, council directed administration to proceed to the implementation phase of the Intergenerational and Multigenerational Tiny Home Pilot Project.

A business plan was prepared for FAB Village Square as attached.

OPTIONS:

#1 – That Council approve the FAB Village Square Business Case analysis as presented with the recommendation that the Town form a partnership with the Newell Foundation to deploy the initiative.

#2 – That Council defers the FAB Village Square Business Case analysis as presented for consideration at the July 13, 2020 meeting.

#3 – That Council takes rejects the FAB Village Square Business Case analysis and takes no action for implementation thereby cancelling the project.

CAO COMMENTS:

Time is of the essence for this project. Timelines are very tight to ensure deployment of the units this fall. This is an immense opportunity for Bassano and should be acted upon.

ALIGNMENT WITH STRATEGIC PLAN

Goal 2 – Task 3 – implementation tactic.

PROPOSED RESOLUTION:

1. That Council approve the FAB Village Square Business Case analysis as presented with the recommendation that the Town form a partnership with the Newell Foundation to deploy the initiative.

Attachments:

1. FAB Village Square Business Case Analysis – June 26, 2020

Prepared by: Amanda Davis, CAO

FAB Village Square Business Case Analysis

Executive Summary

The Town of Bassano is taking bold steps to achieve its vision to “be the most attractive and affordable urban community under 2,500 in Alberta where industry leaders want to invest, where tourists come for a new experience, and where people choose to live, work and play.” Over the past year, a study was completed to determine the economic feasibility of developing an intergenerational and/or multigenerational “tiny home” project in Bassano as per the Town’s strategic plan (Goal 2 – Task 3). The report was approved by Town Council in April 2020 and steps were taken to begin its implementation.

The first task was to develop a business plan to “Deploy an Age Friendly Village Pilot Project” known as FAB Village Square. The project consists of seven 580 square foot FAB (Future Adaptive Buildings) homes located on the green space adjacent to the Community Hall. Both the greenspace and the Community Hall are integrated into the project creating a unique community that supports healthy aging and a sense of community belonging for residents.

FAB Village Square is a steppingstone that could support the Town and the Newell Foundation’s efforts to build a new multi-use Continuing Care Facility. To realise both projects and achieve the greatest overall value, it was recommended that the Town form an immediate partnership with the Newell Foundation to deploy FAB Village Square with the goal of completing the project in the Fall.

This project is innovative and charts the path to the future for Bassano. It has the potential to connect families, save lives, and bolster local economics. Bassano would be the first community in the world to offer a FAB Village and is thereby able to take advantage of first mover opportunities in new growth markets. FAB Village Square is rich with opportunities for Bassano and is a made in Alberta solution to solve a worldwide crisis creating lasting benefits.

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Proposed

1.0 Background

The Town of Bassano is taking bold steps to achieve its vision to “be the most attractive and affordable urban community under 2,500 in Alberta where industry leaders want to invest, where tourists come for a new experience, and where people choose to live, work and play.” One step in accomplishing this vision is to Deploy an Age-Friendly Pilot Project that aligns with Bassano’s strategic framework (see Figure 1).

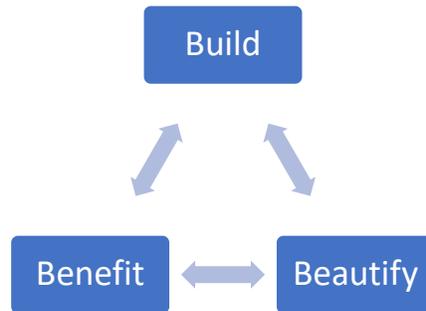


Figure 1. Bassano’s Strategic Framework

John Brown Architect Ltd. (JBA) was contracted in 2019 to prepare a report to determine the economic feasibility of developing an intergenerational and/or multigenerational “tiny home” housing model for a small urban community in Alberta (per Town of Bassano Strategic Plan, 2019-2025, Goal 2 – Task 3). Bassano was the pilot community for this study. The report consisted of three phases, a feasibility study, a business plan, and an implementation plan.

