



# Reimagine Services

Business Case: Parks Board  
to Fundraise for City Parks

CITY OF EDMONTON

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PURPOSES ONLY

MAY, 2021



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# Opportunity Summary

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Parks and open spaces are highly valued by the community. Other jurisdictions harness public goodwill by establishing an arms-length commission, board or foundation to raise funds for parks. These organizations typically raise money from individual, corporate and other non-profit donors (e.g., national park foundations) in support of a parks and open spaces framework. Parks boards and similar organizations can also offer citizens a way to feel more connection to and ownership of their park assets, by offering opportunities to get involved in fundraising and volunteer activities.

The City could consider establishing a parks board that is primarily focused on fundraising to support and enhance the activities related to the current maintenance and operation of parks and open spaces. In addition to a parks board's goal of fundraising, two options were considered for the City, each representing specific functions that could be fulfilled:

- Transition of operational responsibilities from the City to the parks board for specific identified park functions and assets; or
- Coordinating community volunteer efforts in support of City priorities, including the potential to consider managing some City volunteer programs such as Root for Trees in the future.

The primary intent of a parks board for the City would be to fundraise for specific purposes that are aligned with the City's parks priorities. This would enable the City to continue to meet the service level standards that citizens expect from their parks, by providing an additional stream of funding to augment existing City investment.

Similar parks boards in other jurisdictions have demonstrated an ability to raise funds to support their park activities. For example, The Parks Foundation Calgary raised almost \$4.4 million during 2020, including around \$1.2 million from corporate and individual donations. This was about 50% less than their grants and donations in 2019 (\$9 million) and may be attributed to the effects of the COVID-19 pandemic on the donor landscape.

The first option (fundraising and operational responsibilities) would require a spin out of the City's current parks operations functions, as well as additional management and infrastructure for an arms-length board to manage operations. The initial implementation cost would be significant and ongoing operating costs are projected to exceed those of the City's current cost of service due to the additional overhead costs and potential duplication of resource costs between the City and a parks board. For this reason, the second option (fundraising and community volunteer responsibilities) is preferred.

Establishing a parks board for the City may also help add value to the many worthwhile activities of various parks-related volunteer groups that currently exist in Edmonton, supporting a coordinated, strategic, and focused effort on the highest-value actions.



## **Recommendation: Parks Board to Fundraise for City Parks**

Based on the analysis completed, **the City should consider establishing a parks board that has responsibilities for fundraising and promoting volunteerism in support of City parks.**

It is estimated that this opportunity could deliver potential cumulative savings between \$0.2 to \$2.3 million over five years and potential annual savings of approximately \$0.5 to \$0.8 million by year 5.

The change would expand the direct involvement of individuals, businesses, and other stakeholders in supporting City parks, providing new opportunities for people to directly and indirectly support them. Enhancements to these parks as a result of increased revenue may benefit a broad range of people.

It is suggested that a new parks board could be established as an agent of the City, enabling it to generate new funding sources that could be used with a degree of flexibility to support City strategies while delivering charitable tax deductions for individuals and corporations who donate to projects. The extent to which a parks board experiences positive returns would be strongly influenced by its marketing and branding approach, and the economic climate.

One of the key challenges with this opportunity is that there are also non-profit organizations in the Edmonton area with missions and objectives that could also be perceived to be similar to that of the proposed parks board. The River Valley Alliance or Valley Zoo Development Society, for example, may perceive that a new parks board is competing with them for fundraising donations or government funding. This will need to be appropriately considered if the City chooses to implement the recommendation.

# Opportunity Background & Context

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## OPPORTUNITY AND CURRENT SITUATION

There is an opportunity to create a parks board with the primary responsibility of raising funds at scale for the City's parks and open spaces. This new body could harness the existing goodwill of the community towards its natural areas and align public activities and support to maintain and improve them. The parks board would have a focus on generating new donations from a range of corporate, individual, and non-government sources. This may help to deliver a more coordinated and strategic fundraising approach in support of key City objectives, while maximizing the value of community goodwill in this space.

## CITY CONTEXT

The City is responsible for parks and open spaces, including setting strategic directions, managing operations, and funding maintenance and improvements. The City's strategic commitments are set out in policies such as *Greener as we Grow*, *Breathe* and the *City Plan*.

