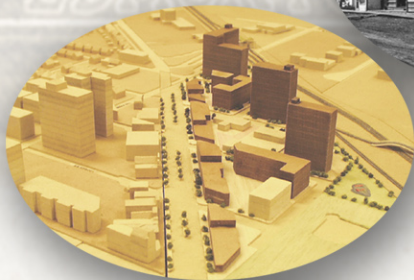


NORTH
BELVEDERE
EDMONT SPOT



FORT ROAD OLD TOWN Master Plan Implementation Report





Fort Road Old Town Master Plan Implementation Report

August 2003

Prepared by Planning and Development in consultation with Asset Management and Public Works, Transportation and Streets, and Community Services.

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1. INTRODUCTION

This report presents information on the implementation of the Fort Road Old Town Master Plan. The Master Plan involves two significant components:

1. the widening of Fort Road from 66 Street to 129 Avenue.
2. the development of a new urban village with a revitalized commercial sector and a residential community of up to 1000 units adjacent to the existing Belvedere LRT station.

City Council approved the Master Plan for implementation at their November 26, 2002 meeting. In approving the Master Plan, Council passed a motion requesting:

“That a further report detailing the implementation model, including the project structure, timeline, and total costs/benefits be developed for Council, to come back in early 2003.”

This report provides the information necessary for a full understanding of the implementation model including:

- ♦ proposal background
- ♦ project structure
- ♦ project timeline
- ♦ cost-benefit analysis
- ♦ overall project budget

1.1 Fort Road Old Town Master Plan Concept Overview

A. PROJECT GOALS

The primary goals of the new Fort Road Old Town Master Plan are to:

- ♦ Revitalize the historic Fort Road Old Town
- ♦ Accommodate future traffic increase on Fort Road

The Old Town area will be established as a “Special Development Zone” where significant improvements and redevelopment activity will occur. In addition to the revitalization of the Fort Road Business Area, the proposed development will also:

- ♦ establish a land-use pattern, which favours ridership of the LRT.
- ♦ provide a high-density residential community in the vicinity of the LRT station.
- ♦ save infrastructure costs and reduce urban sprawl by maximizing the development potential of an established area.
- ♦ act as a much-needed “catalyst” in this northeast area by fostering further redevelopment on under-utilized lands near the LRT station and north & south along Fort Road.
- ♦ serve as a model for high-density, transit-oriented communities to be built at other at-grade, existing and future LRT stations; and
- ♦ stand as a demonstration project for the City’s efforts to encourage energy-saving development through Smart Growth

The planning approach builds on the plan objectives and policies of the Belvedere Station Area Redevelopment Plan (ARP) and the planning principles from two North American planning movements – Transit-Oriented Development (TOD) and Smart Growth (Edmonton’s Smart Choice).

B. THE REDEVELOPMENT CONCEPT

The Fort Road Old Town Master Plan involves:

- ♦ widening Fort Road from four to six lanes;
- ♦ special streetscape improvements in the commercial area;
- ♦ redevelopment of commercial land on the east side of Fort Road;
- ♦ infill development and upgrading on the west side of Fort Road;
- ♦ development of up to 1000 housing units in the area between Fort Road and the CN/LRT tracks;
- ♦ implementation of a new roadway/pedestrian circulation network in the area between Fort Road and the CN/LRT tracks; and
- ♦ development of small neighbourhood parks and a 500-metre section of the citywide multi-use trail system.

The Fort Road Old Town Master Plan is an integration of two major projects:

- ♦ a Transportation Project
- ♦ a Redevelopment Project

The Transportation Project – the widening of Fort Road to six lanes – is a component of the City’s longstanding program to widen Fort Road between Yellowhead Trail and 137 Avenue. The purpose of the Fort Road Old Town Redevelopment Project is to seize upon an opportunity made possible by the Transportation Project to revitalize the area between 66 Street and 129 Avenue and encourage medium to high-density mixed-use transit-oriented development (TOD). This will

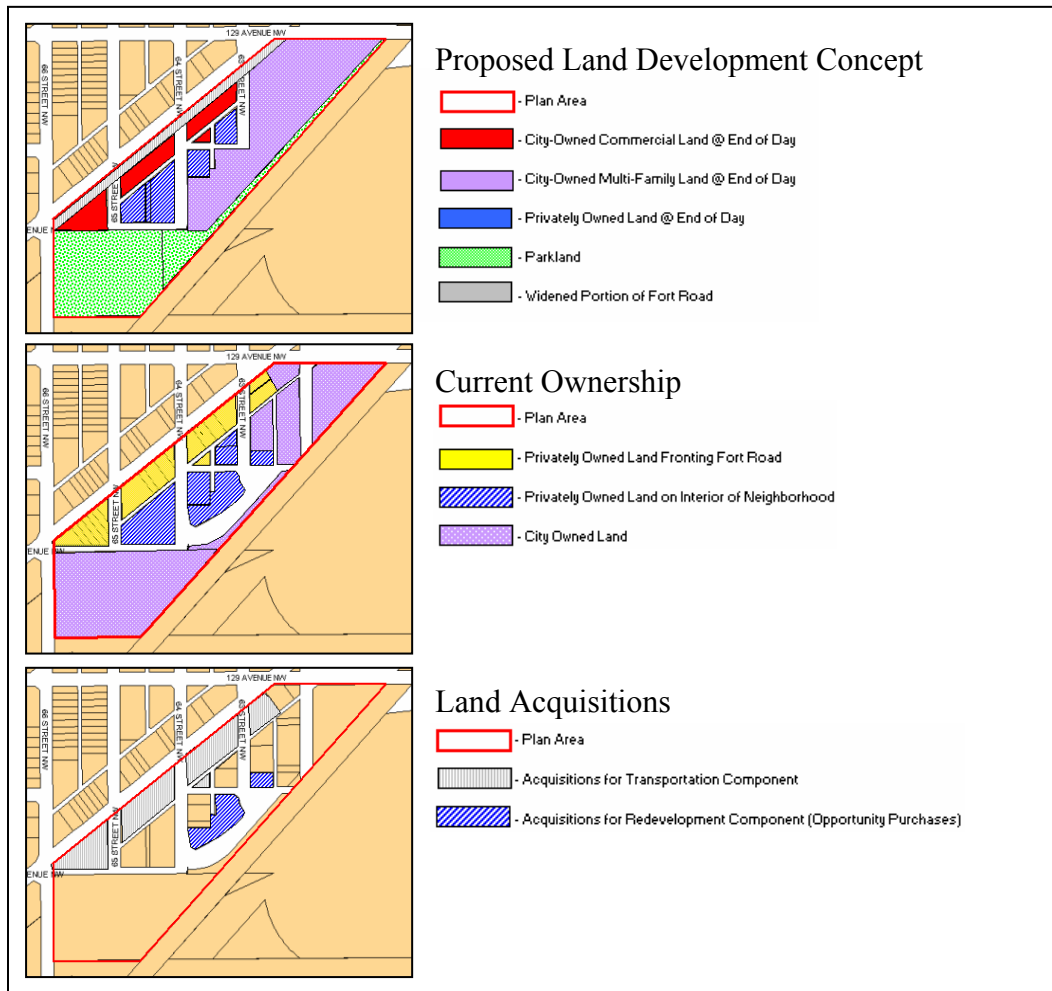


foster increased LRT ridership, revitalization of the Fort Road Old Town Business Area, intensified urban land-uses in mature areas, and more efficient use of existing municipal infrastructure.

In order to expand Fort Road from four to six lanes in the Old Town, land on the east side of Fort Road will be required, necessitating the acquisition of the commercial properties along that side of the road and the demolition of the buildings.

