

West Rossdale Redevelopment - Update

Rossdale Generating Station - Commercial Activity Potential

Recommendation:

That the April 14, 2015, Sustainable Development report CR_1521rev, be received for information.

Report Summary

This report provides answers to Council's questions about the development of West Rossdale and provides a description of the next steps.

Previous Council/Committee Action

At the January 20, 2015, Executive Committee meeting, the following motion was passed:

That the January 20, 2015, Sustainable Development report CR_1521, be referred back to Administration to provide options for Council to consider at a future Council meeting, on a date to be recommended by Administration in consultation with the Agenda Review Committee.

At the July 8, 2014, Special Executive Committee meeting, the following motion was passed:

That Administration report back to Executive Committee on the following:

1. A review of the West Rossdale Urban Design Plan and zoning, with comments on potential revisions.
2. More detailed pro forma for different scenarios, including the scope and costs of each with respect to configuration of parks, financing of utilities and roadways, the standard of the public realm, and distinguishing between broader city building and local amenity components.
3. Work with the province to get clarity on its master plan for the Alberta Legislature grounds and the interface with West Rossdale, including potential partnering on the park development.
4. Meet with the Rossdale Canal Project advocates to understand their proposal and the pro forma impacts of their proposal.
5. Work with stakeholders, including Aboriginal Communities, to provide information on opportunities to celebrate and interpret the history of the area as part of the redevelopment and Touch the Water projects.
6. A review of the possibility of the power generating station and the pumphouses as potential activity nodes.

Report

The intent of the West Rosssdale Urban Design Plan is to establish a development concept for a high density residential / mixed use area with a high-quality public realm and well designed built forms. As such, the Plan is to guide development that:

- is appropriate to a location with considerable historical significance, adjacent to the Alberta Legislature precinct, and as an entryway to the Downtown
- fulfills the aspirations of the Rosssdale Community to complete the redevelopment of the neighbourhood to a level of quality and a scale of development compatible with development in east Rosssdale
- will attract market (both developers and consumers) interest to an area challenged by the presence of several arterial roadways and associated nuisances
- will generate a population to support local scale commercial within West Rosssdale and support city-scale attractions along the riverfront between the new Walterdale Bridge and possible future activities at the Rosssdale Power Generating Station site.

1. A review of the West Rosssdale Urban Design Plan and zoning, with comments on potential revisions.

The financial performance of the Urban Design Plan can be improved by increasing revenues and/or reducing costs. To increase revenues, the developable area and number of dwelling units can be increased. To reduce costs the investment in the public realm and private development can be reduced, the amount of non-developable land can be reduced, costs can be shared with a partner(s) and developers, various input costs can be reduced or eliminated; and some costs can be funded from other sources/programs.

To increase the developable area and increase the dwelling unit yield:

- parkland and open space can be converted to developable land
- existing City owned lands/uses (e.g., Telus Field) can be redeveloped
- the height, Floor Area Ratio and density (dwelling units) of planned built forms can be increased.

To reduce the investment of the public realm and private development, share costs, reduce input costs and reallocate costs:

- arterial roadway upgrades can be deleted to be addressed at a later date and under different circumstances
- the base costs associated with improving the area arterial roadways could be funded by the arterial roadway program
- the base costs to rehabilitate underground utilities and local roadways could be funded by the neighbourhood rehabilitation program
- parkland and open space can be deleted from the Urban Design Plan to remain “vacant / undeveloped” and addressed at a later date and under different circumstances
- the public realm standards for parks and open space and the local and arterial roadways can be reduced or eliminated

- the Direct Control provisions that address the quality of private built forms and landscaped areas, and the amount of vehicle parking can be reduced/relaxed
- the development of parkland and open space adjacent to the Legislature Grounds can be cost shared with the Province
- the public realm costs can be off-set through a charge to the dwelling unit owner
- the costs associated with contributions to public art and affordable housing can be reduced.

The above potential revisions are generally consistent with those identified by Dialog/Coriolis in its findings that supported the July 8, 2014, Sustainable Development report CR_683 to Executive Committee.