The City Plan highlights the importance of the Green and Blue Network, i.e. the network of waterways and greenways that "sustains us and provide places to recreate, celebrate and recharge".<sup>1</sup> The City Plan also emphasizes that Edmonton is, first and foremost, a place of people and invites people to join in "creating a city to attract and inspire its next million residents." A parks board may help to support achieving these objectives by:

- Increasing the prominence of the City's natural open spaces, and the importance of protecting and enhancing them;
- Offering people with an interest in and commitment to parks new ways to show their support; and
- Offering new ways for people to connect through Edmonton's parks – building new connections, for example, between businesses and the City around parks interests; between citizens and the parks through donations and fundraising activities; and between citizens through new opportunities to volunteer in a volunteer-related activity or event.

In doing so, a parks board would not only contribute to parks-related objectives, but broader City strategic commitments to climate resilience, a healthy city and urban spaces that offer "interesting and diverse activities" and "a vibrant urban experience".<sup>2</sup>

## LEADING AND COMPARATIVE PRACTICES

Parks boards are common in the United States, where they are typically referred to as park conservancies and where there is generally a lower level of government commitment to funding parks. Parks boards are also found in comparable jurisdictions in Canada, including Calgary and Vancouver. Three models were examined to draw lessons and conclusions in support of this opportunity for the City and are described in Table 1 on the following page.

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<sup>1</sup> City of Edmonton. The City Plan (2020).

<sup>2</sup> City of Edmonton. Connect Edmonton, Edmonton's Strategic Plan 2019-2028.

Table 1: Parks Board, Foundation or Conservancy Examples

	Vancouver Board of Parks and Recreation	Parks Foundation Calgary	Pittsburgh Parks Conservancy
<b>Governance Structure</b>	<i>Not-for-profit</i> – Elected board with seven commissioners elected at-large	<i>Not-for-profit</i> – CEO and Board of Governors which includes Alberta Environment and Parks and City of Calgary representation	<i>Not-for-profit</i> – Board includes four City representatives and a large number of other directors “at large”, drawn from community and business leaders
<b>Functions and Responsibilities</b>	– Exclusive possession, jurisdiction and control over more than 230 public parks, and a large recreation system including community centres, pools, rinks, golf courses, and street trees	– Raises funds for capital spending (e.g., walking or bike trails, inclusive playgrounds, skating rinks), as well as providing small grants to support local schools and charitable organizations (e.g., sports equipment grants)	– Raises funds for City-led and approved projects and in support of City priorities – Has responsibilities for costs associated with specific park sites and raises funds to manage and operate these
<b>Fundraising and Donation Revenue (\$)</b>	\$5.0 million	\$4.4 million	US \$5.2 million
<b>Total Annual Fundraising Expenses (\$)</b>	\$328,000	\$202,000	US \$393,000
<b>Fundraising Expenses per Capita (\$)</b>	\$0.13	\$0.13	US \$0.23
<b>Fundraising Expenses as a proportion of Total Funds Raised (%)</b>	7%	5%	8%

Source: Derived using 2020 financial statement information from Vancouver, Calgary and Pittsburgh.

There are currently a number of local groups that also support aspects of parks development in Edmonton. The River Valley Alliance, for example, accesses alternative funding sources to support capital projects in the seven municipalities that border the North Saskatchewan River. Other smaller groups coordinate volunteers or small-scale funding efforts around specific projects or sites (e.g., community gardens).

## ENVIRONMENTAL CONSIDERATIONS

Stakeholder interviews and research suggests there are a number of broader trends that may affect the demand for and use of the City's parks and open spaces, and citizens ability to contribute donations. In particular, across the country, the COVID-19 pandemic has severely curtailed indoor activities and increased attention on activities in outdoor settings where spacing between people can be maintained. For some, this may have heightened the importance of and commitment to quality park spaces.

The fundraising landscape has been impacted as well, as COVID-19 has impacted economic recovery and employment outlook into the near future. Alberta's GDP contracted by 8.8% in 2020, the largest annual decline in recent history. Unemployment for the first quarter of 2020 was over 11.6%, compared with a 7% rate in 2019.<sup>3</sup> These impacts are changing individual and corporate spending patterns, and may pose challenges for fundraising or collecting donations. For example, the Park's Foundation Calgary saw about a 50% decrease in their grants and donations from 2019 (\$9 million) to 2020 (\$4.4 million).

