

## ENMAX LEGACY PARKS PROGRAM – 2016 BUDGET UPDATE

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### EXECUTIVE SUMMARY

Since 2003, Council has dedicated a portion of the annual ENMAX dividend to the development and redevelopment of parks and open spaces.

Due to the current economic conditions in Calgary, the portion of the 2016 ENMAX dividend to be allocated toward the ENMAX Legacy Phase 3 projects is no longer available. To address the immediate funding requirements, Calgary Parks has developed several mitigation strategies that mainly involve re-allocating and pulling forward previously approved capital funding. To optimize the mitigation strategies, the Legacy projects underway were re-prioritized and strategically phased and high priority projects were identified. Once approved, the proposed mitigation strategies will be applied to the funding shortfalls of the high priority projects.

The proposed mitigation strategies outlined in the Attachment address funding shortfalls of the high priority projects, with the exception of Blakiston Park. Blakiston Park has a funding shortfall of \$2.8 million. Calgary Parks will need to cancel the current imminent tender and re-tender when there are funds available.

In addition to Blakiston Park, the funding shortfalls for the medium and future priority projects could not be addressed through the proposed mitigation strategies. This indicates a significant potential funding gap for parks infrastructure over the next four years. Therefore, this report also requests that Council direct Calgary Parks to consult with Infrastructure Calgary and to work with Finance to explore funding options to mitigate any future funding shortfalls and bring forward a proposal at the mid-cycle budget adjustments.

### ADMINISTRATION RECOMMENDATION(S)

That the Legacy Parks Fund Steering Committee recommend that Council:

1. Approve the proposed mitigation strategies to redirect the current \$18 million in the Legacy Reserve Program 499-852 to the Tier 1A high priority projects;
2. Approve the following budget appropriations and funding adjustments :
  - a. Relinquish budget appropriations from Program 500-019 (Laycock Park) for \$6.7 million and redirect approved Community Investment Reserve funding to Program 499-852 (Legacy Parks); and
  - b. Relinquish \$0.5 million of budget appropriations and Legacy Reserve funding from Program 499-852 (Legacy Parks).
3. Direct Administration to explore additional funding options to address current and projected funding shortfalls for the medium and future priority projects and bring forward a proposal at the mid-cycle budget adjustments;
4. Direct Administration to cancel the current tender award for Blakiston Park;
5. Receive this report as an item of urgent business at the 2016 July 25 Council meeting;  
and
6. Request the Recommendations, Report remains confidential pursuant of Sections 24(1)(a)&(b) and 25(1)(c) of the Freedom of information of Protection of Privacy Act (Alberta) until Council rises and reports on this matter.

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**RECOMMENDATION OF THE LEGACY PARKS FUND STEERING COMMITTEE, DATED  
2016 JULY 21:**

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That Council:

1. Approve the proposed mitigation strategies to redirect the current \$18 million in the Legacy Reserve Program 499-852 to the Tier 1A high priority projects;
2. Approve the following budget appropriations and funding adjustments :
  - a. Relinquish budget appropriations from Program 500-019 (Laycock Park) for \$6.7 million and redirect approved Community Investment Reserve funding to Program 499-852 (Legacy Parks); and
  - b. Relinquish **\$0.25** million of budget appropriations and Legacy Reserve funding from Program 499-852 (Legacy Parks).
3. Direct Administration to explore additional funding options to address current and projected funding shortfalls for the medium and future priority projects and bring forward a proposal at the mid-cycle budget adjustments;
4. **Approve funding of \$2.818 million for Blakiston Park and \$262,000 for Forest Lawn Creek Park detailed design for a total of \$3.08 million to be funded from the 2016 year end surplus;** and
5. Keep the Recommendations, Report confidential pursuant to Sections 24(1)(a)(b) and 25(1)(c) of the Freedom of information of Protection of Privacy Act (Alberta) until Council rises and reports on this matter.

Excerpt from the Minutes of the Regular Meeting of the Legacy Parks Fund Steering Committee, Dated 2016 July 21:

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“And further, that Report LPC2016-0626 be forwarded as an item of Urgent Business, In Camera, to the 2016 July 25 Regular Meeting of Council.

CARRIED”

**PREVIOUS COUNCIL DIRECTION / POLICY**

On 2003 September 22, Council approved “The Legacy Parks Steering Committee mandate as recommended in Executive Report to Council, C2003-67 (ENMAX Legacy Parks –Update).”

At the 2012 November 20 meeting of the Legacy Parks Fund Steering Committee, the LPC2012-0808 Overview of Legacy Program – Legacy Parks Fund Steering Committee Terms of Reference was referred to Administration “to review the Legacy Parks Fund Steering Committee Terms of Reference, with a report back to Council no later than 2013 January.”

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On 2013 May 27 Council approved the Terms of Reference in LPC2013-0428 Proposed New ENMAX Legacy Parks Program Updates as outlined in the Attachment 1 associated with that report.

At the 2014 March 10 meeting of Council, LPC2014-0172 was approved as follows: approve the proposed additional program criteria to include local community open spaces and approve proposed new projects as outlined in revised attachments.

