Calgary’s Strategic Approach to Managing City Land - Update

EXECUTIVE SUMMARY

This report provides an update on the Corporate Land Strategy project (the “Project”) and provides an overview of the work to be delivered in 2019 and 2020.

Administration had identified in the Corporate Land Strategy Information Report (UCS2018-1141) that the Strategy was proposed to come forward in Q1 2019. After reviewing the scope of the Project, Administration identified a need for more coordination between it and several other planned and in-progress initiatives across the Corporation. A program-approach is now proposed to deliver the Project and ensure it is comprehensively planned, developed and aligned with these other initiatives over the next two years. With early research and stakeholder consultation completed, the Corporate Land Strategy project team believes there is a need for an overarching strategic approach to better manage risk and receive greater value from City-owned real estate.

A strategic approach will support Administration to manage land well and maximize the benefits of land and support better decision-making. To be effective, the Project outcomes will:

- Position City land to best support local economic development and diversification.
- Clarify roles and responsibilities, establish guiding principles to deliver real estate services, and establish standards and processes.
- Develop sustainable financial models to deliver its real estate and its industrial land development and strategic redevelopment services.
- Strengthen services and guide land management decisions for the Corporation.
- Define how The City will leverage land to deliver broader corporate objectives.
- Align land management and development services with Corporate direction.

Deliverables are currently being defined by Administration based on stakeholder needs, but will include a comprehensive and strategic Guiding Document, new and updated service delivery frameworks to guide program implementation, and the review and alignment of other existing policies and bylaws impacted by strategic direction changes. Administration is proposing that the Guiding Document be delivered in Q3 2019 with aligned and detailed program-specific implementation frameworks, procedures, and action plans following through 2020.
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ADMINISTRATION RECOMMENDATION:
The SPC on Utilities and Corporate Services recommends that Council:

1. Receive this update report for information; and
2. Direct Administration to report back to SPC on Utilities and Corporate Services no later than 2019 September 30 with the Guiding Document.

RECOMMENDATIONS OF THE STANDING POLICY COMMITTEE ON UTILITIES AND CORPORATE SERVICES, DATED 2019 MAY 15:
That the Administration Recommendations contained in Report UCS2019-0663 be adopted.

Excerpt from the Minutes of the Standing Policy Committee on Utilities and Corporate Services, held 2019 May 15:
“Distributions with respect to Report UCS2019-0663:

- a presentation entitled "A Strategic Approach to Managing City Land"; and
- a Amended Attachment 1.”

PREVIOUS COUNCIL DIRECTION / POLICY

BACKGROUND
The information report (UCS2018-1141) was brought forward to inform Council and create an awareness around the need to leverage the value of City land to maximize benefits to all citizens. A strategic approach was proposed to clarify how Real Estate & Development Services (RE&DS) would deliver its services to the Corporation and external customers, and to put in place frameworks, processes and actions for managing The City’s various land portfolios. Administration had proposed delivery of the overarching strategy in Q1 2019, with other products to follow through 2019 and 2020.

INVESTIGATION: ALTERNATIVES AND ANALYSIS
Following the October 2018 information report (UCS2018-1141), it became evident that several related or dependent projects were underway or proposed through One Calgary, RE&DS 2019 work programs, and other Administration initiatives. To create an effective strategy, the Project needed to align with these other initiatives. The project team also identified the growing Corporate desire to manage land and decisions to maximize the value of The City’s extensive real estate portfolio to leverage highest benefits.

The Project has been reviewed to redefine its scope and ensure it delivers a clear and comprehensive and Corporate approach to managing The City’s land assets. One goal will be to create a common information base and dispel misunderstanding around City-held land, why it is
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required, how it is managed, and provide a transparent basis to ensure Administration manages it well going forward.

Why The City of Calgary owns land?

As a municipality in the Province of Alberta, The City of Calgary has obligations granted by the Province through the Municipal Government Act (MGA, Part 1,3) to carry out “municipal purposes”, including:

   a) Providing good government
   b) Fostering well-being of the environment
   c) Providing services, facilities and other things that, in the opinion of Council, are necessary to desirable for all or part of a municipality; and
   d) To develop and maintain safe and viable communities.

Having an inventory of land in its control is essential for The City to provide its citizen-focused services, that includes: roads and mobility networks, public infrastructure, schools and parks, environmental protection, recreation, community services, and facilities for fleet, maintenance and public works.

