

Capital City Downtown Community Revitalization Levy

Selection of Catalyst Projects

Recommendation:

That the list of Catalyst Projects as outlined in Attachment 1 of the May 8, 2013, Sustainable Development report 2013SHE022, be approved as the basis for developing the Capital City Downtown Community Revitalization Levy Plan.

Report Summary

This report proposes a list of Catalyst Projects that would form the basis for developing the Capital City Downtown Community Revitalization Levy Plan.

Report

City Council received the April 24, 2013, Sustainable Development report 2013SHE017, for information. That report proposed a list of Catalyst Projects that would form the basis for developing the Capital City Downtown Community Revitalization Levy Plan.

Administration is preparing the Community Revitalization Levy Plan for consideration at a Public Hearing later this year. Before the Plan can be completed, Administration requires direction from Council about which Catalyst Projects should be included in the Plan, and how they should be prioritized. A recommended prioritized list of projects is included in Attachment 1.

Including a project in the Community Revitalization Levy Plan does not commit Council to funding that project. Each project will ultimately require funding approval by Council through the regular Capital Budget process. Including a project in the Plan simply gives Council the option of funding the project with Community Revitalization Levy revenues.

Since April 24, 2013, changes have been made to the list of Catalyst Projects proposed for inclusion in the Community Revitalization Levy Plan. They are:

- The Civic Precinct Projects have been refocused to emphasize Council's recent direction to explore improvements to aesthetics of the area. The form of these improvements will be a function of stakeholder consultation.
- The Edmonton Downtown Academic and Cultural Centre has been added to the list of Future Projects. The City's potential contribution to this project has not been determined.

The Catalyst Projects have been sorted into two groupings. The first are those projects recommended for initial funding and those recommended for future consideration. Of the first group, the Arena Project is deemed critical to the viability of the Community Revitalization Levy. The balance of the Phase 1 Projects complement the impact of the Arena Project and add to the potential for additional development downtown, including the infrastructure that is needed for future private development to proceed. The second grouping of

Capital City Downtown Community Revitalization Levy – Selection of Catalyst Projects

projects may proceed based on revenues actually realized from the Community Revitalization Levy. This grouping is entitled 'Future Projects'.

Descriptions of each Catalyst Project can be found in Attachment 2. Attachment 3 contains further details on the definition of a Catalyst Project, their guiding principles, and how they were listed. Maps showing the approximate location of each project are included in Attachment 4.

Next Steps

The provincial government must pass the City of Edmonton Capital City Downtown Community Revitalization Levy Regulation before the Plan and Bylaw can be advanced to City Council for consideration at a Public Hearing.

Once City Council approves the Community Revitalization Levy Plan and Bylaw, provincial government approval of the Bylaw is also required to bring it into force.

Policy

The Capital City Downtown Community Revitalization Levy and the proposed Catalyst Projects are consistent with the following policies:

- City of Edmonton Strategic Plan 2009-2018 – *The Way Ahead*
- City of Edmonton Municipal Development Plan – *The Way We Grow*
- City of Edmonton Transportation Master Plan – *The Way We Move*
- City of Edmonton Environmental Strategic Plan – *The Way We Green*

- Capital City Downtown Area Redevelopment Plan – *Bylaw 12800*
- Debt Management Fiscal Policy – *C203C*
- City of Edmonton Strategic Plan – *The Way We Live: Edmonton's People Plan*.

Corporate Outcomes

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

- Transform Edmonton's urban form
- Improve Edmonton's liveability
- Shift Edmonton's transportation modes.

Public Consultation

Consultation for the Capital City Downtown Plan, including the Catalyst Projects, occurred over a five year period and engaged over 1,000 people.

Budget/Financial Implications

Consistent with the March 5, 2013, City Council report 2013SHE012, the revenue forecast used for the levy is \$469 million Net Present Value, which is viewed to be highly probable. A summary of projected cash flow is included in Attachment 5.

Legal Implications

After the Province passes the City of Edmonton Capital City Downtown Community Revitalization Levy Regulation, a Public Hearing can be held.

Provincial approval of the Community Revitalization Levy Bylaw and Plan is also required after City Council holds the Public Hearing on the Community Revitalization Levy Bylaw and Plan.

Justification of Recommendation

Council's endorsement of the list of Catalyst Projects in Attachment 1 is required to advance the Capital City Downtown Community Revitalization Levy Plan.