At the 2014 November 03 meeting of Council, LPC2014-0823 Proposed Phase 3 ENMAX Legacy Parks Projects was approved.

On 2015 July 20, Council approved access to Legacy Phase 3 funds to bridge finance the Thomson Family Park in LPC2015-0574 ENMAX Legacy Parks Program – Quarterly Update as outlined in the Attachment 4 associated with that report.

On 2015 October 19, Council approved the amendment to the Legacy Parks Fund Steering Committee Terms of Reference composition of the Steering Committee to include the General Manager of Community Services (CS).

### **BACKGROUND**

Council created the ENMAX Legacy Parks Program in 2003, and since that time it has been instrumental in the acquisition and development of new regional parks and the redevelopment of existing regional parks across Calgary. Regional parks serve multiple communities, large catchment areas and tend to be multi-hour destinations for citizens. Unlike community parks, they are not acquired, funded or constructed through the development and subdivision process, subsequently requiring alternate funding sources.

The ENMAX Legacy Parks Program is currently in Phase 3 which is a \$75 million phase over approximately 8 -10 years. The current program has received \$19.4 million since 2013. Funding comes from ENMAX as a portion of the dividend above the current mill rate commitment of \$47 million.

Due to the current economic conditions in Calgary, the portion of the 2016 ENMAX dividend to be allocated toward the Phase 3 projects is no longer available. Calgary Parks has developed mitigation strategies to address the immediate funding requirements.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

To address the funding shortfall Calgary Parks assessed all projects in two ways:

1. Initially Calgary Parks assessed all the projects in their current situation and classified them into three tiers as summarized in the Attachment. Tier one included projects currently in construction and these were considered high priority. Tier two included projects currently in engagement that could be paused between engagement and construction. The final tier included projects that have not yet started.

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2. The second part of the assessment considered project status in terms of legal obligations, risk to City reputation, and current commitments and financial situation.

This approach considered The City's interest in accelerating capital, as it will allow projects to move quickly into construction when funding becomes available, instead of delaying the project entirely. Below is a listing of the projects and their associated tier.

### **Tier 1A: High Priority Projects – important and urgent (underway)**

Projects included in this tier (in alphabetical order):

- Bearspaw/Haskayne - *Project 1 of 3* (park amenities)
- Bearspaw/Haskayne - *Project 2 of 3* (building)
- Bend in the Bow - *Project 1 of 2* (Inglewood Bird Sanctuary improvements)
- Bow to Bluff - *Project 1 of 2* (detailed design)
- Bowmont East Regional Park - *Project 1 of 2* (site reclamation)
- Clearwater - *Project 1 of 2* (wetland development)
- Confederation Park (Refresh for Canada 150)
- Douglas Fir Trail - *Project 1 of 2* (detailed design)
- Forest Lawn Creek Park - *Project 1 of 2* (detailed design)
- Memorial Drive (in construction)
- Prairie Winds Park (in construction)
- River Park, Sandy Beach, Britannia Slopes (in construction)
- Thomson Family Park (in construction)

### **Tier 1B: High Priority Projects – important and urgent (tender ready to award)**

- Blakiston Park

### **Tier 2: Medium Priority Projects – important but not urgent**

Projects included in this tier (in alphabetical order):

- Bearspaw/Haskayne - *Project 3 of 3* (waterfront development)
- Bow to Bluff - *Project 2 of 2* (construction)
- Bowmont East Regional Park - *Project 2 of 2* (park amenities)
- Century Gardens (project cannot be phased)
- Douglas Fir Trail - *Project 2 of 2* (construction)
- Edworthy Park (engagement not yet commenced)
- Forest Lawn Creek Park - *Project 2 of 2* (construction)
- Paskapoo Slopes Park (engagement not yet commenced)
- Priddis Slough (land base not yet secured)

### **Tier 3: Future Priority Projects – projects scheduled further out**

Projects included in this tier (in alphabetical order):

- Clearwater - *Project 2 of 2* (park amenities)
- Beaverdam Flats Regional Park
- Bend in the Bow - *Project 2 of 2* (Pearce Estate Park improvements)
- Local Open Space Acquisition Fund

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- Northeast Regional Parks (Cityscape)

Calgary Parks has identified on the Attachment Tier 1A and 1B projects as high priority requiring funding of \$31 million. Through the use of mitigations strategies Calgary Parks is proposing re-allocating \$28 million, resulting in a shortfall of \$2.8 million. The shortfall is tied to Blakiston Park (Tier 1B project). Calgary Parks will need to cancel the current imminent tender and re-tender when there are funds available. The strategies below reflect immediate needs, and also reflect Calgary Parks' ability to effectively spend the approved capital investments.

### Mitigation Strategies:

#### **1. Redirect Laycock Park Wetland Restoration Funding to the high priority projects.**

The Laycock Park Wetland cannot go forward as originally planned due to Provincial and Federal regulations; therefore, the funding cannot be used as originally intended. Improvements are still planned for the park, but will be funded through the Parks Infrastructure and Pathway Lifecycle programs. Administration proposes to relinquish the budget appropriations for Laycock Park and redirect approved funding from Community Investment Reserve, to mitigate \$6.7 Million in high priority Legacy projects funding shortfall.