Land Inventory Overview

The City maintains extensive information on its land holdings and specific parcel data through its Land Inventory Data Application (LInDA) system. Not including roads, The City of Calgary holds title to over 8,300 parcels of land (approximately 13,800 hectares/34,000 acres) in its inventory. This represents land that has been acquired through the history of Calgary to support its growth and outward expansion. This land resides in various asset-class portfolios managed by Administration.

A summary of The City’s land holdings and breakdown by business unit stewardship is included in the 2019 Corporate Land Inventory Summary sheet (Attachment 1) and included in the table below.

Table: City Land Stewardship Breakdown

<table>
<thead>
<tr>
<th>Business Unit Steward</th>
<th>Area (acres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calgary Parks</td>
<td>17,323</td>
</tr>
<tr>
<td>Water Resources and Water Services</td>
<td>6,458</td>
</tr>
<tr>
<td>RE&amp;DS</td>
<td>2,898</td>
</tr>
<tr>
<td>Waste &amp; Recycling</td>
<td>2,551</td>
</tr>
<tr>
<td>RE&amp;DS (CLA) – land being managed for future City purposes</td>
<td>1,305</td>
</tr>
<tr>
<td>Calgary Recreation</td>
<td>1,279</td>
</tr>
</tbody>
</table>
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<table>
<thead>
<tr>
<th>Facility Management</th>
<th>738</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads</td>
<td>667</td>
</tr>
<tr>
<td>Remaining land stewarded by 7 business units</td>
<td>1,087</td>
</tr>
<tr>
<td><strong>Total Land</strong></td>
<td><strong>34,306</strong></td>
</tr>
</tbody>
</table>

Of this total, land that has currently been declared surplus to City need (240 parcels, 975 acres) represents roughly three per cent of The City’s total land inventory.

The City manages the land required to deliver its services through the Administrative Leadership Team (ALT) approved standards set out in the 2015 Corporate Land Management Framework (CLMF). The CLMF oversees the full lifecycle of land in City stewardship as demonstrated in Attachment 2. CLMF provides operational standards and sets out management responsibilities for the 15 business units that steward land. A governance structure is also provided to support good land management practices and decision-making, through the Director-level Corporate Land Committee (CLC) and the Managers’ Corporate Land Administration - Team (CLA-T). CLMF establishes a rationalization standard requiring land stewards to regularly review the lands they manage and identify if land is required to support operations. If not, opportunity is provided to find other corporate uses for land and to sell surplus parcels, with sales revenues returned to support the acquisition of new land needed for City operations. An Enhanced Rationalization program was approved through One Calgary and is being launched with the goal to accelerate the land rationalization process and identify additional surplus lands, which would be available for sale to generate revenues to finance future land acquisitions, support other Corporate initiatives and increase the tax base.

Since 1965, The City has planned, developed and serviced new industrial parks to ensure lots were available for sale to businesses to support Calgary’s economic diversification, create local jobs, and expand the non-residential tax base. There are currently 35 lots (40 acres) of serviced industrial lots being actively marketed. The City also holds and actively manages 2,480 acres of raw land acquired specifically to be developed for industrial and business parks. The industrial development program is financially self-sustaining, with the revenues from sales of industrial lots returned to the program to support future industrial development projects and other Corporate initiatives. The management and delivery of the industrial land program is guided by the “2013-22 Industrial Land Strategy: for the development of City-owned lands”, which was approved by Council in 2013. A further update on the industrial land sector will be presented in an upcoming Utilities and Corporate Strategy committee meeting.

Real Estate Services at The City of Calgary

Real Estate is typically defined as real property consisting of land and improvements, including buildings, fixtures, roads, structures and utility systems, land, buildings and expertise and support activities. Administration performs several distinct operations involving the management, programming, development and construction of City land and real estate.
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The Real Estate & Development Services (RE&DS) business unit delivers two lines of service for the Corporation:

- **Real Estate Services** for the Corporation and internal business unit (BU) land-steward clients:
  - Real estate transactions (land acquisitions, land sales, leasing and licensing, encroachment and right-of-way agreements, and land title services).
  - Land Administration functions (administrates CLMF, land policies and standards, land data and analysis, LInDA, circulations coordination and land advisory services).

- **Land Development & Sales Services** with two specific land development programs with focus to maximize value of City land and ensure a positive return on investments:
  - Industrial Land Development program to plan, invest in infrastructure and sell serviced industrial lots to businesses to support economic development and increase Calgary’s tax base.
  - Strategic redevelopment program to leverage City land assets to deliver community building and public planning policy objectives and to capitalize on significant transit investments. The program includes transit oriented development (TOD), mixed use and surplus school sites.
  - RE&DS also provides real estate marketing, market analysis and development feasibility services to develop strategies aimed at generating leads for sales agents, and tracks and analyses market conditions to inform decision making on RE&DS’ current and future industrial and strategic redevelopment projects.