Assuming certain opportunity purchases are completed on a few interior properties (ie. east of the above-noted commercial sites), the end result will be City-ownership of a large multi-family site (2.812 ha), as well as a strip of commercial land along Fort Road (1.97 ac or 85,813 sf gross). There will also be a large park in the southwest sector, and a strip of parkland in the east, adjacent to the LRT line. The rest of the neighborhood will continue to house the existing industrial (auto services shops, warehouses) for the time being but will be rezoned to allow for future medium/high density residential redevelopment.

Expansion of Fort Road between 66 Street and 129 Avenue, installation of streetscape improvements, reconfiguration of the internal roadway network, construction of neighbourhood parks and the multi-use trails will all precede a high-profile marketing campaign to facilitate the sale of City-owned lands to developers. Development of the residential, commercial, and mixed-use complexes will then proceed according to the Redevelopment Project’s development design concept and urban design (architectural) guidelines.



1.2 Fort Road Old Town Master Plan Implementation Overview

The implementation of the Fort Road Old Town Redevelopment Project will see the City of Edmonton act as the developer due to its role as the major landowner in the area.

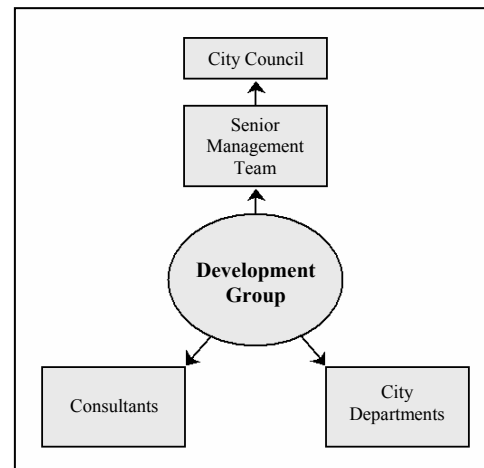
This will allow the City to ensure the high quality design needed to revitalize the Fort Road Business Area. The project will also achieve important civic objectives as outlined in the Fort Road Old Town Master Plan, Plan Edmonton, and the Belvedere LRT Station Area Redevelopment Plan (ARP), such as affordable housing initiatives, transit-oriented development centered on LRT stations, and intensification of the current urban form.

These social and strategic objectives must then be accomplished within a sound financial framework. The Fort Road Old Town Master Plan and this Implementation Report present a fiscally responsible development strategy that will allow the City to take a leadership role in the redevelopment of Edmonton communities.

A. PROJECT STRUCTURE

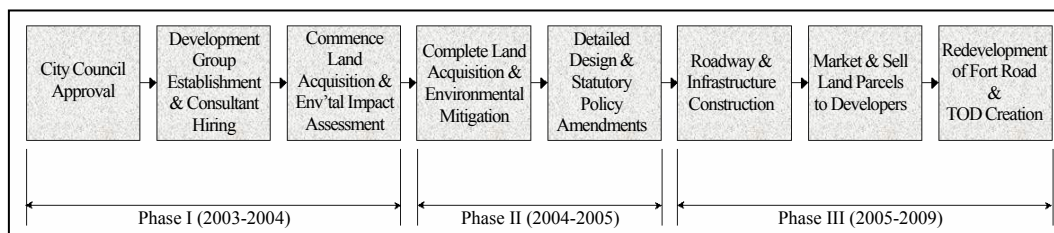
The project structure for the Fort Road Old Town Redevelopment Project is closely modeled on successful ventures where the municipal government has acted as developer. The *Bow Valley Centre* project in Calgary, the *Centre in the Park* project in Sherwood Park, and the redevelopment of the Cloverdale and Rosedale neighbourhoods in Edmonton are prime examples of where this framework has been effective.

A central Development Group – formed from current civic staff and qualified external contractors – will be created to manage and administer on a day-to-day basis all aspects of the redevelopment project. The group will coordinate and direct the work of private consultants and contributions from City departments, and will maintain healthy stakeholder relations. This group will report to the Senior Management Team who will monitor their work and act as liaison to City Council.



B. PROJECT TIMELINE

Implementation of the Fort Road Old Town Master Plan will progress in three phases spread over a seven-year period (i.e. 2003-2009), commencing after City Council approval of this implementation program and overall budget.



In Phase I, the Development Group will be formed, environmental impact assessments conducted, consultants hired, and land acquisitions commenced for the Fort Road expansion and transit-oriented urban village development acquired.

In Phase II, land acquisitions will be completed, designs for the redevelopment (i.e. development concept design, detailed development strategy, and architectural guidelines) will be formulated, followed by amendments to applicable statutory policies.

In Phase III, a widened Fort Road, inner circulation network infrastructure, streetscape improvements, public parks/plazas, and a multi-use trail will be constructed. The newly serviced City-owned land will be re-subdivided and marketed to developers on a parcel-by-parcel basis. The developers will then construct the residential, commercial, and mixed-use facilities of the new urban village and renewed Fort Road Old Town.

C. PROJECT COST-BENEFIT ANALYSIS

For the cost-benefit analysis of the Fort Road Old Town Redevelopment Project, the Land Development Component has been isolated from the Transportation Project (Transportation Component) for the simple reason that the Transportation Project will occur regardless of whether the urban village is developed. These two components are interdependent however and must be implemented in tandem to achieve economies of scale and to achieve the objectives of the Fort Road Old Town Master Plan.

Transportation Component

Costs of the Transportation Component include acquisition costs for Fort Road fronting properties, demolition costs for these properties, Fort Road widening costs, the cost of constructing the city-wide multi-use trail and the cost of developing a new Belvedere Park and Ride facility. The total cost of the transportation component is approximately \$16 million.

Land Development Component

For the Land Development Component of the cost-benefit analysis, three redevelopment scenarios were examined: a “conservative” (180 units/hectare), “optimistic” (252 units/hectare) and a “most optimistic” (290 units/hectare) scenario. Each of these scenarios was based on a comprehensive redevelopment of the City owned site of 2.812 hectares and the development of two floors of residential above the commercial shops along Fort Road.

The costs associated with the Land Development Component include land acquisition costs, demolition costs, Fort Road streetscape improvement costs, internal road network construction costs, park development costs, design costs and the costs of a builder’s incentive (\$4,500 per unit). The total cost of the land development component is \$4.0 million for scenario 1, \$4.2 million for scenario 2 and \$4.4 million for scenario 3

Under scenario 1, there will be 642 housing units built, with development costs of \$4.0 million and land sales revenues of \$2.9 million. The Net Cost of this scenario, therefore, is \$1.1 million.

Under scenario 2, there will be 845 housing units built, with development costs of \$4.2 million and land sales revenues of \$3.7 million. The Net Cost of this scenario, therefore, is \$0.5 million.

Under scenario 3, there will be 949 housing units built, with development costs of \$4.4 million and land sales revenues of \$4.1 million. The Net Cost of this scenario, therefore, is \$0.3 million.

To determine the estimated time frame in which the land development project’s costs will be offset, each of the scenarios was evaluated in terms of the net development cost and the increased revenues which will flow to the City from increased property and business taxes and increased

LRT ridership revenues. The results are summarized below:

Overview of Redevelopment Project Costs and Benefits			
	Scenario 1 (642 housing units)	Scenario 2 (845 housing units)	Scenario 3 (949 housing units)
Net Cost of Project (Costs - Land Sale Revenues)	\$1.1 million	\$0.5 million	\$0.3 million
Annual Property and Business Taxes (in Year 8)	\$750,000	\$900,000	\$1,000,000
Annual LRT Revenue (in Year 8)	\$200,000	\$260,000	\$290,000
Break-Even Year (Land Sales, Taxes, LRT revenues)	Year 6	Year 5	Year 5

D. OVERALL PROJECT BUDGET

The total Overall Cost for the Fort Road Old Town Redevelopment Project (combined transportation/land development components) is \$20,323,000, while the total Net Cost for the Project is \$16,223,000. The table below presents a summary of the costs and revenues of the overall project.

