

Funding Plan for the Brighton Block

Recommendation

That Executive Committee recommend to City Council:

1. That funding of up to \$743,084.30 be provided from the Quarters Downtown Community Revitalization Levy to fund eligible historic rehabilitation work on the Brighton Block, as outlined in Attachment 1 of the October 1, 2020, Urban Form and Corporate Strategic Development report CR_8135.
2. That a funding agreement between the City and Brighton Block Inc., as outlined in Attachment 2 of the October 1, 2020, Urban Form and Corporate Strategic Development report CR_8135, be approved, and that the agreement be in form and content acceptable to the City Manager.

Executive Summary

The Brighton Block is a designated Municipal Historic Resource. The building has undergone extensive rehabilitation and the property owner is seeking funding in excess of the terms of the City's Maintenance Incentive Program for Municipal Historic Resources to support a portion of the costs associated with eligible historic rehabilitation work. At Council's direction (October 22/23, 2019), Administration continued to work with the property owner to develop a funding plan that would provide a grant of up to 33 percent of the total costs of eligible historic rehabilitation of the building from the Quarters Downtown Community Revitalization Levy. This report seeks Council's approval of the funding plan, which requires a budget adjustment to the Quarters Downtown Community Revitalization Levy and exceeds the \$500,000 limit of the City Manager's delegated authority in relation to grant funding.

Report

City Policy C450B Policy to Encourage the Designation and Rehabilitation of Municipal Historic Resources in Edmonton allows for the provision of maintenance incentives of up to 33 percent of the cost of eligible historic rehabilitation work to the owners of designated Municipal Historic Resources to support the property's upkeep. Administration's practice has been to limit maintenance incentives to a maximum of \$50,000 for individual commercial, institutional, and multi-family historic resources every five years.

The October 15, 2019, Urban Form and Corporate Strategic Development report CR_7348, Brighton Block and Strathcona Hotel: Requests for Heritage Funding, presented to Urban Planning Committee, suggested that the Brighton Block rehabilitation could be considered as a one-time exception to the Maintenance Incentive Program's maximum grant amount, and that the City could reimburse up to 33 percent of the cost associated with eligible historic rehabilitation work.

Funding Plan for the Brighton Block

Given the Brighton Block's location in the Heritage Quarter, its rehabilitation and restoration aligns with the objectives of the Quarters Downtown Community Revitalization Levy Plan, the Quarters Area Redevelopment Plan and Urban Design Plan. As such, Administration believes that it would be appropriate to fund a portion of the rehabilitation costs of eligible historic rehabilitation work from the Quarters Downtown Community Revitalization Levy.

Urban Form and Corporate Strategic Development report CR_7348 accurately detailed the eligible work and corresponding costs for the Brighton Block rehabilitation and restoration. However, due to a formatting error, it incorrectly identified that the resulting maintenance grant (33 percent of total costs) would be up to \$566,636.80. The correct amount is \$743,084.30 (refer to Attachment 1- Summary of Eligible Costs for the Brighton Block).

Pending Council's approval, \$743,084.30 will be transferred from the Quarters Downtown Community Revitalization Levy Reserve to the Heritage Resources Reserve, to be disbursed to the property owner in accordance with the terms of the funding agreement and City Policy C450B *Policy to Encourage the Designation and Rehabilitation of Municipal Historic Resources in Edmonton* (with the exception of the maximum grant amount).

The property owner will be required to enter into a funding agreement with the City, as described in Attachment 2 - Agreement Term Sheet for the Brighton Block.

Budget/Financial

Upon completion of the eligible historic rehabilitation work as described in Attachment 1, the owner will be provided up to \$743,084.30 from the Quarters Downtown Community Revitalization Levy (through the Heritage Resources Reserve). The current Quarters Downtown Community Revitalization Levy balance is sufficient to cover committed funding, including the Brighton Block.

Based on the 2019 Quarters Downtown Community Revitalization Levy Projections, there are sufficient funds to cover the proposed grant. There is a slight impact to the

timeline for full repayment of the Quarters Downtown Community Revitalization Levy from 2028 to 2029.

The total estimated cost of the eligible historic rehabilitation work is \$2.25 million. Additional non-eligible rehabilitation work is estimated at more than \$12 million. Beyond the additional \$743,084.30 grant from the Quarters Downtown Community Revitalization Levy, the owner is responsible for all other costs for the project.

Legal

The City is under no legal obligation to assist owners of Municipal Historic Resources with the cost of maintenance.

Public Engagement

Public engagement was not undertaken in relation to this report. The report was informed by existing policy and procedures. Administration has engaged with the owner of the Brighton Block in order to facilitate their request for funding.

Corporate Outcomes and Performance Management

Corporate Outcome(s): Condition of Success			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Unique character and history of the neighborhood is preserved.	Number of designated Municipal Historic Resources	160 (as of March 9, 2020)	There is no target for the designation of historical resources.

Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score (with current mitigations)	Current Mitigations	Potential Future Mitigations
If Approved						
Financial	Grant used for costs that are not related to heritage resource conservation / rehabilitation.	1 - Rare	2 - Moderate	2 - Low	Administration reviews detailed work estimates from third party contractors for qualifying	

					rehabilitation work. Funds are not disbursed until the rehabilitation work is complete and inspected.	
Customers/ Citizens	Approving funding in excess of program limits could result in additional requests of this nature.	3 - Possible	2 - Moderate	6 -Low	All requests of this nature require Council approval and are ultimately at Council's discretion.	Administration is exploring changes to its Maintenance Incentive Program for Historic Resources so that it is better positioned to respond to requests of this nature; however, it is unlikely that multiple requests of this scale could be considered within existing levels of funding.
If not Approved						
Public Perception	Could contribute to perception that the City does not adequately support the preservation of historic resources.	3 - Possible	1 - Minor	3 - Low	Communications plan detailing the City's financial support for built heritage preservation, which ranks highly amongst major Canadian municipalities.	

Attachments

1. Summary of Eligible Costs for the Brighton Block
2. Agreement Term Sheet for the Brighton Block

Others Reviewing this Report

- M. Persson, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- C. Owen, Deputy City Manager, Communications and Engagement
- B. Andriachuk, City Solicitor