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<sup>3</sup> Government of Alberta. Accessed November 2020 at <https://www.alberta.ca/economic-outlook.aspx>



# Options

The options presented below assume that the primary goal of a parks board for the City would be to raise funds out of which a variety of parks services and operations could be supported.

**The goal would be** to provide funding for services, operations or activities that would need to be funded otherwise, thus reducing pressure on the City to find additional funding to meet demands resulting changing priorities. Funds raised could also help maintain service levels in parks in the face of fiscal pressures. To encourage donations, the parks board would need to present a compelling reason for the fundraising. For example, it could be in support of the City’s naturalization, tree planting, or beautification (shrub and flower beds) activities.

**The goal would not be** to fundraise for new capital projects in addition to those already planned, particularly those that might result in additional ongoing operational spending requirements (e.g., trails, rinks or park equipment). However, funding could be used to deliver capital projects that are already planned and agreed as strategically important.

With this as the primary function, Option 1 outlines a model where a new parks board would also take on some operational activities on behalf of the City; whereas Option 2 outlines a model where a new parks board would coordinate some volunteer functions.

**Table 2: Comparative Assessment of Options**

	<b>Option 1: Parks Board with Fundraising and Operational Responsibilities</b>	<b>Option 2: Parks Board with Fundraising and Volunteer Responsibilities</b>
<b>Functions and Responsibilities</b>	<p>Establish a parks board to fundraise, as well as to take on responsibilities for managing and operating specific identified park functions or assets.</p> <p>An initial grant may be required to reflect current operating costs for the identified functions or assets, which may be supplemented by some fundraising revenues.</p>	<p>Establish a parks board to fundraise in support of maintaining or operating existing City parks and amenities.</p> <p>The parks board may also consider taking on specific responsibilities for managing and increasing parks-related volunteer activities in the future.</p>
<b>Opportunities</b>	<p>Operations, projects or other activities taken on by the parks board could be marketed and promoted through location signage and tagged as a site funded by the parks board to generate profile and community support for the new parks board. This support may contribute to increased interest or desire to donate to the parks board.</p>	<p>This option may support the parks board in playing an important role in coordinating the work of the various volunteer groups that are currently involved with parks activities. The parks board may also be able to recruit volunteers to increase the engagement of community members in parks-related activities.</p>

	<b>Option 1: Parks Board with Fundraising and Operational Responsibilities</b>	<b>Option 2: Parks Board with Fundraising and Volunteer Responsibilities</b>
<b>Barriers</b>	<p>The operational requirements of this option may detract from the intended fundraising activities and reduce the effectiveness of the opportunity overall in achieving its primary goal.</p> <p>All parks operations could be transitioned at once, resulting in duplicate management activities, resources, and corporate services between the City and the parks board. In addition, there may be a loss of operational efficiencies in delivering the service, as the City currently shares equipment, yards, and staffing between departments, and the parks board may not experience this benefit.</p>	<p>Existing volunteer groups are used to operating independently and may not want to be involved.</p>

Source: Prepared by KPMG.

# Impact Assessment

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## SERVICE IMPACT

Citizens could experience some positive impacts to service levels from augmented funding being available to support parks and open spaces. Through this opportunity, the City may be able to use the additional funds generated through donations to support existing maintenance or operation functions at a higher than normal service level for Edmontonians.

The parks board may consider aligning objectives with those of other groups with existing relationships with the City such as the River Valley Alliance. The River Valley Alliance, and other fundraising groups, are typically focused on building new infrastructure or amenities through capital projects, and the parks board may position some of their fundraising efforts to support the ongoing maintenance or upkeep of some of these capital projects that are in alignment with City priorities.

The parks board's fundraising levels may fluctuate year to year and could prove challenging to predict for budgeting purposes. The City may need to identify specific initiatives for its funding support that could be appropriately scaled in response to the increases or decreases in the parks boards available funding. This City may also need to consider potentially meeting any shortfall in particular years if expectations of fundraising revenues for the parks board are not met.