Costs

Transportation Costs		\$ 15,950,000
Land Acquisition	\$ 4,250,000	
Fort Road Widening	\$ 5,500,000	
Multi-use Trail	\$ 200,000	
New Belvedere LRT Park & Ride Lot	\$ 6,000,000	
Land Development Costs (based on conservative option, Scenario 1)		\$ 3,950,000
Total Fort Road Old Town Master Plan Costs		\$ 19,900,000

Revenues

Land Sales (based on conservative option, Scenario 1)		\$ 2,900,000
Total Fort Road Old Town Master Plan Revenues		\$ 2,900,000
Net Cost of Fort Road Old Town Master Plan		\$ 17,000,000

It is recommended that the transportation costs be budgeted and financed through the Capital Priorities Plan (CPP) as a tax-supported debt project.

Land development costs will be budgeted and financed through the Land Enterprise Fund and all revenues from land sales will be returned to the fund, with any shortfall in costs being fully accommodated through separate capital profile.

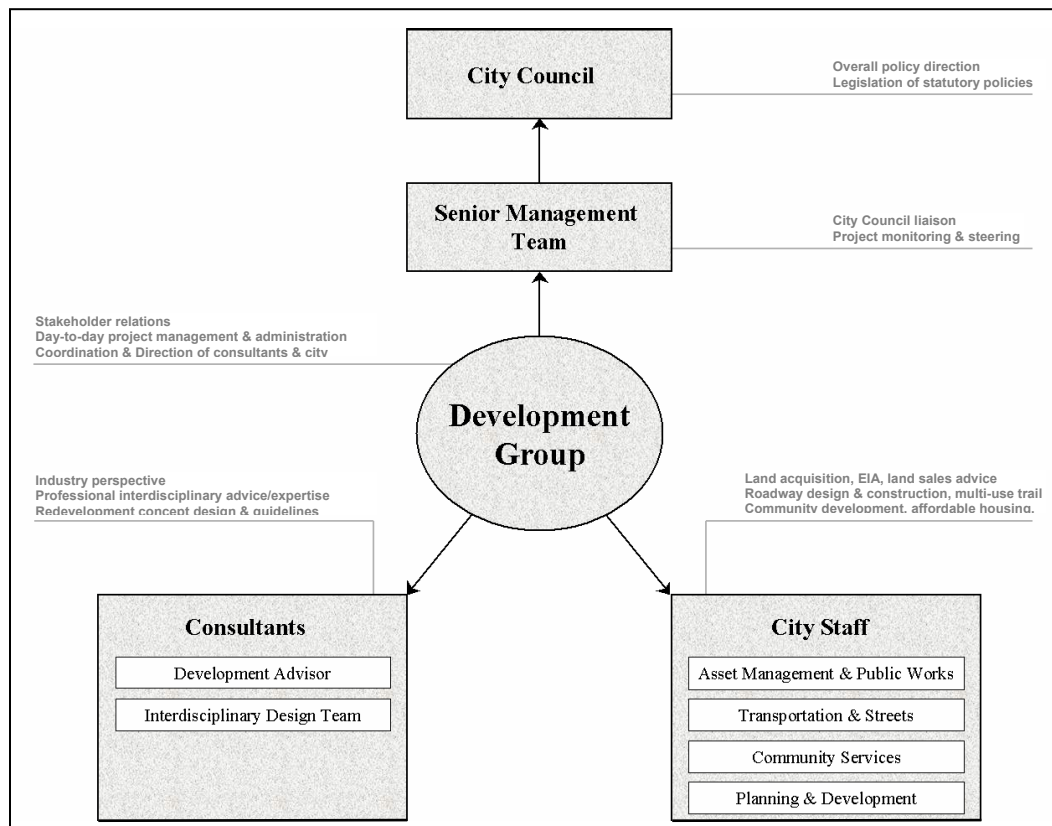


2. PROJECT STRUCTURE

As a major landowner in the area, the City of Edmonton will act as the primary developer for the implementation of the Fort Road Old Town Master Plan. As such, the City must balance quality design, social and strategic civic objectives against a sound financial performance. It must demonstrate a commitment to the policies outlined in the Fort Road Old Town Master Plan and provide leadership to bring them to fruition through the implementation of a fiscally responsible development strategy.

Furthermore, this redevelopment initiative will require substantial co-operation between various civic departments, the Fort Road Business and Community Association, community and cultural groups, and private sector individuals and organizations.

The project structure for the implementation of the redevelopment effort, therefore, will be centered on a discrete development group dedicated to the management and coordination of all groups and activities involved with the redevelopment program. As the central hub, the development group is crucial to the successful collaboration of the other major organizational groups: City Council, the senior management team, private consultants, and city departmental staff.



The Project Structure

A number of successful projects within Alberta where a municipal government body acted as the primary developer were used as a model for The Fort Road Old Town Redevelopment Project implementation strategy:

The Bow Valley Centre project (“The Bridges”) involves the redevelopment of the former Calgary General Hospital site, just north of Calgary’s downtown. The City of Calgary Corporate Properties Department is acting as the developer and is currently tendering out land parcels to the private sector for purchase and development. This 15-hectare area will be redeveloped as a mixed-use commercial / residential neighbourhood with recreational and cultural components.

The Centre in the Park project involves the redevelopment of a large vacant land area in the centre of Sherwood Park as an urban mixed-use area. The County of Strathcona is acting as developer and at present, a special project team has been formed, under the direction of the County Commissioner, to implement the project. The special project team is presently tendering calls for the sale and development of individual parcels.

The Rossdale and Cloverdale Area Redevelopment Plans (ARPs) involved the redevelopment of neighbourhoods within the North Saskatchewan river valley. A special development group – the River Valley Development Group – was established to implement these ARPs in the mid-1980’s. In both communities, the City of Edmonton was a major landowner (40%) prior to redevelopment and implemented infrastructure improvements as a prelude to private redevelopment. The implementation process included the preparation of urban design guidelines, assessment of proposals from potential developers, and the sale of City-owned land to approved developers on condition that they adhere to the new guidelines and zoning bylaws. This redevelopment program has resulted in significant neighbourhood improvements and community revitalization.

2.1 CITY COUNCIL

City Council is the body responsible for the overall policy direction of the redevelopment project. Through its approval of the Fort Road Old Town Master Plan and approval of this implementation program and the overall project budget, City Council will provide the enabling framework and financing needed to fully realize the redevelopment project objectives.

City Council

- ♦ Overall policy direction
- ♦ Legislation of statutory policies

Approval of:

- ♦ master plan
- ♦ implementation program
- ♦ budget
- ♦ ARP amendments
- ♦ zoning bylaw amendments
- ♦ road closures

Ratification of sale & development agreements

The overall direction of City Council will ensure public accountability for the redevelopment project. Council's ongoing participation in this revitalization endeavor will be characterized by the legislation of statutory policies – such as ARP amendments and zoning bylaw amendments – approval of road closures, and final ratification of sale and development agreements.

2.2 SENIOR MANAGEMENT TEAM

The City's senior management team will act as the liaison between City Council and the development group. A working committee comprised of the City Manager and the General Managers of the Planning and Development, Transportation and Streets, Asset Management and Public Works and Community Services Departments will be responsible for steering and monitoring the redevelopment project.