2. More detailed pro forma for different scenarios, including the scope and costs of each with respect to configuration of parks, financing of utilities and roadways, the standard of the public realm, and distinguishing between broader city building and local amenity components.

The majority of infill situations involve one or several lots consolidated into one development site. Several recent rezonings of sites along 109 Street south of Whyte Avenue are examples of this scale of infill. Depending on the nature of infill a developer may be required to conduct a Transportation Impact Assessment and various utility studies to confirm the abutting infrastructure is adequate to serve the potential increase in dwelling unit density. In some cases the developer may be required to pay for off-site improvements including upgraded sanitary and water lines, and new traffic lights and turn bays. And while the developer may agree to the provision of affordable housing, public art, underground parking and enhanced on-site landscaping, the developer is rarely required to fund the replacement of local roads, rehabilitation of arterials, and significant enhancements to the public realm.

Some infill situations involve whole city blocks, or even several city blocks. For projects of this scale of infill where there is upgrading of roads and public realm, developers/owners have agreed (through a Direct Control Provision) to contributions to affordable housing and public art, paving of existing laneways, the construction of new public roadways, significant tree plantings along public roads, and the dedication of new park space with funds for these developments. Administration understands that in some of these instances the cost impacts (along with additional issues such as slowing markets etc.) associated with on-site and off-site improvements have decelerated redevelopment of the site.

West Rosssdale is clearly a large-scale infill development as it encompasses 22.5 gross hectares and a substantial increase in density. For many observers the frame of reference for the redevelopment of West Rosssdale is a profit or cost-recovery model. As such, it is expected to deliver city-building outcomes (with associated costs) using revenue generated from local-scale development. The city-scale costs include the rehabilitation and enhancement of Rosssdale Road, 105 Street and 97 Avenue (all arterial roadways mostly accommodating regional traffic), and the development of ornamental parks and open space to compliment the Legislature Grounds and enhance

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the entryway to Downtown. The local scale revenues are to be generated from the redevelopment of five of the 10 blocks (not all owned by the City) encompassed by the Urban Design Plan.

In part, the basis for revenue and profit in land development is a relatively high ratio of developable land to non-developable land. Table 1 provides a comparison between the Urban Design Plan and Neighbourhood Structure Plans for three suburban neighbourhoods to illustrate the challenges profit/cost recovery model in West Rosssdale. The gross area of the Plan is all the land within the Plan boundary. The non-developable land is all the land that either cannot be developed (e.g., environmental reserve, pipelines, arterial and local roads) or is not available for future private development (e.g., parks, school sites, stormwater ponds). Developable land is the land in the gross area, minus the non-developable land and is available for future commercial and private residential development. Generally, a high ratio of developable land to non-developable land is better (relative to making a profit). Noticeable in Table 1 is that West Rosssdale has a relatively low ratio of developable to non-developable land, and a high ratio of parks and open space compared to Chappelle, Cy Becker and Larkspur.

Table 1

Development Areas / Land Allocations	West Rosssdale Urban Design Plan		Chappelle Neighbourhood Structure Plan		Cy Becker Neighbourhood Structure Plan		Larkspur Neighbourhood Structure Plan	
	Hectares	Percent	Hectares	Percent	Hectares	Percent	Hectares	Percent
Gross Area	22.5	100.0	461.8	100.0	99.5	100.0	157.4	100.0
Arterial Roads	5.4	24.0	12.2	2.6	3.7	3.7	6.4	4.1
Local Roads	1.9	8.4	81.0	17.5	19.7	19.7	19.7	12.5
Parks / Open Space	¹ 1.9	9.0	² 29.6	6.4	² 7.6	7.6	² 12.7	8.1
Other ³	7.9	35.0	81.4	17.6	5.6	5.6	12.8	8.1
Developable ⁴	5.3	23.6	256.8	55.6	62.9	63.2	105.8	67.2

1. Includes parks and open space only - does not include school site
2. Includes parks, open spaces, tree stands and school sites as applicable
3. Includes environmental reserve, public utility lots as applicable
4. City ownership of Developable in West Rosssdale is 4.1 hectares or 77 percent of the Net Developable

Table 2 describes the revenues and costs for development as they apply to neighbourhood improvements versus city scale improvements in West Rosssdale. The table illustrates that the developable area is insufficient to carry the costs of improving the local road and public realm and other costs.

