

West Rossdale Redevelopment

Recommendation:

That the June 10, 2014, Sustainable Development report CR_683, be received for information.

Report Summary

This report outlines the background, current challenges, and governance options for the redevelopment of West Rossdale and the Rossdale Generating Station. It also points to key actions for follow up by Administration.

Report

At the September 9, 2013, Executive Committee meeting, Administration responded to an inquiry based on concerns that Administration had not yet sufficiently advanced the redevelopment of West Rossdale. Administration committed to return to Executive Committee with a recommendation for a governance model to advance the redevelopment of West Rossdale and the Generating Station.

On January 21, 2014, Executive Committee received an interim information report on Administration's work to advance a governance model for the redevelopment of West Rossdale and the repurposing of the Rossdale Generating Station.

This report is being advanced concurrent with the response to Council's February 25, 2014, motion which is provided in the June 10, 2014, Sustainable Development report CR_1085, Land Enterprise Options. That report provides an overarching perspective on a range of business and governance models that could be applied in a variety of contexts (e.g. residential, commercial, industrial, city building, etc.) and the objectives the City may wish to pursue through land development in those situations. Among other things, this report outlines Administration's work on potential governance options relative to the development of West Rossdale and the repurposing of the Rossdale Power Generating Station.

Rossdale is at the center of a historically significant and dynamic part of the city. The area fronts onto the North Saskatchewan River and is adjacent to downtown and the Alberta Legislature precinct. The "flats" in Rossdale are a historic meeting place and "Pehonan" for First Nations people, the original site of Fort Edmonton, and the location of Edmonton's early residential, commercial, industrial and recreational settlement.

Rossdale is also the location of a number of major and supporting projects that offer a great opportunity for creating a well connected village in the valley and city scale attractions along a vibrant waterfront, inclusive of appropriately recognizing the historical and cultural significance of the area. And while these projects have great

potential to enhance the area as a key focal point for the city, region, and province, several are at risk to under perform or not be properly leveraged for their greatest benefit without City Council direction and appropriate and timely resources.

Background

On April 27, 2004, City Council directed Administration to prepare an amendment to the Rosssdale Area Redevelopment Plan (Bylaw 8139) inclusive of urban design direction, land use zoning, and a detailed archaeological assessment for the largely under utilized lands in West Rosssdale. City Council's direction also included a condition that none of the City-owned lands (81 percent of the developable land in the area) were to be sold until these amendments were approved by bylaw. This direction was based on the understanding that urban design direction and custom zoning were required to address the impacts of high volume traffic roadways, parking for Telus Field, fragmented land ownership, inadequate utility infrastructure and the potential presence of undocumented archaeological remains, and to ensure that future public and private development was appropriate to the area's prominent location and role as part of the Rosssdale Neighbourhood.

Since that time a number of projects and ideas arose including:

- the new Walterdale bridge as an iconic structure marking an important river crossing at the doorstep of the Alberta Legislature and entryway to downtown
- the decommissioning of the Rosssdale Power Generating Station and its potential repurposing for a range of civic, community, and commercial uses and activities
- the Master Plan for the Legislature Grounds with a focus on maintaining / creating views, including views from Rosssdale, of the Legislature Building
- the potential for West Rosssdale to become an ancillary activity node for 2017 EXPO and thereby attract government investment to the area
- the River Valley Alliance "Touch the Water Promenade" and "Mechanized Access" projects to enhance connectivity within the river valley and between the valley and downtown
- the recommissioning of Fire Station 21 to accommodate river rescue operations and provide additional emergency response to the centre of the city
- the realignment and public realm enhancement of the arterial road network to support the redevelopment of West Rosssdale
- the development of the Traditional Burial Grounds and Fort Edmonton Cemetery established in 2006 adjacent to the Generating Station Site and Walterdale Bridge
- the development of a canal traversing Rosssdale from approximately 105 Street to 100 Street to serve as both a local and regional amenity.

As various projects emerged, Administration identified the new Walterdale Bridge and repurposing the Power Generating Station as strongly connecting to, and supporting, the redevelopment of West Rosssdale. Along with the Touch the Water Promenade and related mechanized access projects, Administration identified these projects as the

River Crossing Initiative and understood they needed to be coordinated and leveraged to support each other and the greater goal of city building.

Council approved the West Rosssdale Urban Design Plan in August 2011. The Plan has two significant roles in city building. The first is to establish a development concept for a high density residential / mixed-use precinct (village in the valley) with a high quality public realm (including major roadways) and well designed built forms. The Plan sets the bar high to deliver an environment that compliments its surroundings and attracts market interest in a traffic challenged area. Its second role is to establish a threshold population to support local scale commercial and city scale attractions along the riverfront (Touch the Water Promenade) connecting the Power Generating Station and new Walterdale Bridge.

