

Corporate Land Strategy Update

RECOMMENDATION:

The Standing Policy Committee on Utilities and Corporate Services recommends that Council endorse the Corporate Land Strategy framework and direct Administration to report back on the outcomes achieved through the use of the framework no later than Q1 2022.

HIGHLIGHTS

- This report updates Council on the Corporate Land Strategy (the Strategy) and provides the framework for delivery, including the governance and decision-making methodologies to support Administration in actively managing and realizing strategic land decision-making for The City.
- What does this mean to Calgarians? Assurance that The City is making consistent, collaborative and transparent decisions to maximize land value for The Corporation and citizens.
- Why does it matter? Decisions around land will be defined by clear Corporate considerations and robust evaluation frameworks that consider business unit service delivery needs, promoting public policy objectives, real estate opportunities and the multi-generational needs of Calgarians.
- The Strategy is not a new policy for The City. It is a framework delivering a portfolio-based approach to making land decisions under a defined corporate governance structure, aligned implementation standards and data-driven decision methodologies that balance Corporate and community objectives with financial sustainability of The City's land management and land development operations.
- The Strategy is grounded in the overarching principle that land is a valuable public asset and guided by Council-approved principles (see Attachment 1), The City will seek to unlock value from its land assets to deliver corporate priorities, community benefit, generate financial return, and avoid costs where possible.
- The Strategy will balance the highest and best use of land in real estate terms and leverage Corporate and other Triple Bottom Line (TBL) opportunities while considering the varying benefits and risks for citizens.
- Administration is collaborating across business units and with key decision-makers to define and continually advance the development of the framework.
- Administration will refine decision model tools, align procedures, assess appropriate governance structures and develop necessary standards to guide in the overall management of the land portfolio.
- The Strategy aligns with Council's citizen priority of a well-run city.
- Background and Previous Council Direction is included as Attachment 1.

Corporate Land Strategy Update

DISCUSSION

Over the past five years, Administration and more specifically Real Estate & Development Services (RE&DS) has evolved its land management practices. In 2015, Administration Leadership Team (ALT) approved the Corporate Land Management Framework (CLMF), which became a central and the fundamental approach for managing City land. After implementing and working with the Framework, several stakeholders, including Council, identified the need for a more robust and holistic approach for making optimized land decisions. The concept of a Corporate Land Strategy was initially presented as that holistic approach, during the 2018 One Calgary budget deliberations. As Administration and program leadership changed, it became clear that the Strategy needed to be implemented across The City rather than remaining a RE&DS-only initiative.

A Corporate Approach to Making Strategic Land Decisions

In the past, without malice, land decisions have not always considered all relevant factors and data, nor involved all affected parties. Having consulted with business unit stakeholders and completed a review of industry best practice, it was determined that a portfolio-based decision-making approach would best address corporate-wide needs. A good portfolio approach for land can be broken down into the following four areas:

| Right Land | Right Place | Right Time/Price | Right Use |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> ✓ Have we looked at all our land inventory? ✓ Have we looked at what is on the market? ✓ Does the land we have provide for all our needs? | <ul style="list-style-type: none"> ✓ Is this land in the appropriate area for the services required? ✓ Are we in the best position to take advantage of a land opportunity? | <ul style="list-style-type: none"> ✓ Have we considered what the financial constraints and opportunities are for this land right now, in 5 years and long term? | <ul style="list-style-type: none"> ✓ Have we considered the benefits this land could bring to all the various land stewards? ✓ Have we created consistent and measurable reviews for how best to use the land? |

A Corporate Governance Structure

RE&DS provides real estate and land development services for The City, and operates largely, as a self-funded entity dependent on land transactions proceeds. To employ a broader cross-corporate decision-making approach, in conjunction with achieving real estate outcomes, governance options were investigated with the following qualities:

- collaborative decision-making - One City, One Voice;
- longer term corporate perspectives;
- the ability to weigh trade-offs; and
- the capacity to be accountable for recommending a course of action.