Table 2 – see Attachment 2

Approved Scenario			
Item	Neighbourhood Scale	City Scale	Total
Revenue	\$47,556,809	NA	\$47,556,809
Costs			
Roadway	(\$13,422,910)	(\$6,684,179)	(\$20,107,090)

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Public Realm	(\$9,900,378)	(\$22,355,150)	(\$32,255,528)
Parks and Open Spaces		(\$7,033,826)	(\$7,033,826)
Other Development Cost	(\$7,898,191)	NA	(\$7,898,191)
Soft Costs	(\$25,356,567)	(\$15,600,648)	(\$40,957,215)
Interest Costs	(\$3,285,641)	(\$26,827,466)	(\$30,113,107)
Profit (Loss) – Inflated dollars	(\$12,306,878)	(\$78,501,268)	(\$90,808,146)
Profit (Loss) – Present value ^{1, 2, 3}	(\$6,294,910)	(\$49,190,432)	(\$55,485,342)

1. Purchase and inclusion of private lands within the five affected city blocks would generate additional profit in present value of \$3,059,165.
2. Eliminating the lands the Province desires along the west side of 105 Street would reduce revenues to \$40,201,466 and increases the total loss in present value to (\$64,153,241).
3. Adding the TELUS Field lands would generate additional revenue of \$23,951,834 and decrease the loss on the neighborhood development to a present value of (\$3,254,476).

In the case of West Rosssdale, the amount of developable land is insufficient to fund the upgrades to the local roads and the public realm.

Revisions to the Urban Design Plan can be combined to drive a range of scenarios including those that:

- maintain the scope – include the lands currently encompassed by the Urban Design Plan:
 - deliver a profit to the City but substantially reduce the overall quality of development and positive impact on the area context
 - break even, or nearly break even and provide a relative balance between profitability and area enhancement/city building
 - deliver well on city building attributes, but do so at an overall cost to the City.
- reduce the scope – delete some of the lands/rights-of-way encompassed by the current Urban Design Plan:
 - deliver a profit to the City and provide an enhanced public realm for the rights-of-way abutting the lands being developed, but not deliver on upgrades and enhancements to a number of City-scale assets (arterial roadways and entryway ornamental open space).

The intended outcome for the current Urban Design Plan is to deliver a high quality urban environment, in part, to attract market interest and finally redevelop this long underutilized area. The scale of the costs in West Rosssdale is such that without a subsidy from the City the private sector will not invest in the area. In this way attracting market interest in West Rosssdale is very similar to attracting market interest in The Quarters and Downtown. And like The Quarters and Downtown, the returns from this investment are in city-building, enhancing the image of the city, and growing the tax base. (Impacts of additional operating costs are not identified.)

Reducing costs and thereby reducing the quality of the public realm comes with a risk that support and interest from the local community, the Province and the market will erode. West Rosssdale is a challenged environment; reduced City investment could

result in either a slowed rate of absorption, or a development outcome that is inappropriate to this important location.

3. Work with the Province to get clarity on its master plan for the Alberta Legislature grounds and the interface with West Rosssdale, including potential partnering on the park development.

City and Provincial Administrations regularly engage to share information and to coordinate joint planning for land and capital improvements. Much of the past discussion between the two Administrations on the Legislature Master Plan has focused on Centennial Plaza and its connection to 99 Avenue and 108 Street improvements; and, the potential for the Royal Alberta Museum to locate on the Legislature Grounds. As planning and design decisions for Centennial Plaza were finalized and the Downtown site for the Royal Alberta Museum was selected, the Province chose to suspend the Master Plan process. However, the Province has continued to take steps to protect views to the Legislature. To this end, the Province has provided considerable input to the view plane discussion in the *Capital City Downtown Plan*, purchased land adjacent to the Legislature to prevent development, and requested the acquisition of the City's lands along the west side of 105 Street south of 96 Avenue such that these lands are incorporated into the Grounds as a landscaped area.

