

OLD STRATHCONA PUBLIC REALM STRATEGY: RESERVE FUND

Recommendation

That the April 1, 2025, Urban Planning and Economy report UPE02727, be received for information.

Requested Action	Information only		
ConnectEdmonton's Guiding Principle	ConnectEdmonton Strategic Goals		
CONNECTED This unifies our work to achieve our strategic goals.	Healthy City AND Urban Places This promotes active urban lifestyles and injects new life into Primary Corridors.		
City Plan Values	BELONG. LIVE. THRIVE. CREATE.		
City Plan Big City Move(s)	A community of communities A rebuildable city Greener as we grow	Relationship to Council's Strategic Priorities	Mobility Network 15-minute districts Arts and culture Economic Growth Climate adaptation and energy transition
Corporate Business Plan	Transforming for the future		
Council Policy, Program or Project Relationships	A short list of the most relevant items, including but not limited to: <ul style="list-style-type: none"> • The City Plan • The District Plans and District Policy • The Old Strathcona Public Realm Strategy 		
Related Council Discussions	<ul style="list-style-type: none"> • October 8, 2024, Urban Planning and Economy report UPE02353, Old Strathcona Public Realm Strategy 		

Previous Council/Committee Action

At the October 8, 2024, Urban Planning Committee meeting, the following motion was passed:

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That Administration provide a report regarding options and analysis:

- a. for the potential creation of a reserve fund for net parking income attributable to the City-owned parking lot currently utilized by the Old Strathcona Farmers' Market to support design and/or construction of amenities identified in the Old Strathcona Public Realm Strategy; and
- b. to dedicate the net revenues of land sales associated with the Public Realm Strategy to support the strategy's implementation.

Executive Summary

- Net revenue over 10 years is expected to be in the range of \$5.9 million from new parking lot operations plus whatever can be achieved from the sale of the End of Steel parking lot.
- Establishing a reserve fund to dedicate net parking revenues and land sale proceeds for an area-specific purpose does not align with the City's financial practices. Administration supports the standard practice of net parking revenues being allocated to general revenues and revenue from land sales being allocated to the Land Enterprise Retained Earnings.
- Old Strathcona operating and capital funding requirements should instead be considered in the city-wide funding prioritization during the 2027-2030 budget cycle.

REPORT

The Old Strathcona Public Realm Strategy (OSPRS), presented to Urban Planning Committee in October 2024, is a long-term plan for expanded sidewalks, new parks and other public spaces. It is an ambitious vision to maintain and enhance Old Strathcona as a vibrant community, cultural hub, tourist destination and heritage character area. The strategy focuses on improving the "public realm" consisting of publicly-owned streets, sidewalks, parks and plazas. The public realm needs investment to accommodate the rising number of residents and visitors in the area, while improving transportation options and adapting to a changing climate.

Funding needs include the following:

1. Funding of a seasonal activation of 83 Avenue.
2. Design of the upgrades to End of Steel Park that will be necessary to facilitate the mixed-market development of the park's parking lot.
3. Construction of improvements to End of Steel Park resulting from the design.
4. Design of urban plaza, district park and Gateway greenway.
5. Urban plaza land acquisition and construction.

Analysis

Administration assessed the two new sources of revenue identified in the October 8, 2024 motion. The first relates to the roughly 290 stall parking lot north of 83 Avenue and east of Gateway Boulevard. The City owns this parking lot. After the Old Strathcona Farmers' Market's lease of the lot expires on April 5, 2025, it will be converted into a City-run EPark parking lot. The lot has been a paid parking lot for many years, with two hours of free parking only on Saturdays for farmers' market customers. Administration recommends a rate of \$2.50 per hour to align with

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nearby EPark surface lots and the inclusion of paid parking on Saturdays, the day with the greatest demand. Overall, the lot could generate \$656,000 in revenue annually. Annual maintenance costs of up to \$25,000 (for items such as snow clearing and transaction fees), and a reduction of approximately \$21,000 in annual lease revenues, would result in projected annual net revenues of \$610,000. A one-time cost of \$15,000 would be required for establishing the EPark lot, which includes EPark and wayfinding signage, traffic control materials and gravel regrading.

The second revenue source would come from the sale of City-owned land. While there are multiple City-owned properties in Old Strathcona, three are expected to be sold (see Attachment 1). Two of the three are heritage sites.

Connaught Armoury is both a Provincial Historic Resource and a Municipal Historic Resource and is protected from demolition. It is currently vacant and in need of some rehabilitation. The Old Strathcona Public Realm Strategy recommends new development on the site designed to respect the historic character of the armoury and financially structured to create the economic value required to rehabilitate the armoury. Since the sale of this property needs to ensure reinvestment in heritage, its sale should not be considered for reserve fund revenue.