Attachments

1. Capital City Downtown Community Revitalization Levy Projects
2. Descriptions of Catalyst Projects
3. Catalyst Project Listing
4. Maps of Proposed Catalyst Projects (Arena Project and Phase 1 Projects plus Future Projects)
5. Summary of Projected Cash Flows

Others Reviewing this Report

- L. Rosen, Chief Financial Officer and Treasurer
- D. H. Edey, General Manager, Corporate Services

Capital City Downtown Community Revitalization Levy Projects

| Capital City Downtown Community Revitalization Levy Projects (Descriptions of each project are included in Attachment 2) | | |
|---|--|-----------------------------|
| Funding Priority | | *April 2013 Estimate |
| Recommended for Initial Funding | Arena Project | |
| | Arena Building | \$60 |
| | Arena Related Public Infrastructure Land: \$25 million Winter Garden: \$25 million MacEwan LRT Connection: \$7 million Pedestrian Corridor: \$15 million | \$72 |
| | Downtown Arena Community Rink | \$7 |
| | Total, Arena Projects | \$139 |
| | Phase 1 Projects | |
| | Green and Walkable Downtown – Arena Civic Interface 104 th Ave from 105 St intersection to 97 St intersection | \$15 |
| | Downtown Stormwater Drainage Servicing | \$35 |
| | Jasper Avenue New Vision | \$28 |
| | Jasper Ave Underground Infrastructure Allowance | \$27 |
| | Projects in the Civic Precinct | \$23 |
| | River Valley Promenades | \$11 |
| | 105 St/102 Ave Park | \$2 |
| | Total, Phase 1 Projects | \$141 |
| | Total, Initial Funding | \$280 |
| To proceed based on revenues actually realized | Future Projects | |
| | Downtown Stormwater Drainage Servicing | \$32 |
| | Central Warehouse Housing Incentive Program | \$12 |
| | Warehouse Campus Neighbourhood Central Park | \$46 |
| | Green and Walkable Downtown – Other Streetscape Improvements | \$62 |
| | Edmonton Downtown Academic and Cultural Centre | ** |
| | Total, Future Projects | \$152 |
| Total – All Projects | | \$432 |

* All figures shown are in 2013 dollars.

**The City's potential contribution has not been determined.

Descriptions of Catalyst Projects

Downtown Arena Building (\$60 million)

- The Downtown Arena is the centerpiece of a major private sector redevelopment project which is planned to include significant commercial, office and residential development. The \$60 million is part of the City's \$125 million commitment to the arena building.

Arena Related Public Infrastructure (\$72 million)

- Includes four components that were outlined in the January 23, 2013, City Council report 2013SGM002.
 1. Land: \$25 million
 2. Municipal contribution to the Winter Garden: \$25 million
 3. MacEwan LRT Station connection: \$7 million
 4. Interior pedestrian corridor: \$15 million

Downtown Arena Community Rink (\$7 million)

- The Downtown Arena and Entertainment District is proposed to include a community skating rink, which will be an important amenity space for central residents, especially as the Oliver Arena is scheduled for closure.
- This project is also an intrinsic part of the Downtown Arena project with any non-community usage being charged out at regularly set rates.

Green and Walkable Downtown

- Enhance attractiveness, connectivity, and active transportation function of each street in the downtown by adding wider sidewalks, trees, pedestrian lighting, landscaping, street furnishings, and improved paving.
- Streetscape improvements will enhance the attractiveness and functionality of downtown for potential residents and businesses, similar to the experience in the 104th Street area.
- Administration has identified two sub-projects within the category of Green and Walkable Downtown:
 - **Arena Civic Interface (Phase I Project: Estimated \$15 million)** – Includes upgrades to 104 Avenue public space from 105 Street to 97 Street intersection to create an enhanced and integrated design that visually and functionally links the proposed arena entertainment district, Royal Alberta Museum, Civic Precinct and proposed Downtown Academic and Cultural Centre. The east-west corridor will anchor further north-south development opportunities in the future.
 - **Other Streetscape Improvements (Future Project: estimated \$62 million)** – Streetscape upgrades to key streets throughout the remainder of the Community Revitalization Levy area. Includes wayfinding signage, Alley of Light and a high profile bikeway system which will link existing bike routes and involve highly visible route markings, and improved cyclist-oriented intersection treatments.