To assist with this project, Council appointed a local Advisory Committee. The Committee was responsible to review each report phase and make recommendations to Council based on their assessment of the report’s viability. The report was approved in April 2020 (motion 100/20), and administration was directed to develop action plans for its implementation.

The report is strategic and will be implemented over the next 5 to 10-years with a focus on innovation, community integration, economic development, and local diversification. Action plans will be developed overtime for each task outlined in the report. A focused approach will enable the community to achieve success and see results.

The initial implementation plan outlined three tasks as shown in Figure 2 below.

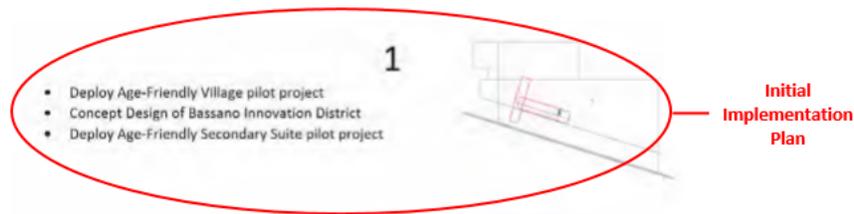


Figure 2: Intergenerational and Multigenerational Tiny Home Pilot Project Bassano – Stage 1 Plan

Task one, Deploy an Age-Friendly Village pilot project has five steps. Each task is listed independently and integrated into other tasks/actions. In many cases, a task/action is a steppingstone to support a larger project or initiative underway in Bassano. The five steps are:

1. Establish the Age-Friendly Village,
2. Re-boot the Community Hall,
3. Revise municipal policies,
4. Implement the Age-Friendly Secondary Suite Pilot Program, and
5. Launch a comprehensive communication strategy.

Task one, Establish the Age-Friendly Village is a steppingstone that could support the Town and the Newell Foundation's efforts to build a multi-use Continuing Care Centre (the Bassano Project). The intent of the Bassano Project is to integrate independent living, supportive living, long term care, primary care and acute care into a fully functional design that supports a variety of community amenities. The platform for this project is intended to set the stage for future rural Continuing Care Centre models.

2.0 Purpose

The purpose of this report is to develop a business case to determine how to Deploy an Age-Friendly Pilot Project in Bassano. The pilot project is hereby referred to as "FAB Village Square" and will consist of seven independent self-contained FAB (Future Adaptive Building) homes. The pilot project will be located on the green space adjacent to the Community Hall.

2.1 The Opportunity - FAB Village Square

FAB Village Square is rich with opportunities for Bassano and is a made in Alberta solution that will have lasting benefits and will solve a worldwide crisis.

First, over the past three months, society has seen firsthand the poor level of care received by our aging population throughout the pandemic and it is clear, that something must change. Unbeknownst to us during the previous year of research, the Town would be positioned to deliver on the much-needed change.

Second, the project provides an avenue to take advantage of an underutilized municipal asset, the Community Hall. The Community Hall operates with a deficit of \$40-45,000 annually and is used less than 15 percent of the year (see Figure 3). It is part of the Town's long-term plans to upgrade and program the facility to help recover part of the deficit. A re-boot at the Community Hall requires a programming plan and will occur as one of the next steps to fully implement FAB Village Square.

