

# Maple Ridge Sanitary Servicing

## Recommendation:

That Transportation Committee recommend to City Council:

That an exemption to City Policy C533 - Revolving Industrial Servicing Fund, to allow a fund rebate of up to \$8 million for a single servicing agreement entered into by multiple developers in Maple Ridge Industrial neighbourhood, be approved.

## Report Summary

The report recommends an exemption to City Policy C533 to allow a rebate from the Revolving Industrial Fund to facilitate development in the Maple Ridge Industrial area and to unlock servicing for 120 hectares of privately held industrial land.

## Previous Council/Committee Action

At the June 26, 2013, Transportation Committee meeting, the following motion was passed:

That Administration in consultation with affected owners in Maple Ridge develop a tax levy funded Sanitary Servicing solution to support the development of this infrastructure.

## Report

A Maple Ridge Owners Group, comprised of three landowners, plans to service and construct industrial buildings on 120 hectares of land in the Maple Ridge Industrial neighbourhood (see Attachment 1). These lands are in a neighbourhood that was annexed from

a rural municipality. Not all existing landowners in the arterial catchment area and drainage basin require or have the capacity to pay a share of the arterial road, sanitary and water services. This has stalled industrial development in Maple Ridge, which is strategically significant and has resulted in a shortage of industrial land that is causing a declining competitive position for Edmonton.

## Infrastructure Costs

The estimated infrastructure costs are:

### Arterial Roads:

17 Street - \$13.50 million

### Servicing

Water line - \$2.75 million

Sanitary Sewer - \$13 million

Land Acquisition - \$0.5 million

### Total: \$29.75 Million

### Arterial Roads

Based on the estimated 2014 Arterial Road Assessment rates the Maple Ridge Owners Group will expect to pay \$13.5 million towards 17 Street road construction and road right-of-way acquisition for the development of their lands. The Maple Ridge Owners Group's land represents 15 percent of the arterial road catchment area.

The Maple Ridge Owners Group have confirmed they are prepared to construct the arterial road on behalf of the City.

### Servicing

Water and sanitary servicing will also need to be provided to the area to facilitate development. These services

are planned along both 17 Street and future 51 Avenue.

### *Water Line*

It is estimated the Maple Ridge Owners Group's share of the water line is \$0.7 million.

### *Sanitary Sewer*

The cost of the sanitary line is estimated to be \$13 million. Through Permanent Area Contributions the Maple Ridge Owners Group would pay \$4.2 million. The Maple Ridge Owners Group represent approximately 30 percent of the benefiting area of the basin. The \$13 million is based on high level cost estimates. More detailed cost estimates will be required at detailed design approval and finalization of the Servicing Agreement. These will be used to confirm the required costs to be shared for the sanitary infrastructure.

### *Land Acquisition*

To facilitate sanitary sewer and water servicing, the City may need to acquire land at an estimated cost of \$0.5 million. This potential land acquisition is not currently funded in any approved budget.

### Financing Gap and the Revolving Industrial Servicing Fund

After the Maple Ridge Owners Group contribute its share, a financing gap of \$10.9 million exists. This gap could be narrowed or closed through the use of the Revolving Industrial Servicing Fund (Policy C533).

The Revolving Industrial Servicing Fund (see Attachment 2) is designed to front-end eligible infrastructure servicing to assist with the costs associated with developing industrial properties. The

City benefits from the taxes associated with higher zoning and end-user industrial buildings.

Most of the subject land (120 hectares) is assessed as farmland and when up-zoned with industrial development, will see a difference in both the revenues and expenses seen by the City in the area. Preliminary analysis performed by Administration assessed the long term net operating and infrastructure impacts for a number of differing potential land uses and build out times. The results of this analysis support the recommendation in this report.

The City will recoup its investment when other developers in the area carry out plans to use the infrastructure and further develop their properties.

Policy C533 - Revolving Industrial Servicing Fund limits the maximum amount of funds available for any one developer-initiated project to \$4 million. City Council can waive the maximum amount of funds provided per development project/servicing agreement. The program currently has room to provide \$10.1 million in funding.

Considering the complexities of the Maple Ridge Industrial neighbourhood circumstance, the Maple Ridge Owners Group may make a joint application to access the Revolving Industrial Servicing Fund, rather than each applying separately. A joint application will be consistent with the principles of the policy and more efficient to implement by City Administration and the Owners Group.

Administration proposes the specific requirements of City Policy C533 -

Revolving Industrial Servicing Fund, which limit the fund rebate to \$4 million per servicing agreement, be waived to allow a fund rebate of up to \$8 million for this joint application. Also, procedures for the Revolving Industrial Servicing Fund may be amended by Administration to adjust the timing of payments to the developer and to proportionately increase the developer's end-user building value requirements.

The City owns a parcel of land within the Maple Ridge Industrial neighbourhood, south of the lands owned by the Maple Ridge Industrial Group (see Attachment 1). A rezoning application for this parcel will be advanced for City Council's consideration. Depending on the development and its timing, it may be assessable for arterial road assessment and permanent area contributions, which would reduce the Maple Ridge Owners Group's requirements in the future.

### Policy

Administration is seeking an exemption to City Policy C533.

### Corporate Outcomes

*The Way Ahead*, City of Edmonton's Strategic Plan, 2009-2018:

- Ensure Edmonton's Financial Sustainability

### Budget/Financial Implications

The Revolving Industrial Servicing Fund has \$10.1 million of uncommitted funds which would be the source of the recommended \$8 million support for the outlined initiative. The payback mechanism for the Revolving Industrial Servicing Fund is 50 percent of future

increased property taxes and from subsequent developers.

### Legal Implications

An agreement between the City and the Maple Ridge Owners Group will be required.

### Justification of Recommendation

The recommendation would allow strategically important industrial lands in the Maple Ridge Industrial neighbourhood to be brought into the market place in a timely manner.

### Attachments

1. Maple Ridge Landowner and Servicing Context Map
2. City Policy C533-Revolving Industrial Servicing Fund

### Others Reviewing this Report

- L. Rosen, Chief Financial Officer and Treasurer
- D. Wandzura, General Manager, Transportation Services