6.
15

Stadium Station Transit Oriented Development Infrastructure Update

Recommendation:

That the October 5/6, 2015, Sustainable Development report CR_2805, be received for information.

Report Summary

This report provides an update on efforts to implement transit oriented development in the Stadium Station area and provides an update on The Quarters Community Revitalization Levy.

Previous Council/Committee Action

At the November 26, 2014, City Council Budget meeting, the following motion was passed:

> That Capital Profile TOD Stadium Station Plan Street Network #15-17-3117 be added and funded in the amount of $14.127 million, with $9.127 million funding from an increase in use of Pay-As-You-Go or grants and $5 million funding from the Quarters Phase 2 Community Revitalization Levy, with the expenditure of funds being subject to a report with an update on projects for the Quarters, Phase 2 and on the availability of cash flow from the Quarters Phase 2 Community Revitalization Levy.

Report

Background

Planning for transit oriented development around the Stadium LRT Station area (shown in Attachment 1) originally took place in the late 1970s and early 1980s. However, due to the 1982 recession, little development actually occurred. Because infrastructure supportive of residential development near the station was not constructed, new development did not materialize and the LRT corridor has maintained an industrial character.

In the 2000s, as more industrial land in the Stadium area became underutilized and evidence of new market demand in the area appeared, Administration initiated a second generation of planning around Stadium Station. After thorough community consultation, the *Stadium Station Transit Oriented Development Concept* was presented to Executive Committee on April 25, 2012. There was no recommendation to proceed at that time, but late in 2013, Council asked Administration to determine if there was a business case to support implementing the concept. Sustainable Development report CR_1019, an implementation strategy and business case, was presented to Executive Committee on July 2, 2014. Executive Committee instructed Administration to negotiate a cost sharing arrangement with the prospective owners of a key development site in the area (the

Muttart site), prepare a new Area Redevelopment Plan for the area based on the 2012 concept and submit a capital budget for infrastructure needed to implement the plan. In December 2014, Council allocated up to $14.127 million ($5 million from The Quarters Downtown Community Revitalization Levy and $9.127 million in pay-as-you-go funds) for this infrastructure.

Cost-Sharing Agreement

In January 2015, Brookfield Residential purchased the Muttart site. Administration has been meeting with Brookfield since it obtained an option on the site in the fall of 2014 and with its consultants since the company closed on the property. The initial focus of these conversations was on designing a new transit oriented community that is consistent with the City's vision and Council-adopted policy. Administration and Brookfield have achieved alignment in principle on a design with the following features:

- Medium to high density development. Buildings could range from four storeys to over 30 storeys with the final unit count depending on market demand.
- Urban-styled buildings with parking underground.
- Mixed-use buildings along the new main street.
- A new main street connecting Stadium Road with 84 Street across the LRT tracks and an extension of 106A Avenue that will meet up with the main street.
- Improvements to make 84 and 85 Streets more pedestrian friendly.
- Two plazas along 84 Street, one next to the LRT station and the other at the intersection of 84 and 85 Streets.
- A pedestrian route on the south side of the LRT corridor and an improved pedestrian connection to the LRT Station on the west side of 84 Street.

Additional features including the possibility of at-grade pedestrian access from the northerly plaza to the LRT platform, a stair giving access to river valley trails and improved access into Kinnaird Ravine continue to be discussed.

Brookfield would like the new main street's crossing of the LRT and the potential at-grade pedestrian access from the plaza to the LRT platform to be of an urban standard (i.e. without gates, crossing arms or bells) similar to what is planned for Blatchford and the Valley Line. This urban standard would contribute to the connected, urban character intended for the adjacent development but would require trains to travel more slowly on this section of track. A restricted speed and urban style crossings are possible at this location, but repeating this at other locations along the Capital Line could have significant operating and capitalsystem-wide implications.

Brookfield has submitted rezoning and subdivision applications consistent with the design that has been described. The applications are being reviewed by Administration and other technical agencies.

Based on a mutual understanding of the new infrastructure that is required to support transit oriented development in the Stadium area, Administration and Brookfield have begun negotiating how to share the costs of this infrastructure. In order to ensure good value for taxpayers and that Brookfield gains a fair agreement, Brookfield has submitted a development pro forma and Administration is having the pro forma reviewed by a third party. Brookfield will pay the cost of buildings and all infrastructure on development sites; the City and Brookfield will share the cost of infrastructure within land that is or will become publicly-owned (road right-of-way and municipal reserve sites). The City will spend no more than the allocated capital budget. The resulting cost-sharing agreement is expected to see infrastructure built by Brookfield (as further specified through the servicing agreement that will be a condition of subdivision approval) with the City reimbursing agreed upon costs after completion and approval of different phases of the work.

Pursuant to the New West Partnership Trade Agreement, construction of City owned infrastructure on City owned property, such as in this situation, is required to be publicly tendered unless an exception applies. The cost-sharing agreement would be a single source agreement with Brookfield. However, having Brookfield coordinate and manage the construction on the City's adjacent property offers the most efficient and effective approach to construction because:

- prime contractor responsibilities are clearly delineated,
- it ensures seamless coordination of work in terms of scheduling on Brookfield's and the City's property, and
- work is not segmented between multiple contractors attempting to match one another's work.