Corporate Land Strategy Update

Administration investigated the scope and membership of existing Corporate committees related to land, facility management, citywide planning, growth management, infrastructure assets, and financial sustainability. The Strategy proposes leveraging the land stewardship mandate, excellent working relationship and the trust built over the years of the Corporate Land Committee (CLC). This governance model includes optimizing current Director-level decision-making, the Manager-level Corporate Land Administration-Team (CLA-T), with accountability to the Executive Leadership Team (ELT) (see Attachment 2). It was also decided that members of the CLA-T and CLC would act as advisors and provide overall direction for the Strategy. This approach has proven very successful as these members have drawn upon their experience and specialized knowledge to determine what factors need to be considered when making quality land decisions. CLC membership is being reviewed to represent broader corporate objectives, citizen value and economic, social and environmental outcomes. It will also support decision-making on maximizing value of City land assets through real-estate transactions and land development projects.

Decision Methodology and Tools

Administration is currently piloting two new models to support consistent Corporate decision-making and transparent reporting on how recommendations are made.

1. Cash Flow Model - to compare net cash flow outcomes (including revenues, benefits and expenses) for alternative options for the acquisition, disposition, or development of a strategic land asset. It will establish a base "real estate" solution for consideration against other corporate opportunities for the land.
2. Corporate Benefits Model - to identify, document and compare various municipal interests for a land asset, quantify TBL opportunities and weigh benefits.

Examples of how these models will support decision-making and report results are included in Attachment 3.

Going forward, a work plan is under development with the following three key items to be delivered in 2021:

1. **Strategy Implementation** - Through the end of 2021 the Strategy will ensure alignment of operational processes and standards to the Principles while remaining innovative, flexible and nimble to respond to this fluid and changing environment. Implementation will provide opportunity to evaluate the success of the collaborative model, the expanded governance structure, and the decision-making models.
2. **Effective Land Decision-making and Reporting** - We will be establishing a dashboard of effectiveness for land decisions and reporting to ELT and Council with results-based accountability.
3. **Learning (Pilot) Project** - The Richmond Green Optimization Project will be leveraged to allow Administration to prove decisions models, framework and governance.

Corporate Land Strategy Update

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

Public Communication or Engagement was not required

Administration has focussed engagement on internal Business Units that steward land and those that define the broader policy objectives for The City. This work is continuing to refine the decision models, decision processes and reporting outputs to ensure that a full Corporate perspective is represented and brought into future land decisions.

IMPLICATIONS

Social, Environmental and Economic Implications

The Corporate Land Strategy promotes the leveraging of City land to support broader social, environmental and economic objectives. The proposed governance structure, decision frameworks and tools allow these opportunities to be identified and considered in conjunction with broader real estate and financial considerations (see Attachment 4). This would also promote the broader input of land opportunities and risk into other Corporate decision points, which typically may not consider the value of land assets.

Service and Financial Implications

Existing capital funding - one-time

Financial resources to support delivery of the tools and procedures are included in Program 698 – Corporate Land Management Framework.

RISK

Land decisions are complex, multi-generational, and involve a multitude of City stakeholders, all with varying needs and demands. To ensure a framework is created to meet these needs, Administration will leverage the existing Corporate Land Committee governance model for guidance and take an iterative approach to build the toolset that will further support informed decision making. This approach will evolve the toolset in iterations, thereby adapting to meet those needs as they are identified.

ATTACHMENTS

1. Previous Council Direction, Background
2. Corporate Land Strategy - Proposed Governance Model
3. Executive Summary – Decision Model example
4. Strategic Alignment

Department Circulation

| | | |
|---------------------------|------------|------------------------|
| General Manager (Name) | Department | Approve/Consult/Inform |
|---------------------------|------------|------------------------|

**Deputy City Manager's Office Report to
SPC on Utilities and Corporate Services
2020 December 16**

**ISC: UNRESTRICTED
UCS2020-1307
Page 5 of 5**

Corporate Land Strategy Update

| | | |
|------------------------------|-----|--------|
| Executive Leadership Team | ELT | Inform |
|------------------------------|-----|--------|