

**Community Services Report to
Priorities and Finance Committee
2020 March 10**

**ISC: UNRESTRICTED
PFC2020-0251**

Golf Sustainability Framework Q1 2020 Update

EXECUTIVE SUMMARY

This report is an update on three initiatives under the Golf Sustainability Framework, following a Briefing Note (PFC2019-1227) provided to Council on 2019 October 8.

The first initiative, Timeline for Request For Proposal (RFP) Development, responds to Notice of Motion C2019-1468 directing the development of an RFP to secure a long-term management contract for operation and service provision at all City of Calgary golf courses and reporting back with a scope of work to deliver the RFP (see Attachment 1).

The second initiative, Real Estate & Development Services' Feasibility Assessments, summarizes findings as shared with Council in 2019 October (PFC2019-1227), and outlines next steps for completing the analysis of real estate potential at Richmond Green and Shaganappi Point golf courses (see Attachment 2).

The third initiative, Status of Golf Sustainability Framework Initiatives, provides a current state of ongoing golf sustainability initiatives as committed to in 2019 October (PFC2019-1227), including an update of plans for the interim use of Richmond Green in 2020 (see Attachment 3).

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommend that Council:

1. Forward this report to the 2020 March 16 Combined Meeting of Council as an item of urgent business; and
2. Direct Administration to proceed with Stage 2 assessments for Richmond Green and Shaganappi Point golf courses.

RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, 2020 MARCH 10:

That Council direct Administration to:

1. Investigate a shorter time frame option and expression of interest from the marketplace;
2. Prepare a financial report on the closure of Richmond Green and options for stage 2 assessment; and
3. Discontinue further investigation of Shaganappi Point golf course; and
4. That Recommendations 1 and 2 return to the 2020 April 21 Priorities and Finance Committee Meeting.

PREVIOUS COUNCIL DIRECTION / POLICY

Administration has responded to a series of golf-related directions from Council since The City's golf courses began receiving tax support in 2013. Recreation has consolidated multiple work streams under the Golf Sustainability Framework (see Attachment 4, Previous Council Direction). To allow for more streamlined reporting, a procedural change moved Administration's reporting requirement for Notice of Motion C2019-1468 from the SPC on Community and Protective Services to the Priorities and Finance Committee. Administration's annual update to the SPC on Community and Protective Services on progress of the Golf Sustainability Framework was also transferred to the Priorities and Finance Committee.

This report directly responds to the following Council directions:

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On 2019 November 18, Council adopted Notice of Motion C2019-1468 (Golf course Operations Request For Proposal):

1. Direct Administration to develop a Request For Proposal (RFP) and go to market to secure a long-term management contract for the operations and service provision of all City of Calgary golf courses.
2. Direct Administration to develop a scope of work to deliver an RFP to the market and report back to Council through the SPC on Community and Protective Services no later than early Q1 2020 with a timeline and funding recommendation required to create, administer and evaluate and RFP process.

On 2019 May 27, Council adopted Report CPS2019-0475 (Golf Course Real Estate and Development Feasibility Assessment), as amended:

1. Adopt the recommendation to proceed with Stage 1 of the proposed plan for a Real Estate and Development Assessment, leveraging The City's internal expertise to conduct an initial assessment of all golf course properties and return to the Priorities and Finance Committee no later than Q1 2020 with a recommendation on which properties should be included in Stage 2 of the analysis. The plan for Stage 2 will include Administration's recommendation on which golf course lands require further analysis as well as recommendations on timeline, scheduling and costs for Stage 2; and
2. Not include McCall Lake Golf Course in any development assessments given a Redevelopment Feasibility Study was completed on McCall Lake Golf Course in 2014, and the recent investment and improvements to the course in 2018-2019.

On 2019 June 17, Council approved the Richmond Green Golf Course Closure Notice Of Motion (C2019-0790). Closure of Richmond Green in 2019 September prompted Administration to explore interim publicly accessible uses at the site until completion of Stage 2 of Real Estate and Development Services' feasibility assessments are completed and long-term plans for the site are confirmed.

