

**Deputy City Manager's Office Report to
SPC on Utilities and Corporate Services
2021 June 23**

**ISC: UNRESTRICTED
UCS2021-1003
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Proposed Lease (Belvedere) – Ward 9 (250 East Hills SQ SE)

EXECUTIVE SUMMARY

Administration is seeking authorization for The City of Calgary ("The City") to enter into a new lease with a third-party landlord for the property located at 250 East Hills Square SE (the "Property"). The proposed lease is required for the Calgary Fire Department ("CFD") to operate a new temporary emergency response station that will provide effective service delivery for the east portion of the city, particularly east of the Belvedere Area Structure Plan ("ASP") area with support for the underserved areas of Applewood, Abbeydale and Red Carpet.

ADMINISTRATION RECOMMENDATION:

Review By: 2022 January 01 except for Attachment 4 which shall remain confidential.

The Standing Policy Committee on Utilities and Corporate Services recommends that Council:

1. Authorize The Recommendations as outlined in Attachment 2;
2. Direct the Recommendations, Report and Attachments 1, 2, 3, 5 remain confidential under Sections 23 (Local public body confidences), 24 (Advice from officials) and 25 (Disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act* until the lease is executed.
3. Direct that Attachments 4 remain confidential pursuant Sections 23 (Local public body confidences), 24 (Advice from officials), and 25 (Disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act*.

RECOMMENDATION OF THE STANDING POLICY COMMITTEE ON UTILITIES AND CORPORATE SERVICES, 2021 JUNE 23:

That Council:

1. Authorize The Recommendations as outlined in Attachment 2;
2. Direct the Recommendations, Report and Attachments 1, 2, 3, 5 remain confidential under Sections 23 (Local public body confidences), 24 (Advice from officials) and 25 (Disclosure harmful to economic and other interests of a public body) of the Freedom of Information and Protection of Privacy Act until the lease is executed.
3. Direct that Attachments 4 remain confidential pursuant Sections 23 (Local public body confidences), 24 (Advice from officials), and 25 (Disclosure harmful to economic and other interests of a public body) of the Freedom of Information and Protection of Privacy Act.

PREVIOUS COUNCIL DIRECTION/POLICY

There is no previous Council direction nor policy.

BACKGROUND

The Belvedere emergency response station is required to support the distribution of workload and maintain fire response times and service level benchmarks in the Belvedere ASP area. The Belvedere ASP was approved by Council in 2013. Development has already begun in the area which is located east of Stoney Trail SE and north of 17 Avenue SE.

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The proposed Property is the best location for response coverage, based on the phasing of growth, for public safety. There is limited land available for the temporary station that fits CFD's timeline requirements. The proposed lease is for a temporary firehall to sustain growth in the area and to cover for emergency response; as the area further develops, the requirements for a permanent station will most likely move farther to the east from the current proposed location, however, land in the ideal permanent location remains bare and undeveloped and therefore unavailable.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The new emergency response station will provide effective service delivery for Belvedere ASP area. According to geodemographics forecasts, significant population growth is expected to begin within five years. Development pressures are already evident with the approval of a large-scale commercial development east of Stoney Trail and north of 17 Avenue SE, at the boundary of the Alberta Building Code 10 minute area in which to provide emergency response. There is a response performance service level benchmark which states emergency response should be provided within seven minutes at fire rescue incidents, and within six minutes and 30 seconds at life threatening emergency medical incidents, 90 per cent of the time. Support for the underserved areas of Applewood, Abbeydale and Red Carpet is also under strain and the proposed lease would enable additional emergency response service for those areas.

Other land locations were investigated; however, the temporary location was selected to service known requirements for at least the next 10 years. The ultimate location will be a future multi-service facility which requires further investigation and development in the area to ensure the location gives the best coverage of development growth. Sites that are likely candidates to satisfy the long-term need in fact do not satisfy the current need due to lack of available subdivided parcels, connectivity to road networks and / or servicing / development.

