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City of Calgary Recreation Golf Course Operations

CPS2014-0398

McCall Lake Redevelopment Feasibility Study

Presentation to: Standing Policy Committee on Community
& Protective Services

2014 July 2

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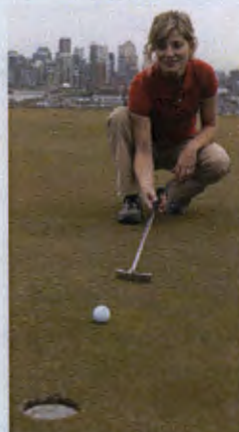
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Municipal Golf Services

- Golf within the spectrum of the Recreation Service Delivery Continuum since 1915
- Municipal golf is a system, 8 golf courses at 6 locations on 750 acres of land
- 38% of the population has played golf in the last 12 months
- 21% of the population has played at a City of Calgary operated golf course in the last 12 months, average rounds played: 246,000
- Average Rounds at McCall Lake: 54,701



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Golf Course Operations (GCO) Timeline of Events

1995	Golf Business Plan
2010 - 2012	GCO undertakes multi-faceted Business Operations Review
	<ul style="list-style-type: none"> • \$34.5M estimated municipal golf capital needs (10 years)
2012 October 15	Sustainability Plan Directives (CPS2012-0702)
	<ul style="list-style-type: none"> • Elimination of \$200,000 annual contribution to general revenues (completed) • Change in mandate to align with Recreation (partial) • Revised golf fee structure (underway) • McCall Lake Redevelopment Feasibility Study (today's report)
2013 May	GCO Guiding Principles approved (CPS2013-0410)
	<ul style="list-style-type: none"> • Framework for GCO's strategic direction
2014 July – 2016	Sustainability Directives (CPS2014 – 0398)

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McCall Lake Redevelopment Feasibility Study

- Original project goals:
 1. funding for system-wide golf capital requirements
 2. funding for new recreation campus on site
- Due diligence process to ensure informed decision making:
 - Redevelopment Analysis (Attachment 6, confidential)
 - Financial Analysis (Attachment 7, confidential)
 - Public Engagement Findings (Attachment 5)



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Redevelopment Analysis - Findings

2012 Concept Plan
(Stantec)2014 Concept Plan
(Stantec and OLSH)

Conclusion: Additional analysis since 2012 Concept Plan identified material site limitations and risks

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Additional Due Diligence

- Administration explored Alternative Redevelopment Options*:

- Redevelop Driving Range only
- Redevelop Range & Par 3
- Redevelop Golf Course & maintain lease holders
- Sell Raw Land

Conclusion: Alternative redevelopment options will not meet original project goals

*note: alternative redevelopment options are considered an order of magnitude estimate

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Public Engagement – Findings

- Findings indicate:

- People feel drawbacks of redevelopment outweigh positives
- Some understanding of financial benefits and citizen support, contingent on new recreational opportunities offered
- Golfers and lease holders very concerned about potential redevelopment
- Hope that City would explore alternatives to the redevelopment

- Conclusion: Majority of respondents feel negatives outweigh the positives and alternatives should be explored

We want to hear from you

• Do you support the potential redevelopment of Midland Lake Golf Course as a means to ensure long term sustainability of city operated golf courses?



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GCO Sustainability Work Plan

Updated GCO Sustainability Work Plan (Attachment 2) – in alignment with guiding principles (Attachment 1):

Operational Initiatives

- Fee Structure
- Service Model Analysis
- Enhanced Tools and Technology
- Food and Beverage Opportunities
- Ongoing Optimization Initiatives

Capital Initiatives

- CPRIIPS Process
- Capital Plan – Reassess and Reprioritize
- Capital Funding Grants
- Alternative Capital Funding Methodologies

Summary

- Over several years, GCO has worked towards identifying potential solutions for their capital funding requirements
- Redevelopment of McCall Lake was originally identified as a potential solution to address GCO capital sustainability
- After due diligence, redevelopment does not meet original project goals
- GCO well underway in implementing operational sustainability plan and will seek other capital funding options



Recommendations

1. Direct Administration to discontinue McCall Lake redevelopment planning and Outline Plan preparation;
2. Direct Administration to implement the Updated Golf Course Operations Sustainability Work Plan as outlined in Attachment 2; and
3. Request that Attachments 6 and 7, McCall Lake Redevelopment Feasibility Study – Redevelopment Analysis and Financial Analysis, be removed from this report prior to being forwarded to the 2014 July 21 Combined Meeting of Council and that Attachments 6 and 7 remain confidential pursuant to Sections 23(1)(b), 24(1)(c), 24(1)(g), 25(1)(a), 25(1)(b), 25(1)(c) of the *Freedom of Information and Protection of Privacy Act* and that Council consider Attachments 6 and 7 in camera if requested by Council.



Financial Analysis Summary – Confidential

Project Land Sales	\$105.3
Project Costs & Expenses	(\$75.2)
Project Revenue	\$30.1
GCO Capital Improvement Requirement	(\$27.8)
Revenue Remaining	\$2.3
New Recreation Campus Requirement	(\$30.5)
Total	(\$28.2)
Potential Added Future Cost	
Social Recreation Leaseholders	(\$26.2)
	(\$54.4)

Social Recreation Leaseholders



Organization	Amenity
Calgary Slow Pitch society	10-ball diamonds, 3 playgrounds, 24-light poles, bleachers, asphalt parking, standard public bldg, irrigation, fencing - 2 meters high
Calgary Industrial Softball Association	1-ball diamond, standard public bldg, asphalt parking, bleachers
Calgary Canadian Irish Athletic Club	2-rugby fields 2-soccer fields, standard public building, irrigation, Atco trailer, utility hook up, fencing - 3 meter high
Calgary Pistol and Rifle	standard public building, asphalt parking

**The City of Calgary
Golf Course Operations
Guiding Principles**

Principles reflect Golf Course Operations' role in the spectrum of services offered by the Recreation business unit as well as within the context of the competitive golf marketplace, and are grounded in Council approved policy and strategic direction:

Council Approved: 2013 May

Quality Products & Services:

Provision of quality services and basic amenities that meet customer needs and service level expectations, and engage customers in the evaluation of appropriate golf products and services.

Sustainable Business Practices:

Implementation of best practices in revenue optimization through a pricing structure that offers fair market value while balancing service levels and social benefits against the cost of service provision.

Accessibility & Affordability:

Provision of a range of affordable recreational golf services, within the context of the competitive golf market, for golfers of all ages and skill levels.

Community Benefits:

Provision of social, economic and environmental benefits to citizens and where appropriate support a range of recreational opportunities and uses beyond the provision of golf services.

Accountability:

Demonstrate financial accountability, transparency, good governance and due diligence, in accordance with corporate and departmental policies and priorities.

Continuous Improvement:

Continuously seek opportunities to improve and enhance customer satisfaction and optimize revenue, resources and assets.