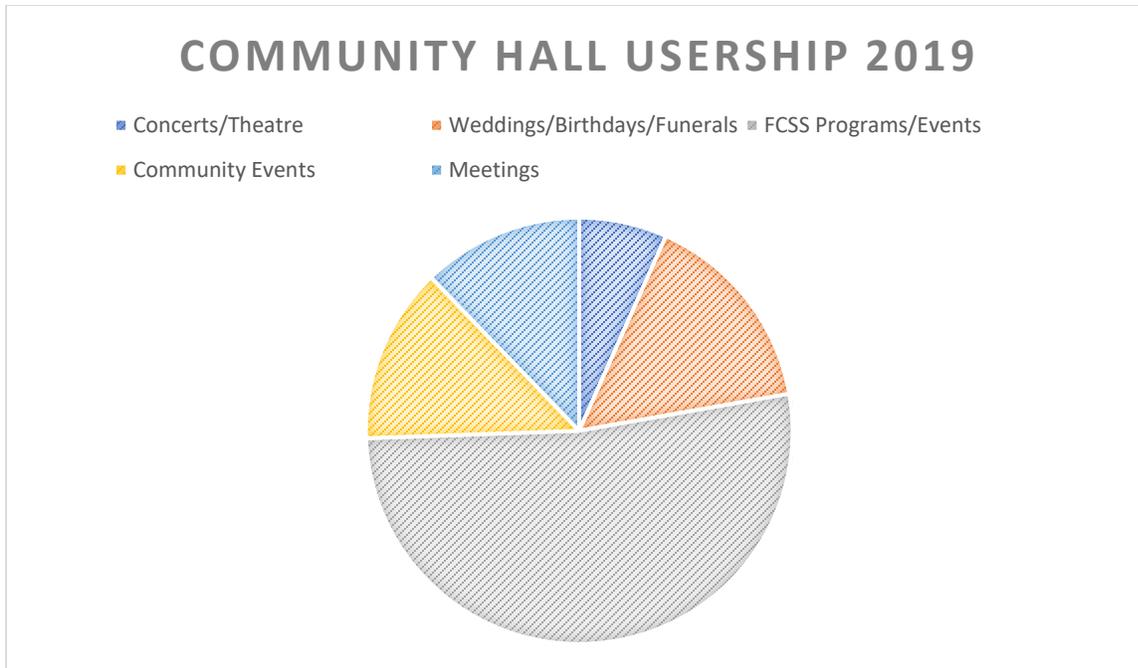


Figure 3: Town of Bassano Community Hall Usership in 2019

Third, the project has the potential to generate over \$200,000 per year in gross revenue from rent, utilities, and property taxes on as little as \$500,000 in initial start-up costs. Realizing this revenue potential requires a marketing and sales strategy, which will occur as one of the steps in the implementation plan.

Fourth, the project will stimulate the local economy. It will provide construction jobs for many local contractors and support restaurants and shops. Local stimulus following a downturn helps to stabilize and rebuild local economies.

Most importantly, the FAB Village Square pilot project can be used as the steppingstone to realize the Bassano Project. It offers first mover advantages in new growth markets. An analysis of the FABhome based on a supportive living model will provide the necessary research to verify a new framework for aging in place. Plus, FABhomes provide a real-time solution to address current and future pandemic response needs recognizing that a second wave is expected this fall. The Bassano Project is an essential asset in maintaining the community's long-term viability and its competitive advantage.

2.1.1 The Location - FAB Village Square

Location is key as defined in the report. The green space adjacent to the Bassano Community Hall was defined as the most ideal location for FAB Village Square because of the natural landscape, the proximity to the Community Hall, proximity to local amenities, and to parks.

Placing FAB Village Square at this site enhances the location and creates opportunities to engage residents in all community functions and events. Some people may argue that noise is a barrier or that children will have no where to play. It is important to consider the broader environment. Residential properties surround the Community Hall and they integrate into various events, action, and activities as will the new Village residents. The Village concept is about creating a unique community that supports

healthy aging. Being involved in community activities and seeing children playing at the park contributes to healthy living and a sense of community belonging (see Figure 4).



Figure 4: FAB Village Square Concept – Engaged Community/Greenspace Utilization

FABhome is a modular unit and may be relocated in the future to complement the Bassano Project. It is essential to gather data and analyse the positive health progressions of integrating the Village residents into the broader community.

Finally, FAB Village Square supports sustainable planning practices through infill development. Sustainable practices are prioritized within the Town’s planning documents.

2.2 Visionary Alignment – Bassano’s Future

The Town has been working diligently to be development ready, to showcase its entrepreneurial spirit, to look towards innovation all with the intent of creating a viable community that is sustainable well into the future. Because of its focused approach and active planning practices, the Town can capitalize on the FAB Village Square opportunity. Beyond the development advantages, there are many economic incentives that could follow because families, individuals, and businesses need a safe, stable community to call home, to age in (at all stages), to work, and to build their business. Bassano’s assets and locational advantages align with the future needs of the population.