Real estate and land development functions are also provided by other business units to support their stewardship of City land and delivery of their specific services:

- **Parks & Open Spaces Planning** –
  - Plans, builds, maintains and stewards accessible parks system
  - Conserves and promotes biodiversity and cultural landscapes
- **Recreation Opportunities** – create vibrant communities by leading and investing in Calgary recreation sector
  - Plans, constructs and operates recreation facilities
- **Facility Management** – plans, builds and operates The City’s portfolio of civic facilities, including Operations Workplace Centres and the Integrated Civic Facility Planning program.
- **Transportation related services** – construct, operate and maintain mobility infrastructure (road, track, pavement and sidewalks) on linear rights-of-way.
- **Water infrastructure related services** – including Water treatment and supply and Wastewater collection and treatment
  - Construction, operations and replacement of linear and treatment facility infrastructure to support regional growth and local redevelopment.

To clarify and differentiate between these operational real estate-related functions that support service delivery, and the more strategic real estate services that manage, improve and dispose of City land to deliver broader corporate objectives and generate revenue for the Corporation, Administration has identified a need for an overarching land strategy.
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Why is a Corporate Land Strategy needed?

A corporate land strategy will support Administration to manage land well, maximize the benefits of land, and support better decision-making. To be effective, the Strategy should:

- Position City land to best support local economic development and diversification.
- Clarify roles and responsibilities, establish guiding principles to deliver real estate services, and establish standards and processes.
- Develop sustainable financial models to guide land management decisions for the Corporation.
- Define how The City will leverage land to deliver broader corporate objectives.
- Align land management and land development services with Corporate direction.

How will the Strategy project be delivered?

Administration is in the early stages of redefining the Project, but is proposing it be delivered in three phases through 2019 and 2020:

- **Phase 1: Establish Strategic Direction**
  - Corporate partners and customers of services identified the Project needs to provide a corporate perspective on managing land and delivering the land development services.
  - The stakeholder engagement plan is being reviewed to ensure these broader perspectives are being considered and incorporated.
  - The project steering committee has been expanded to include Administration representation from the corporate land stewards network.

- **Phase 2: Develop New Program Frameworks**
  - New frameworks, processes or policies will be determined as stakeholder needs are defined and direction is identified. This could include development of comprehensive guidance for the Strategic Redevelopment program, and procedures and decision-making criteria for non-market housing land initiatives.

- **Phase 3: Align Existing Program Frameworks**
  - A review of the CLMF operations and standards is planned in the 2019 work program. The Project must align its scope with the CLMF review, to build from the current strengths of CLMF, inform changes to CLMF, and minimize confusion and optimize engagement with its stakeholders.
  - Identify and fill gaps in existing strategies and processes, including the “2013-22 Industrial Land Strategy: for development of City owned lands”, land specific implementation policies (Encroachment Policy, S.A.L.E. (Environmental) Policy) and the Real Property Bylaw update.
  - Consideration and aligning this project with other real estate and land administration deliverables being proposed for Council in 2019 and 2020.

Deliverables

**Stakeholder Engagement Plan**

The full suite of products to be delivered through this Project with further elaboration on the deliverables to be completed as Administration, customers and other stakeholders are further
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engaged. A general timeline showing the relationship between the Strategy deliverables and other real estate and land related reports coming forward in 2019 and 2020 is included as Attachment 3.

A Strategic Approach to Managing City Lands - Guiding Document (Q3 2019)
An overarching strategic approach is proposed to guide the effective management of The City’s land portfolios and direct how land can be leveraged to maximize their benefits and value it provides for the Corporation and citizens. This document would include background and context on how and why The City holds and manages land, the mandate of the Strategy to direct specific Corporate land and real estate operations, guiding principles to inform strategic direction and decision-making criteria, strategic objectives and program shifts that need to happen in the next four to five years, and a road map of specific priority actions and tactics.

Desired outcomes of the Project
Review of the Project has identified the need to adjust the scope to ensure a comprehensive, corporate approach is delivered. This approach will:

- Address Council, citizen and customer expectations that The City manages its lands well.
- Ensure land management decisions are governed through a collaborative, integrated and transparent approach.
- Incorporate economic, environmental and social benefits into the land management and land development decisions.
- Ensure The City’s land assets and real estate expertise are intentionally applied to increase the tax base, generate revenue or provide other corporate benefits.
- Deliver clearly defined decision-making criteria and processes in a fair, equitable and timely manner.