Senior Management Team

- ♦ City Council liaison
- ♦ Project monitoring and steering

Approval of:

- ♦ consultant appointments
- ♦ development strategy
- ♦ development concept design
- ♦ proposal calls

Review and recommendation of sale & development agreements to City Council

Empowered by City Council, the senior management team will maintain final approval of the development strategy, development concept design, appointment of private consultants, and all calls for proposals. The senior management team will also review the sale and development agreements and make recommendations to City Council for the final ratification of these agreements.

2.3 THE DEVELOPMENT GROUP

The primary working body and unifying feature of the project structure will be a development group created to manage the redevelopment project until completion. The development group will consist of four key individuals, selected from current civic staff or qualified external consultants:

- ♦ a project manager,
- ♦ a project planner,
- ♦ a technologist, and
- ♦ a secretary/clerk

Development Group

- ♦ Day-to-day project management & administration
- ♦ Co-ordination and direction of consultants and city staff
- ♦ Stakeholder relations

Preparation of:

- ♦ development strategy
- ♦ development concept design
- ♦ architectural guidelines
- ♦ consultant contracts
- ♦ calls for expressions of interest
- ♦ sale and development agreements
- ♦ marketing strategy
- ♦ promotional materials
- ♦ presentations
- ♦ proposal calls
- ♦ miscellaneous reports

This group composition would be similar to the successful project group – The River Valley Development Group – established by the City to implement the Rossdale and Cloverdale Area Redevelopment Plans in the 1980’s.

The development group would be responsible for day-to-day project management and administration of the redevelopment project, from start-up to completion. It will report to the Senior Management team through the Asset Management & Public Works Department General Manger. Responsible for hiring a development advisor and interdisciplinary design team, it will direct the work of these private consultants and co-ordinate the significant contributions to the redevelopment project from various City departments. The development group is also to be the primary public contact and manage all stakeholder relations.

Major initiatives of the development group will involve design and land sales. With the guidance of the professional development advisor, the development group will prepare the overall development strategy and be actively involved with the private consultants in the preparation of the development concept design and architectural guidelines. Concurrently, the development group will develop and carry out a marketing program involving calls for expressions of interest, promotional materials, presentations, proposal calls and eventually the preparation of sale and development agreements with prospective private developers.

2.4 PRIVATE CONSULTANTS

Upon its establishment, the development group will hire a professional development advisor and an interdisciplinary design team to provide land development and financial advice, detailed design preparation, engineering services, and market analysis.

Development Advisor

Due to his/her proven expertise, experience, and reputation in the residential and commercial land development industry, the development advisor will bring both credibility and an industry perspective to the redevelopment project. The development advisor will counsel both the development group and interdisciplinary design team in matters regarding land development, financial

Private Consultants

Development Advisor:

- ♦ industry perspective
- ♦ credibility due to expertise & experience
- ♦ professional advice regarding:
 - land development
 - market analysis
 - financial strategy
 - infrastructure phasing
 - industry practice

Interdisciplinary Design Team:

- ♦ development concept design
- ♦ architectural design guidelines
- ♦ professional expertise in:
 - planning
 - transportation
 - architecture
 - municipal engineering
 - urban design

Interdisciplinary Design Team

An interdisciplinary design team will be contracted to serve as the prime consultant on the redevelopment project. The interdisciplinary team will work under the guidance of the development group and development advisor to refine the development concept design as set out in the Fort Road Old Town Master Plan. Additionally, the team will prepare architectural guidelines for the private development on the lands sold by the City to supplement the area's direct control (DC1) zoning bylaws.

In order to achieve its objectives, the team will maintain expertise in planning, architecture, urban design, transportation, and municipal engineering. As such, the interdisciplinary design team may be comprised of a single design firm or an integration of a variety of firms to ensure the required interdisciplinary expertise.

2.5 CITY STAFF

Through the direction and coordination of the development group, various City departments will make significant contributions to the redevelopment project.

Asset Management and Public Works will acquire the remaining land needed for the project, undertake an environmental impact assessment, mitigate any significant environmental contamination, and provide land sales advice to the development group.

Transportation and Streets will provide detailed roadway design for both the widening of Fort Road and the internal circulation network of the project site. They will be active in the tendering of both the roadway and streetscape improvement construction contracts and participate in the development of the multi-use trail corridor

Community Services will provide overall community development services with specific attention paid to neighbourhood park development and affordable housing initiatives.

Planning and Development will assist the development group and interdisciplinary design team by providing land-use planning and development support as well as urban design and streetscape expertise.

City Staff

Asset Management & Public Works:

- ♦ land acquisition
- ♦ environmental impact assessment & mitigation
- ♦ land sales advice

Transportation & Streets:

- ♦ roadway design & construction
- ♦ multi-use trail development

Community Services

- ♦ community development
- ♦ affordable housing initiatives
- ♦ neighbourhood park development

Planning & Development:

- ♦ land-use and planning support
- ♦ urban design and streetscape expertise

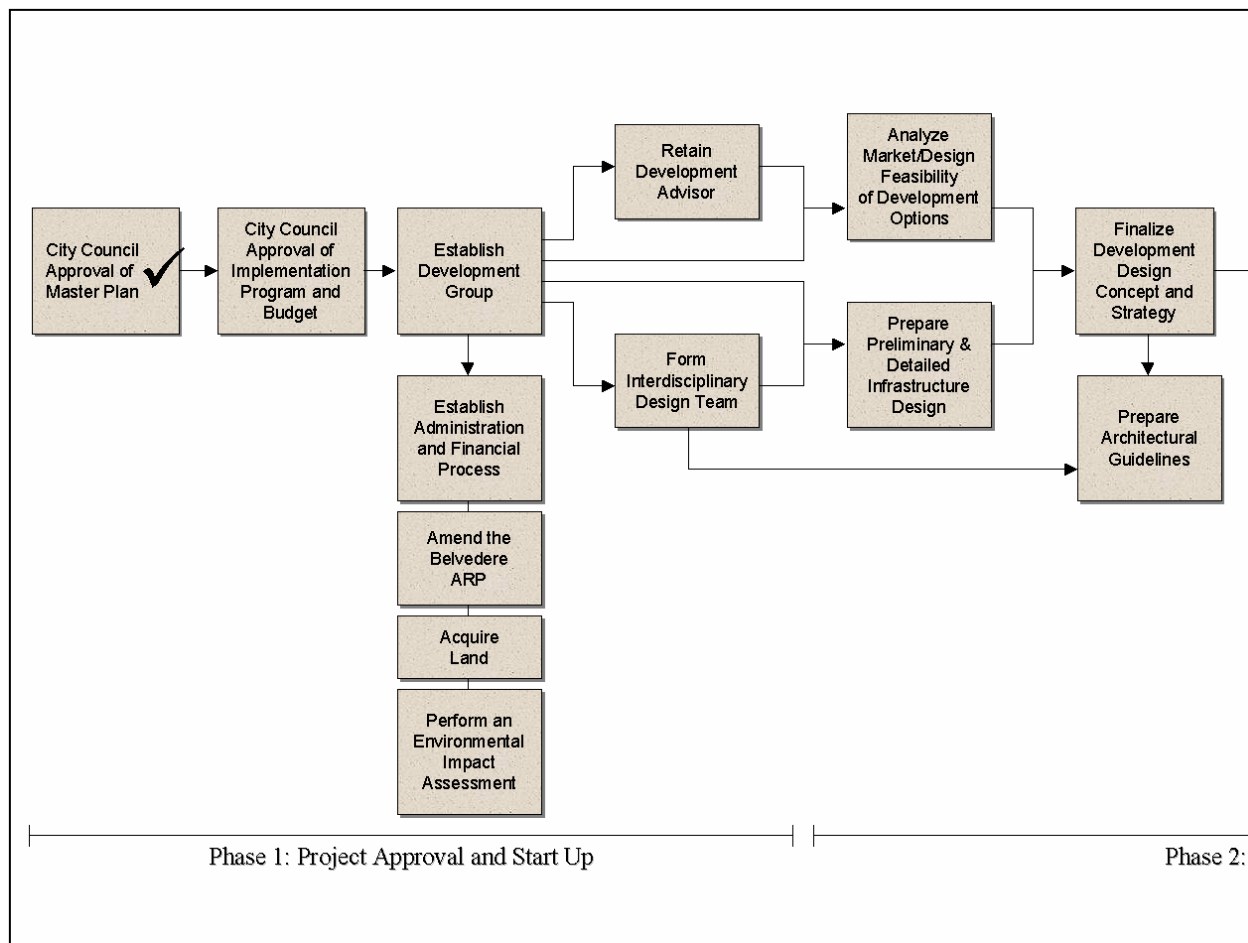


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3.1 PHASE I: PROJECT APPROVAL AND START UP (2003-2004)

The primary objectives of this initial stage are to gain approval of the implementation program and budget from City Council and establish the project structure that will guide the remainder of the redevelopment project. The majority of work in this phase will occur in the latter part of 2003 and early 2004.

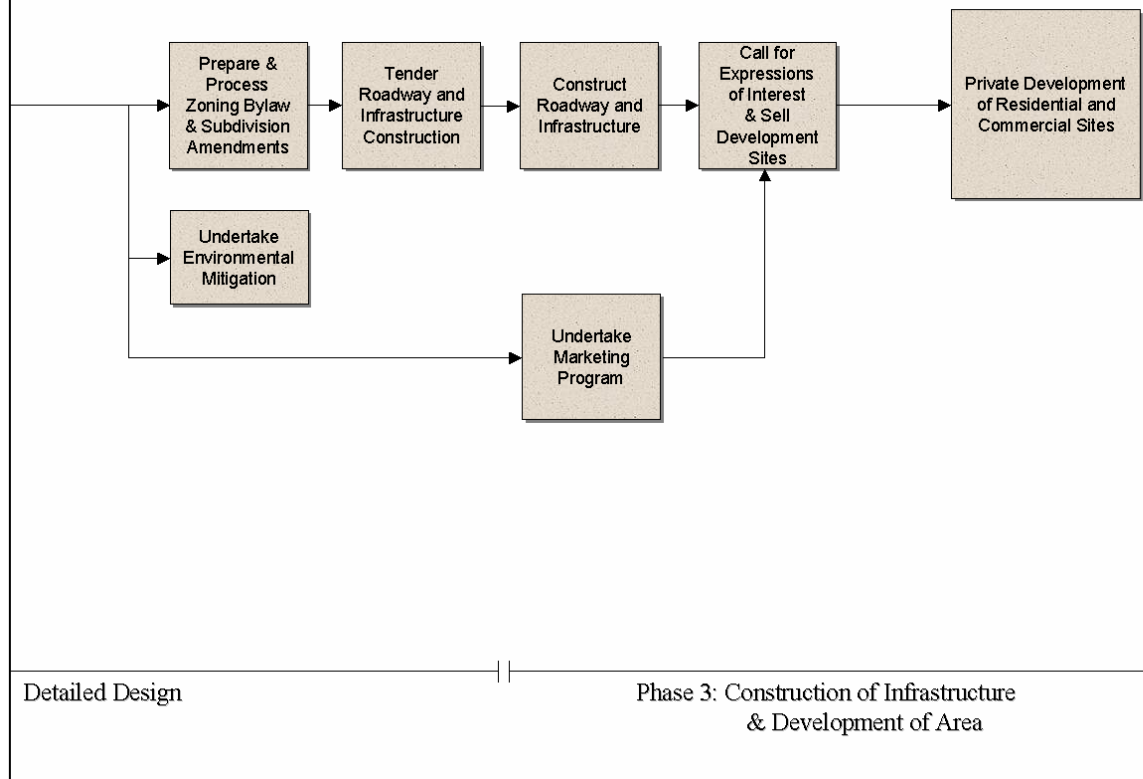
In order to achieve the objectives, the current project team, and the new development group once it is established, will ensure the following tasks are completed:

1. Obtain City Council Approval of Implementation Program & Project Budget

WHO: City Council

HOW: Approve this report to confirm the implementation program for the redevelopment project – including project structure, timeline, cost-benefit analysis and budget. This will provide the City Manager with the direction to assign a dedicated budget to the project and implementation of the Fort Road Old Town Master Plan can commence immediately.

Fort Road Old Town Master Plan Implementation Framework



2. Establish a Development Group

WHO: Asset Management & Public Works/Planning & Development
HOW: Prepare terms of references for the four key individuals that will comprise the development group. Through a structured selection process, the development group will be assembled from current civic staff, qualified external contractors, or a combination thereof. Creation of an effective, energized, and motivated development group to lead the redevelopment effort is crucial to overall project success.

3. Establish the Administration & Financial Process

WHO: Development Group
HOW: Prepare a detailed business plan including proposed annual budgets to be allocated and approved annually based on the overall project budget. Establish and implement a sound financial strategy including a review and update of existing proforma and the setup of a mechanism for tracking all revenue and expenses. Prepare terms of reference for private consultant contracts, market/design analysis of development options, architectural guidelines, etc. and regular progress reports.

- | | |
|--|---|
| 4. Acquire Land | WHO: Asset Management and Public Works
HOW: Using standard City of Edmonton property acquisition practices, procure the remaining land necessary for the widening of Fort Road to six lanes through the Fort Road Old Town and related residential/commercial redevelopment. |
| 5. Hire Development Advisor & Interdisciplinary Design Team | WHO: Development Group
HOW: Initiate a structured selection process to retain a qualified development advisor based on criteria outlined in the terms of reference. Using a call for proposals, a design competition, etc., formulate a team of private consultants with the required interdisciplinary expertise. |
| 6. Perform an Environmental Impact Assessment | WHO: Asset Management and Public Works
HOW: Based on current City of Edmonton procedures, complete Phases I and II of an environmental impact assessment for all roadway expansion and redevelopment sites. |
| 7. Amend the Belvedere Area Redevelopment Plan (ARP) | WHO: Planning and Development and City Council
HOW: Prepare, process, and legislate amendments for the Belvedere ARP to reflect the objectives and direction of the Fort Road Old Town Master Plan. |

3.2 PHASE II: DETAILED DESIGN (2004-2005)

The second phase of the implementation strategy will focus on finalizing all land acquisition ventures and preparing the design of the expanded roadway and residential/commercial redevelopment sites. A comprehensive market analysis will ensure the redevelopment design options will strike a balance between maximizing financial returns and absorption in the short-term and achieving an integrated and comprehensive transit-oriented urban village over the long-term. On the basis of this analysis, development concept design, development strategy, architectural guidelines, zoning bylaw amendments, and subdivision plans can be finalized. Completion of any environmental mitigation and the tendering of roadway & infrastructure construction will occupy the later stages of this phase.

