

Blatchford Funding

Recommendation:

1. That the replacement of Capital Profile 10-16-2102 (Acquisition of ECCA Leasehold Interests) and Capital Profile 12-02-2103 (Blatchford redevelopment implementation) with a new Blatchford Redevelopment capital profile 14-02-2106, as set out in Attachment 1 of the July 16, 2014, Sustainable Development report CR_1445, be approved.
2. That funding of \$632 million from borrowing and project revenues as outlined in the July 16, 2014, Sustainable Development report CR_1445, be approved.

Report Summary

This report requests the approval of a new combined capital profile for the Blatchford Redevelopment project. It is necessary to have this capital profile in place before a borrowing bylaw can be approved. The borrowing bylaw will address the borrowing requirements to continue the implementation of the project.

Previous Council/Committee Action

At the June 10, 2014, City Council meeting, the following motion was passed:

That the Blatchford Redevelopment implementation strategy be approved and include the following:

1. The development of a Capital Profile and a funding strategy for Council's consideration.
2. The implementation of the development approach as outlined in Scenario 5a of Attachment 5 to the June 10, 2014, Sustainable Development report CR_1123rev, including the following key features:

Medium density residential, with high density in direct proximity to LRT station
 Town Centre
 Institutional lands (NAIT, school sites)
 Major park (18.8%)
 Urban agriculture
 Low impact development
 Irrigation system
 Custom designed streets
 District energy: ambient loop with geo-exchange:
 (preferred: requires further evaluation) or gas-fired cogeneration (in proforma)

- High performance building envelopes
 - Fibre optic network
 - Affordable housing
 - Education program
3. The development of a preliminary timeline for LRT extension into Blatchford and the construction of the Blatchford NAIT LRT station and the Blatchford North LRT station that will accommodate and facilitate the development of the east residential area.
 4. That a report to be provided to Committee on additional liveability and sustainability features that could be implemented in the Blatchford Redevelopment, for example, ambient loop systems, solar photovoltaic panels for homes and/or supplemental to our district energy system, a recreation lake, and accessibility and age-friendly features.

Report

Funding Overview

With City Council's June 10, 2014, approval the Blatchford Redevelopment project office is positioned to move forward with building demolition, concrete removal, and site work in the second half of 2014. Construction on the Blatchford Redevelopment cannot start until the borrowing bylaw has been approved.

This report is related to the July 16, 2014, Borrowing Bylaw report (Bylaw 16882 – A Bylaw to Authorize the City of Edmonton to Construct and Finance Blatchford Redevelopment). If first reading of the Bylaw is approved, then second and third reading are scheduled to occur at the end of August.

Currently, the Blatchford Redevelopment project has two approved capital profiles: 10-16-2102 (Acquisition of ECCA Leasehold Interests) for \$79.3 million; and, 12-02-2103 (Blatchford redevelopment implementation) for \$14.8 million for a total of \$94.1 million. These two profiles were financed on an interim basis through City working capital and were to be ultimately funded through future Blatchford revenues. To the end of June 2014, \$57.8 million has been spent.

These two capital profiles are recommended to be combined in a new Blatchford Redevelopment capital profile (14-02-2106) to facilitate ongoing accounting and reporting. The combined capital profile and cashflow summary is Attachment 1 to this report.

The combined Capital Profile has expected expenditures of \$632 million over the 25 year life of the project, funded by borrowings of \$81 million and project revenues for the balance of \$551 million in funding. This includes enhanced park development but does not include the district energy system. A Request for Proposals for preliminary engineering of the district energy system has been issued and will result in more accurate cost estimates. A report regarding the results of the study will come back to

City Council with more detailed information and a funding strategy in the Fall 2014.

Administration provided the estimated construction and implementation costs and sales revenues for the complete Blatchford Redevelopment timeframe in the June 10, 2014, Sustainable Development report Blatchford Concept Plan Implementation Analysis (CR 1123rev). The new capital profile, including the budget request, reflects the implementation of Scenario 5a.

Attachment 2 is the June 10, 2014, Blatchford Business Case report and Attachment 3 is the June 10, 2014, approved Scenario 5a.

In the first ten years from 2014 to 2024 the Blatchford Redevelopment will begin the removal of former aviation infrastructure and initiate the construction of the urban services required to achieve the vision of the Blatchford project, include planning, detailed design and construction of roadways, pedestrian and open space features, stormwater management facilities and community agriculture areas for portions of the west residential area, portions of the lands to be incorporated into the NAIT campus, and portions of the town centre. Attachment 4 shows the areas of the project site that will be serviced within the 2014 - 2024 time period. The timing for the development of the east residential lands will be reviewed in consultation with Transportation Services in response to the third portion of the June 10 motion.

The Blatchford Redevelopment Affordable Housing program is under development and the Blatchford Redevelopment project committed \$10 million towards affordable housing as part of Scenario 5a. A recommendation report regarding the Affordable Housing program will be provided for City Council's consideration.

The Sustainable Education Program of \$2.5 million is to establish the education program for builders, people living or working in Blatchford, and visitors to the site to learn how to minimize our ecological footprint; how people live and work on site in an environmentally conscious way is of key importance in achieving project goals.

The allocation of funding within the approved Scenario 5a may change as a result of City Council's consideration of information that will be provided in response to the fourth part of the June 10, 2014 Council Motion.

Corporate Outcomes

The Way We Live, Edmonton's Strategic Plan 2009-2018:

- Edmonton is attractive and compact
- The City of Edmonton has sustainable and accessible infrastructure.
- Edmonton is an environmentally sustainable and resilient city.

Budget/Financial Implications

The Capital Profile is funded from the revenues of the project with the need to finance \$81 million through debt. The combined Capital Profile includes all capital costs for the

project, excluding the District Energy system. A report will return in the Fall that identifies a funding strategy for the District Energy system and operating expenditures for affordable housing and sustainability education.

Justification of Recommendation

A revised Capital Profile is required to begin the full implementation of the Blatchford Redevelopment project as approved by Council on June 10, 2014. This profile combines two previously approved profiles for the Blatchford Redevelopment, capital profiles 10-16-2102 (Acquisition of ECCA Leasehold Interests) and 12-02-2103 (Blatchford redevelopment implementation). Amalgamation of existing capital profiles into a single new profile will facilitate ongoing accounting and reporting.

Attachments

1. Blatchford Development Profile 14-02-2106
2. Business Case-Executive Summary
3. Approved Scenario 5a
4. Blatchford Redevelopment Staging Plan

Others Reviewing this Report

- L. Rosen, Chief Financial Officer and Treasurer
- K. Rozmahel, General Manager, Corporate Services