## DELIVERY IMPACT

The City should consider setting up the parks board as an agent of the City. This could enable donors to claim the tax benefits and provide the City with a level of control over the decisions, activities and funds of the board. City Council could oversee the appointment of board members, similar to the relationship with Explore Edmonton, and contribute to a level of ongoing oversight. In addition, having the parks board be setup as an agency could help to solidify alignment with City priorities and the City could work with the parks board to provide direction on fundraising or volunteer efforts.

An alternative for the City to consider could be to establish a dedicated parks fundraising capability within the City itself, staffed with City employees. If successful, this function could then subsequently be spun out as a City agency. However, an internal fundraising function could contribute to challenges with maintaining the focus on fundraising and creating a clear separation between what the City and the parks board are responsible for. Donors may be less interested in donating to the parks board if it were set up in-house, as some donors may perceive that their tax dollars should be going towards this rather than donations. Conversely, a separate agency could create a greater feeling of ownership amongst the community.

This opportunity would likely involve new functions for the City in terms of liaising with the parks board, and supporting alignment between the board's activities and priorities with those of the City.

Should the parks board assume responsibility for some City volunteer programs in the future, there would need to be consultation between the City and the parks board in the future to understand how these responsibilities may be transferred and what future impacts to staffing may look like. For the purposes of this opportunity, volunteer efforts under the parks board are assumed to be incremental to any activity currently performed by the City. There would be no planned reductions to current City staff in the opportunity as presented.

Donors may also expect communication from the parks board about what is being funded, how decisions regarding priorities are made, and how donated funds would be supporting park quality and amenities. Public interests may include not just the parks board-directed projects, but how priorities for parks and open space funding in general are set and progressed.

## VIABILITY

There are successful examples of parks boards in other jurisdictions, including Calgary and Vancouver, that have demonstrated community support and goodwill, and have achieved positive financial returns over decades.

It is noted that these longer-established comparators are benefiting from revenues from investments that have built up over time and have been added to, from various sources such as bequests or partnerships with popular sports teams. It may take time for a new parks board to reach a similar level in Edmonton, especially given the current economic climate as a result of COVID-19. For this reason, conservative assumptions have been used to estimate possible returns from investment that could be expected in the coming five-year period.

## GBA+ IMPACTS AND MITIGATIONS

The level of impact on vulnerable groups from establishing a new fundraising body are considered to be negligible. There may be some small negative impact on other fundraising groups if donors choose to divert donations from existing recipients to the new parks board. A small number of jobs may be created by the new parks board.

## FINANCIAL IMPACTS

Due to the nature of the functions and responsibilities of a parks board through Option 1, the City would need to transition some its operational responsibilities to the parks board and the parks board would require additional overhead and resource costs to manage it. As an agent of the City, the parks board would likely need to assume existing union contracts. It is unlikely that the parks board could fund parks operations through fundraising; it is expected, as in the case of the Vancouver Parks Board, that the City would fund the board's park operations. There would not be an expected financial benefit to the City of transferring park operations to the parks board. For this reason, Option 1 financial impacts have not been presented due to the nature of setting up this new entity and the overall net loss that would likely be incurred.

The financial projections for Option 2 through this opportunity indicate that the City may be able to generate potential cumulative net proceeds of approximately \$1.2 million over five years. "High" and "low" scenarios have been considered for Option 2 to reflect the variability of fundraising revenues and include the projected five-year proceeds in the table below.

**Table 3: Option 2 Potential High and Low Scenario Financial Projections**

	Scenario Type	2022	2023	2024	2025	2026	Estimated Potential Five-Year Proceeds
<b>Option 2: Establish a Parks Board with Fundraising and Volunteerism Responsibilities</b>	<i>High</i>	\$(77,000)	\$213,000	\$508,000	\$808,000	\$829,000	<b>\$2,281,000</b>
	<i>Low</i>	\$(357,000)	\$(186,000)	\$(15,000)	\$213,000	\$524,000	<b>\$179,000</b>

*Source: Based on publicly available information from comparable municipalities and assumptions outlined in Appendix B.*

See **Appendix B: Financial Projections** for further information on financial projections, a notice to reader, and significant assumptions.

## RISKS

Key risks associated with this opportunity relate to alignment between the board and the City and competing with existing fundraising groups in the City and are described in the table below. Additional risks and mitigations can be found in **Appendix C: Risk Analysis**.