The Strathcona Public Market is on the Inventory of Historic Resources but not legally protected. It was built in 1909 by the City of Strathcona for the original south-side farmers' market. The oldest extant municipal building in Edmonton and believed to be the oldest surviving market building in Alberta, the Strathcona Public Market is also located within the Old Strathcona Provincial Historic Area. Rehabilitation work would be required to retain it so its sale should likewise be focused on heritage preservation rather than revenue generation for a reserve fund.

The third City-owned property, however, the End of Steel Park parking lot, has revenue-generating potential due to its location along Saskatchewan Drive. The Old Strathcona Public Realm Strategy identifies it for mixed-market development. Its development is integrally tied to the open space improvements envisioned in the strategy because the development cannot take place without changes to End of Steel Park. The site's location, close to the river valley, may have geotechnical implications for development and, given historical railway/industrial uses, there may be contamination on the site. Even after accounting for these considerations and potential other city-building contributions, it would appear that the sale of the property will generate net revenues.

Over ten years, the net revenue expected to be generated from the new EPark lot is \$5.9 million plus whatever can be achieved from the End of Steel Park parking lot land sale.

Under the standard process, the new parking revenue would go into general revenue and net proceeds from land sales would go into the Land Enterprise Retained Earnings, which pays an annual dividend to the City. Both the parking revenue and annual dividend are used to fund civic services and offset the net tax-levy operating requirement. Old Strathcona public realm projects would be prioritized against all other growth projects citywide for capital and/or operating funding.

Action 5 in the City's Curbside Management Strategy is intended to explore opportunities for Parking Benefit Districts, which would allow the City to reinvest parking fee revenues back into

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the area from where they were charged to facilitate local improvements. Action 5 is consistent with the idea of a reserve fund mentioned in the October 8, 2024 motion but as described in this report goes contrary to the City's budgeting process.

Budget / Financial Implications

Establishing a reserve fund to dedicate net parking revenues and land sales for a specific purpose would not be aligned with the City's financial processes.

In accordance with Council's Reserve and Equity Accounts Policy - C217F, reserve funds are established for long-term projects or initiatives with a specific purpose that serves the broader community or an ongoing program (i.e. Neighbourhood Renewal Reserve and Cemeteries Reserve), regulatory or third-party requirements (i.e. Community Revitalization Levy Reserve) and program stabilization purposes (Planning and Development Reserve). It has not been the City's practice to establish a reserve for a specific project or initiative to fund items such as design and/or construction of amenities identified in the Old Strathcona Public Realm Strategy. The permanent attribution of revenue in this manner would bypass the budget prioritization process, set a precedent for further requests to earmark revenue and increase pressure on the tax levy.

Standard practice would put the new parking revenue into general revenue and the net proceeds from land sales into Land Enterprise Retained Earnings. There is a parking revenue shortfall and any net new revenue could be used to offset that shortfall, which could be reduced with this new parking revenue.

Old Strathcona public realm projects should request operating and capital funding from the tax levy through the 2027-2030 budget prioritization process. This option would ensure that Old Strathcona projects are considered alongside other priority growth projects citywide as part of the regular budget prioritization process. By definition, however, it would not guarantee funding for Old Strathcona.

Community Insight

The Old Strathcona Public Realm Strategy reflects insights and feedback of area residents, business owners, a Community Advisory Committee and other Edmontonians. Nearly 5,000 individuals provided input over three phases of engagement from August 2022 to April 2024 through pop ups, surveys, online and in person activities. No additional public engagement was conducted as part of the preparation of this reserve fund report. As it has started work to implement the Old Strathcona Public Realm Strategy, however, Administration has heard a desire to see parking funds currently kept in Old Strathcona by the Old Strathcona Farmers' Market being retained in the area after the market's lease expires.

GBA+

The governance and development of the Old Strathcona Public Realm Strategy was guided by the City's commitments to involving people affected by the decisions it makes and seeking diverse opinions, experiences and information to represent a wide spectrum of perspectives. The City's GBA+ framework guided the project to consider identity factors, reduce barriers to inclusion and ensure equitable outcomes.

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The strategy's guiding themes and the GBA+ lens also informed the development of the key actions and considerations as the new and improved spaces need to also serve the diverse needs of families, seniors, individuals with different mobility needs or individuals experiencing homelessness. See the OSPRS, Sections 1.3.5 and 3.2.1 for more information.

A separate GBA+ analysis was not performed for the creation of this reserve fund Council Report since it pertains to a potential funding mechanism. As Old Strathcona Public Realm Strategy initiatives are funded for implementation, additional GBA+ analysis will go into their design and roll-out.

Environment and Climate Review

The Old Strathcona Public Realm Strategy report (October 8, 2024, Urban Planning and Economy report UPE02353) outlined environmental and climate opportunities in the areas of parking lot repurposing, provision of green networks and bus rapid transit. Funding the implementation of this strategy, whether through a reserve fund or through standard budget prioritization, would help expedite green network provision.

Attachment

1. Location of City-Owned Properties Expected to be Sold