Downtown Stormwater Drainage Servicing (Estimated \$67 million - \$35 million Phase I, \$32 million Future Phases)

- This ‘backbone’ piece of infrastructure is critical to service future development in the downtown by accommodating additional sanitary flow and stormwater runoff resulting from future development.
- Phase I will include tunneling of a major “backbone” stormwater pipe north along 105 Street.
- Future Phases include additional stormwater facilities throughout the Community Revitalization Levy Area.

Jasper Avenue New Vision (\$28 million, and Underground Infrastructure Allowance: \$27 million (conceptual only))

- Implement the urban design recommendations of the 2011 Jasper Avenue New Vision report to create an attractive and distinctive streetscape as a catalyst for Downtown rejuvenation.
- Includes streetscape and below-grade utility improvements undertaken along Jasper Avenue in several phases which began in 2012:
 - Streetscape improvements along Jasper Avenue from 102 Street to 109 Street and 100 Street to 97 Street.
 - Construction will proceed in phases, beginning with the westernmost section of Jasper Avenue with future phases continuing eastward. Work on Jasper Avenue will be coordinated with construction of the Southeast LRT along 102 Avenue in order to minimize traffic congestion Downtown.
 - An allowance of \$27 million has been included for repairs to underground infrastructure (including LRT stations) that may be required prior to streetscape work. A study of below-grade infrastructure will be conducted to assess its condition and estimated repair costs.
- Changes since October 26, 2011 Council Report 2011SCO505:
 - The section of Jasper Avenue from 109 Street to 111 Street is not located within the Community Revitalization Levy boundary and has been *excluded* from this project. The previous cost estimate was \$61 million – the revised estimate is \$55 million.

Projects in the Civic Precinct (Estimated \$23 million)

- This Catalyst Project has been refocused to emphasize Council’s recent direction to explore improvements to aesthetics of the area. The form of these improvements will be a function of stakeholder consultation.
- The project will link together several major institutions and create a dignified ceremonial spine with opportunities for enhanced vibrancy and activity.

River Valley Promenades (Estimated \$11 million)

- Extend the Heritage Trail from its current location eastward to Jasper Avenue at the Armature (96 Street) in the Quarters.
- Several components of this project (improvements to river valley stair accesses) from the October 26, 2011 Council Report 2011SCO505 fall outside the Community Revitalization Levy boundary and are not eligible for funding through

the Community Revitalization Levy. As a result, the estimated cost has been reduced from \$13 million to \$11 million.

Warehouse Campus Neighbourhood Central Park (Phase I Project: 105 St/102 Ave Park \$2 million, Future Projects: Estimated \$46 million)

105 Street/102 Ave Park (Estimated \$2 million)

- The City owns five lots on the northwest corner of 105 Street and 102 Avenue and has designated that land for a park. Administration is currently designing the park in collaboration with the Downtown Edmonton Community League.
- Cost estimate is conceptual and includes design and construction costs.

Future Phases

- High quality park that will be a catalyst for residential development in the Warehouse Campus Neighbourhood.
- Major public amenity that represents a proactive, strategic intervention to provide current and future residents and businesses a more attractive place to live, work, play, and invest.

Central Warehouse Housing Incentive Program (Estimated \$12 million)

- Would provide \$12,000 grants for the first 1,000 units built within the Urban Warehouse Zone on projects built to high quality design standards, and include 10 percent of units as family-oriented units.

Edmonton Downtown Academic and Cultural Centre (City's potential contribution to be determined)

- The current plan for the Edmonton Downtown Academic and Cultural Centre is proposed to include several components:
 - Four state-of-the-art theatres;
 - A covered but not enclosed Galleria that will tie together the project elements and provides a people place and downtown gathering place for cultural and civic events;
 - A downtown academic campus; and
 - A new commercial office building, along with other potential commercial and retail space in the downtown.

Central Gathering Place for McKay Avenue (Not eligible for Community Revitalization Levy funding)

- This project is not within the proposed Community Revitalization Levy boundary and is therefore not eligible for funding through the Community Revitalization Levy. This project was estimated at \$6 million in the October 26, 2011 Council Report 2011SCO505.

Catalyst Project Listing

1. What is the definition of a Catalyst Project in terms of the Capital City Downtown Community Revitalization Levy?

It is a strategic public investment that:

- Is essential to support ongoing private investment in the Community Revitalization Levy Area;
- Enhances the vibrancy and economic well-being of the downtown by encouraging downtown population and economic growth;
- Fosters further significant redevelopment of the Downtown; and
- In its absence, further significant redevelopment will not progress.