In summary, implementation of the West Rosssdale Urban Design Plan is intended to:

- enhance an under-utilized area commensurate with its proximity to the Alberta Legislature and its position as a gateway to downtown
- complete Rosssdale as one of three central river valley residential neighbourhoods
- address the potential presence of archaeological remains through the process of redevelopment
- link Downtown, the North Saskatchewan River, and the Alberta Legislature precinct.

The new Walterdale Bridge, Touch the Water Promenade and Mechanized Access projects, the short term stabilization of the Rosssdale Generating Station, and the realignment of Rosssdale Road as per the Urban Design Plan are funded. However, the utility upgrades and the public realm improvements identified to support the redevelopment of West Rosssdale and the upgrades necessary to support the long term repurposing of the Generating Station are not fully funded.

In part, EXPO 2017 was viewed as a potential means of funding infrastructure upgrades in West Rosssdale and at the Generating Station site to support a “satellite” location for the event. When the EXPO 2017 bid was unsuccessful, an expectation developed on City Council that the City’s Land Enterprise could finance and manage the development of West Rosssdale, make a profit, and potentially pay a dividend that might be invested in the Generating Station.

Current Situation

A number of ongoing factors are relevant to the redevelopment of West Rosssdale and the other projects in the River Crossing Initiative. These include:

- the number of projects in Rosssdale being managed by separate teams in Administration
- the scale and complexity of each project and the additional complexity of coordinating and resourcing all the projects for their collective best outcome

- the level of expertise required to advance the projects in a coordinated manner
- the lack of funding and financing necessary to advance the redevelopment of West Rosssdale and the long term repurposing of the Generating Station
- the high costs to meet a development standard necessary to attract market interest in West Rosssdale (\$50+ million) and to upgrade the Generating Station (\$60 million to \$80 million) to allow repurposing
- the timelines to deliver the Touch the Water Promenade and Mechanized Access projects relative to grant funding being available up until December 2016
- the future of Telus Field without parking and a major tenant to generate revenues to address facility capital and operating costs
- the ongoing interest of Aboriginal Communities in the future redevelopment of West Rosssdale and the repurposing of the Generating Station site
- the limited ability of the City's Land Enterprise Fund to support multiple new projects without replenishing the fund
- the regulatory and legislative approvals required for River Valley development set by Federal and Provincial entities
- the degree to which the City wants to make a profit, reinvest in other projects, or perhaps lose money to leverage West Rosssdale for city building purposes.

The long-term repurposing of the Generating Station may require several decades to realize. Council secured the opportunity to repurpose the Generating Station with its recent decision to fund the stabilization of the structure(s).

The current most significant constraints to advancing the redevelopment of West Rosssdale are a lack of:

- a clear understanding of Council's expectations for the role of West Rosssdale (i.e. generate a profit or support city building efforts)
- a source of funding for the necessary utility upgrades and public realm improvements
- a dedicated team within Administration to manage the project.

Governance Options Evaluation for Rosssdale (see Attachments 1 and 2)

Early in the process of exploring governance options, a number of stakeholders emerged with interest in advancing the redevelopment of West Rosssdale, the repurposing of the Rosssdale Generating Station, and ensuring stakeholder participation for the greater goal of city building.

This group believes the City cannot advance the above projects by itself given the complexity of elements including needed partnerships with philanthropic interests, private sector investment, and project management resources. This group also believes that to significantly enhance the marketability of West Rosssdale and add to the place-making elements that draw visitors and support commercial and potential non-profit related activities in the area, a canal concept should be considered.

This group further advised that an arm's-length governance model could guide the development in West Rosssdale (see Attachment 1), the repurposing of the Rosssdale Generating Station, the development of the Touch the Water Promenade and the Mechanized Access Projects, and provide advice on the future of Telus Field.

A sampling of community members indicated that, regardless of governance, they preferred that the City maintain the vision established for the area under the Urban Design Plan, and that public input be considered in the implementation of the Urban Design Plan and the repurposing and ongoing operation of the Rosssdale Generating Station.

Administration also engaged consultants to:

- examine Edmonton's context
- evaluate a pro forma for the West Rosssdale Urban Design Plan and associated Direct Control Provision
- identify potential changes to improve the business case for redeveloping West Rosssdale
- assess the practicality of repurposing the Rosssdale Generating Station based on its current condition, the cost to bring it to an occupancy standard, the range of potential uses / users for the space, and the potential to recover capital and operating expenses
- identify governance models to guide implementation of these (and related) projects and optimize the financial, social and public good returns. (see attachment 3).

