

Golf Course Operations Expression of Interest and Real Estate Assessment

RECOMMENDATIONS:

That the Priorities and Finance Committee recommend that Council receive for the Corporate record the results of the assessment of market interest in a long-term contract to provide public golf service, and direct Administration to:

1. Complete a review of City land at Richmond Green by proceeding with Stage 2 of the real estate feasibility assessment and an internal planning review cataloguing Corporate needs and existing on-site restrictions to inform future redevelopment and public engagement.
2. Report back to the Priorities and Finance Committee on the results of the real estate feasibility assessment and planning review on or before 2021 May.
3. Direct that Attachment 4 remain confidential pursuant to Section 25 (Disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed 2025 October 01.

HIGHLIGHTS

- The expression of interest (EOI) assessing market interest in a long-term contract to provide public golf service received limited interest.
- A preliminary real estate review indicated a five-acre parcel of land at Richmond Green holds redevelopment potential, warranting a full scope feasibility assessment and planning review to determine the full value of the land.
- What does this mean to Calgarians?
 - Further due diligence on an appropriate contract structure and procurement process will be carried out to ensure quality service to Calgarians while mitigating serious risk to The City in changing the operating model for publicly accessible golf.
 - A planning review of Richmond Green would evaluate redevelopment potential, explore optimized uses and consider revenue generation opportunities so a future decision on use of the land provides maximum benefit and value for Calgarians.
- Why does this matter?
 - Ensuring ongoing benefit to Calgarians while reducing risk to The City is critical to providing sustainable services.
 - A planning review of Richmond Green would provide a full picture of opportunities for future land use at the site while demonstrating effective use of public resources.
- A clearly defined contract structure is required to proceed to a Request For Proposal (RFP) per Council Direction (C2019-1468) to mitigate legal risks.
- Real Estate and Development Services' (RE&DS) preliminary review of the Richmond Green site found that a portion of the site has potential for redevelopment and disposition, and identified next steps in exploring that potential.
- The closure of Richmond Green Golf Course saved \$150 thousand in budgeted Golf Course Operations.
- On 2020 March 16 (PFC2020-0251), Council directed Administration:
 - to investigate a shorter time frame option and expression of interest from the marketplace;
 - to prepare a financial report on the closure of Richmond Green and options for stage 2 assessment.

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- Strategic Alignment to Council's Citizen Priorities: A well-run city
- Previous Council Direction and Background is included as Attachment 1.

DISCUSSION

Assessing Market Interest and Completing Required Due Diligence

Administration assessed interest from the market to enter into a long-term contract for the provision of public golf service to Calgarians. A summary of the scope and results of the EOI can be found in Attachment 2.

Originally scheduled to report back to the Standing Policy Committee on Community and Protective Services in 2020 April after investigating a shorter time frame option, the investigation and posting were delayed to ensure organizations impacted by COVID-19 had the opportunity to submit.

The EOI had reasonable public exposure but generated a low level of interest. Submissions acknowledged the EOI was not designed to provide a defined contract structure nor delineate the benefits and risks for both the proponent and The City. Submissions identified the need to review such contract terms before committing to investigating this opportunity further.

Next steps in fulfilling Council's direction will be to undertake the required due diligence of identifying legal pathways to addressing successor rights, developing an optimal contract structure, creating an RFP document and developing comprehensive evaluation criteria. Contractual and procurement due diligence will be initiated with support from Supply Management, Labour Relations, Facility Management, Finance and Real Estate and Development Services with a report back to Council by Q3 2021.

Real Estate and Planning Review of Richmond Green

In Q2 2020, Real Estate and Development Services' (RE&DS) preliminary review of the site found that a portion of the site has potential for redevelopment and disposition. If approved to proceed, Administration will launch two concurrent projects beginning in Q4 2020: (1) RE&DS Stage 2 assessment of a five-acre parcel for disposition and (2) an internal planning review to catalog Corporate needs, evaluate current uses and define existing on-site restrictions.