The proposed temporary location is considered an innovative solution, in partnership with a developer who is motivated to ensure the CFD is operational in proximity to enable the ongoing development in the area.

Valuation

The Consideration of the Property was based on an internal valuation which has been endorsed by Administration's Valuation Review Committee. The comparable leases analyzed are included in Attachment 4.

Stakeholder Engagement, Research and Communication

Stakeholder engagement was limited to the developer and landlord and City business units who worked together to identify and make available a location that works best to accommodate CFD's required timelines and response metrics.

Strategic Alignment

The proposed lease for a temporary firehall aligns with The City's strategic interests because it will enable provision of immediate emergency services to a growing community while delaying the purchase of land, and development of a site, until other City services can be combined with an emergency response facility on an appropriately located and ideally sized site.

The proposed lease aligns to the Council's Fiscal Plan.

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- Priority Area: A city of inspiring neighbourhoods
- Public Safety
 - N1. Keep communities safe by meeting and maintaining standards for crime prevention, fire response, and enforcement.
 - N3. Enhance the City's capacity and resilience to prepare for and respond to pandemics, natural disasters and emergency situations.
- The proposed lease also aligns to Corporate, Departmental and Business Unit Goals / Strategies.
- Response Performance Service Level Benchmark (Standard of Cover, Benchmark 2.1)
 - First-in engine emergency response within seven minutes at fire rescue incidents, and within six minutes and 30 seconds at life threatening emergency medical incidents, 90 per cent of the time.
- Response Performance Service Level Benchmark (Standard of Cover, Benchmark 2.2)
 - Full first-alarm assignment at a fire suppression incident within eleven minutes, 90 per cent of the time.
- Emergency Response and Fire Fighting strategy (CS Business Plan & Budget, Strategy 2C1)
 - Maintain or improve service response performance.

Social, Environmental, Economic (External)

Social

The CFD is an important part of the community and contributes to the well-being and safety of the people who live, work, and play in Calgary. When not actively responding to emergencies, firefighters help reduce the risk of injury and death through educational, safety & injury prevention, and medical programs.

Environmental

The Property has been reviewed in accordance with The City of Calgary's Sales, Acquisitions and Leases Environmental (S.A.L.E.) Policy effective 2020 January 14. Pursuant to the Sales, Acquisitions and Leases Environmental (S.A.L.E.) Procedure, an Environmental Review or Environmental Assessment is not required for leasing of a commercial space.

Economic

Mitigation of fire risk is fundamental for the economic stability of Calgary.

Financial Capacity

Current and Future Operating Budget:

The CFD has an operating base budget in Program 001 beginning 2022 to fund these costs.

Current and Future Capital Budget:

The CFD has a capital budget in Program 41 of two million dollars for the temporary firehall and an additional budget approval is being requested for up to one million dollars.

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Risk Assessment

If the CFD does not lease the space, the most likely risk is delivery of a substandard service level of emergency services and response times which have already started to exceed Council's approved goal for response times. The impact and likelihood of this risk is therefore considered to be high if the proposed lease is not approved.

The risk of approving the lease is that there could be a need for a multi-service site within the initial 10-year term of the lease. The likelihood of this is low based on current projected development growth in the area.

One of the risks in approving the lease is that not all of the required Capital Budget has been approved to date. The CFD is in the process of negotiating additional budget and the likelihood of obtaining these funds is high through budget processes. This will help mitigate the risk. There is also an investigation if CFD can reduce the size required for the temporary firehall, which in turn would reduce the Capital Budget that is required. This would also mitigate the risk.

REASON(S) FOR RECOMMENDATION(S):

Administration recommends the approval of the proposed lease as it is critical to enable CFD to continue providing adequate response times which assists CFD in maintaining The City of Calgary as a safe place to live, work and visit.

ATTACHMENTS

- 1a. Site Map
- 1b. Context Map
2. Recommendations
3. Summary of Additional Property Information
4. Comparable Data Chart Lease Transactions
5. Alberta Corporation/Non-Profit Search