

GENERAL HOSPITAL LEGACY FUND UPDATE

EXECUTIVE SUMMARY

In 1998, Council approved Terms of Reference for a General Hospital Legacy Fund to be established with the net proceeds from the sale of the Calgary General Hospital Bow Valley Centre lands. The income from the fund is intended to be used to support "healthy" Calgary initiatives and programs. In 2002, Council approved the redevelopment of the Bow Valley Centre lands as The Bridges project, and redevelopment of the site has proceeded according to that plan. Land in The Bridges is being sold in three phases, with phase three currently underway. Administration anticipates completing the final sales by the end of 2017, and includes building commitment provisions in The City's sale agreements which may not be satisfied before 2021. In order to prepare the Legacy Fund Review Committee to operate on that date, an update to Council's original Terms of Reference is proposed to align them with the current City of Calgary organizational structure.

ADMINISTRATION RECOMMENDATION(S):

That the Standing Policy Committee on Planning and Urban Development recommends that Council:

1. Receive this report for information; and
2. Approve the updated Terms of Reference for the General Hospital Legacy Fund included in Attachment 4.

RECOMMENDATION OF THE SPC ON PLANNING AND URBAN DEVELOPMENT, DATED 2016 JULY 22:

That Council:

1. Receive this report for information; and
2. Approve the updated Terms of Reference for the General Hospital Legacy Fund included in Attachment 4, **as amended, as follows:**

On page 3 of 3, under the Section "Administrative Procedures", by deleting the first paragraph, in its entirety, and substituting with the following:

"A Legacy Review Committee, comprised of business unit representatives from Calgary Neighbourhoods, Calgary Parks, Calgary Recreation, Finance, a Citizen Representative and business representative from the Bridgeland-Riverside Community, and the Area Councillor shall be established at the 2017 Organizational Meeting of Council and commence meeting."

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Excerpt from the Minutes of the Regular Meeting of the SPC on Planning and Urban Development, Held 2016 July 22:

“And further, that report PUD2016-0524 be forwarded to the 2016 July 25 Regular Meeting of Council, as an item of Urgent Business.”

CARRIED

PREVIOUS COUNCIL DIRECTION / POLICY

On 2016 January 11, Council adopted NM2016-02, directing Administration to bring terms of reference for a Calgary General Hospital Legacy Fund Review Committee to Council through the Standing Policy Committee on Planning and Urban Development no later than 2016 July.

On 2013 May 27, Council approved LAS2013-30 Proposed Method of Disposition for The Bridges Phase 3 authorizing the Office of Land Servicing & Housing to publicly market the Property through a Request for Proposal process and to negotiate a sale to the successful proponents.

On 2002 May 27, Council approved LA2002-139 Development Implementation for The Bow Valley Centre Lands for redevelopment in accordance with the Bow Valley Concept Plan (25P2000), forecasting net proceeds to the General Hospital Legacy Fund of \$1,874,000.

On 1998 May 27, the Standing Policy Committee on Community and Protective Services approved CPS98-37, approving the terms of reference for the Calgary General Hospital Legacy Fund.

On 1997 May 26, Council adopted a motion by Alderman Bob Hawkesworth resolving to establish a permanent endowment legacy fund, the capital of which would be provided by the net proceeds accruing from the sales and/or leases of the Calgary General Hospital lands; and that the income from the fund would generally support “healthy” Calgary initiatives and programs.

BACKGROUND

In 1997, Council directed Administration to undertake a public process for a land use concept plan leading to the redevelopment of the former Calgary General Hospital Bow Valley Centre site. Developed from the Bow Valley Centre Concept Plan, The Bridges is a 14.0 hectare (36.8 acre) redevelopment project located in the community of Bridgeland-Riverside. The three phase multi-residential and mixed use development proposes 1,525 residential units and will house approximately 2,000 to 2,500 residents. Attachment 1 shows the approved phasing plan for The Bridges project.

In 2003, eight parcels in Phase 1 were sold to builders through an Invitation to Offer process. Development was completed on all of these parcels in 2007.

In 2005, four parcels in Phase 2 were sold through an Invitation to Offer process. Two of those parcels were consolidated with construction of mixed-use buildings now nearing completion,

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and the remaining two parcels have had building commitment issues. In June 2010 a fifth parcel in Phase 2 was sold through a Request for Proposal process for a non-market development that includes both affordable housing units and shared equity attainable home ownership units. Development on the fifth parcel was completed in July 2013.

In 2013, four parcels in Phase 3 were publicly marketed through a Request for Proposal process. A compliant submission was received for lot 9 and the sale transaction successfully closed in 2014. In 2014 two of the remaining parcels in Phase 3 were remarketed using a public marketing process, which ultimately did not result in a sale.

The remaining parcels are being sold through a public marketing process. Attachment 2 shows a site plan highlighting the three parcels which are available for sale in The Bridges.

While considering the project in 1997, Council directed Administration to establish the Calgary General Hospital Legacy Fund. The capital for this permanent endowment legacy fund is to be provided by the net proceeds accrued from sales of the hospital lands and will be used for future initiatives that promote and/or contribute to the physical, mental, and social well being of all Calgarians.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

In 1998, Council adopted the terms of reference for the Calgary General Hospital Legacy Fund shown in Attachment 3. To develop a complete terms of reference, Administration researched how other reserves and funds, both within The City of Calgary and outside The City, were structured, and developed an interpretation of what constitutes healthy individuals, healthy communities, and healthy cities.