BACKGROUND

This report coordinates recent directions into a single report to provide Committee and Council with an overview of activities impacting golf course sustainability, streamlining reporting and improving administrative efficiency.

The City operates seven municipal golf courses with 90 holes and three driving ranges at five locations. These golf courses provide \$10 to \$11 million in direct economic activity each year, requiring an average annual tax support of \$700 thousand.

From 1995 to 2012, The City's golf courses were self-supporting, funding both their operational and capital requirements. Over this 17-year period, golf revenues contributed an additional \$3.6 million to Corporate general revenues and funded \$14 million in golf course capital projects; contributing to the quality and longevity of these assets.

In 2013, with consideration given to Golf's increasing expenses, constrained revenue growth in an increasingly congested market and capital funding challenges, Council removed Calgary Recreation's requirement to provide \$200 thousand annually in golf revenues to Corporate general revenues and allowed City golf courses to receive operating tax support. Between 2013

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and 2017, tax support for City golf courses has averaged seven per cent or \$700 thousand annually. Through the Golf Sustainability Framework, Administration and Council are identifying opportunities to improve golf course operations on City lands with the target of reaching net zero operating support by the end of 2022.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

This section describes investigations for each of Council's recent directions.

1. Response to NOM C2019-1468 – Executing the Requests For Proposals
2. Real Estate & Development Services – Feasibility Assessments
3. Interim Use at Richmond Green

1. Response to NOM C2019-1468 – Executing the Requests For Proposals

To develop an RFP to secure a long-term management contract for golf course operation and service provision, Administration will pursue the course of action outlined below.

In light of capacity constraints, Administration will engage a consultant to oversee the RFP design process in collaboration with The City's Supply Management. A two-step process is required to execute this approach. An initial RFP (RFP1) will identify an external consultant with the skills and knowledge to prepare and deliver of a management contract RFP (RFP2). The consultant will provide an independent industry perspective and expert evaluation of critical business areas. This includes ensuring that ongoing public benefit is realized through contracting to an external service provider.

RFP1 will be published to market through The City's procurement processes following this report. The consultant will work in collaboration with Administration to develop RFP2, which will be used to solicit responses from qualified golf course operators. The consulting scope will include developing RFP2's evaluation criteria and procurement document content.

Through this scope of work, by 2021 Q3, Administration will provide an RFP opportunity for third-party operators to bid on a long-term management contract for the operation and service provision at all City of Calgary golf courses. Administration will update Council at key milestones throughout the development of RFP2. For a preliminary schedule and additional explanation, see Attachment 1.

2. Real Estate & Development Services – Feasibility Assessments

A two-stage real estate and redevelopment feasibility assessment of City golf course lands is underway. Administration has concluded Stage 1 and a summary of results for all sites is provided in Attachment 2. Findings identified conditional potential for redevelopment at two sites: Richmond Green Golf Course if the land analysis scope is expanded to include City lands adjacent to the golf course, and portions of Shaganappi Point Golf Course with the highest potential for redevelopment.

Stage 2 will examine the land development potential of these specific sites and is divided into milestones (i.e. geotechnical, planning, engineering, environmental analyses and public engagement). Milestones will be stage-gated sequentially based on the outcomes of each. For example, if preliminary analysis reveals redevelopment of a site is not feasible, further expenses on investigation will not proceed. This approach ensures effective management of resources. Work on Stage 2 will begin upon Council approval of this report.

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3. Interim Use at Richmond Green

In 2019, Council directed Administration to close Richmond Green Golf Course and identify options for future use of the lands. Stage 2 of Real Estate & Development Services' feasibility assessment will provide a comprehensive analysis of the long-term potential for Richmond Green. While Stage 2 is underway, an opportunity exists to provide interim use at the site.

On an interim basis, beginning in Q2 2020, Calgary Recreation will activate the Richmond Green site as a public park. This will allow the site to continue providing recreational opportunities for the community and ensure the land remains activated, safe and accessible to the public. Use of the site will be assessed on an annual basis until Stage 2 of Real Estate & Development Services' feasibility assessment is completed and long-term plans for Richmond Green are confirmed.