**Table 4: Key Risks and Mitigations**

Potential Risk	Potential Mitigation
<p><b>Alignment with City</b></p> <p>There is a strategic risk, related to governance, that the priorities of the parks board may not strongly align with City priorities, or may not consider related City initiatives.</p>	<p>The probability of this risk occurring would be reduced by setting up the board as an agent to the City with a parks board that is appointed by City Council.</p>
<p><b>Competitor for Existing Groups</b></p> <p>Existing volunteer groups (e.g., the River Valley Alliance, Valley Zoo Development Society or Fort Edmonton Management Company) may see this group as a new competitor for a limited pool of grants or donations.</p>	<p>This risk would be reduced by clearly documenting the parks board's objectives and developing a mandate that outlines the primary focus of the board while keeping in mind other group mandates and objectives to limit cross-over.</p> <p>The parks board would also need to consider designating some board member positions to major groups that support parks and open spaces.</p>

*Source: Prepared by KPMG.*

# Opportunity Assessment

## OVERALL ASSESSMENT OF OPPORTUNITY AGAINST CRITERIA

The opportunity assessment of the option against the impact and implementation criteria is summarized in the table below, where green, grey and red represent a positive, neutral and negative impact respectively.

Table 5: Opportunity Assessment

Options	Impact					Implementation				
	Service	Delivery	GBA+	Financial	Risk	Estimated Potential Five-Year Benefit (Millions)	Time	Cost	Risk	Estimated Potential Implementation Cost (Millions)
<b>Option 1: Establish a Parks Board with Fundraising and Operational Responsibilities</b>	●	●	●	●	●	Net Loss	●	●	●	Net Loss
<b>Option 2: Establish a Parks Board with Fundraising and Volunteerism Responsibilities</b>	●	●	●	●	●	\$1.2	●	●	●	\$0.4

Source: Prepared by KPMG.

## CONCLUSION AND RECOMMENDATION

Based on the analysis completed, the City should consider proceeding with **Option 2 and establish a parks board with fundraising and potential volunteer coordination responsibilities.**

### Recommended Action 1

**The City should consider creating a parks board as an agent of the City with a clear mandate, governance structure and accountability metrics.**

Structuring the parks board as an agent of the City enables the parks board to issue tax receipts for donations and offers the City the opportunity to have more direct oversight of operations and influence over how the funds are allocated in support of City priorities.

## Recommended Action 2

**After being established as an agency, the parks board should prepare a marketing and promotions strategy in their first year that effectively communicates its objectives and begins to build goodwill within the community.**

At a high-level, this strategy should aim to answer:

- What is the board's purpose and objectives?
- What are the fundraising activities that citizens could participate in?
- How will the board use the funds it collects?
- What is the process to collect funds and issue tax receipts?

## Recommended Action 3

**Once the parks board is self-sustaining through fundraising revenues in the future years, there may be an opportunity for the City, in consultation with the parks board, to consider transitioning some volunteer programs (e.g., Partners in Park or Roots for Trees) into the parks board portfolio to further their role in the community.**

*Note: this action is presented as a future consideration for the parks board and the City, and the FTE costs or impacts to the City as a result of transitioning responsibilities in the future have not been included in this business case.*

# Appendix A: GBA+ Assessment

## EVALUATION SUMMARY

### What is the overall GBA+ assessment?

The level of impact on vulnerable groups from establishing a new fundraising body is considered to be negligible. A parks board aims to improve the amenities available to citizens. A small number of jobs may be created by the new board.

### What are the main groups that could be affected (including those with no vulnerabilities), and what impacts are noted?

A parks board is intended to increase resources for parks, which in turn can add and improve the amenities available to citizens. These potential improvements in service are particularly relevant and impactful for those with limited income, as the City's parks and open spaces permit many recreational and leisure activities at no or minimal cost.

Some small negative impacts to donations to other local charities or groups may result if citizens decide to donate to the parks board instead of other activities.

### What do we know about the people who would be affected by this change?

-2. Very little known about them or their characteristics

**-1. Some general idea of numbers or types of people affected**

0. Good idea of overall numbers and some other aspects (e.g., time / nature of needs)

+1. Good information on the numbers of people affected and some key characteristics

+2. Good information on numbers, demographics groups, and contact lists (e.g., email / phone lists)

### What impact would there be from this change on the staff members of the City or other agencies who may be from these groups?

