

CIVIC PARTNER UPDATE

EXECUTIVE SUMMARY

The Calgary Zoological Society (the Society) has requested \$2.7 million in grant funding from The City of Calgary (The City) to be dedicated towards the construction of the Land of Lemurs exhibit at the Calgary Zoo (Zoo), an immersive exhibit with a total budget of \$7.96 million. The exhibit will bring additional economic benefits to Calgary through increased tourism spending, have high strategic return for the Society in terms of sustainability and meeting their mission, and reinforce the Society's role as a North American leader in conservation and species reintroduction. The Project is critical towards the Society's strategy to retain the Zoo's appeal to Calgarians and tourists, maintaining education and conservation levels, and contribute to sustaining the Society's financial position.

ADMINISTRATION RECOMMENDATIONS

That the Standing Policy Committee (SPC) on Community and Protective Services recommend that Council approve a capital appropriation increase to Capital Budget Program 510 – Calgary Zoo by \$2.7 million funded by the Municipal Sustainability Initiative.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2015 June 29, Council received CPS2015-0397 2014 Civic Partner Annual Report for information. In the report The Society noted the 2015 opportunity for The City to invest in the Land of Lemurs exhibit.

On 2014 September 22, Council adopted CPS2014-0504, an omnibus motion for the Civic Partner Business Plan and 2013 Annual Report. The Society identified the Land of Lemurs exhibit as high priority in 2015-2018 Business Plan and Budget summary.

On 2013 September 16, Council adopted CPS2013-0372 2013 Civic Partner Annual Report. The Society included information about the Master Plan in their report as well as requested funding support for the Land of Lemurs exhibit.

BACKGROUND

As part of their long range planning, the Society identified the Land of Lemurs exhibit (Project) as a top priority as its strategic impact ranks high in terms of return for both their mission and sustainability. The objective of the Project is to directly contribute to the Society's current research and conservation efforts and provide a unique experience for visitors to reconnect with nature.

The Project will provide a new visitor experience, expand the Destination Africa themed exhibits, and enhance the provision of diverse programming for visitors at the Zoo. It will be the first new exhibit since the Penguin Plunge which opened in 2012 and will replace one of the exhibit buildings that was demolished after sustaining damage during the 2013 flood.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The advancement of this Project at this time will significantly contribute to the Society's strategy of creating additional capacity for visitor distribution at the Zoo during the Giant Panda's exhibit and beyond. The Project has been on the Culture, Parks and Recreation Infrastructure

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Investment Plan (CPRIIP) list since 2013 and with the most current ranking is the top emergent priority project for Civic Partners.

Project Details

The Attachment sets out the details for the Project as well as the opportunities that the exhibit will provide the Society and visitors to the Zoo. The Project is proposed to be located at the southeast end of St. George's Island adjacent to Destination Africa. Preliminary and detailed designs have been completed for the Project. A development permit has been approved by The City. If the proposed funding is approved, the Society anticipates beginning construction in winter 2015 and opening in the summer of 2017.

Conservation Leadership

The Society's Centre for Conservation Research is recognized as a North American leader in the science of species reintroduction and is home to groundbreaking scientific research. The development of the Land of Lemurs is a conservation opportunity that compliments research the Society is collaborating in Madagascar.

In 2012, the International Union for Conservation of Nature declared lemurs to be the most threatened mammals in the world. To contribute to the conservation of this threatened species, the Land of Lemurs exhibit will include efforts to breed 12 to 20 animals. The Land of Lemurs exhibit will be a cutting edge exhibit that will support the Society's reputation as an international leader in conservation and education initiatives ongoing at the Zoo.

Economic Impact

The Zoo is a valuable asset for The City, contributing to the local economy as a major community and tourist attraction. In 2012, the Zoo attracted over 1.45 million visitors. It is one of the city's most popular attractions, and 49 per cent of Zoo visitors come from out of town. 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.

Development of the Land of Lemurs exhibit will have a positive economic impact on Calgary's economy. According to the Grant Thornton study, the introduction of a new exhibit at the Zoo has historically increased attendance. For example, the opening of the Penguin Plunge exhibit in 2012 saw attendance go from 1.16 million to 1.44 million (an increase of 24 per cent). It is anticipated that the Land of Lemurs exhibit would increase attendance rates by up to 40 thousand additional visits during the first full season of operations for an annual economic impact of \$2.6 million.