Stakeholder Engagement, Research and Communication

In the development of this report, Administration engaged internal stakeholders from Supply Management, Labour Relations, Calgary Recreation Capital Development, Finance and Real Estate & Development Services. Administration also informed The City's citizen-based Golf Management Advisory Committee of ongoing work within the Golf Sustainability Framework.

Strategic Alignment

The Golf Sustainability Framework is a mechanism for responding to Council direction in a diligent, expedient and transparent way. Initiatives within the Golf Sustainability Framework's scope align with Council's priorities to build: a City of Inspiring Neighbourhoods; a Healthy and Green City; and a Well-Run City. The proposed approach aligns with the *Sport for Life Policy*, that describes The City's commitment to affordable, accessible and comprehensive recreation and open space opportunities and programs.

Social, Environmental, Economic (External)

The Golf Sustainability Framework ensures municipal golf courses continue to be effective active and passive year-round outdoor public environments. Activities at the sites include golf leagues and tournaments, school and community group introductory programs, learn-to-golf programs for children and youth, and opportunities for winter activities like cross-country skiing and the annual Lions Festival of Lights. These open green spaces provide opportunities for individuals to be active and social, promoting health and overall well-being.

Golf courses are large natural areas, providing green space in the built environment while accommodating City infrastructure (e.g. storm water and transportation corridors). They are an important part of Calgary's ecosystem, contributing to the urban forest, providing habitat and corridors for wildlife, and acting as flight pathways and urban wetlands.

The Golf Sustainability Framework ensures the economic benefit of golf course operations is maximized year over year. RFP2 and Real Estate & Development Services' Stage 2 analysis

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provide opportunities to understand the economic benefits of making systemic changes to the provision of golf services to Calgarians.

Financial Capacity

Current and Future Operating Budget:

- **Executing the RFPs**
Consulting for this scope of work will be funded from the Golf Reserve fund. This represents a one-time funding need and will not carry forward as an ongoing operational expense.
- **Real Estate & Development Services – Feasibility Assessments**
Costs for Stages 1 and 2 will be funded through the Real Estate Reserve. This represents a one-time funding need and will not carry forward as an ongoing operational expense.
- **Interim use at Richmond Green**
There are no operational budget impacts resulting from the interim use described in this report.

Current and Future Capital Budget:

- Costs for the interim use of Richmond Green are minimal (up to \$10 thousand). This represents a one-time capital cost to transition the site. Once Stage 2 assessments are complete, future capital costs will be identified.

Risk Assessment

- **Executing the RFPs**
There is a risk that RFP2 could have legal implications due to the labour relations component of the scope of work. While there might be a desire to expedite this work, due diligence must be undertaken to limit labour relations implications. In designing the contract management structure, Administration will be required to identify legal approaches to mitigate and decrease risks with RFP2. This includes using a stage-gate approach for key components such as compliance with Alberta Labour Code, impacted Collective Agreements, and contract management structure prior to going to market.
- **Real Estate & Development Services – Feasibility Assessments**
There is a financial exposure risk presented by Stage 2 of Real Estate & Development Services' analysis. If land development is found to be unfeasible only at final evaluation, the aggregate costs of the feasibility assessments would be borne by the Corporation. Cost obligations will be mitigated through effective budget management using a stage-gating approach that provides project 'off-ramps' to cease work if land development is found to be unfeasible after each investigation activity.
- **Interim use at Richmond Green**
There is a low reputational risk that the interim use of Richmond Green may create a long-term service expectation in the local and broader community. Proactive public communication will help manage public expectations around short- and long-term service opportunities at the site.

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REASON(S) FOR RECOMMENDATION(S):

Adding this item as urgent business to the 2020 March 16 Combined Meeting of Council agenda ensures Council has received information about the Request For Proposal process, allowing Administration to immediately proceed according to the proposed schedule.

Proceeding with Stage 2 assessments for Richmond Green and Shaganappi Point golf courses allows Administration to identify the redevelopment potential of the sites.

ATTACHMENT(S)

1. Timeline for Request For Proposal Development
2. Real Estate and Development Services Feasibility Assessment
3. Status of Golf Sustainability Framework Initiatives
4. Previous Council Direction