

Blatchford Concept Plan Implementation Analysis

Project Business Case

Recommendation:

That the Blatchford implementation strategy, as outlined on page 13 of Attachment 1 of the June 10, 2014, Sustainable Development report CR_1123rev, be approved.

Report Summary

This report provides the business case and implementation strategy for the Blatchford Redevelopment project. As well, additional information is provided regarding a range of development scenarios for Blatchford.

Previous Council/Committee Action

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

1. That the March 26, 2014, Sustainable Development reports on the Blatchford development, CR_142rev and CR_1123, be referred back to Administration for a new public report to be provided at the June 11, 2014, City Council meeting, including public information in these reports and with additional information on:
 - a. more robust information about the positives, negatives, and risks of all five scenarios,
 - b. information on the integrated infrastructure management planning analysis for the scenarios showing the up-front and operating costs for each scenario.

Report

City Council initiated focused discussions on the future of the City Centre Airport lands in 2008 and asked Administration to do the following:

- consult with the public for ideas
- assess land/market impact and economic value of the airport lands
- consider impact on medevac
- evaluate historical importance.

City Council approved the phased closure of City Centre Airport for the purpose of redeveloping the site subsequent to extensive community and Council discussion. Council further directed Administration to advance the redevelopment including:

- an international design competition would be held for the development concept
- the development would be an ecologically advanced, transit-oriented, medium-to-high density mixed use development
- the City of Edmonton would act as the developer.

City Council approved an Area Redevelopment Plan for the area. And based on the Blatchford redevelopment concept, advancement of the implementation plan is now proposed to achieve the over-arching sustainability objectives in three ways.

- Environmentally: through a district energy system, the provision of parks and open spaces, the use of Low Impact Development features, the harvesting of rainwater, and high efficiency building design requirements.
- Socially: through the creation of public plazas and meeting places; the provision of community gardens; adopting winter cities design principles; encouraging a more active and engaged lifestyle; and establishing a "home owner's" association mandated to continually improve and evolve community sustainability over time.
- Economically: through the opportunity for between 10,000 and 12,000 jobs in the Town Centre and accommodating the consolidation and expansion of NAIT.

To achieve City Council's vision and advance redevelopment of the City Centre Airport, the Blatchford development office was established. The office is comprised of expertise (private and public) in land development, real estate, investment, commercial/residential development, marketing/communications, engineering, and municipal processes. The office manages relationships with the Edmonton Airports Authority, leads community consultation and design processes, advances engineering and environmental processes, undertakes market analysis, and provides oversight of land development and buildings.

An advisory committee was established with representation from the development industry, EPCOR, NAIT, and civic departments. The Blatchford office reports directly to City Council on a quarterly basis and for key decisions in advancing the initiative.

To advance the preparation of the business case analysis for the redevelopment of the Blatchford lands, the Blatchford office engaged Stantec. The Perkins + Will concept plan as well as the social, environmental, and financial objectives of the adopted Area Redevelopment Plan, provided the foundation in advancing the analysis. Additional consulting support services were engaged in the areas of water and waste water systems (EPCOR), district energy (ENMAX, FVB Energy, rEvolve Engineering, Stantec), housing market analysis/focus group testing (Intelligence House, Banister Research), environmental remediation (Golder, AECOM, Worley Parsons), abatement and demolition (EBA Engineering, Tervita), accounting (Kingston Ross Pasnak), real estate analysis (Colliers), low impact design (Stantec), and high performance buildings (EcoAmmo Consulting.)

The Blatchford redevelopment concept, area redevelopment plan, and *The Ways* plans, including *The Way We Grow*, *The Way We Green*, and *The Way We Prosper*, are

foundational to advancing the project. A key consideration for City Council will be in achieving a desired balance of environmental, social, and economic outcomes. In determining this balance, information provided recognizes the cost that development has in terms of long term environmental sustainability as well as infrastructure maintenance.

Attachment 1 - Blatchford Business Case

This attachment provides a summary of the analysis and a description of the proposed approach to achieve the Council defined vision for the project and the objectives of the Area Redevelopment Plan. The detailed financial analysis for the preferred development concept was included in the March 26, 2014, Sustainable Development report CR_1123.

Attachment 2 - Blatchford Site Plan and Graphics (preferred scenario)

This attachment reflects the recommended Blatchford Site Plan and provides graphics which illustrate various types of development in the preferred scenario.

Attachment 3 - Sustainable Return on Investment (HDR report)

This report provides an overview of the report (prepared by HDR Corporation) that analyzed a range of district energy systems.

Attachment 4 - Strategic Alignment with *The Ways*

This attachment provides an overview of how the Blatchford Redevelopment Project aligns with *The Ways*.

Attachment 5 - Blatchford Redevelopment Scenarios

This attachment provides a summary of five redevelopment scenarios, including the preferred scenario, that respond to Council's questions regarding alternate approaches to redeveloping the Blatchford site. Each scenario includes a review of the costs, revenues, and key assumptions.

A comparative analysis of the five redevelopment scenarios, similar to the Integrated Infrastructure Management Planning analysis performed for development in urban growth areas, is being prepared and will be available as additional information.

Governance and Operating Model

The June 10, 2014, Sustainable Development report CR_1222, Blatchford Development – Governance Model, provides City Council with information related to the issue of governance for the Blatchford project.

Policy

This redevelopment project supports *The Way We Grow*, Edmonton's Municipal Development Plan, and the City Centre Area Redevelopment Plan. As well, it reflects the elements of the City's Land Development Policy C511.

Corporate Outcomes

- *The Way Ahead*, City of Edmonton Strategic Plan, 2009 – 2018:
- Improve Edmonton's Livability
- Transform Edmonton's Urban Form
- Ensure Edmonton's Financial Sustainability
- Support Edmonton's Environmental Objectives

Budget/Financial Implications

Council has previously approved a budget in the amount of \$76.3 million for leasehold acquisitions (CP10-16-2102) and \$14.8 million for preliminary design and implementation (CP-12-02-2103) to be funded on an interim basis through the City's working capital with the ultimate funding from the land development net revenue for Blatchford. To advance the implementation strategy, Administration will bring forward an amendment to the existing capital profile (CP12-02-2103) with a funding strategy to Council for approval.

Justification of Recommendation

Confirmation of the implementation strategy allows for continued advancement of the Blatchford Redevelopment project, including the development of a Capital Budget Profile.

Attachments

1. Blatchford Business Case
2. Site Plan and Graphics
3. Sustainable Return on Investment HDR Report
4. Strategic Alignment with *The Ways*
5. Blatchford Redevelopment Scenarios
6. Financial Analysis of the Blatchford Development Scenarios

Others Reviewing this Report

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