This definition is based on the previously approved provincial Community Revitalization Levy Regulations as well as the Capital City Downtown Plan (Bylaw 15200).

2. What are the Guiding Principles of a Catalyst Project?

In order of priority:

- It directly results in more people living, learning, visiting and working downtown;
- It acts as a catalyst for further private sector investment;
- It contributes to growth and prosperity for residents, investors, and commercial operators;
- It contributes to quality of life and community well-being in a highly urbanized environment;
- It has not been identified for funding through any other program; and
- It would not be fully funded by the private sector.

3. How should the Catalyst Projects be listed?

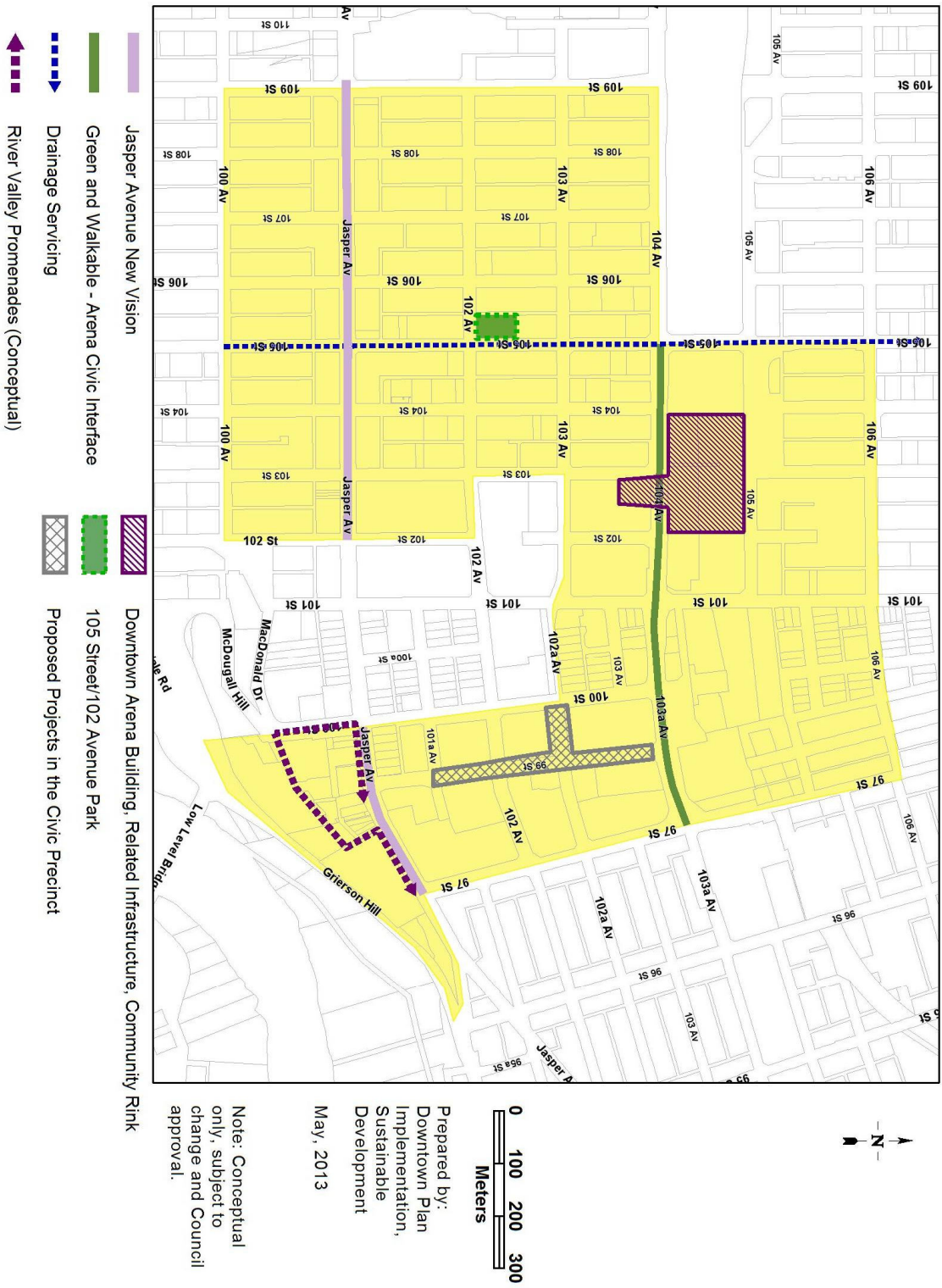
The Catalyst Projects have been sorted into two groupings. The first are those projects recommended for initial funding entitled 'Arena Project' and 'Phase 1 Projects' all of which kick start redevelopment downtown and provide necessary infrastructure for future private development. The second grouping of projects will proceed based on revenues actually realized for the CRL. This grouping is entitled 'Future Projects'.