#### **2. Embed Forest Lawn Creek Project 1 in the Parks Pathway Lifecycle Program.**

Detailed design and engineering studies that are currently underway for Forest Lawn Creek Park will be covered by the Pathway Lifecycle program. Administration proposes to relinquish budget appropriations and Legacy Reserve funding of \$262 thousand in Program 499-852.

#### **3. Fund Confederation Park lifecycle initiatives in the Parks Infrastructure Lifecycle Program.**

Parks Infrastructure Lifecycle program will be used to cover part of Confederation Park lifecycle work required in the park for Canada 150. Administration proposes to relinquish budget appropriations of \$250 thousand and Legacy Reserve funding in Program 499-852.

#### **4. Direct the recovered RB Bennett funding to the high priority projects.**

The funding that Calgary Parks originally contributed to the acquisition of the RB Bennett School in southeast Calgary is currently being paid back to Calgary Parks. All of the funding recovered will be allocated to high priority projects. This makes up \$3 million in recoveries.

#### **5. Redirect all current funding in the Legacy Reserve to the high priority projects.**

At the beginning of 2016 January the overall Legacy Reserve Balance was over \$18 million. All of the current funding left in the program will be directed towards all high priority projects.

All of the funding shortfalls of the high priority projects can be met with the above mitigation strategies except for Blakiston Park. While Blakiston Park is important due to its location within the Brentwood Transit Oriented Development (TOD) and due to the commitments that have been made to the community; Parks recommends not awarding current tender as funding is not available. Calgary Parks will retender this project after a funding solution is developed.

The mitigation strategies above cover the funding shortfalls of all of the high priority projects

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however; they do not address the funding shortfalls for the medium and future priority projects. Calgary Parks is recommending Council direct Parks to consult with Infrastructure Calgary and to work with Finance to explore additional funding sources to address the current funding shortfalls for remaining projects and bring forward a proposal at the mid-cycle budget adjustments.

### **Stakeholder Engagement, Research and Communication**

Research, communication and stakeholder engagement is undertaken on a project by project basis within the ENMAX Legacy Program.

### **Strategic Alignment**

This report aligns with the 2015-2018 Action Plan and supports Council Outcomes:

- H5 (*protect and enhance our urban forest and natural landscape throughout Calgary*).
- H6 (*continue to build public awareness and understanding of our shared responsibility to conserve and protect the environment*).
- H9 (*optimize the existing parks network to ensure Calgarians have access to nature and healthy and active lifestyles*).

### **Social, Environmental, Economic (External)**

Park development and redevelopment and the analysis of changing open space needs in communities will lead to great park opportunities and experiences including both active and passive recreation for all Calgarians.

Park space provides for more sustainable communities as densities increase, and assists in maintaining, or in some cases, enhancing biodiversity. Enhanced biodiversity contributes to a healthy urban environment, in addition to providing carbon offset and mitigation of pollution associated with the urban environment.

High quality park space favourably impacts the image and economy of Calgary and is associated with indirect benefits including but not limited to increased land values and community desirability.

### **Financial Capacity**

#### **Current and Future Operating Budget:**

As proposed capital improvements are implemented, impacts to operations may result due to new park assets and increased usage. A preliminary analysis of current and anticipated operation impacts will be completed by Administration. If necessary, Administration will bring forward a funding request through the budget process.

#### **Current and Future Capital Budget:**

In 2016 and beyond, the ENMAX Legacy Parks Program and the ENMAX dividend could continue to represent a vital funding source to realize the full Legacy Parks Program. As uncertainty exists in the sustainment of the ENMAX dividends as a source of funding for the Legacy Parks project, Calgary Parks will seek to explore alternative funding options to deliver on citizens' needs and expectations and to complete the full capital investment complement in the Legacy program approved by Council in 2014.

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### Risk Assessment

The loss of future ENMAX dividend represents a significant risk for the remaining Phase 3 capital projects in the ENMAX Legacy Parks Program. The projects with the highest risk are the projects with significant commitments made against the Council approved budgets; most of which are either in construction or already have consultants on board for design or engineering studies. Additionally, Blakiston Park currently has reputational risks associated with the tender as there is some funding from the Brentwood Community Enhancement Fund (BCEF) in the amount of \$950,000 and an additional \$5,000 from a developer for trees. A decision is required on the tender before the end of July 2016.

### REASON(S) FOR RECOMMENDATION(S):

Mitigation strategies are required to address the funding shortfall provided by the future loss of the ENMAX dividend contribution to the ENMAX Legacy Parks Program. Administration is recommending cancelling the tender for Blakiston Park unless another funding source can be found. Finally, as there are now higher levels of uncertainty when it comes to the contribution of the ENMAX dividends to the ENMAX Legacy Parks Program, it is recommended that Council direct Calgary Parks to consult with Infrastructure Calgary and work with Finance to investigate other potential funding sources to address the remaining immediate and potential funding shortfalls in the program and bring forward a proposal at the mid-cycle budget adjustment.

### ATTACHMENT(S)

ENMAX Legacy Parks Program – Current Financial Assessment