A small number of new jobs could be created in the parks board related to fundraising and volunteer management. A greater number of Edmontonians may have access to volunteer and community engagement activities in support of parks.

### What equity measures could we use or implement to improve or positively mitigate impact for one or more of the groups identified?

The parks board could support specific City operations or maintenance in parks that may be in support of increasing accessibility or to target increased use by particular demographics (e.g., families or seniors).



**How confident we are in the information we are basing our decisions on? What could we do to check or confirm our assumptions?**

The information is based on municipal experiences in other select jurisdictions that have demonstrated positive outcomes.

**IMPACT OF THIS CHANGE ON PEOPLE BY KEY IDENTIFIED VULNERABILITIES**

**Consider how you would expect this change to affect people with various types of characteristics that may give rise to vulnerabilities:**

Personal Characteristics	-2 Could create new barriers	-1 Could exacerbate existing barriers	0 Limited effect or impact unknown	+1 Could reduce existing barriers	+2 Substantially improved access
People who are not physically strong or confident in their movements			0		
People with vulnerable people with them			0		
People who currently have very limited or no income			0		
People who may experience fear or distress due to threats or violence			0		
People with additional language or communication needs			0		
People who may find mainstream activities unwelcoming or not appropriate for their needs			0		
<b>Total Score</b>	<b>0 Limited effect or impact unknown</b>				

# Appendix B: Financial Projections

## NOTICE

The financial projections contained in this document provide future-oriented financial information. The projections are based on a set of circumstances and the City’s assumptions as of April 2021. Significant assumptions are included in the document and must be read to interpret the information presented. Should events differ from the stated assumptions, actual results will differ from the financial projections and such differences may be material.

The financial information and assumptions contained herein has been prepared to assist readers in deciding whether or not to proceed with their own in-depth investigation and evaluation of the options presented, and does not purport to contain all the information readers may require. Readers should conduct their own investigation and analysis of the options.

KPMG accepts no responsibility or liability for loss or damages to any party as a result of decisions based on the information presented. Parties using this information assume all responsibility for any decisions made based on the information.

## FIVE-YEAR PROJECTIONS

The following table shows the five-year projections for the recommended Option 2 and broken down by year. Projections for Option 1 are not included as no cost-saving opportunities were identified and the Option could be detrimental to the City’s service delivery capability and risk profile.

Table 6: Five-Year Net Proceed Projections

	2022	2023	2024	2025	2026	Estimated Potential Total
<b>Percent of Fundraising Target</b>	10%	25%	50%	75%	100%	N/A
<b>Total Annual Fundraising Revenue</b>	112,000	285,000	581,000	893,000	1,218,000	3,089,000
<b>Total Annual Operating Expenses</b>	357,000	357,000	364,000	382,000	389,000	1,849,000
<b>Estimated Potential Total Net Proceeds (Loss)</b>	<b>\$(245,000)</b>	<b>\$(72,000)</b>	<b>\$217,000</b>	<b>\$511,000</b>	<b>\$829,000</b>	<b>\$1,240,000</b>

Source: Based on publicly available information from comparable municipalities and assumptions outlined in Appendix B.

## HIGH AND LOW SCENARIOS

Two scenarios are presented for each option in order to demonstrate the range of potential financial benefits – a “high” (more positive) scenario and a “low” (more negative) scenario. These scenarios make different assumptions about key variables, as indicated.

### OPTION 2 – HIGH

To model a high scenario, the following revenue projections were made based on a target revenue of \$1,100,000 in a year. This scenario assumes that the board may achieve 100% of fundraising targets as soon as 2025 (year four), and fundraising expenses would stay the same.