FABhomes were designed to solve a problem that every community around the globe is faced with, how to properly care for an aging population while ensuring people maintain their independence. Both visions are truly aligned, and our steadfast actions to implement FAB Village Square will bring families back together, connect the broader community, and grow the local economics overtime.

Simply put, FAB Village Square and further strategies outlined in the report is the way of the future for Bassano.

3.0 Financial Plan

A financial analysis was completed for FAB Village Square to show a comparison between both purchase and lease options. Each comparison factors in site preparation, deployment of units, and a marketing and sales strategy.

Revenue assumptions have been made based on the assumptions shown in Figure 5. The total monthly rental cost per unit is \$2,636. This number is the same for both the purchase and lease options.

Item	Estimated Cost per Month
FAB House Lease Cost	\$2,300
Utilities/Internet	\$110
Groundskeeping / Snow Removal	\$75
Common Room Use Fee	\$25
SUBTOTAL	\$2,510
Admin Fee (5%)	\$126
TOTAL	\$2,636

Figure 5: Revenue Assumption Per Unit

Annual cash flow assumptions are based on achieving 100% occupancy of six long-term units by Month 8, and 70% occupancy of one short-term unit. Units are expected to be installed by Month 6.

Long-term unit occupancy assumptions are outlined in Figure 6 that indicates two long term units are occupied at installation (Month 6), increasing to 100% occupancy by Month 8 at a rate of \$2,636 per unit.

Time Period	Available Units	Occupancy	Occupancy Rate	Rental Rate per Unit	Monthly Gross Revenue
Month Six	6	2 Units	33%	\$2,636	\$5,271
Month Seven	6	4 Units	67%	\$2,636	\$10,542
Month Eight and Beyond	6	6 Units	100%	\$2,636	\$15,813

Figure 6: Long-Term Unit Occupancy Assumptions

Short-term unit occupancy assumptions are outlined in Figure 7 that indicates one short-term unit rented at an average daily rate of \$106 and an estimated occupancy rate of 70%.

Available Units	1
Average Daily Rate	\$106
Average Annual Occupancy	70%
Monthly Gross Revenue	\$2,226

Figure 7: Short-Term Unit Occupancy Assumptions

3.1 Purchase Option Start-up Costs

The option to purchase seven units, carry out required site upgrades, and municipal planning and preparation carries a cost of \$2,189,640 as shown in Figure 8.

Item	Cost
FAB Unit Purchase Price (7 units)	\$1,652,000
Village Set-Up Costs	\$224,640
Common Room Renovations	\$130,000
Reboot Community Hall - Common Room	\$13,000
Revise Municipal Policies	\$35,000
Unit Shipping Costs	\$100,000
Marketing and Sales Strategy and Implementation	\$35,000
TOTAL	\$2,189,640

Figure 8: Purchase Option Analysis

3.2 Lease Option Start-up Costs

The option to lease seven units from JBA, carry out required site upgrades, and municipal planning and preparation carries a cost of \$469,840 as shown in Figure 9.

Item	Cost
FAB Unit Lease Deposits	\$32,200
Village Set-Up Costs	\$224,640
Common Room Renovations	\$130,000
Reboot Community Hall - Common Room	\$13,000
Revise Municipal Policies	\$35,000
Marketing and Sales Strategy and Implementation	\$35,000
TOTAL	\$469,840

Figure 9. Lease Option Analysis

3.3 Start-up Cost Comparison

The cost comparison shows the capital and start-up cost difference between the purchase and lease options. Purchasing the units adds over \$1.65 million to the start-up costs, compared to \$32,200 in lease deposits for the same seven units.