While preliminary design work will begin in 2003, the majority of work in this phase will occur in 2004 and 2005. During this phase, the Development Group will facilitate and coordinate the following tasks:

- | | |
|---|---|
| 1. Prepare preliminary and detailed design of infrastructure | WHO: Transportation & Streets, Planning and Development, Asset Management & Public Works, and Community Services
HOW: Under the coordination of the Development Group, prepare designs for roadway expansion, streetscape improvements, utility upgrades, parks & public squares, pedestrian network, and multi-use trail. Upon approval by the Senior Management Team, prepare final construction drawings. |
|---|---|

2. Perform a detailed market/design analysis of development options	<p>WHO: Development Advisor – coordinated with Planning & Development, Asset Management & Public Works, and Community Services</p> <p>HOW: Determine the market feasibility for various forms of residential, commercial, and mixed-use development in the Old Town. Based on this analysis, finalize the financial incentive for the Transit-Oriented Development (TOD) Housing Program (i.e. \$4500/unit for first 30% constructed) and develop the criteria & administrative guidelines for private developer provision of affordable housing units within residential projects (i.e. 20% of all housing units).</p> <p>Analyze provincial and federal funding programs for infrastructure, cultural, and environmental projects to eligibility of the redevelopment project for alternative funding sources.</p>
3. Finalize development concept design & development strategy	<p>WHO: Interdisciplinary Design Team and Development Group – coordinated with Planning & Development</p> <p>HOW: Based on the Fort Road Old Town Master Plan and market analysis, further refine and finalize a detailed development concept design including desired mixture and proportion of uses, residential densities, programme, etc. Prepare and initiate a detailed step-by-step development process and formulate a strategy to market the redevelopment project to prospective private developers.</p>
4. Prepare architectural guidelines	<p>WHO: Interdisciplinary Design Team</p> <p>HOW: Based on the direction of the finalized development concept design and strategy, prepare the detailed architectural guidelines needed to achieve the desired character within the transit-oriented urban village. These guidelines will ensure a high level of quality, continuity and compatibility of design and construction is achieved by prospective private developers.</p>
5. Prepare and process zoning bylaw amendments and subdivision applications	<p>WHO: Planning & Development and City Council</p> <p>HOW: Integrate the overall development concept design, land-uses, architectural guidelines, etc. into a DC-1 zoning bylaw. Prepare plans that subdivide the site into marketable parcels accordingly. The zoning bylaw amendments require City Council approval.</p>
6. Undertake environmental mitigation	<p>WHO: Asset Management & Public Works and Planning & Development</p> <p>HOW: Based on City of Edmonton standard procedures, mitigate any significant environmental effects identified in the environmental impact assessment carried out in Phase I.</p>
7. Tender Roadway & Infrastructure Construction	<p>WHO: Transportation & Streets</p> <p>HOW: According to standard City of Edmonton procedures, tender construction of the Fort Road widening, interior circulation network, streetscape improvements, parks, and multi-use trail to private contractors.</p>

3.3 PHASE III: CONSTRUCTION OF INFRASTRUCTURE & AREA REDEVELOPMENT (2005-2009)

The final phase will be oriented around final construction of the redevelopment designs. Fort Road will be expanded, an interior circulation network constructed, and streetscape improvements implemented along Fort Road and throughout the redevelopment area.

A design competition to elicit calls for expressions of interest from developers will be held for redevelopment parcels. Redevelopment sites will be marketed and sold to eligible private developers and finally, construction of the transit-oriented urban village (i.e. residential, commercial, and mixed-use developments) will commence.

The development group will take special care to work closely with affected stakeholders and the adjacent community as well as City departments during this final implementation phase. The development group will once again facilitate and coordinate a number of tasks:

1. Construct roadways and infrastructure

WHO: Transportation & Streets, Planning & Development, Asset Management & Public Works, and Community Services

HOW: According to standard City of Edmonton contracting procedures, expand Fort Road from four to six lanes; upgrade municipal utilities; bury overhead wiring; install streetscape amenity improvements including new wide sidewalks, decorative lighting, pedestrian seating, tree planting, and landscape enhancements; and construct new parks, pedestrian network connections, and the multi-use trail system along the LRT tracks.

2. Undertake marketing program

WHO: Development Group and Development Advisor – coordinated with Planning & Development and Asset Management & Public Works

HOW: Design and implement a marketing campaign aimed at attracting high-quality Transit-Oriented Development (TOD) projects, prospective residents, and business enterprises to the Old Town redevelopment area

3. Call for expressions of interest & sell redevelopment parcels

WHO: Development Group – coordinated with Planning & Development and Asset Management & Public Works

HOW: Hold a design competition to elicit private development proposals and sell the residential, commercial, and mixed-use development parcels through a competitive public offering process. Ensure winning proposals meet community approval, redevelopment criteria, and architectural guidelines established in Phases I and II. Administer the delivery of financial incentives, affordable housing requirements, and other conditions & inducements.

4. Private development of residential and commercial sites

WHO: Development Group and Local Community Stakeholders

HOW: Facilitate the private development of project sites. Work with the Belvedere Community League and Fort Road Business Association in conducting community development initiatives to welcome new residents and business operators to the new Fort Road Old Town transit-oriented urban village.



4. PROJECT COST-BENEFIT ANALYSIS

In order to assess the economic feasibility of the Fort Road Old Town Redevelopment Plan, the costs and benefits – both quantitative and qualitative – of the proposed project were identified through a concerted effort of Planning and Development, Transportation and Streets, Asset Management and Public Works, and Community Services. The Real Estate Services section, Land and Buildings Branch of the Asset Management and Public Works Department carried out a detailed cost-benefit analysis of the Redevelopment project, especially focussing on the land development component. The findings of their study have been incorporated into this report.

The area of analysis is between 66 Street and 129 Avenue, and between the LRT line and Fort Road.

The Fort Road Old Town Redevelopment Plan is comprised of two integrated projects:

Transportation Project: The widening of Fort Road to six lanes is a component of the City's longstanding program to widen Fort Road between Yellowhead Trail and 137 Avenue.

Fort Road Old Town Redevelopment Project: The transit-oriented urban village project seizes upon an opportunity made possible by the Transportation Project to revitalize the area between 66 Street and 129 Avenue and encourage medium to high density residential development that would foster increased LRT ridership.

For the purposes of this cost-benefit analysis, the Fort Road Old Town Redevelopment Project has been separated out from the Transportation Project for the simple reason that the widening of Fort Road is related to a long-term city-wide transportation need and will occur regardless of whether the urban village and Fort Road redevelopment transpires. Even though these components have been separated, they are interdependent projects and would proceed in tandem as described in this implementation report.

4.1 Transportation Project

The major costs for the transportation component of the redevelopment project include acquisition costs for properties fronting Fort Road, demolition of these properties, Fort Road widening costs, the costs for developing a portion of the city-wide multi-use trail and the costs for developing a new Belvedere Park and Ride facility. The total cost for this work is approximately \$16 million.

Land Acquisition (for Fort Road right-of-way)		\$ 4,250,000
Fort Road Widening		\$ 5,500,000
Removal of Old Roadway & Utility Relocation	\$ 400,000	
Roadway Construction	\$ 2,900,000	
Drainage	\$ 250,000	
Utilities	\$ 250,000	
Engineering, Administration, GST, Miscellaneous, etc.	\$ 1,700,000	
Multi-use trail construction		\$ 200,000
Relocation of Belvedere LRT Park & Ride Lot		<u>\$ 6,000,000</u>
Total Transportation Project Costs		\$ 15,950,000

4.2 Fort Road Old Town Redevelopment Project

A. SCENARIOS

In this analysis, the costs and benefits were analyzed for three potential scenarios – a “conservative”, “optimistic”, and “most optimistic” scenario:

- Scenario 1 (Conservative)** Conservative in its assumptions, this scenario is based on densities supportable in the marketplace today (180 units/ha) under normal circumstances. The purpose behind the proposed redevelopment scheme, however, is to significantly improve the area and create a synergy to enhance densities beyond that which are achievable in the marketplace today. Therefore, this scenario is conservative in its assumptions.
- Scenario 2 (Optimistic)** This scenario is more optimistic (252 units/ha), based upon 50% medium density and 50% high density residential. The rationale is that the proposed redevelopment scheme is expected to create a synergy in the area resulting in densities for the area that are higher than that which are achievable today under present conditions.
- Scenario 3 (Most Optimistic)** As the most optimistic scenario (290 units/ha), this scenario is based upon 25% medium density and 75% high density residential. As such, it is considered the best-case scenario.

