

PROJECT PROFILE – TREASURES OF CHINA (CALGARY ZOO)

Project Profile

Treasures of China (Calgary Zoo)

RECOMMENDATION

Approve a capital appropriation increase to Capital Budget Program 510 Calgary Zoo by \$2 million in 2016 and \$6.15 million in 2017, a total of 8.15 million, for the Treasures of China Giant Panda Exhibit Project funded by the Cultural Municipal Sustainability Initiative, subject to approval by the Government of Alberta.

BACKGROUND

In 2012, Canada's Prime Minister announced that China would lend two Giant Pandas to Canada for a period of ten years to enhance conservation collaboration, develop Giant Panda conservation initiatives, and improve business and cultural ties between the two countries. The agreement divided the pandas' visit equally between the Board of Management of The Toronto Zoo and The Calgary Zoological Society (The Society). The Pandas are currently at the Toronto Zoo and will come to Calgary in 2018 March. Since their arrival at the Toronto Zoo, two baby pandas have been born. All four Giant Pandas will come to The Calgary Zoo. The Society is obligated to be ready to receive, properly house and exhibit the Giant Pandas by 2018 March to enable the animals to acclimatize before the exhibit opens in 2018 April. The exhibit is one part of the Society's redevelopment plan that will showcase other endangered species indigenous to Asia.

Previous experiences indicate that a new exhibit significantly increases both local and out of town visitors. For example, an eight month Giant Pandas exhibit in 1988 increased visitation by 70 per cent over the previous year. Aply named "Panda Magic" at the time, the excitement began well before the Pandas arrived and grew throughout their stay. According to a study commissioned by the Society, the introduction of a new exhibit at the Zoo has historically increased attendance. The opening of the new Penguin Plunge exhibit in 2012 is credited with seeing attendance go from 1.16 million to 1.44 million (an increase of 24 per cent).

The Project also includes restoration and widening of the vintage Swinging Bridge north of the exhibit that has been closed since 2012. Once opened, the bridge will enable the Society to manage visitor traffic flows, reduce congestion in and around the Giant Panda exhibit, and greatly improve the visitor experience. This is a popular bridge that visitors have consistently requested be reopened.

The Project has been on the Culture, Parks, Recreation Infrastructure Investment Plan's (CPRIIP) list since 2013 and is currently ranked as Civic Partners' top emergent priority Project in the recently updated CPRIIP list.

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INVESTIGATION: ALTERNATIVES AND ANALYSIS

The new Giant Panda exhibit will redevelop an existing building in the Zoo's Eurasian Gateway area on the west side of St. George's Island. The proposed building previously housed the Asian elephants and currently hosts the one-horned rhino and Komodo dragons. Working closely with the Giant Panda specialists, the Society will develop a habitat that mimics China's bamboo forest complete with rocks, water features, vegetation and terrain.

Project Details

The re-purposed 21,300 sq. ft. Eurasian Gateway building will house both the pandas and Komodo dragons. 15,000 sq ft will be redeveloped and landscaped to reflect the Giant Panda's natural habitat and will include a visitor walkthrough. The exhibit will be expanded by 1500 sq. ft. to include a retail space for souvenirs. The conceptual design is completed and schematic and full designs will be complete by 2016 September 31.

The Society engaged the design services of the U.S. based Studio Hanson-Roberts that specializes in zoo design to assist in the development of the preliminary design for the Project. Zeidler BKDI Architects have been selected through a competitive RFP process to complete the detailed design for the Project. The transition is being managed and is proceeding smoothly. The Society recognizes the value in creating a local source for Zoo design experience through this project.

It is anticipated the Project will be shovel ready by 2016 October and completed by 2018 January. Details of the Project's budget and cash flow are as noted below. It should also be noted that a significant portion of the construction value of the new exhibit will be carried over when the space is repurposed for a permanent exhibit for orangutans in 2023.

Conservation Leadership

The Society's Centre of Conservation Research is recognized as a North American leader in the science of species reintroduction and is home to groundbreaking scientific research. The Panda Project will enhance conservation collaboration, and support Giant Panda breeding and re-introduction efforts. The Society aims to inspire change by transforming connections visitors enjoy into direct conservation action that has a positive local, regional, national and global impact. The Society anticipates that the Giant Panda exhibit with its interpretive programs will be a catalyst to engage more people in personal commitments to conservation.

Economic Impact

The Zoo is a valuable City asset and important tourism attraction. It is the most visited zoo in Canada with 1.35 million visits in 2015, with 49 per cent of all visitors coming from out of town.

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A 2013 economic impact study by Grant Thornton estimated that out of town visitors whose main purpose was to visit the Zoo contributed an estimated \$8.8 million annually to Calgary's economy. The operation of the Zoo also generates significant direct and indirect economic and employment impacts for Calgary and Alberta.