Increased attendance is also expected as the Land of Lemurs exhibit will be a unique European- style walk through facility. The exhibit will be an immersive experience where people are able to enter into the lemurs' large, tree-filled habitat. Visitors will travel through the exhibit on a lush walkway that lifts them up into the canopy of trees and allow them to interact with the lemurs as the animals move freely within the enclosure.

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It is also anticipated that the Land of Lemurs will be a high-profile exhibit that will attract significant local and international attention.

Due Diligence

To meet their goal of starting construction in the winter of 2015, the Society's Board of Trustees has approved the allocation of two-thirds of the total \$7.96 million budget from its capital reserves. The request for funding from The City represents one-third of the total cost of the Project. The Society intends to continue to seek out other funding sources including corporate sponsorships and individual donations to further leverage The City and the Society's investments.

The Project development cost and funding model is reasonable based on the Society's submissions to date. If approved, Administration will continue to conduct due diligence to mitigate any risk related to The City's \$2.7 million investment. Consistent with the Revised Interim Capital Project Criteria approved by Council in 2003, 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.

As a number of projects are underway in the same area as the proposed location, the Society will continue to coordinate and collaborate with The City with the addition of the Project. This Project will need to be considered and integrated with both the 12th Street Bridge Project and Flood Mitigation Project to ensure safety and efficiencies are maximized. In addition to the large projects underway, the Society will continue to have ongoing lifecycle projects to complete at the Zoo.

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. Lifecycle maintenance and ongoing operating costs for this exhibit are included in this Project. This practice is consistent with City-owned assets leased and operated by our Civic Partners.

Stakeholder Engagement, Research and Communication

The Society engaged the design services of Studio Hanson-Roberts that specializes in zoo design to assist in the development of the Project. 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.

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.

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- 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 place, 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.

Environmental

The Land of Lemurs exhibit will comply with The City's Sustainable Building Policy. The exhibit will meet the new flood construction level.

The exhibit is the first step in a plan that demonstrates an increased commitment to conservation of biodiversity, both domestically and internationally. The goal of the Society is to inspire real change in the world by transforming visitors' enjoyment into direct conservation action that can have a positive global impact.

The Society strives to set an example and reduce its environmental footprint in all aspects of operation, from food services to facility management. Zoo School programs also challenge young learners to consider sustainability and their impact on the environment.

Economic (external):

In addition to being a major employer in Calgary, the Zoo is also an important tourism attraction. It is the most visited zoo in Canada with 1.23 million visits in 2014, and 49 per cent of all visitors are from out of town. To remain competitive in the tourism industry, the Society must constantly refresh exhibits and demonstrate they are on the leading edge of conservation at the Zoo.

It is estimated that the Zoo's current total economic impact is \$79 million annually (Leger Research 2012). A recent economic impact assessment by Grant Thornton LLP concluded that for every dollar invested in the Zoo, over two dollars of impacts are generated.

Financial Capacity

Current and Future Operating Budget:

No impact on Operating Budget. The Society will remain responsible for the operating costs and they will be included in their operating budget. The Society has also completed an operating impact assessment for the plan before it 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 \$2.7 million funded by MSI for the Project. Administration has reviewed funding source options for this Project; sufficient funding was identified within the Department's approved MSI capital funding to make a net zero capital adjustment to support the Project.

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Funding sources for the Giant Pandas project are being reviewed; it is Administration's intent to report back in Q1 2016 with respect funding options for the Giant Pandas Project.

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 viable based on the evidence provided

REASON(S) FOR RECOMMENDATION(S):

Commitment of funding for the Land of Lemurs exhibit is recommended as the project will provide additional social, economic and environmental benefits to Calgary. The City's funding will be leveraged as The City would fund approximately one third of the \$7.96 million project. This Project is critical for the Society to retain the appeal of the Zoo to Calgarians and tourists, maintain education and conservation levels, and contribute to sustaining the Society's financial position.

ATTACHMENT

Land of Lemurs, An Opportunity to Invest in Education, Conservation and Economic Development