In a recent meeting the Province expressed interest in partnering on park development in Rosssdale, but confirmed it first wants to acquire the lands west of 105 Street – ideally in the form of a trade. The two Administrations are currently advancing discussions to identify a trade of mutual interest. At the meeting, the Province noted that it allocates a higher priority to municipalities over municipal development corporations when negotiating acquisitions and capital improvements. The Province also expressed interest in arranging access to parking facilities at the Legislature Grounds to accommodate Telus Field patrons.

4. Meet with the Rosssdale Canal Project advocates to understand their proposal and the pro forma impacts of their proposal.

The Canal Project Advocates include a number of individuals with experience in land development and with a strong interest in city-building. The group advises they have prepared a pro forma and business case with proposed governance for the development of the canal and West Rosssdale redevelopment. They will present directly at Executive Committee in this regard. Administration will complete a fuller evaluation of the pro forma when it is received.

The basic elements of the canal proposal are somewhat modeled on “Bricktown” in Oklahoma City. Based on a plan to invigorate Oklahoma City's Downtown, Bricktown has transformed a neglected historic warehouse area adjacent to Downtown and the Oklahoma River into an “entertainment district”. Catalysts for this transformation are a baseball park and a mile long, tree-lined canal that (nearly) connects Downtown to the Oklahoma River. The canal is approximately the width (15 – 20 metres) of an Edmonton local street. The ballpark and canal were completed in 1998 and 1999, respectively and reportedly have leveraged a multi-cinema theatre complex, multi-story residential apartments, a luxury hotel, a major nightclub, and a commercial / retail centre. Water for

the canal is treated and pumped continuously in a closed loop system. The climate in Oklahoma City is such that the water in the canal does not freeze.

A main canal in Rosssdale would be approximately 600 metres in length, one metre in depth, and traverse several city blocks and roadways as illustrated in Attachment 2. The main canal would be up to 15 metres in width and be linked to a number of smaller “community streams” up to three metres in width. The “system” contemplates expansion through additional tributaries. The amenity is anticipated to be year round and would be accessible to residents and the public for summer and winter activities.

The Canal Group assumes the City would fund the utility and road upgrades and public realm enhancements identified in the West Rosssdale Urban Design Plan. The Group sees this level of investment by the City as being necessary to catalyze private development, including the additional investment of the canal.

The canal’s overall cost, including utility relocates and road crossings is estimated to be \$36 million with contingency. The operating impacts have not been identified, but Administration understands they would be administered by the City. The Group indicates the cumulative value of investment would rationalize a per dwelling unit charge of between \$50,000 and \$60,000. Based on a yield of 1800 dwelling units, this per unit charge could generate approximately \$99 Million.

Administration’s pro forma work indicates the Urban Design Plan and associated Direct Control Zoning cannot generate 1800 units. To achieve this yield and to incorporate the canal within the development concept an amendment to the Urban Design Plan and the Direct Control Zoning is required.

5. Work with stakeholders, including Aboriginal Communities, to provide information on opportunities to celebrate and interpret the history of the area as part of the redevelopment and Touch the Water projects.

Administration has conducted a number of consultations for a number of projects within Rosssdale over the past several years. These consultations have included the Rosssdale Community, the Aboriginal Communities, special interest groups, and the public at large; and have been linked to the West Rosssdale Urban Design Plan, the new Walterdale Bridge, and the potential repurposing of the Rosssdale Generating Station.

Rather than again engage stakeholders on this specific matter prior to having a defined project to advance and incorporate their input, Administration recommends that this consultation be addressed through the concept design phase of the Touch the Water Project and through the concurrent development of a Comprehensive Heritage Interpretive Plan.