B. COSTS/BENEFITS – OVERVIEW

Benefits	The most significant anticipated benefits include: <ul style="list-style-type: none">♦ revenue through the sale of surplus lands;♦ increased tax assessment (business and property) including potential spin-off effects to neighboring properties, including properties situated outside the plan area; and♦ increased LRT ridership.
Costs	The most significant costs include: <ul style="list-style-type: none">♦ property acquisitions♦ site preparation (streetscape improvements, internal road network reconfiguration, multi-use trail construction, demolition, etc.); and♦ an incentive (“Transit Oriented Development (TOD) Housing Program”) for builders for the first number of units built (\$4,500/unit for first 30% of units built).

The following cost amounts were used in the cost-benefit analysis:

Land Acquisition (for Redevelopment Sites)	\$ 800,000
Demolition	\$ 75,000
Internal Roadway Network Construction	\$ 400,000
Fort Road Streetscape Improvements	\$ 1,100,000
Neighbourhood Park Development	\$ 100,000
Project Consultants	\$ 800,000
Transit-oriented development grant (\$4,500/unit for first 30% of units built) <i>(amount based on a maximum of 506 total units in Scenario 1)</i>	\$ 1,100,000

C. QUANTITATIVE COST-BENEFIT ANALYSIS

The following is a quantitative analysis based upon estimable factors:

Scenario 1 (Conservative)

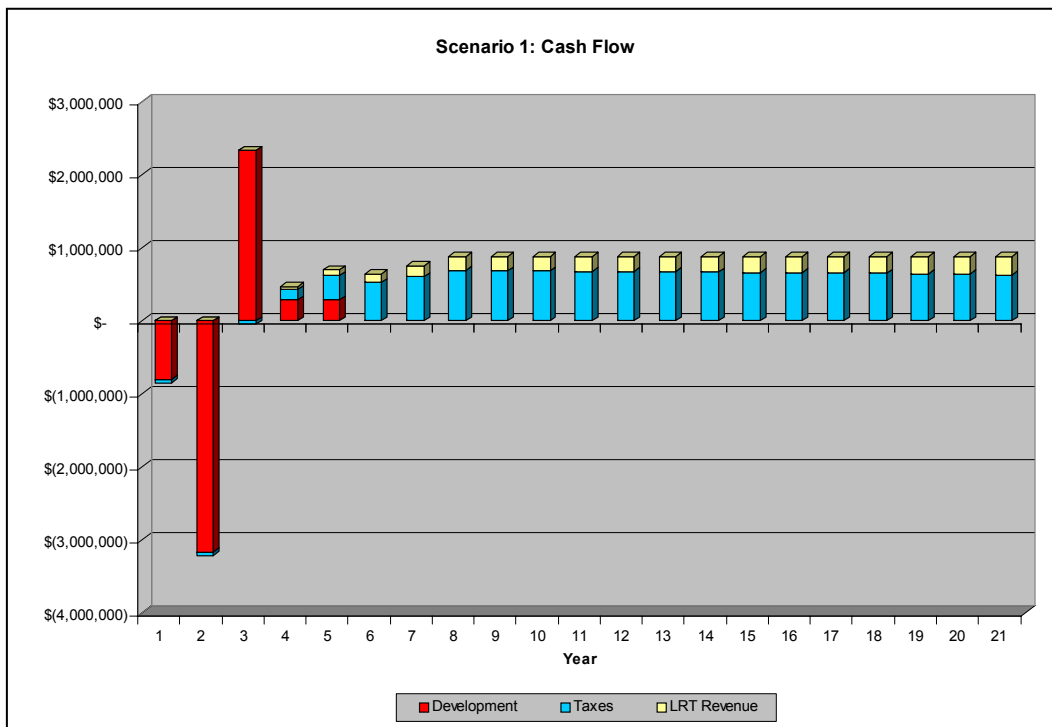
Based upon densities of 180 units/ha, there will be 506 units over the 2.812 ha multi-family parcel. There will also be 85,813 sf of commercial land, which will allow for about 54,000 sf of leasable commercial and two levels of residential over top, or 136 units at build-out. Based on these figures, the population for the area will be about 963.

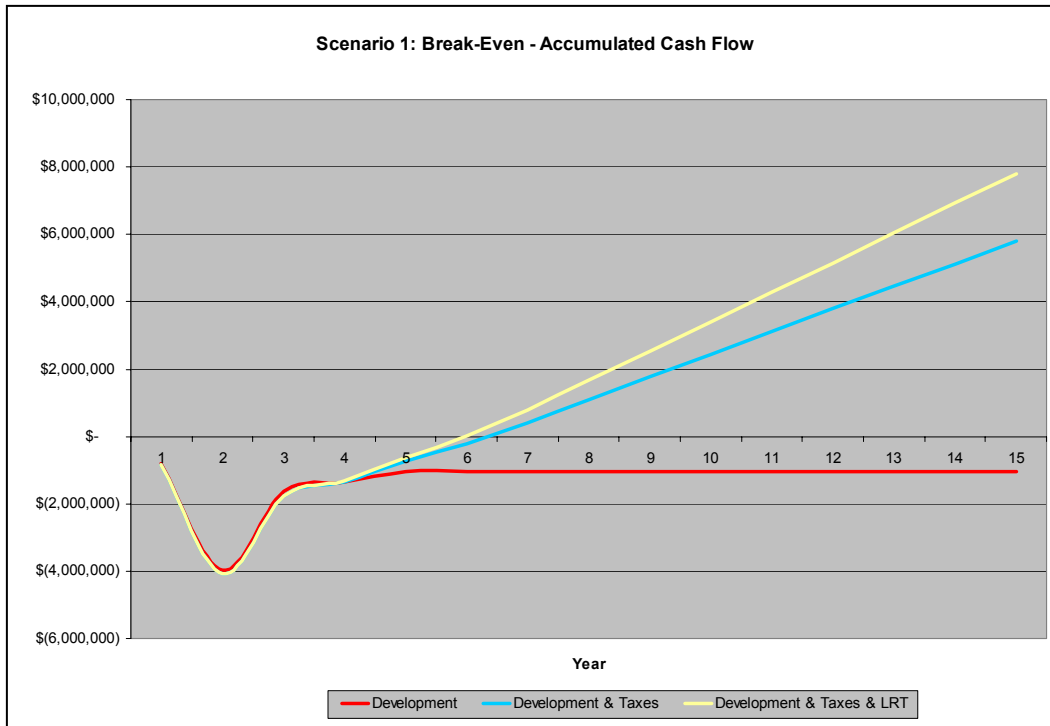
The scheme will cost \$4.0 million – accounting for land acquisitions, demolition, internal roadwork, park development, streetscape improvements, design, and a builder’s incentive (rebate) of \$685,000 – and will return \$2.9 million in land sales revenue, for a net cost of \$1.1 million. Therefore, the City does not break-even on the basis of the scheme alone, ignoring the impact on taxes and LRT ridership. The present value of all cash flows relating to the redevelopment scheme, before factoring in the impact on taxes and LRT ridership, is negative \$1.21 million.

