

The Town of Okotoks
PO Box 20, Stn Main
Okotoks, Alberta
T1S 1K1



Dear Mayor Thorn and Okotoks Town Council
Cc: Susan Laurin, Community Services Director

The easing of Covid-19 related restrictions on business in recent weeks does not indicate an instant recovery from the financial strain resulting from those restrictions. The indicators of financial difficulties related to the pandemic are seen in our financial results as early as November 2019 and we don't anticipate full re-payment of accumulated debts and losses since that time for nearly 8 years. We are writing today in need of assistance from the Town of Okotoks by way of debt forgiveness and re-negotiated lease terms. Specifically, we are requesting the waiving of all lease payment arrears to and including May, 2022. Effective June 2022, we request that Town Administration be empowered to adjust 'base rent' terms in our lease to consider 'market rate' as significantly deflated from those agreed to in our most recent lease agreement.

Although we weren't subjected to our first round of full lock down measures until March 2020, we started to see a decline in revenues as early as November, 2019, as stated above. By January 2020 we were down 11%, and by February we saw further declines, down 17% that month vs the same period of 2019. On March 15 of that year, the Town of Okotoks imposed a full closure of the Okotoks Recreation Centre, which was followed on March 17 by the declaration of a state of emergency by the Province of Alberta, from which ensued a 4 month complete lock down of our business. What has transpired from that point onwards has been a cycle of on and off closures, partial closures, restrictions, mask requirements, and the most recent Restrictions Exemption Program. Most of these were imposed on us by the Province of Alberta, but the Town of Okotoks has imposed additional measures throughout much of this time as well, specifically at the Okotoks Recreation Centre. The provincial measures have caused considerable damage to our operational capacity, while many of these additional restrictions hampered our walk-by traffic and opportunities for drop-in revenue. As of March 1, 2022, we are restriction free for the first time since September 2021, and have seen a restriction free reality for a total of 2 months in the past 24. Each of these varied phases of lockdowns and restrictions has been survivable only through a combination of client generosity, extreme reduction of expenditures, complete loss of personal income, a downsizing of staff and contract instructors, reduced operational hours, reduction of services, considerable borrowing, and government grants and wage and rent subsidies. Our worst month since March 2020 saw a 96% reduction in revenues. Our best month since that time saw a reduction of 34%. Available subsidies have been inconsistent and inadequate to stave off the inevitable collapse of our small company, and we finally ran out of options in early October, 2021, with the introduction of the

Restrictions Exemption Program in September of that year. This program caused an overnight reduction of over 42% revenues on top of an already depressed financial reality. And the available subsidies have not been adequate to overcome our losses. Hence our inability to satisfy our lease requirements at that time, and our expressed need to either close the business or find a path forward with the Town of Okotoks.


In October 2021 we communicated our struggles to the Town and have been met with a very appreciated willingness to find a solution that would allow us to survive the recent challenges, but also position us to once again provide valuable services to Okotoks residents through our well established service delivery model in the Okotoks Recreation Centre. We felt confident that we would find a positive solution, and that's the only reason we have kept our doors open. Had we known at that time of any expectation to re-pay rent owing, we would have had no choice but to close our doors in October, as we were then, and remain now, completely out of borrowing options.

We have a very proud and successful 14 year history prior to the pandemic. During this 14 year collaborative relationship we contributed generously to the community and have been a part of supporting community initiatives since our inception in 2006. We've operated 10 charity triathlons, a charity marathon, 9 charity CrossFit Karma events, and have given generously of our time to organizations such as The Foothills Okotoks Recreation Society, The Okotoks and District Chamber of Commerce, the Sheep River Health Trust, KidSport, Okotoks Basketball Association, and The Okotoks Rotary Club, to name only a few. We've contributed significant time, talent and treasure to enhance the community, which made us the proud recipients of the Chamber of Commerce Social Profit (charitable) Business of the Year in 2016.

The past 2 years have been challenging, but not due to preventable realities. Covid-19 has been particularly cruel to fitness businesses. We've been in these struggles together from the start, and we desire to continue our strong working relationship moving forward. With your consideration, we feel optimistic for our future and have already begun the necessary work towards recovery, which is reflected in our positive trending thus far in February and March 2022. However, without your consideration, our only available option is the closure of Natural High Fitness.

Thank you for your awareness of our reality, and for your review of our above request. I am available for your questions at your convenience.

Sincerely,



Andrew Gustafson
President, Natural High Fitness & Athletics Inc.

Natural High Fitness & Athletics Inc.
PO Box 1545 Okotoks, Alberta T1S 1B5
(403) 938-4483 www.naturalhigh.ca