A Request for Proposals for the Touch the Water project will be issued in the near future. Engagement for this project will include a range of stakeholders including the Aboriginal Communities and will complement the work of an Heritage Interpretive Plan.

A Comprehensive Heritage Interpretive Plan would be implemented in three phases:

- Phase 1 - Identification of Heritage Value: Review relevant documents, develop a stakeholder engagement program, identify stakeholders and engage through

meetings, workshops and public open houses to develop themes for key sites and eras of historic interest.

- Phase 2 - Assessment and Analysis: Conduct additional stakeholder engagement to confirm themes, appropriateness of historical context and Statement of Significance.
- Phase 3 - Preparation of a Heritage Interpretive Plan: Amalgamate research and stakeholder input to develop a plan that depicts the importance of the area.

A Comprehensive Heritage Interpretive plan would include:

- a statement of significance
- a conceptual map outlining nodes, themes and options for interpretation
- recommendations for urban design elements such as:
 - possible locations for interpretive opportunities and points of interest
 - interpretive way finding
 - site furniture
 - historic materials, forms, and treatments
 - interpretive roads and trails.

An example of a similar plan is the Fraser Mills Heritage Interpretive Plan for a former timber mill site in Vancouver. This comprehensive thematic Heritage Interpretive Plan was developed in conjunction with a Community Master Plan for the 36 hectare site. The project involved extensive stakeholder interviews, public engagement and workshops.

6. A review of the possibility of the power generating station and the pump houses as potential commercial activity nodes.

To date, Administration has advanced a range of work and a number of reports to Committee and Council with information on the following:

- the potential re-use of the Generating Station buildings and pump houses (including program statements) for a range of civic, community and commercial opportunities
- potential partnerships to finance improvements, develop programs, and operate the buildings
- the costs required to operate, stabilize and bring the buildings up to code to allow for occupancy
- the potential (or lack thereof) to remove the Provincial heritage designation from several buildings to allow their removal
- the experiences of other cities in undertaking similar projects and the longer term and incremental nature of those projects
- the potential governance models for the improvement and operation of the site and buildings.

Potential options to re-use the larger buildings include a farmers' market; a theatrical performance space; an art gallery; meeting space for community groups; space for other meetings and events; a mezzanine restaurant, and a business incubator. Ideas to re-use the pump houses include cafés to take advantage of the views and bicycle rentals.

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The business case to establish these uses is constrained by the current state of the buildings, the costs to refurbish them, and the activities occurring and planned for the buildings and site.

The on-site buildings include the Boiler Hall, Turbine Hall, Switch House, Pump House One and Pump House Two. The Boiler and Turbine Halls and Pump House One are designated by the Province as heritage resources. All of the buildings are industrial in nature, heated on a temporary basis, and do not meet code requirements to allow public access. While having large floor plates and containing large spaces, the Boiler Hall only has a mezzanine near the roof for additional floor area, and the Turbine Hall has large openings in its ground floor that constrain its usable floor area. Vehicle parking on the site is limited and neither of the Pump Houses have toilet facilities.

The latest estimate for the costs to improve the surrounding site and upgrade the buildings to a commercial standard, allow tenant improvements and subsequent occupancy are as follows:

Pump House One	\$4.3 Million
Pump House Two	\$6.4 Million
Generating Station Buildings (Boiler Hall, Turbine Hall, Switch House)	\$63.3 Million
Site Improvements	\$13.4 Million
Total	\$87.3 Million

Portions of the site are currently being occupied as a lay-down area for the construction of the new Walterdale Bridge and will be further impacted by the construction of the Touch the Water project, which envisions connecting the new bridge to the north bank including the lands in the area of the pump houses. Repairs to the roof and west wall of the Boiler Hall will be completed in 2015 (\$3.42 million approved under 13-17-3101 Rosssdale Power Plant Stabilization). The Touch the Water project has the potential to leverage activity in Pump House Two, but no funds are allocated in the project for this purpose.

