

# 'Significant economic impact'

With more than \$20 million in revenue and a \$2 million surplus, Western Fair has become an economic and tourism force.

BY ROSS McDERMOTT  
Special to The Free Press

If you push a ball down a hill it will gain speed as it rolls. It may continue to roll after it finds level ground but eventually the ball will come to rest.

The same can be said of the recently completed expansion at the Western Fair.

When the fair's volunteer board of directors got the ball rolling on the largest expansion in its 138-year history, there was no question some revitalization of the facilities was needed.

Now, after numerous projects and a price tag of about \$64 million dollars, that ball has come to rest.

"We're taking a bit of a break for a couple of reasons. The next project will be the demolition of the old barn, but that's a significant cost too, so we've got that on hold," said Western Fair's general manager, Gary McRae.

The fair's expansion days are over for now, and the focus will turn inward toward day-to-day operations and maximizing the use of the expanded facilities.

"It's one thing to build them, but once you got them up and going you've got to concentrate on operating them efficiently and attracting as many people and events as you can," McRae said.

That is certainly important now that the fair has to pay its capital debt of \$30 million.

In its latest fiscal year, the fair made more than \$22 million in gross revenue and posted a \$2.3 million surplus.

That's a big jump in revenue over five years. In 2000 the fair earned \$12.3 million but managed a larger surplus of \$2.9 million.

The fair is not allowed to actually earn a profit, and those funds were committed to reducing the debt. Western Fair is considered an agricultural society and a provincial mandate gives it non-profit status and related tax exemptions.

A breakdown of gross revenues showed the slots were the biggest generator in 2004 at \$9.6 million, followed by horse racing at \$5.2 million, building rentals, banquets and shows bring in \$3.3 million. The annual fair generated \$3.2 million and IMAX

brought up the rear at approximately \$800,000.

Though McRae anticipates an increase in revenues for the coming fiscal year, any increase will be offset by the rising interest payments, he adds.

In 2003 interest payments came in around \$166,000. Last year that figure rose to \$900,000. This year the annual interest payments will hit the fair's pockets for a whopping \$1.4 million.

"We've generated significant revenues over the past couple of years but we've also, we hope wisely, reinvested the revenues into the expansion and upgrade of the facilities," McRae said.

The expansion began with a new race paddock, where horses are stabled before a race, worth \$3.5 million and that was followed by the four-rink Western Fair Sports Centre, a venture for which the fair partnered with the city at a cost of \$17 million.

The Western Fair took on the construction and subsequent operation of the sports centre while the city provided the funding.

Next on the expansion list came the \$3.5 million acquisition of the King and Ontario Streets property for additional parking.

This acquisition was followed by a number of items: the grandstand and Paddock Lounge renovations for \$3.5 million and \$1 million respectively; the expansion of the slot lounge, from 300 to 750 one-armed bandits, \$17 million; the connecting bridge between the grandstand and the sports centre, \$1.5 million; and the acquisition of the McCormick/Clubhouse property, \$3.2 million.

Construction of the \$14 million Agriplex to replace the Ontario Arena and Agricultural Pavilion, the final piece of the expansion puzzle, is perhaps one of the most highly anticipated stories for both the Western Fair and the City of London.

Opened last September, McRae said the Agriplex should be successful at drawing additional tourist dollars to London.

"We're seeing already that facility drawing national and international events," he said, noting the North American Belgian Horse Show and the North American Beef Congress as examples.

John Winston, general manager of

Tourism London, specifically points to the Agriplex when talking fair expansion and tourist draws.

The Agriplex will enhance the meeting and convention business in the city and the tradeshow component.

"The Agriplex is becoming known nationally as one of the major facilities for agricultural display and exhibition," Winston said.

The Western Fair is a "very significant tourist draw" for London, he continued, particularly after factoring in the sports centre's ability to accommodate hockey tournaments.

"At one point Western Fair was very one-dimensional. It had an annual fair and it had some trade show space. Now, it provides a multi-entertainment component that is very significant for London," Winston said.

McRae said approximately 3.5 million people attend Western Fair annually. The expanded slot lounge is one draw that garners both out-of-town and local dollars.

That's good news for the City of London, the Ontario Lottery Gaming Corporation and the Western Fair. In addition to an annual "rent" paid to the city, five per cent of the revenues from the first 450 slot machines is routed to city coffers via the OLG, with two per cent from the remaining 300.

McRae said last year's rent payment to the city, which is arrived at using a complex formula based on revenues, worked out to more than \$200,000.

City controller Bud Polhill, who was appointed by council to sit on the executive of the Western Fair board, said there are those on council who feel the deal between the city and the fair needs to be renegotiated.

"But the fact is there is a debt load with Western Fair and I'm not sure how much room there is to move on that deal," he said.

Polhill noted the tourist draw the fair has become, and said people have to see beyond the balance sheets to really appreciate the value of its facilities.

"The Western Fair brings a lot of business to the city that really doesn't show up on balance sheets. Every time there is an event at Western Fair it draws people from outside the city," he said.



**CONNECTION:** An underpass running beneath Florence Street connects the Agriplex complex to the main fair grounds.



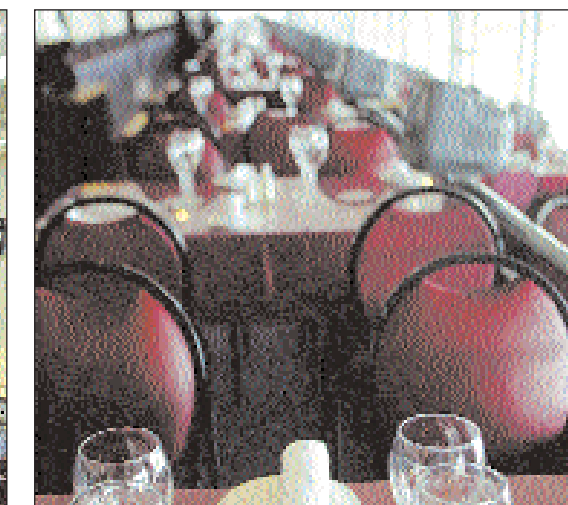
**AGRICULTURAL SHOW:** People enter the new Agriplex building for the recent Can-Am Equine Show at the Western Fair.



**THEATRE:** The Agriplex building also features an auditorium.



**BROADCAST:** Western Fair Raceway offers simulcast television broadcasts of races from other tracks, and it sends out broadcasts of its own races.



**RACING VIEW:** A dining area overlooks the race track at Western Fair Raceway.



**TOURISM:** The four ice pads at the Western Fair Sports Centre are a significant tourism draw.



**MONEY MAKER:** Horse racing at Western Fair generates more than \$5 million in revenue.

Photos by DAVE CHIDLEY The London Free Press



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Western Fair's general manager Gary McRae.