Implementation of the Catalyst Projects will be phased, in order to minimize disruptions during construction and to mitigate the risk of short-term cash flow shortages.

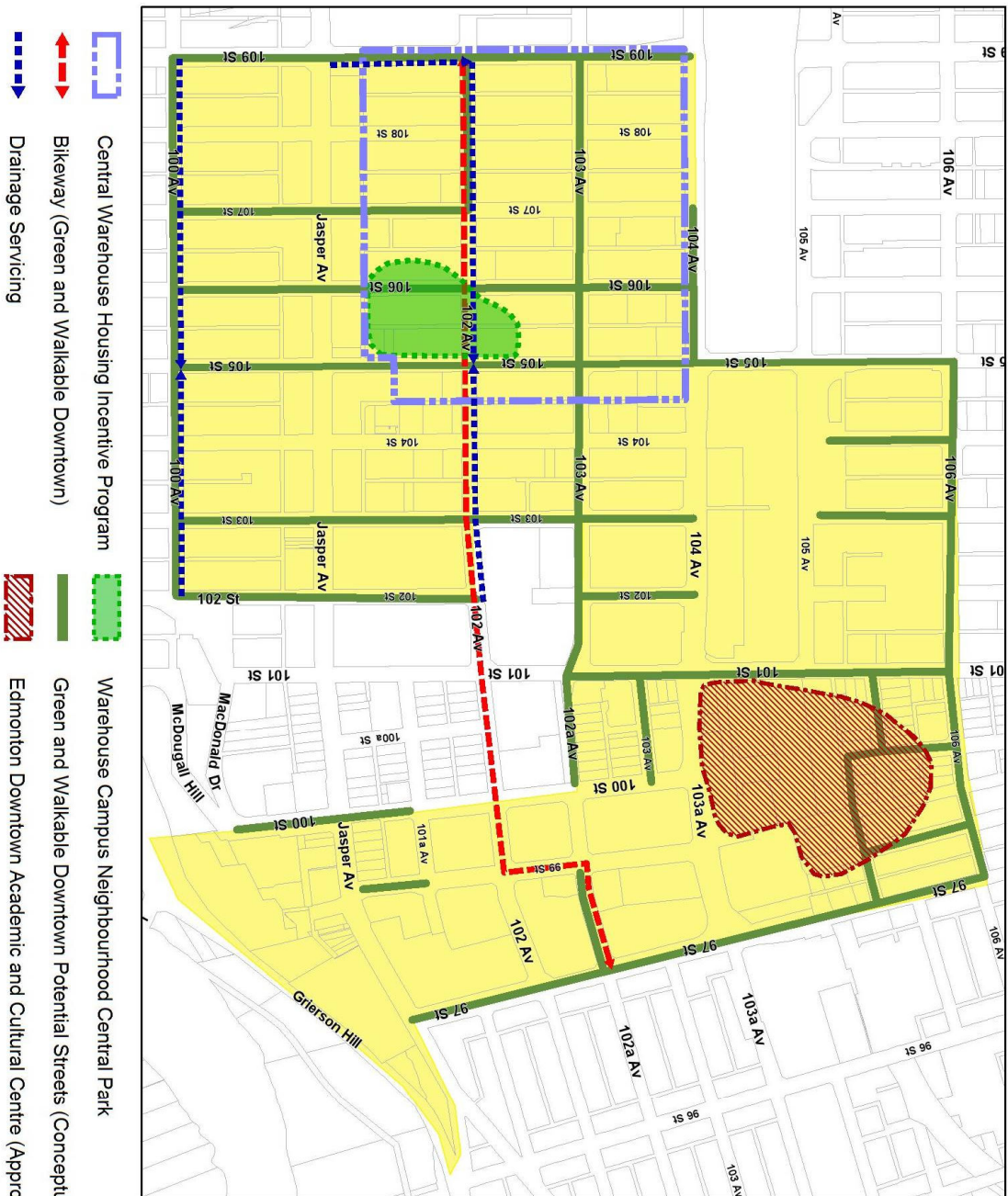
This method of listing Community Revitalization Levy projects has been used in three provincially-approved Community Revitalization Levy Plans (Rivers District in Calgary, the Quarters Downtown in Edmonton, and in the Cochrane Plan).

