

# LRT Right-of-Way Cost Sharing Arrangement - Memorandum of Understanding

## Recommendation

That the April 16, 2019, Urban Form and Corporate Strategic Development report CR\_6557, be received for information.

## Previous Council/Committee Action

At the October 16, 2018, Urban Planning Committee meeting, the following motion was passed:

That Administration work with UDI to develop a Memorandum of Understanding (MOU) for the implementation of LRT right-of-way cost sharing arrangement and return to Council.

## Executive Summary

Administration and Edmonton area developers have agreed, subject to Council consideration, on a Memorandum of Understanding to enable the sharing of costs associated with the acquisition of land required for future LRT construction. The proposed cost share is 50 percent developers and 50 percent City of Edmonton. The total estimated cost of land acquisition is \$20.7 million for LRT lines and includes land currently owned by private developers, the City and the Government of Alberta. Under a 50/50 cost sharing arrangement, the City's share would be \$10.35 million.

Subsequent to Urban Planning Committee direction that Administration develop a Memorandum of Understanding, the Province expanded the off-site levy provisions available to the City of Edmonton through amendments to the City Charter. Administration is currently exploring the implications of the changes through the off-site levies bylaw project.

## Report

Over the past several years, Administration and Edmonton area developers have discussed options for the acquisition of land required for LRT in developing areas. The practice has been to require dedication of LRT right-of-way at the time of subdivision of lands adjacent to the future LRT. This meant that the cost of land required for LRT was borne by landowners adjacent to the LRT line, given that no mechanism existed to share land costs amongst benefitting land owners.

The outcome of the June 7, 2017 Urban Planning Committee report CR\_4267 LRT Right-of-Way Cost and Risk Sharing - City Charter Discussions was direction for

Administration to incorporate the outcome of City Charter discussion wherein the City requested that the Province enable the City to create an off-site levy system that included land required for LRT. The City Charter was enacted in April 2018 without this provision. Subsequently, Administration was directed to negotiate a cost-sharing proposal with Edmonton area developers.

### **Memorandum of Understanding**

Administration and Edmonton area developers considered a potential cost sharing arrangement for the acquisition of LRT right-of-way and jointly developed a Memorandum of Understanding for sharing land costs (Attachment 1). The intent is that at the time of subdivision the City would purchase required LRT right-of-way at 50 percent of the value of the land.

### **Off-Site Levy Considerations**

In early 2019, the Province expanded the available off-site levy provisions through amendments to the *City of Edmonton Charter, 2018 Regulations*. The Regulations allow Council to define the type of infrastructure to be levied, and the method of calculation. This new authority allows the City to establish an off-site levy for LRT right-of-way to share land costs. Administration is working toward an off-site levies bylaw with a goal of having it passed by City Council by the end of June, 2020. The benefits and drawbacks of using a levy to fund specific infrastructure will be reviewed through the off-site levies bylaw project.

Negotiations to date between the City and the Urban Development Institute have occurred in good faith and over several years. A Memorandum of Understanding could proceed following approval of capital funds to purchase LRT right-of-way, notwithstanding ongoing levy discussions. LRT land acquisition will be included in the levy discussion along with all other items currently under review. As part of the negotiations with developers, the LRT lands could either be included in the levy or the Memorandum of Understanding could remain in effect.

### **Budget/Financial**

As per normal practice, to date the dedication of LRT rights-of-way has been required as a condition of subdivision approval. A funding source must be identified to implement the Memorandum of Understanding between the City and land developers, whereby the City would pay for its portion of the LRT right-of-way dedication within a reasonable timeframe of the subdivision being registered, such as two years.

In the Memorandum of Understanding approach, the City would purchase its 50 percent share of the right-of-way cost and the affected developer (landowner) would arrange to recover some portion of the remaining 50 percent from other nearby developers. In the levy approach, financial obligations of the City and the landowner would be determined through the levy development process.

Detailed planning has not been completed for all LRT extensions, and greenfield land

costs have not been quantified. Cost estimates of future LRT right-of-way land requirements in developing areas are:

LRT Line	Total Cost to Acquire Land
Capital Line extension south to Heritage Valley	\$7.4 million
Capital Line extension northeast to Gorman	\$3.5 million
Capital Line extension northeast Gorman to Edmonton Energy Technology Park	\$6.3 million
Metro Line extension northwest to Campbell Road	\$3.5 million
	<b>TOTAL \$20.7 Million</b>

The total estimated cost of land acquisition is \$20.7 million for the above noted LRT lines and includes land currently owned by private developers, private landowners, the City and the Government of Alberta. Under a 50/50 cost sharing arrangement the City's share would be \$10.35 million. Administration estimates \$4 million will be required in the 2019-22 Capital budget to fund acquisitions during that time frame.

Pending Council's discussion on this matter, Administration would prepare an unfunded capital budget profile for consideration during the Spring Supplementary Capital Budget Adjustment deliberations.

### Corporate Outcomes and Performance Management

Corporate Outcome: The City of Edmonton has sustainable and accessible infrastructure.			
Outcome(s)	Measure(s)	Result(s)	Target(s)
The City of Edmonton has sustainable and accessible infrastructure	Edmontonians' assessment: Access to infrastructure, amenities and services that improve quality of life positive survey responses	68% (2017)	70% (2018) positive survey responses
Corporate Outcome: Edmontonians use public transit and active modes of transportation.			
Transit network is well integrated	Transit ridership (annual rides/capita)	91.6 (2017)	105.0 (Dec 2018)
	Journey to work mode (percentage auto passenger, transit, walk, cycle or other)	26.1% (2016)	25.9% by December 2018

**Attachment**

1. Memorandum of Understanding Between: Urban Development Institute and The City of Edmonton

**Others Reviewing this Report**

- R. Kits, Acting Deputy City Manager, Financial and Corporate Services
- C. Owen, Deputy City Manager, Communications and Engagement
- A. Laughlin, Deputy City Manager, Integrated Infrastructure Services
- B. Andriachuk, City Solicitor