Based on the 1988 Giant Panda exhibit experience, and the opening of other new exhibits, it is anticipated that attendance will increase by 20 to 25 per cent to approximately 1.6 million visitors annually. Economic impact analysis in 2014 and 2015 project the exhibit will attract both Canadian and international tourists, and increase economic activity in the Calgary area by an estimated \$16 to \$18 million a year. Construction of the exhibit will employ approximately 190 Full Time Equivalent (FTE) construction related positions and 24 permanent FTEs at the Zoo and its suppliers.

Due Diligence

The Society's Board of Trustees has allocated capital reserve funding to cover half of the Project's total \$16.3 million cost to be able to start construction on 2016 October 1. The request for funding from The City represents 50 per cent of the total Project cost. The Society intends to further leverage The City and Society's investments by continuing to seek other funding from other levels of government and private funders.

Administration has conducted standard due diligence and supports this investment. Funding would be released in accordance to policy including confirmation that 90 per cent of the total Project cost has been secured and the Municipal Sustainability Initiative (MSI) business case is approved by the Province.

The Society will continue to coordinate and collaborate with The City on the ongoing Flood Mitigation Project and its interface with rehabilitation of the swinging bridge to ensure safety and efficiencies are maximized. In addition, the Society will continue to complete ongoing lifecycle projects to maintain the City-owned assets they manage.

As with all of the assets at the Zoo, the operation and maintenance of this exhibit will be the responsibility of the Society and will not be included in The City's Tangible Capital Asset inventory.

Stakeholder Engagement, Research and Communication

As noted above, the Society engaged the design services of Studio Hanson-Roberts that specializes in zoo design to assist in the preliminary design. A Steering Committee and Working Group with various representation provided input into the Project. The Society's Board of Trustees and third party industry experts on Animal Welfare reviewed the plan and adjustments were made based on their feedback.

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Strategic Alignment

The Project aligns with Action Plan 2015-2018 under the Prosperous City, A City of Inspiring Neighbourhoods, and A Healthy and Green city:

- P2: Advance purposeful economic diversification and growth
- N20: Provide great public spaces and public realm improvement across the city to foster opportunity for well used public spaces for citizen connections and urban vitality.
- H34: Continue to invest in indoor and outdoor recreation facilities that address the changing needs of Calgarians.

Social, Environmental, Economic (External)

Social

The Zoo is a family and social gathering space, is accessible and inclusive, and contributes to making Calgary a vibrant city. Like other exhibits at the Zoo, this Project will provide special experiences that allow Calgarians to make a connection with nature and inspire them to consider a whole new world of exciting conservation opportunities. Hosting giant pandas presents a tremendous opportunity to promote intercultural communication and education aimed at inspiring conservation action in Calgary, Canada and around the world.

Environmental

The re-purposed exhibit will meet The City's Sustainable Building Policy. Administration through the Sustainable Infrastructure Group will work with the Project team to define appropriate sustainable building best practices during the design phase of the Project.

This exhibit demonstrates an increased commitment to and beneficial impact upon conservation of biodiversity both domestically and internationally. The Zoo strives to set an example and reduce its environmental footprint in all aspects of operations from food services to facility management.

Economic (external):

The Zoo is a valuable asset for The City, contributing to the local economy as a major community and tourist attraction. It is the most visited zoo in Canada with 1.35 million visits in 2015, and 49 per cent of all visitors are from out of town. The operation of the Zoo also generates significant direct and indirect economic and employment impacts for Calgary and Alberta. It is estimated that the Zoo's current total economic impact is \$79 million annually (Leger Research 2012). A 2013 economic impact assessment by Grant Thornton LLP concluded that for every dollar invested in the Zoo, over two dollars of impacts are generated.

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To remain competitive in the tourism industry, the Society must constantly refresh exhibits and demonstrate they are on the leading edge of conservation.

Financial Capacity

Current and Future Operating Budget:

This report has no impact on the Operating Budget. The Society will remain responsible for the operating costs and they will be included in their operating budget. The Society completed an operating impact assessment before the Project was approved by their Board of Trustees, and has full confidence they can manage increased operating costs through their regular budgets.

Current and Future Capital Budget:

A capital budget appropriation is required for the Capital Budget Program 510 Calgary Zoo in the amount of \$8.15 million funded by Cultural MSI for the Project. The capital budget for this project is \$2 million in 2016 and \$6.15 million in 2017.

(In \$000s)

Panda Exhibit	\$ 10,656
Swinging Bridge Refurbishment	\$ 1,406
Communication, Interpretive Materials and Public Art	\$ 978
Project Contingency	\$3,260
Total Project Cost	\$16,300
City of Calgary MSI Contribution	\$8,150
Calgary Zoo and Supporters	\$8,150

Risk Assessment

The construction budget contains reasonable contingency to mitigate risk. Due diligence requires 90 per cent funding is secured and the Province's approval of the MSI business case. As for operations, Administration is of the opinion that the Zoo cost and revenue projections are practical based on the information provided.