

Quarterly Update on the Redevelopment of the Edmonton City Centre Airport

Recommendation:

That the December 10, 2010, Asset Management and Public Works Department report 2010PW6105 be received for information.

Report Summary

This report provides the quarterly update for the Edmonton City Centre Airport.

Previous Council/Committee Action

At the July 8, 2009, City Council meeting, the following motion was passed:

That Council receive quarterly updates on actions and any arising liabilities from actions on the phased closure of the City Centre Airport.

Report

This quarterly update provides information regarding: the status of the phased closure of the airport, Medevac, the design competition, governance, public consultation and communication, upcoming milestones, environmental analysis, and financial projections.

Phased Closure

- The decommissioning of Runway 16:34 was completed immediately following the 2010 Airfest, as requested by Council. Closure of the runway provided an immediate capital saving of \$7 to \$10 million,

which would have been required to keep the runway operational into 2011.

- While the runway still physically exists, landing lights outside of the airport boundaries have been removed and the Instrument Landing System has been disabled. This was an old system that was already being considered for replacement. This runway can not be reopened without approval of NAV Canada and Edmonton Regional Airport Authority.
- Edmonton Regional Airport Authority has invested \$20 million at Edmonton International Airport and \$3 million at Villeneuve to enable transitioning tenants from Edmonton City Centre Airport.

Medevac

- Air ambulance services will continue to operate from Edmonton City Centre Airport and the Edmonton International Airport until the Province of Alberta approves a permanent consolidation of these services to Edmonton International Airport.
- Alberta Health Services, Alberta Health and Wellness and STARS are moving toward a seamless transition of air ambulance service to the Edmonton International Airport, which would allow for building and patient care response efficiencies through on-site collaboration of ground, fixed, and rotary winged transport.
- In the interim, protocols exist for air ambulance diversions to Edmonton International Airport, when necessary.

Design Competition

- Submissions from the five short listed teams are due on January 21, 2011.
- The submissions will include display material, a 5 minute looped video, and a written submission. Collectively the information will address that team's:
 - conceptual design proposal used as a basis for a Master Plan that is to be based on Council's vision for the City Centre Redevelopment of the airport lands.
 - ability to successfully implement their conceptual proposal.
 - cost estimation for the work to be completed by the successful company.
 - public engagement plan throughout the Master Plan process based on the City's public involvement initiative.
- It is important to note that the Selection Committee will be focused on selecting the Team more so than on the concept. During the Master Plan Process, the development of the concept will be carried out with significant public engagement
- The public will have an opportunity via the City's website and in person to view the display materials and the five minute video of each of the submissions in advance of the Selection Committee's deliberations. The public's input will be used by the Selection Committee. The Selection Committee, on February 8, 9 and 10, 2011 will review all received information and interview each of the teams prior to making their

recommendation of the successful applicant to City Council for approval, in March 2011.

- In tandem with the Selection Committee's report recommending the successful applicant, Council will also receive an in-private report recommending the contract value to be negotiated with the winning applicant.

Governance

- A Steering Committee, comprised of City staff and stakeholders, has been established that meets monthly to ensure the project is fulfilling Council's mandate and to set direction for key budget and planning considerations. The committee is chaired by the General Manager of the Planning and Development Department with representation from key city departments and representatives from NAIT, EPCOR and the real estate development industry.
- A Selection Committee is also being established with the mandate to review the five short listed applicants' submissions and recommend to City Council the winning applicant. This Committee will be made up of a panel of three senior City staff including the City Manager, and up to five National and International experts.
- A Project team has been struck to coordinate the ongoing day to day activities of the project. This team is made up primarily of key civic staff, but also includes representatives of key stakeholders and the public. It will be engaged once the successful Master Plan Consulting Team has been selected.

- A budget was approved for a Project Office of six persons to be phased in over the next year. Two persons are currently with the Project office with position descriptions being prepared for the balance.

Public Consultation and Communication

- Public Consultation will commence upon receipt of the five Request for Proposals submissions in January. Comments on the proposals will be solicited via the City's website and through surveys at locations where the display materials are scheduled to be shown from January 28 through February 6, 2011. Comments from the public will be provided as information to the Selection Committee as information to assist them in their deliberations.
- Significant public consultation will occur once the Master Plan process is underway. The Public Engagement Plan is a key component of the submission requirements through the RFP.
- Public Communication will occur through: quarterly status reports, and the City's website, which will have: the minutes to the Steering Committee meetings, ongoing updates to the status of the project and an opportunity for public comment.

Upcoming Milestones

January 21, 2011: Submissions are due from the five teams

February 8-10, 2011: Selection Committee interviews the five teams and reaches consensus on their recommendation

March, 2011: Council considers recommendations of the Selection Committee pertaining to the selection of the team and the value for the contract

April/May 2011: Contract negotiated with successful proponent

August 2012: completion of successful proponent's contract to produce the Master Plan

Summer 2013/ 14: Construction tenders for Phase I of the development

Environmental Analysis

- The Phase II Environmental Site Assessment on the east portion of ECCA site identified three locations where there are contaminants above acceptable criteria.
- A risk management approach is being applied to these sites, which means no remediation is necessary until such time as the site is redeveloped, thus minimizing the costs of remediation.

Purchases

- The City has acquired the SPAR leasehold interest at a cost of \$4.8 million. Lease revenues from this property are \$660,000 annually.
- The City has an executed agreement to purchase the STARS leasehold interest. This agreement closes on December 31, 2010, with its terms being confidential until that time.
- Negotiations continue with a number of other tenants at Edmonton City Centre Airport.
- Negotiations continue with Canadian National Railways to acquire Canadian National Railways rights to some of their lands on Yellowhead Trail. This negotiation is necessitated

by a previous lease agreement whereby these lands would either be purchased by the City or would revert to Canadian National at the time when the Edmonton City Centre Airport is closed.

- Negotiations are in progress to conclude the purchase of Edmonton Regional Airport Authority's building 15.

Future Financial Projections

- Discussions continue with Edmonton Regional Airport Authority to finalize the net revenues and expenses associated with continuing to run the airport. Historically the operation has been net neutral to Edmonton Regional Airport Authority.
- Commencing in 2011, the Land Development Office budget will absorb all staff costs that the City incurs on this project.
- The revenues and expenses associated with the City Centre Redevelopment project will be better defined based on the concepts provided in the Request for Proposal process and will be further clarified with the completion of the Master Plan process.
- Based on current development practices, upon full build out, preliminary estimates suggest that the City Centre redevelopment will generate annual tax revenues and sales revenues consistent with the projections as presented to Council on June 24, 2009 reflecting a range of between \$91 and \$486 million in sales revenues. If the City were not the developer and instead considered selling the property to a private developer, the conservative

estimate of current market value of the property is \$70 million.

Policy

Land Development Policy C511

Strategic Area

The Edmonton City Centre Airport redevelopment project reflects all of the goals identified in Council's vision

Others Reviewing this Report

- R. G. Klassen, General Manager, Planning and Development Department
- R. Boutilier, General Manager, Transportation Department
- L. Rosen, Chief Financial Officer and Treasurer