Administration recently engaged several individuals familiar with commercial and mixed use development in Edmonton to obtain their views on the potential to repurpose the buildings/site. Comments and observations stemming from the session are generally consistent with previous work by Administration, including:

- Repurposing the site and buildings should be connected to/coordinated with the new Walterdale Bridge and the Touch the Water project to be a gateway to the river front and a mutually supportive catalyst for the redevelopment of West Rosssdale.
- Given the costs to enable repurposing and the uncertain timing for development in West Rosssdale, little initial private sector interest is anticipated. Funding to support initial repurposing should come from the City, fundraising by Friends of the Generating Station, and philanthropic sources.
- Interim use of the buildings, including lighting of the building, can stimulate interest in the buildings and leverage fundraising.

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- Develop a vision and master plan for the site that connects the buildings to the Touch the Water project, the new bridge, other potential improvements (e.g., heritage interpretation) and West Rosedale.
- Develop a program for the buildings based on a social, economic and environmental return with the following core elements:
 - incubation / acceleration / co-location / office space – approximately 60,000 square feet
 - event / exhibition / meeting space – approximately 25,000 square feet
 - community / commercial / amenity space – approximately 30,000 to 50,000 square feet.
- Develop a business plan and conceptual building design to support the program and test the program through a feasibility study and a market evaluation to establish interest to support fundraising/financing.
- The best fit governance model for management of the site and buildings is a not-for-profit entity.
- Prepare a phased development strategy for an eight to 10 year period to support the site and building program, and the capital, operating and governance requirements.

The Dialog/Coriolis report submitted to Executive Committee in July 2014, also recommended that the Generating Station be managed and operated by a separate non-profit company that would be responsible for conceptual planning, programming, fund raising, tenant recruitment, operations and management of the facility over the long term.

The long-term repurposing of the Generating Station may require several decades to realize. For example, Bankside Power Station in London was closed in 1981 and was only reopened as the Tate Modern Museum in 2000. Battersea Power Station in London was decommissioned in 1983 and after several failed attempts at redevelopment over three decades Phase 1 of the current proposal is due to be completed in 2016 or 2017.

Council's recent budget approval of repairs to the roof and west wall of the Boiler Hall will stabilize the building for up to 10 years and allow time to resolve the program, funding, and governance for the site and buildings.

Next Steps

- Continue to coordinate the projects that comprise the River Crossing, including:
 - the new Walterdale Bridge
 - the stabilization of the Boiler Hall Building
 - the Touch the Water project with appropriate consultation to address/acknowledge/incorporate the interests of the Aboriginal Communities
 - the mechanized access project with connections to West Rosedale via infrastructure developed on the north and potentially south escarpments of the river.
- If directed by Council, reprioritize the neighbourhood renewal program and coordinate arterial road upgrades for the Rosedale area.
- Advance work on Comprehensive Heritage Interpretive Plan for Rosedale.

- Mature “Friends of the Generating Station” to identify interests and potential partners to develop a vision, business case and operating model for the site and buildings.

Policy

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

- Section 5.2.1.5: Undertake Urban Design Plans to guide the redevelopment of prominent sites, corridors, entrance ways, older commercial areas and character areas and integration of historic sites.

Public Consultation

Extensive public consultation has occurred in the development of the West Rosedale Urban Design Plan, including engagement with Aboriginal communities.

Future amendments to the Urban Design Plan will require new consultation with the same groups and with additional interested parties.

Budget/Financial Implications

Based on the budget analysis presented in this report, the West Rosedale Redevelopment requires a significant level of City investment to fund city building elements, including parks, roads, and underground infrastructure upgrades. The full scope of the City’s investment and the financial business case are dependent on a number of future decisions including revisions to the Urban Design Plan.

If Council wishes to pursue the implementation of the West Rosedale Plan, a funding strategy needs to be developed and brought forward for future budget considerations.

Attachments

1. KRP Report - West Rosedale Redevelopment
2. West Rosedale - Canal Illustration

Others Reviewing this Report

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