Administration will report back to Council by 2021 May with the findings of these two projects and seek direction from Council to include the five-acre parcel in planning for future City services from the Richmond Site or to dispose of the parcel through a land sale. With direction from Council, Administration would proceed with a long-term planning project for the subject lands and conduct public engagement. Attachment 3 summarizes planned activities for the two workstreams. Confidential Attachment 4 provides a preliminary financial analysis for the parcel.

Financial Report on the Closure of Richmond Green Golf Course

Richmond Green Golf Course was closed at the end of the 2019 golf season. Financial details are summarized below.

Revenue	(188,000)	Annual revenue based on historical averages
Expenses	338,000	Annual expenditures based on historical averages
Net	150,000	Cost Savings

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STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- Public Engagement was undertaken
- Public Communication or Engagement was not required
- Public/Stakeholders were informed
- Stakeholder dialogue/relations were undertaken

The EOI was broadly communicated to the golf industry and sport and recreation sector through current partnerships, Council members, industry associations and network groups.

IMPLICATIONS

Social

Well planned public spaces support the diverse needs of Calgarians. Reviewing the uses and opportunities at Richmond Green will ensure this site continues to support Calgarians' needs for open park space and recreational opportunities for years to come.

Environmental

Golf courses and park spaces are natural areas providing open green space relief in an urban environment. They accommodate critical stormwater infrastructure, contribute to the urban forest footprint, support diverse habitat and ecosystems and act as wildlife corridors. They play a role in Calgary's environmental sustainability efforts; contributing to climate change mitigation through expansive urban vegetation.

Economic

The EOI process was not designed to analyze the economic benefits of changing the service model for golf. Further contractual and procurement due diligence will provide this insight.

A planning and real estate review of City lands at Richmond Green would allow Administration to fully understand the economic and community benefits of repurposing the land.

The Golf Sustainability Framework promotes fiscal responsibility and the effective use of resources for maximizing the economic benefit of golf courses. A net tax support reduction of \$150 thousand from closing Richmond Green Golf Course contributed to Golf sustainability.

Service and Financial Implications

Existing operating funding - one-time: up to \$300 thousand

RE&DS anticipates the Stage 2 assessment of the five-acre parcel at Richmond Green will require a budget of up to \$300 thousand and will utilize funds available in the Real Estate Reserve. Funds would be used to procure external consultants to ensure the land is suitable for redevelopment. This one-time funding requirement will not carry forward as an ongoing operational expense.

This assessment by RE&DS has potential to create revenue for The City and a future one-time funding source to sustain Golf Course Operations after the Real Estate Reserve is reimbursed.

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Revenue could be used to relocate any displaced amenities if required to maintain service levels. The potential revenue could be realized in 12-24 months.

RISK

Expediting a procurement solution without completing due diligence on the contract format has been identified as a significant risk. Without due diligence to mitigate the risk, The City will be unable to determine impacts to current operations and finances, an optimized contract structure for City and public benefit, legal pathways to address successor rights and the risk of placing a vulnerable procurement opportunity on the market. This exposes the Corporation to potential legal action and extended or failed contract negotiations. Thus, the mitigation to this risk is to proceed to complete due diligence to identify a legal contract structure.

Considering the limited EOI response, there is a risk that a future RFP may not receive increased interest. Completing the due diligence requires staff time and will remove resources from the ongoing provision of Golf services and support for Labour Relations. To mitigate this risk, golf sustainability initiatives will be delayed to allocate staff to this project and external counsel may be engaged to add resources to the Labour Relations team.

Cost obligations and financial exposure of Stage 2 of the real estate feasibility assessment have been mitigated through use of the Real Estate Reserve. Additional financial risk is mitigated through effective project management using a stage-gated approach providing off ramps if land redevelopment is found to be unfeasible.

ATTACHMENTS

1. Previous Council Direction, Background
2. Expression of Interest (EOI) Overview
3. Richmond Green Stage Two Site Assessment and Planning Review
4. CONFIDENTIAL – Richmond Green Assessment Value

Department Circulation

General Manager /Designate	Department	Approve/Consult/Inform
Campbell Berry	RE&DS	Approve
Sarah Aspinall	Supply Management	Inform
Duncan Hamilton	Labour Relations	Inform