In evaluating the pro forma, the consultant noted that the maximum building height and floor area ratio in the Direct Control Provision limits the number of dwelling units to less than the maximum permitted. This limit on units prevents a monetary return on investment. To improve the financial performance the consultant identified the following elements to consider:

- amend the Urban Design Plan and existing Direct Control Provision to increase the dwelling unit yield up to the maximum permitted density
- incorporate a charge of up to \$4,000 per dwelling unit to recover off site costs at the time of land sale
- eliminate or reduce the requirement for affordable housing and public art
- increase the area of developable land by reducing the parks and open space areas within West Rosssdale
- remove or reduce the area occupied by Telus Field.

Options for West Rosssdale

The consultant's report identified three options to advance the development of West Rosssdale:

1. The City sells its land to private developers with diminished control of development. Given the under-performance of the current land use zoning,

- purchasers would likely seek a significant price discount for the risk and requirement to amend the existing zoning, obtaining the necessary *Historic Resource Act* approvals, servicing the lands, and installing the public realm improvements.
2. The City develops its lands and sells sites to builders (see Attachment 1). In addition to assuming responsibility for the tasks identified above, the City would have to finance the servicing and public realm improvements; the Land Enterprise Fund has insufficient working capital to fund the project.
 3. The City establishes, subject to appropriate provincial approvals, an arms length municipal corporation that manages the development and disposition of the City's Rosssdale lands. This option could transfer the requirement to finance the servicing and public realm improvements from the City to the municipal development corporation which is empowered to incur debt financing. A municipal development corporation would be structured to include the expertise to improve the financial performance of the development and the sale of building sites (see Attachment 2). (Note: While this last option could potentially transfer the requirement to finance the servicing and public realm improvements from the City to the municipal development corporation which would be empowered to incur debt financing, its ability to do so would be based on the financial pro forma for the land development. It would need to be determined if a municipal development corporation model, which would be structured to include the expertise to improve the financial performance of the development and the sale of the building sites, could result in the development being self-funded and therefore qualifying for debt financing.)

Options for the Rosssdale Generating Station

A realistic base program for the Rosssdale Generating Station consists of:

- incubation / acceleration / co-location / office space
- event / exhibition and meeting space
- community / commercial / amenity space.

Three options are identified to advance the repurposing of the Rosssdale Generating Station:

1. The City retains ownership, develops, and operates the site and all programming. Under this option the City maintains maximum control, but is not well suited to managing and operating the facility.
2. The City leases or sells the property to private sector for-profit interests. While the private sector is nimble and innovative relative to financing and programming, it is not well suited to managing the "public good" agenda for the City.
3. The City leases or sells the property to an existing or newly created charitable, non-profit organization. The lease scenario requires investment by the City, but allows the City to retain a measure of control over a facility in a prominent and important location.

Although considerable work has been undertaken to identify and assess the governance options for the development of West Rossdale and the repurposing of the Generating Station, Administration believes it is important to understand which option is the best fit within the current context of Rossdale. Administration reviewed the consultant's work carefully and came to understand that:

- a governance model must be tailored to the desired outcomes
- further work is necessary to define and clarify the desired outcomes for West Rossdale.

For example, there are a range of development scenarios identified by the consultant. City Council must be provided the opportunity to evaluate the cost of these different scenarios compared to the public benefit. A clear finding of the consultant's work is that implementation of the approved West Rossdale Urban Design Plan does not make money.

Next Steps

Regardless of which governance options are pursued, Administration believes City Council must provide direction on:

- City Council's priority in West Rossdale - to make money, or support city building
- the priority and timing to fund land development in West Rossdale (e.g., 2015 to 2018)
- amendments to the Urban Design Plan and Direct Control Zoning to support land development objectives
- the future of Telus Field within Rossdale.

As part of next steps Administration will:

- prepare a report that supports City Council's priorities for West Rossdale which outlines a governance and operating model, estimated costs, and timeline to implement the framework
- advance options for City Council's consideration to replace the Mechanized Access project
- advance the Touch the Water Promenade project.

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.

Corporate Outcomes

The Way Ahead, City of Edmonton Strategic Plan, 2009 – 2018:

- Transform Edmonton's Urban Form
- Improve Edmonton's Livability

Public Consultation

Extensive public consultation has occurred in the development of the West Rossdale Urban Design Plan, including engagement with the Aboriginal communities. Amendments to the Plan will require additional consultation with the same groups and potentially additional interested parties.

Attachments

1. Alternative 1 - Possible Dedicated City Resources Model
2. Alternative 2 - Possible Municipal Land Development Corporation Structure
3. West Rossdale City Initiative

Others Reviewing this Report

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