Maps of Proposed Catalyst Projects (Arena Project and Phase 1 Projects plus Future Projects)

Initial Catalyst Projects (Arena Project and Phase 1 Projects)



Future Catalyst Projects



Prepared By:
Downtown Plan
Implementation,
Sustainable
Development
May, 2013

Note: Conceptual
only, subject to
change and Council
approval

-  Central Warehouse Housing Incentive Program
-  Bikeway (Green and Walkable Downtown)
-  Drainage Servicing
-  Warehouse Campus Neighbourhood Central Park
-  Green and Walkable Downtown Potential Streets (Conceptual only)
-  Edmonton Downtown Academic and Cultural Centre (Approximate Location)

Summary of Projected Cash Flows

ATTACHMENT 5 - PRELIMINARY CASH FLOWS - DOWN TOWN CRL - 40% Development Scenario

(In \$Millions)

| Arena and Phase 1 - Project Costs | Projected | | | | | | | | Total | In 2013 Dollars |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|-----------------------|
| | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 | Yr 6 - 10 | Yr 11 - 15 | Yr 16 - 20 | | |
| Arena Project | 13 | 33 | 55 | 37 | - | - | - | - | 138 | 139 |
| Phase 1 Projects | 20 | 21 | 23 | 16 | 18 | 64 | - | - | 162 | 141 |
| Total Costs | 33 | 54 | 78 | 53 | 18 | 64 | - | - | 300 | 280 |
| Funding | | | | | | | | | | |
| Debt | 32 | 52 | 75 | 51 | 17 | 61 | - | - | 288 | |
| CRL - PAY-AS-YOU-GO (Note 2) | 1 | 2 | 3 | 2 | 1 | 3 | - | - | 12 | |
| Total Funding | 33 | 54 | 78 | 53 | 18 | 64 | - | - | 300 | |

| Preliminary CRL Cash Flows | Projected | | | | | | | | Total | Total (NPV) (NPV) |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|---------------|---------------|---------------|-------------------------|
| | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 | Yr 6 - 10 | Yr 11 - 15 | Yr 16 - 20 | | |
| Revenues | | | | | | | | | | |
| Community Revitalization Levy | \$ 5 | \$ 10 | \$ 18 | \$ 22 | \$ 24 | \$ 182 | \$ 279 | \$ 390 | \$ 930 | \$ 469 |
| Base Tax Levy (Note 3) | - | - | - | - | - | - | - | - | - | - |
| Total Revenues | 5 | 10 | 18 | 22 | 24 | 182 | 279 | 390 | 930 | 469 |
| Expenditures | | | | | | | | | | |
| Debt Servicing (Note 4) | 2 | 4 | 10 | 15 | 18 | 118 | 127 | 139 | 432 | 220 |
| Non-Capital Items (Note 5) | 1 | 2 | 3 | 2 | 1 | 3 | - | - | 12 | 9 |
| Total Operating Expenditures | 3 | 6 | 13 | 17 | 19 | 121 | 127 | 139 | 444 | 229 |
| Net Surplus (Deficit) | \$ 2 | \$ 4 | \$ 5 | \$ 5 | \$ 5 | \$ 61 | \$ 152 | \$ 251 | \$ 486 | \$ 240 |

Explanatory Notes

- Assumes the CRL bylaw is approved and in effect Jan 1, 2014.
- Under the 40% development scenario, it is projected that there is sufficient CRL revenue annually after covering debt servicing to fund non-capital items for which the City is not able to borrow through the ACFA.
- Under the 40% development scenario, it is projected that there is sufficient CRL revenue to cover annual debt servicing plus any non-capital items over the 20 year period and therefore no interim funding such as base tax levy would be required.
- Estimated debt servicing costs include both interest and principle repayments and are amortized over terms ranging from 13 to 20 years. The costs are based on projected costs and ACFA rates and subject to change.
- Non-capital items include costs such as utility relocations, development incentives, remediation and administrative costs for which the City is not able to borrow through ACFA. Based on preliminary analysis, it is assumed to be 4% of total project costs.
- NPV amounts are based on 5.5% discount rate.