Capital and Start-Up Costs

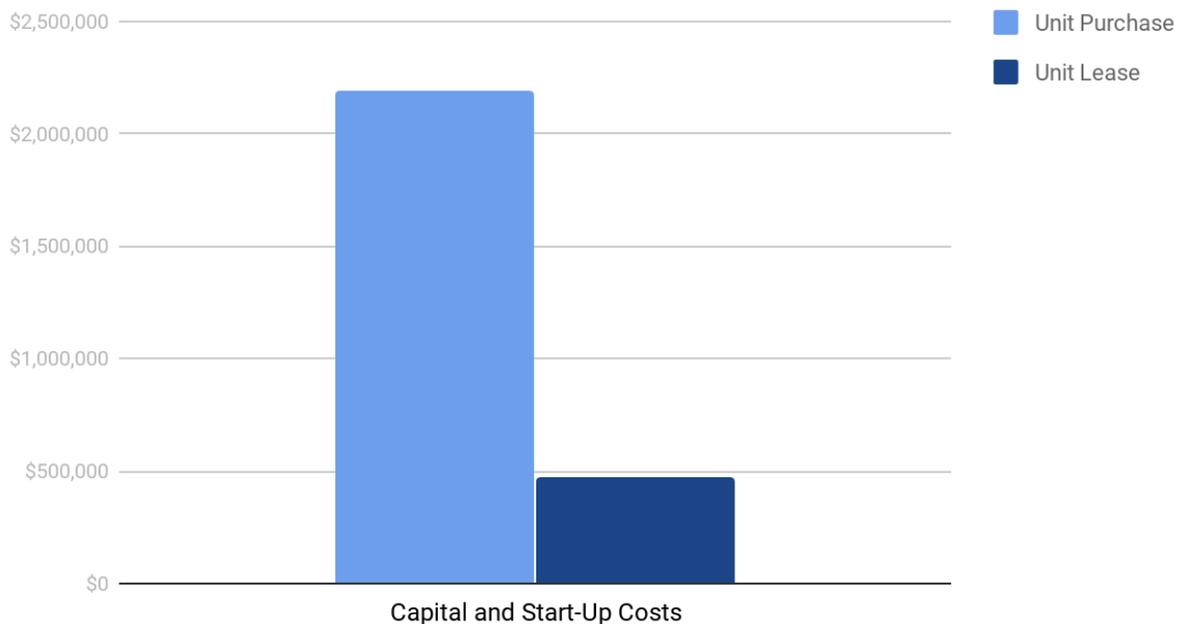


Figure 10: Capital and Start-up Cost Comparison

3.4 Rental Rate Comparison

A rental rate comparison was completed for similar facilities in Bassano, Brooks, and Medicine Hat. Public housing facilities with subsidy supports based on income levels were examined in Bassano (Playfair Lodge) and Brooks (Newbrook Lodge and Orchard Manor), as well as a private housing facility offering similar age-in-place accommodation in Medicine Hat (Chinook Village).

Property	Details	Price
Chinook Village (Medicine Hat)	<ul style="list-style-type: none"> - Independent Living and Supportive Living options - 1 Bedroom condo - No care provided - Supportive Living: Lunch provided - Internet, TV, phone, utilities included 	<ul style="list-style-type: none"> - Independent Living (LifeLease) <ul style="list-style-type: none"> o \$123,000 + \$380/month maintenance fees and utilities o Total purchase price due on possession date - Supportive Living <ul style="list-style-type: none"> o \$2,025/month
AgeCare Orchard Manor (Brooks)	<ul style="list-style-type: none"> - Independent and Supportive Living options - 1 Bedroom condo - Studio suite - 3 meals per day included - 1BR condo: 550 sq ft - Studio suite: 367 sq ft - Utilities included 	<ul style="list-style-type: none"> - Studio Suite: \$1,600/month - 1BR Condo: \$1,750/month (\$2,250 for a couple, 1BR only)
Newbrook Lodge (Brooks)	<ul style="list-style-type: none"> - Supportive Living - Studio, 1BR, 2BR suites - Utilities, parking, cable, laundry included 	<ul style="list-style-type: none"> - 350 sq ft Studio: \$1,297 - 430 sq ft 1BR: \$1,414 - 450 sq ft 1BR: \$2,113 - 634 sq ft 2BR: \$2,433 <p>Plus \$402 Lodging Assistance Program <i>If resident is low income, Alberta pays this fee. Otherwise resident pays this fee.</i></p>
Playfair Lodge (Bassano)	<ul style="list-style-type: none"> - Supportive Living - Studio and 1BR suites - Utilities, parking, cable, laundry included 	<ul style="list-style-type: none"> - 200 sq ft Studio: \$1,151 - 300 sq ft 1BR: \$1,304 - 400 sq ft 1BR: \$1,414 - 400 sq ft 1BR (double occ): \$2,113 <p>Plus \$402 Lodging Assistance Program <i>If resident is low income, Alberta pays this fee. Otherwise resident pays this fee.</i></p>

Subsidies were researched as part of this analysis. Alberta Seniors Benefits provide various accommodation subsidies to low income individuals. The use of subsidies requires further research and may follow the next phase of the analysis to outline how/if subsidies could apply to FAB Village Square.