While the Project is being undertaken, priority operational work and projects with current Council direction will continue to be delivered. This work includes existing land development projects that are in planning, design or construction phases; the disposition of existing surplus (general) lands already in the sales queue; and launch of the Enhanced Rationalization project to increase the identification and sale of surplus City land over the next four years.

Stakeholder Engagement, Research and Communication
Engagement to refine the scope of the Project to date and other feedback received is as follows:

- RE&DS Management Team requested the Project be rescoped to build in alignment of the deliverables with the timing of these other initiatives, specifically the Corporate Land Management Framework review and engagement with CLC.
- The CLC expressed concern with lack of engagement and information with CLC/CLA-T and business unit land stewards on the initial scope of the Project, and its internal focus on RE&DS operations. It indicated a more corporate-wide focus was needed to inform, develop and communicate the Project.
- A detailed stakeholder assessment and engagement plan is being developed as part of the Project Charter review. It includes focused engagement within RE&DS, Business

Approval(s): Stevens, Brad concurs with this report. Author: Radway, Glen
City Clerk’s: D. Williams
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Unit customers of RE&DS services (through CLC, CLA-T), and Administration partners that support service delivery (Law Department, Finance, City Clerks).

- The Project will also coordinate internal engagement efforts between all current RE&DS-led projects, to optimize stakeholders’ time and demonstrate alignment. This will be specifically emphasised with the upcoming CLMF review.
- External stakeholder groups and customers of The City’s land development services will be engaged on Frameworks relevant to their lines of interest. This will include the industrial land development industry, multi-family and mixed-use developers and real estate market/brokerage industry experts. Not-for-profit housing providers have been engaged by Calgary Housing to support its development of the Non-Market Housing Land Disposition Policy.

Strategic Alignment

This work is informed by and aligned with existing corporate initiatives and strategic directions, including:

One Calgary Service Plans and Budgets process

Identifies RE&DS as the service owner to deliver the following two lines of service for the Corporation: Real Estate Services and Land Development & Sales Services. Directs review and delivery of CLMF review and Enhanced Rationalization program through 2022.

Leadership Strategic Plan: Contract with Council (2014)

This work supports Administration’s commitment to strengthen the Corporation’s financial position addressing long-term financial needs, maximizing return on municipal (land) investments, and rationalizing and divesting of municipal land no longer required by The City.

Municipal Development Plan (2009)

The strategic management and development of The City’s land assets will support the delivery of public policy objectives of the Municipal Development Plan, including:
- Supporting a prosperous economy and creating a city attractive to business.
- Creating vibrant, transit-supportive mixed-use activity centres (TOD).
- Supporting the intensification of Developed Areas through strategic land development and capital infrastructure investments.
- Ensuring long-term financial capabilities of the Corporation by managing land assets well and making strategic investment decisions.

Social, Environmental, Economic (External)

There are no social, environmental and economic impacts resulting from this report for information. As the strategies and frameworks are fully defined, a wholesome triple bottom line analysis will be reported to support how The City will include the broader sustainability perspectives through delivery of its real estate and land development services.
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Financial Capacity

Current and Future Operating Budget:
Resources to complete this work are included in RE&DS existing operating budget Program 488.

Current and Future Capital Budget:
Consulting support required to supplement the Project will be funded through existing Activity 403371, Corporate Land Management Framework 2 (Program 698).

Risk Assessment
There are no significant risks associated with this issue and operational and/or project risks which have been identified are being managed.

REASON(S) FOR RECOMMENDATION(S):
This report provides an update to Council on the Corporate Land Strategy Project and informs about changes in scope and schedule. It confirms Administration is preparing to deliver a comprehensive, corporately aligned portfolio-based approach to managing City land assets and the industrial and strategic redevelopment programs. The Project will create processes and tools to support effective decision-making across the land programs, to leverage land assets to maximize benefits for the Corporation and citizens, and position The City to be a leader in providing municipal land management services. This work will align other land-related framework, policy and bylaw reviews underway and planned, to ensure content alignment and logical sequence of delivery.

ATTACHMENT(S)
1. Amended Attachment 1 – Corporate Land Administration – 2019 Corporate Land Inventory Summary
2. Attachment 2 – Corporate Land Management Framework Element Overview
3. Attachment 3 – Project Phases