The Board of Commissioners in 1998 recommended procedures to keep the disbursement of the fund administratively simple and to address the potential for conflict of interest if the fund were managed by just one Department. An interdepartmental Legacy Review Committee was proposed to review and evaluate applications and forward its recommendations through the Standing Policy Committee on Community and Protective Services to Council. All disbursement of funds under the current terms of reference will be subject to Council's approval.

In setting up the fund, several financial implications were analysed by Administration and approved by Council:

1. As part of the Heads of Agreement between the Province, The City and the Calgary Regional Health Authority regarding a real estate settlement for the Bow Valley Centre lands, a site was purchased for use by Alberta Health Services on an equal cost-share basis with the Province of Alberta. The proceeds of sales in The Bridges have been used to offset this expense, and the resulting land has been developed into the new south hospital campus.
2. Planning and development costs associated with redevelopment of the land are paid for from the proceeds of sales in The Bridges. These costs included the construction of a new community facility for the Bridgeland-Riverside Community Association. Costs continue to be incurred for site maintenance and to provide information to potential

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purchasers, including for items such as environmental studies on the former Calgary Regional Laundry site.

3. Funds were expended to purchase adjoining lands from the Calgary General Hospital Board and have been repaid from the proceeds of sales in The Bridges.

In 2011, Council approved the use of funds from the account for the future purchase of affordable housing.

Real Estate & Development Services is currently targeting the approval of the final sale transactions in The Bridges by end of 2017. The City protects the interests of Calgarians in complex real estate transactions by including building commitment terms in sale agreements, which gives The City the ability to repurchase a site if the purchaser does not make substantial progress on construction. The City has already had to use this term to repurchase one site in The Bridges, and has also had success in using the building commitment to prompt the completion of development on other parcels in the project. Administration therefore recommends that no funds be made available from the General Hospital Legacy Fund for three years after Council approves the final sale, which would mean that no income from the fund should be contemplated to be spent prior to the year 2021.

To keep the intent of the General Hospital Legacy Fund aligned with the current structure of The City of Calgary, Administration proposes an updated Terms of Reference for the fund as outlined in Attachment 4. When building commitments from future sale agreements in The Bridges have been completed, the Legacy Review Committee will begin meeting, and its first order of business will be deciding the Committee's governance framework. Citizen representation under the proposed Terms of Reference will be accomplished by adding one public member to the committee.

Attachment 5 shows the current account balance in the General Hospital Legacy Fund and an estimate of its projected balance at the end of the project in 2021.

Stakeholder Engagement, Research and Communication

To define the term "healthy Calgary initiatives" used in Alderman Hawkesworth's 1997 Notice of Motion, the Board of Commissioners in 1998 recommended to Council a definition that expands beyond the traditional view of "healthy" in human biological terms to include the physical, mental, and social health of individuals.

As stakeholders on the future committee, the Directors of the Calgary Neighbourhoods, Calgary Parks, Calgary Recreation and Finance business units have been briefed on the proposed Terms of Reference for the General Hospital Legacy Fund.

Strategic Alignment

The concept of the General Hospital Legacy Fund continues to be well-aligned with Council's priorities. This is demonstrated through the fund's alignment with Council's priority of a healthy and green city under the current Action Plan. When the funds become available, currently

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projected for 2021, The City of Calgary will have an ability to fund initiatives that include the physical, mental, and social health of Calgarians.

Social, Environmental, Economic (External)

The economic impact of the current market for the type of residential real estate proposed in The Bridges creates a challenging environment for sale and development of land. The City of Calgary's experience with building commitments in sale transactions have shown them to be a valuable tool for ensuring the economic development of the city. The state of the market implies that it will continue to be important for The City to allow sufficient time for substantial completion of construction on the final parcels of land for sale in The Bridges prior to contemplating expending the funds in the General Hospital Legacy Fund.

Financial Capacity

Current and Future Operating Budget:

Once income from the General Hospital Legacy Fund becomes available for use, the Community Services Department will be required to provide resources to manage the Legacy Review Committee and to accept and consider proposals for use of the Fund. This new work should be included in the Department's operating budget for the 2019 – 2022 operating cycle.

Current and Future Capital Budget:

This report has no impact on current and future capital budgets.

Risk Assessment

The City's experience with sales in The Bridges shows that there is some risk of developers not completing their developments. This risk is compounded by the current economic market for real estate. The tool used by The City to manage this risk is the building commitment included in sale agreements. In order to have the financial capacity to act on building commitments, the General Hospital Legacy Fund must be retained until all transactions have completed and all building commitments have been satisfied, which will potentially occur in 2021.

REASON(S) FOR RECOMMENDATION(S):

Administration has prepared an updated Terms of Reference to match the current organizational structure of The City of Calgary.

ATTACHMENT(S)

1. Phasing Map
2. Site Map Showing Remaining Properties For Sale
3. 1998 Terms of Reference – Calgary General Hospital Legacy Fund
4. Proposed 2016 Terms of Reference
5. Current General Hospital Legacy Fund Status