3.5 Discussion

FAB Village Square achieves cash flow break-even at 100% occupancy in either the purchase or lease option. The rental rates for long-term units are in line with other similar age in place housing options in nearby communities, even without rent subsidization. While the purchase option does not require monthly lease expenses, it does account for straight line depreciation of the \$236,000 per unit price over 10 years. Capital and start-up costs vary depending on which option is chosen, with the lease option requiring significantly less initial capital upfront.

There are potential ways to make the units more accessible to residents by leveraging grants, supports from Foundations or from other philanthropic organizations. Next steps include policy development to outline rental opportunities, entry requirements, and potential subsidy requirements.

FABhomes are adaptive. Each unit comes as a base model and may be upgraded based on the residents' needs. Add-ons will be independent to each unit and may be prescribed by a physician. This would be a cost borne by the resident.

4.0 Options

Various financial models were assessed to determine how best to deploy FAB Village Square that included, a Joint Venture, setting up a Foundation or Charity, setting up a For-Profit Corporation, bootstrapping and more. Keeping with the vision of the project, some financial models were eliminated because they did not align with the project goals (e.g. for-profit corporation). Of the models assessed two aligned.

Option one, incorporate FAB Village Square into the Town's existing municipal structure as a long-term economic development project (see Figure 12).

Advantages	Disadvantages
<ul style="list-style-type: none"> - The Town is registered with the Canada Revenue Agency (CRA) and has Donee status. This means it can give charitable receipts for donations. - The Town could see donations from Foundations to offset operational costs. - The Town has the capacity to offset costs through general taxation until the project achieved a breakeven point. - The Town would maintain control over the project and its operations. - Aligns with Town's growth objectives. 	<ul style="list-style-type: none"> - The Town must obtain approval from municipal affairs to include the project into the municipal structure. - The Town would carry 100 percent of the risk. - The Town would be required to develop a new business model to manage the pilot project long term (e.g. subsidizations, lease/rental contracts, grounds maintenance). Additional staff complement would be required to effectively manage the project. Alternatively, the service could be contracted to an organization that specializes in seniors' housing such as the Newell Foundation.

Figure 12: Option 1 – Add to Municipal Operations - Advantages and Disadvantages

Option two, form a partnership with an existing Foundation that is focused on senior’s care and housing such as the Newell Foundation (see Figure 13).

Advantages	Disadvantages
<ul style="list-style-type: none"> - Greater buy-in to advance the project with more partners. - Shared risk. - Better distribution of resources (human capital and financial resources). - Senior’s care is the core business model of the Foundation. - Eliminates the duplication of services. - Shared benefits and successes. - Relationship with Alberta Seniors and Housing and Alberta Health Services. - Has greater access to subsidies. - Aligns with the Bassano Project. 	<ul style="list-style-type: none"> - Timeline required to form partnership. - Different viewpoints on how to manage and operate the project.

Figure 13: Option 2 – Form Partnership with a Foundation - Advantages and Disadvantages

5.0 Recommendations

Each option outlined in Sections 3 and 4 is viable. To gain the greatest overall value, it is recommended that the Town form a partnership with the Newell Foundation to deploy FAB Village Square based on the lease option. This partnership is beneficial because each party contributes based on their core competencies and can leverage a broader network of stakeholders to ensure a successful project (see Figure 14). The terms and financial obligations of the project would be negotiated when forming the partnership.