**Table 7: Option 2 Potential High Scenario Financial Projections**

	2022	2023	2024	2025	2026	Estimated Potential Total
<b>Percent of Fundraising Target</b>	25%	50%	75%	100%	100%	N/A
<b>Total Annual Fundraising Revenue</b>	\$280,000	\$570,000	\$872,000	\$1,190,000	\$1,218,000	\$4,130,000
<b>Estimated Potential Total Net Proceeds (Loss)</b>	<b>\$(77,000)</b>	<b>\$213,000</b>	<b>\$508,000</b>	<b>\$808,000</b>	<b>\$829,000</b>	<b>\$2,281,000</b>

*Source: Based on publicly available information from comparable municipalities and assumptions outlined in Appendix B.*

### OPTION 2 – LOW

To model a low scenario, the following revenue projections were made based on a target revenue of \$1,100,000 in a year. This scenario assumes that the board would not achieve 100% of fundraising targets in a year and would only reach 75% of the annual target by 2026 (year five), and fundraising expenses would stay the same.

**Table 8: Option 2 Low Scenario Financial Projections**

	2022	2023	2024	2025	2026	Estimated Potential Total
<b>Percent of Fundraising Target</b>	0%	15%	30%	50%	75%	N/A
<b>Fundraising Revenue</b>	-	\$171,000	\$349,000	\$595,000	\$913,000	\$2,028,000
<b>Estimated Potential Total Net Proceeds (Loss)</b>	<b>\$(357,000)</b>	<b>\$(186,000)</b>	<b>\$(15,000)</b>	<b>\$213,000</b>	<b>\$524,000</b>	<b>\$179,000</b>

*Source: Based on publicly available information from comparable municipalities and assumptions outlined in Appendix B.*

## SIGNIFICANT ASSUMPTIONS

### OPTION 2 ASSUMPTIONS

1. The City will create an implementation grant to cover the expenses incurred by the parks board in the first year. This implementation grant has also been factored in when calculating the high and low scenarios.
2. Based on comparator organizations, the City could see up to \$1.1 million in fundraising revenue in a calendar year. However, the City will not realistically see 100% of this in the first year and revenue projections have been calculated based on the following progression:

	2022	2023	2024	2025	2026
<b>Fundraising Target (%)</b>	10%	25%	50%	75%	100%

3. Training and benefits expense calculated based on 30% of the salaries and wage expense.
4. Inflation is adjusted for in each year at the following rates:

	2022	2023	2024	2025	2026
<b>Inflation Rate (%)</b>	1.7%	1.9%	2.1%	2.5%	2.5%

5. Through the setup of the parks board, the City will lease office space to the parks board for \$1,500 per year, and this is recorded through the general and administrative expenses.
6. The opportunity includes a small level of volunteer coordination, as outlined in assumption eight. Volunteer efforts would be at an incremental level and are assumed to not have any impact to current City FTEs. In the future, the City and the parks board may consider to transition some volunteer programs from the City to the responsibility of the board but costs and impacts for that future option have not been modelled for the purposes of this opportunity.
7. The fundraising expenses are estimated based on comparator organizations and include the amounts in the table below. Note: some comparators include the salaries of fundraising managers or staff as part of their fundraising expenses. For the purposes of this business case, these amounts have been separated and salary information is provided in assumption seven.

	2022	2023	2024	2025	2026
<b>Fundraising Expenses</b>	\$15,000	\$10,000	\$10,000	\$10,000	\$10,000

8. The following resource allocations and corresponding salaries have been estimated to staff the parks board over the course of the five years. It is assumed the Chief Executive Officer will also take on the role of primary fundraising manager for the parks board throughout the five years.

Position	Annual Salary	2022	2023	2024	2025	2026
<b>Chief Executive Officer</b>	\$150,000	1.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE
<b>Office Manager / Bookkeeper</b>	\$50,000	0.25 FTE	0.25 FTE	0.25 FTE	0.25 FTE	0.25 FTE

