

Background

Since 2004, there has been City interest in the Tuxedo Park School site and it has long been recognized as a strategic purchase that would fulfil a number of City initiatives. The Tuxedo Park School site is also positioned in a high priority area as identified in Municipal Development Plan (MDP), Calgary Transportation Plan (CTP), Corridor Study-Charette on Green Line LRT Long Term Vision: 160 Ave N to Seton, Open Space Plan and Facility Development & Enhancement Study (FDES, 2016) (Recreation).

In 2004, Administration had pursued the partial acquisition of the westerly ± 0.423 ha (1.05 ac) play field area to alleviate an open space shortage but the Calgary Board of Education's (CBE) surplus declaration was to the entire site and not open to a partial acquisition. Ultimately, the CBE retained the site for use and occupancy for the CBE's ESL program until 2014. In March 2018, the site would again be declared surplus and in June 2018, Council approved UCS2018-0745 authorizing the exercising of The City's Right of First Refusal (ROFR) which was exercised by Administration on 2018 July 5.

Administration then commissioned an independent building condition assessment which was completed on 2019 March 6. The assessment found that many components of the school structure would require repair and or replacement. The assessment estimated immediate five-year lifecycle costs of \$5,600,000, and total 25-year lifecycle estimated cost of \$6,300,000. Further to the schools current condition, a 2018 July 6 appraisal conducted on behalf of the Calgary Board of Education (CBE), had noted that the structure has been vacant since 2014, has been minimally maintained and the condition of the school structure as being fair to poor. Given the foregoing, a likely scenario could entail demolition of the 1956 addition and retention of the original school structure.

In order to facilitate the proposed acquisition of the Tuxedo Park School site, Administration's Corporate Land Committee (CLC) approved the use of the Revolving Fund Reserve Program 695. Post-acquisition would see Calgary Parks become the parcel steward responsible for the land and leading the payback process to the Revolving Fund Reserve Program 695. The payback process would require payback of the funds no later than year one (1) of the next four (4) year budget cycle beginning 2023. Other payback options may be considered as the site programming requirements and re-development opportunities emerge. Facility Management would be the asset owner and the steward responsible for the building(s) with a potential future strategic interest for the use of the parcel for service lines. Under City ownership, exact development timelines are unknown but are anticipated to be longer term at 10+ years and dependent upon key service targets and infrastructure investment such as:

- The Green Line North extension – currently unfunded and timing undefined.
- Density and population growth to warrant increases in recreation services.
- Timing and investment in Transit Oriented Development Infrastructure.
- Desire from other groups (Affordable Housing, Calgary Neighborhoods, Calgary Public Library) to accommodate service lines.

While interim uses would still be investigated, in the near term, given the overall condition of the school structure and estimated cost to bring it to a useable state, the overall strategy would be "buy and hold". Under either scenario, interim holding costs would be incurred. Holding costs include minimal HVAC requirements to maintain the building in its unoccupied state and cover both land and building stewardship. It

should be noted that projected holding costs may also be reduced if a portion of the school were to be demolished.

Valuation

The negotiated purchase price was based on an external appraisal endorsed by Administration's Valuation Review Committee, and on a separate appraisal commissioned by the Vendor. The appraisals resulted in the same value conclusion. In addition, a third party demolition cost estimate was factored into the final negotiated Consideration. The comparable sales analyzed within The City commissioned appraisal report are included in Attachment 5.

Previous Council Direction

On 2019 July 29, Council adopted the recommendations in Report UCS2019-0926 "Status Update – Surplus School Sites" to proceed with the protocols available under the Joint Use Agreement to resolve the matter of compensation.

On 2018 June 25, Council adopted the recommendations in Report UCS2018-0745 "Surplus School Sites" that The City of Calgary advise the Calgary Board of Education it wishes to exercise its Right of First Refusal on the Tuxedo Park School (130 28 Avenue NE).