

Valley Line West LRT

Land Acquisition

Recommendation:

That Executive Committee recommend to City Council:

That the updated capital profile 16-66-7017 Valley Line LRT - Downtown to Lewis Farms, and the added scope and funding for land acquisition as set out in Attachment 1 of the May 23, 2017, Integrated Infrastructure Services report CR_4721, be approved.

Report Summary

This report seeks capital budget adjustment approval of land acquisition for the Valley Line West LRT project.

Report

The Valley Line LRT is a 27 kilometre urban LRT line that will operate between Mill Woods in Southeast Edmonton and Lewis Farms in west Edmonton.

The concept plan for the entire Valley Line was approved by City Council on February 15, 2012, and preliminary design for the entire line was completed in 2013, which included an extensive public engagement process. The Valley Line will be delivered as an urban-style, low-floor system.

The Valley Line was separated into two stages for project delivery: Valley Line Southeast (between 102 Street downtown and Mill Woods Town Centre) and Valley Line West (between 102 Street downtown and Lewis Farms Transit Centre). Valley Line Southeast is currently under construction. City Council designated the Valley Line West as the City's next priority for LRT construction funding, when it approved the April 27, 2016, Integrated Infrastructure report CR_3314, Long Term Funding Plan for the LRT - Strategic Options, Extension Planning and Proposed Stages of Construction on May 3, 2016.

On September 1, 2016, the Valley Line West received funding through the Government of Canada's Public Transit Infrastructure Fund to update the preliminary design completed in 2013, determine the most appropriate project delivery method, develop a business case for construction funding and, ultimately, to ensure the Valley Line West is ready for construction procurement in 2018. Currently, \$24 million is allocated to the Valley Line West project to complete this scope of work.

To ensure construction readiness, Administration is taking a proactive approach to

assemble the required land for the alignment. Activities associated with land acquisition can span multiple years. Initiating these activities in advance of the procurement and construction phases helps mitigate the risks associated with unavailable land to project schedule, scope and budget. Administration is requesting \$130 million for land acquisition costs over the period of 2017, 2018 and 2019. Land is not an eligible expenditure under the Public Transit Infrastructure Fund.

The overall land requirement and cost estimate(s) for the Valley Line West LRT project are developed based on a review of engineering design and consideration of local impacts.

Policy

The Way We Move, the City's Transportation Master Plan

- 4.1 Integrating Transit with Land Use - The City will integrate land use planning and transportation decisions to create an accessible, efficient and compact urban form.
- 5.1 Light Rail Transit Network - The City will pursue expansion of the LRT to all sectors of the city with a goal to increase transit ridership and transit mode split, and spur the development of compact, urban communities.
- 5.4 Park and Ride - The City will develop Park and Ride facilities located towards the extremities of LRT lines or at key transit centres where land cannot be used for more intensive transit-oriented development.

The Way We Grow, the City's Municipal Development Plan

- 3.3 Integrated Transit and Land Use - Edmonton's transit system becomes the primary framework for urban form.
- 5.3 Integrated Transit and Land Use - Ensure as development occurs around LRT stations and transit centres, high quality public spaces, streets and buildings emerge to support compact living and encourage transit ridership.

Corporate Outcomes

- 1. Edmonton is attractive and compact
- 2. The City of Edmonton has sustainable and accessible infrastructure
- 8. The City of Edmonton's operations are environmentally sustainable

This report supports the above corporate outcomes by proactively acquiring the lands necessary for the delivery of LRT infrastructure connecting downtown Edmonton with Lewis Farms Transit Centre, increasing access to public transit. Urban-style low-floor LRT infrastructure supports Transit Oriented Development and higher density along the corridor.

Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score	Current Mitigations	Potential Future Mitigations
Project Management	Project goes over budget/ is delayed, partly due to land acquisition	4 - Likely	3 - Major	12	Follow good project management practice and Project Management Reference Guide.	Develop proactive action plans to mitigate impact to project schedule and budget.
Financial	Uncertainty associated with funding from other levels of government	3 - Possible	3 - Major	9	Ensure commitment prior to commencing.	Regular communication with other levels of government.
Potential Land Cost Escalation	Property value increase	4 - Likely	2 - Moderate	8	Opportunity purchase of properties as they become available.	Proactive acquisition of required properties
Contaminated Property	Project goes over budget/ is delayed, due to remediation efforts.	2 - Unlikely	4 - Severe	8	Conduct desktop studies and additional investigation as required.	Develop proactive action plans to mitigate impact to project schedule and budget.

Public Engagement

Public engagement associated with LRT alignment, stop and station locations, property requirement and other design elements has been completed as part of overall Valley Line conceptual planning phase (2009-2011) and preliminary design phase (2011-2013). A Public Engagement Plan and a Communications Plan will be developed as part of Valley Line West LRT preliminary design update, outlining the strategy and steps for communication and engagement moving forward.

Budget/Financial Implications

The approval of the updated capital profile and the added scope and funding for land acquisition as set out in Attachment 1 is required. With the added scope of land acquisition the profile's estimated completion date will need to be extended to December 2019. Moving forward with land acquisition will require approval of a subsequent Borrowing Bylaw which, subject to Council's approval of this report, Administration will bring to Council for first reading on May 30, 2017.

The \$130 million requested for land acquisition is to be funded entirely through tax-supported debt.

Debt Implications

The debt financing related to the City contribution to this project can be accommodated within the legislated *Municipal Government Act* and the City's Debt Management Fiscal Policy debt and debt servicing limits. Attachment 2 shows the City's tax-supported debt servicing projections with respect to the addition of the proposed debt servicing for the land acquisitions of the Valley Line West LRT to already approved projects.

Tax Levy Implications

The City is contributing the entire funding of \$130 million of tax-supported debt for this portion of the project. This will require an increase in tax levy to pay for the servicing of this debt. Overall, an estimated cumulative tax increase of 0.5 percent is anticipated between the years 2018 to 2021 to fund these debt servicing costs. This increase represents \$8.1 million of additional tax levy per year, once the debt has been fully borrowed. Administration will bring forward a Bylaw to authorize the tax-supported debt included in the attached capital profile subsequent to Council approval of the attached capital profile. Administration will return with a revised tax levy impact related to the debt servicing costs for this portion of the project for Council approval as part of the 2017 Fall Supplemental Operating Budget Adjustment.

Metrics, Targets and Outcomes

Metrics	Targets	Outcomes
<ul style="list-style-type: none"> • Cost performance: Valley Line West LRT project performs within budget 	<ul style="list-style-type: none"> • The City acquires necessary land for Valley Line West LRT alignment within \$130 million 	<ul style="list-style-type: none"> • Landowners are fairly compensated for the land acquired for Valley Line West LRT alignment • Land is in place in preparation for the construction of Valley Line West LRT

Justification of Recommendation:

Approval is required to make adjustments to the 2015-2018 Capital Budget to include the updated Capital Profile 16-66-7017 Valley Line LRT - Downtown to Lewis Farms, Attachment 1 of the Integrated Infrastructure Services report CR_4721, in order that Administration can undertake advance land acquisitions in preparation for Valley Line West project procurement and construction.

Attachments

1. Updated Capital Profile 16-66-7017
2. Tax-Supported Debt Servicing Room Projections

Others Reviewing this Report

- T. Burge, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- R. G. Klassen, Deputy City Manager, Sustainable Development