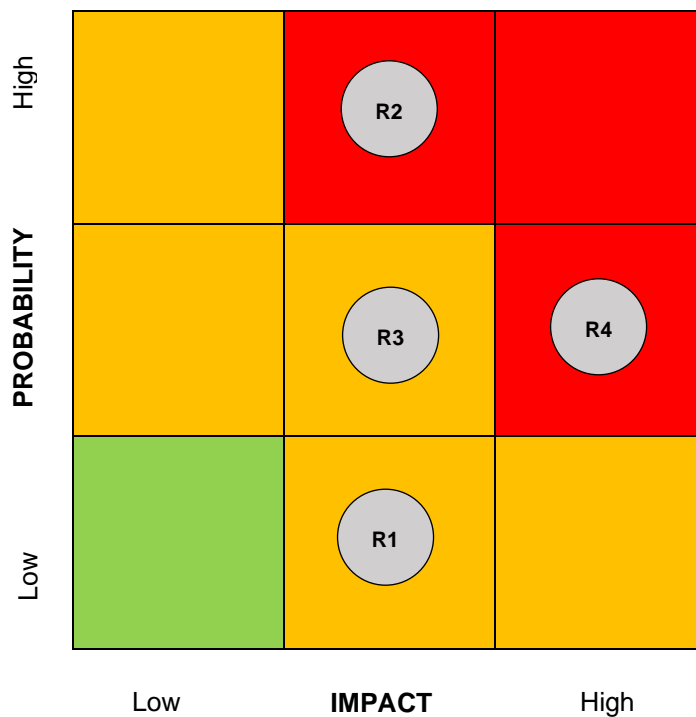
<b>Position</b>	<b>Annual Salary</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Marketing and Communications Coordinator</b>	\$70,000	1.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE
<b>Volunteer / Program Coordinator</b>	\$50,000	N/A	0.25 FTE	0.25 FTE	0.50 FTE	0.50 FTE

# Appendix C: Risk Analysis

## RISK ASSESSMENT

Establishing a parks board as an agent for the City comes with a medium to high degree of strategic, reputation and financial risk.

Figure 1: Risk Matrix



## RISK ASSESSMENT AND MITIGATIONS

The table below outlines the risks and mitigation strategies that have been identified for this opportunity.

Table 9: Risk Register

Risk	Relevant Categories	Highest Rating	Mitigation	Residual Risk
<b>R1. Alignment with City</b>	Strategic	<b>Strategic</b>	The probability of this risk occurring would be reduced by setting up the parks board as an agent to the City with a board that is appointed by City Council.	<b>Strategic</b>
There is a strategic risk, related to governance, that the priorities of the parks board may not strongly align with City priorities, or may not		Impact: Medium		Impact: Low
		Probability: Low		Probability: Low
		Overall: Medium		Overall: Low

Risk	Relevant Categories	Highest Rating	Mitigation	Residual Risk
consider related City initiatives.				
<p><b>R2. Competitor for Existing Groups</b></p> <p>Existing volunteer groups (e.g., the River Valley Alliance, Valley Zoo Development Society or Fort Edmonton Management Company) may see this group as a new competitor for a limited pool of grants or donations.</p>	Reputation	<p><b>Reputation</b></p> <p>Impact: Medium</p> <p>Probability: High</p> <p>Overall: High</p>	<p>This risk would be reduced by clearly documenting the parks board's objectives and developing a mandate that outlines the primary focus of the board while keeping in mind other group mandates and objectives to limit cross-over.</p> <p>The parks board would also need to consider designating some board member positions to major groups that support parks and open spaces.</p>	<p><b>Reputation</b></p> <p>Impact: Low</p> <p>Probability: Medium</p> <p>Overall: Medium</p>
<p><b>R3. Negative Citizen Perception</b></p> <p>There is a reputational risk that the parks board's fundraising could be hampered by citizens' perceptions that they consider its activities should be (or already are) supported by taxation.</p>	Reputation	<p><b>Reputation</b></p> <p>Impact: Medium</p> <p>Probability: Medium</p> <p>Overall: Medium</p>	<p>The probability and impact of this risk occurring may be reduced through stakeholder engagement and a clear communication strategy on the objectives of the board to raise funds in support of additional service beyond the existing City operations.</p>	<p><b>Reputation</b></p> <p>Impact: Medium</p> <p>Probability: Low</p> <p>Overall: Medium</p>
<p><b>R4. Variability in Results</b></p> <p>There is a risk that the opportunity might fail to deliver the expected results, particularly in the current economic climate. This may result in an investment being made that does not deliver the expected return.</p>	Financial	<p><b>Financial</b></p> <p>Impact: High</p> <p>Probability: Medium</p> <p>Overall: High</p>	<p>The impact of this risk occurring may be reduced by the City and parks board working together to identify funding opportunities that can be scaled to match the funding available in any given year.</p>	<p><b>Financial</b></p> <p>Impact: Medium</p> <p>Probability: Medium</p> <p>Overall: Medium</p>

Source: Prepared by KPMG.



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