Quarters Phase 2 Community Revitalization Levy Update

The Muttart site is wholly within the boundary of The Quarters Downtown Community Revitalization Levy area, but the new main street must pass through City-owned property to the west of the Muttart site, and this property is not part of the area. Pay-as-you-go funds will be used for the City’s share of improvements west of Brookfield’s property and for anything above $5 million within the Community Revitalization Levy boundary. Community Revitalization Levy funds will only be used for infrastructure that will be owned by the City, which is consistent with The Quarters Downtown Community Revitalization Levy Area Plan. The terms of the cost-sharing agreement will ensure that the Community Revitalization Levy funds will only be paid once there is assurance that the assessed value and timing of the construction results in enough tax lift to cover the increase in debt servicing costs.

The most up-to-date forecast for The Quarters Downtown Community Revitalization Levy anticipates projected revenues to exceed operating costs beginning in 2019. The deficits from previous years will be paid by the surplus revenues from 2019 onward and will be repaid in full by 2025. The infrastructure costs for the Muttart site will not affect this forecast as long as the tax lift from development on site occurs at the same time as the debt servicing costs for the $5 million commence.

Benefits

There are numerous benefits to realizing transit oriented development at Stadium Station. The new infrastructure will catalyze development adjacent to the station and represents significant progress in the area's transformation from an underutilized industrial area into a transit oriented community. The infrastructure costs will be recouped through property tax revenue increases at the Muttart site and in the adjacent area. The infrastructure will not only benefit the developer and future residents of the Muttart site, but also adjacent portions of the Boyle Street and Cromdale neighbourhoods as well as owners of other potential development sites. It will improve accessibility to the LRT, the Commonwealth Community Recreation Centre and the River Valley and Kinnaird Ravine, increase LRT and recreation centre revenues, and increase property values and quality of life for residents and businesses.

<u>Next Steps</u>
Administration's next steps are as follows:

- Continue reviewing Brookfield's rezoning and subdivision application with a view to taking them to public hearing for approval.
- Finalize a cost sharing agreement with the property owner and bring it to Executive Committee for approval.
- Update, in consultation with residents, property owners and other stakeholders, the 2012 *Stadium Station Transit Oriented Development Concept* so that it can be brought to public hearing for approval as a new *Stadium Station Area Redevelopment Plan* and amend the *Boyle Street / McCauley, Parkdale* and existing *Stadium Station Area Redevelopment Plans* to be consistent with the new *Stadium Station Area Redevelopment Plan*.
- Work with Brookfield in hopes of design/construction of Transit Oriented Development-supportive infrastructure in 2016/2017.

Policy

The Way We Grow, Edmonton's Municipal Development Plan:

- 3.1.1.1: Integrate higher density development with Light Rail Transit (LRT) stations and transit centres.
- 3.3.1.5: Prepare transit oriented development (TOD) plans around existing LRT nodes, and in association with expansion of the LRT system.
- 3.3.1.9: Facilitate partnerships and collaborative efforts to develop TOD.

The Way We Move, Edmonton's Transportation Master Plan:

- 5.1(f): Pursuing opportunities, alone or in partnership with others, to provide and improve pedestrian and cycling connections between LRT stations/ stops, transit centres and adjacent developments.

The Way We Live, Edmonton's People Plan:

- 1.3: Integrate public transit with economic, social, residential and recreational hubs.

The Way We Green, Edmonton's Environmental Strategic Plan:

- 6.1.7: Encourage developments that permit Edmontonians to conveniently walk, cycle, and use public transit to get to the places they live, shop, work, learn, and play.

Budget/Financial Implications

In December 2014, Council allocated $14.127 million ($5 million from The Quarters Community Revitalization Levy and $9.127 million from pay-as-you-go funds) for this project. Through a review of Brookfield's pro forma and finalization of cost-sharing negotiations, Administration is ensuring that the City obtains good value for money. Questions about details of the cost-sharing negotiations can be discussed in private.

Pay-as-you-go funds will be used for (1) the City's share of improvements west of Brookfield's property (that falls outside of the Community Revitalization Levy area), (2) for anything above $5 million within the Quarters Community Revitalization Levy boundary and (3) for any other expenditures. The terms of the cost-sharing agreement will ensure that the Quarters Downtown Community Revitalization Levy funds will only be paid once there is assurance that the assessed value and timing of the construction results in enough tax lift to cover the increase in debt servicing costs.

Administration has reviewed Brookfield's audited financial statements. Brookfield will be required to provide a letter of credit as security for its obligations under the servicing agreement that will be a condition of subdivision approval.

Legal Implications

The New West Partnership Trade Agreement requires public tendering of contracts with a value of greater than $75,000 (in the case of services) and $200,000 (in the case of construction) unless an exemption exists. In the cost-shared development situation described in this report, it is likely that no exemption exists. An approval of this single source would thus entail non-compliance with The New West Partnership Trade Agreement. While the risk of legal challenge for non-compliance with The New West Partnership Trade Agreement is likely not high, there exist some potential legal, political, and reputational risks, particularly when single sourcing a project of this size.

Attachments

1. Stadium Station Area Map

Others Reviewing this Report

- R. Smyth, Acting General Manager, Community Services
- K. Rozmahel, General Manager, Corporate Services
- D. Wandzura, General Manager, Transportation Services
- T. Burge, Chief Financial Officer and Treasurer