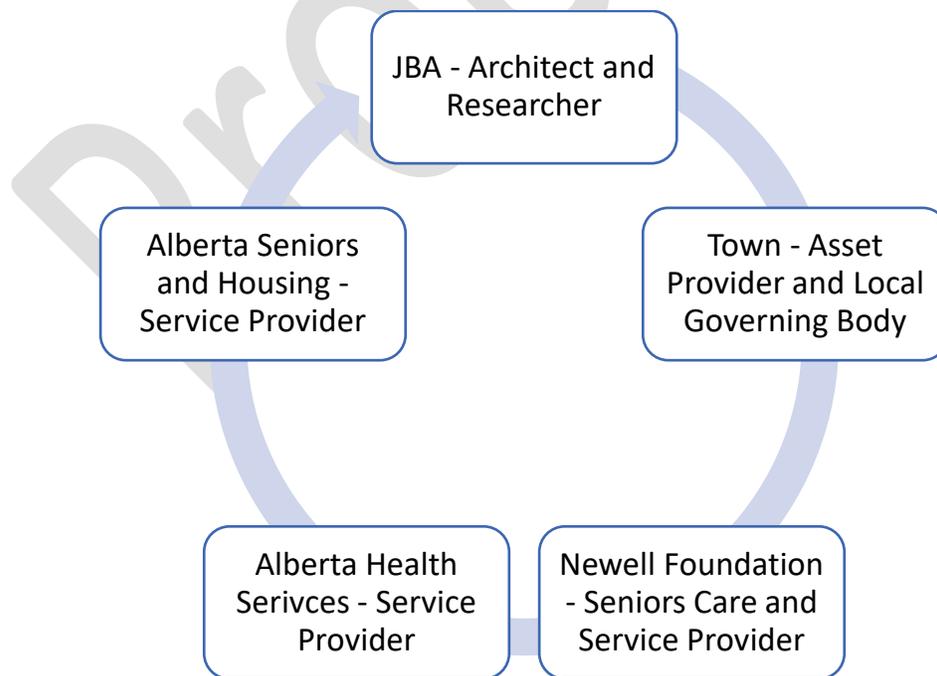


Figure 14: FAB Village Square Partners

6.0 Implementation Plan

Time is of the essence. Swift action must be taken to capitalize on the current opportunity to provide a made in Alberta solution to solve a worldwide crisis that has lasting benefits. The stakeholders outlined in Figure 14 are at the forefront of innovation. Collectively, the stakeholders could contribute to restructuring government policy to improve the quality of life and care for people as they age.

- Task 1 – Present the business plan and recommendations to Town Council by July 1, 2020.
- Task 2 – Present partnership opportunity to Newell Foundation. Arrange an in-person tour of the FABhome prototype in Calgary for Town Council and the Newell Foundation by July 1, 2020.
- Task 3 – Confirm a partnership with the Newell Foundation and negotiate terms of the partnership by July 15, 2020.
- Task 4 – Facilitate a Town Hall meeting/public hearing to rezone municipal lands to support the project. Prepare a community overview of the project to inform residents of the partnership and vision for the project.
 - Public hearing is scheduled for July 13, 2020 at 6:00 p.m. at the Bassano Community Hall. This report serves as the community overview and can be supplemented with other visuals.
- Task 5 - Upon agreement (task 2/3), place a purchase order for the FABhomes by July 15, 2020.
- Task 6 – Develop construction plan by August 1, 2020.
- Task 7 – Confirm citing by August 1, 2020 and begin site prep, planning, and earth work (completion by September 30, 2020).
- Task 8 – Develop a marketing and communications plan for FAB Village Square by August 10, 2020.
- Task 9 – Develop joint policies to operate FAB Village Square by August 10, 2020.
- Task 10 – Deliver FABhomes by October 20, 2020.
- Task 11 – Be move in ready by November 1, 2020.
- Task 12 – Prepare Re-boot Plan for the Community Hall by March 31, 2021.
- Ongoing – Community consultation and engagement.
- Ongoing – Collect data and submit updates to Alberta Health Services regarding the status of the project.

7.0 Acknowledgements

This analysis report was prepared by and in consultation with the Town of Bassano, Randall Strategy Corp., BizDog Group, and John Brown Architect.

Proposed