Considering taxes, business and property taxes will begin to rise after the land is sold and units have begun to be constructed and absorbed. Once all units are built and sold, projected to occur eight years from now, property and business taxes would be about \$750,000/year v. about \$50,000 today. Because of depreciation, taxes will decline from \$750,000/year, so that in fifteen years from now, taxes will be about \$700,000/year, and in 20 years, taxes will be about \$675,000/year, and so on, until by Year 40, taxes will be about \$450,000/year.

Considering LRT ridership, revenues should increase as more and more people move into the neighborhood, until build-out in Year 8. The increased LRT revenue is projected to be about \$200,000 in Year 8.

Factoring in taxes and LRT ridership, the project breaks-even in mid Year 6. The present value of all cash flows is about \$2.2 million factoring in taxes and LRT ridership.





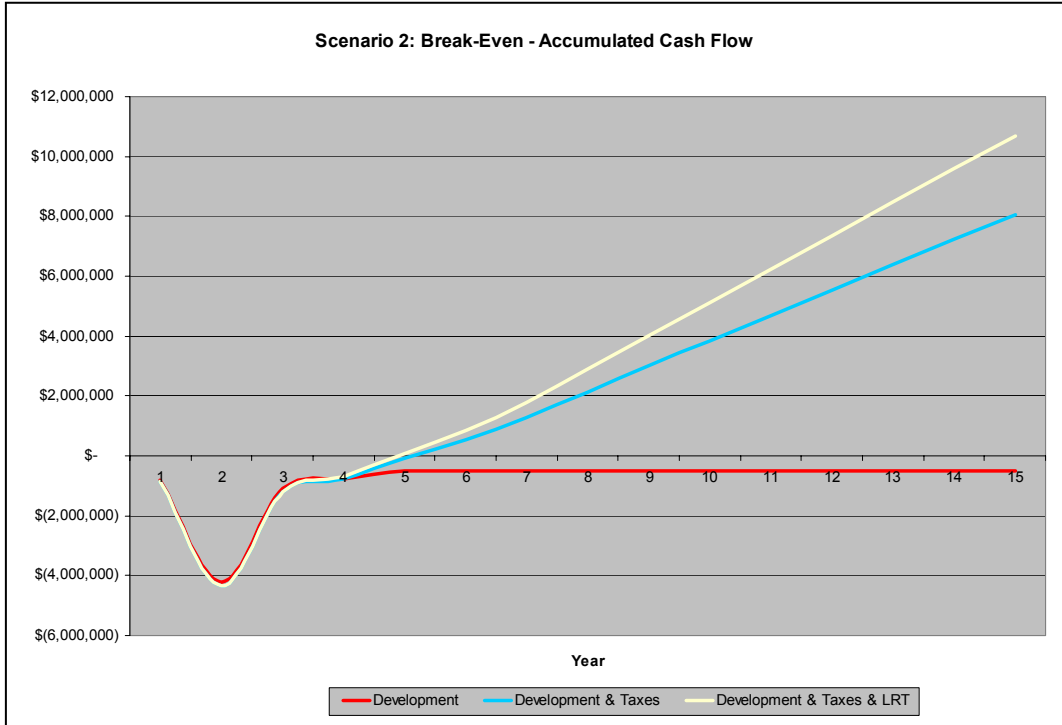
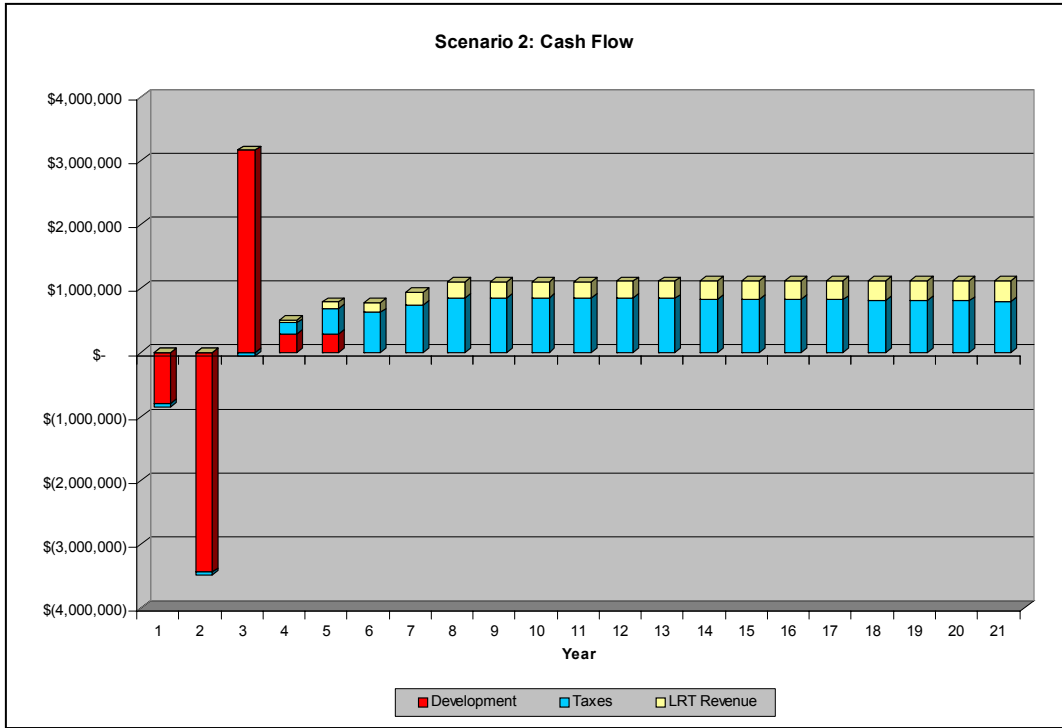
Scenario 2 (Optimistic) Based upon densities of 252 units/ha, there will be 709 units over the 2.812 ha multi-family parcel. There will also be 85,813 sf of commercial land, which will allow for about 54,000 sf of leasable commercial and two levels of residential over top, or 136 units at build-out. Based on these figures, the population for the area will be about 1,268.

The scheme will cost \$4.2 million – accounting for land acquisitions, demolition, internal roadwork, park development, streetscape improvements, design, and a builder’s incentive (rebate) of \$955,000 – and will return \$3.7 million in land sales revenue, for a net cost of \$0.5 million. Therefore, the City does not break-even on the basis of the scheme alone, ignoring the impact on taxes and LRT ridership. The present value of all cash flows relating to the redevelopment scheme, before factoring in the impact on taxes and LRT ridership, is negative \$0.81 million.

Considering taxes, business and property taxes will begin to rise after the land is sold and units have begun to be constructed and absorbed. Once all units are built and sold, projected to occur eight years from now, property and business taxes would be about \$900,000/year v. about \$50,000 today. Because of depreciation, taxes will decline from \$900,000/year, so that in fifteen years from now, taxes will be about \$875,000/year, and in 20 years, taxes will be about \$850,000/year, and so on, until by Year 40, taxes will be about \$575,000/year.

Considering LRT ridership, revenues should increase as more and more people move into the neighborhood, until build-out in Year 8. The increased LRT revenue is projected to be about \$260,000 in Year 8.

Factoring in taxes and LRT ridership, the project breaks-even in mid Year 5. The present value of all cash flows is about \$3.6 million factoring in taxes and LRT ridership.



**Scenario 3
(Most
Optimistic)**

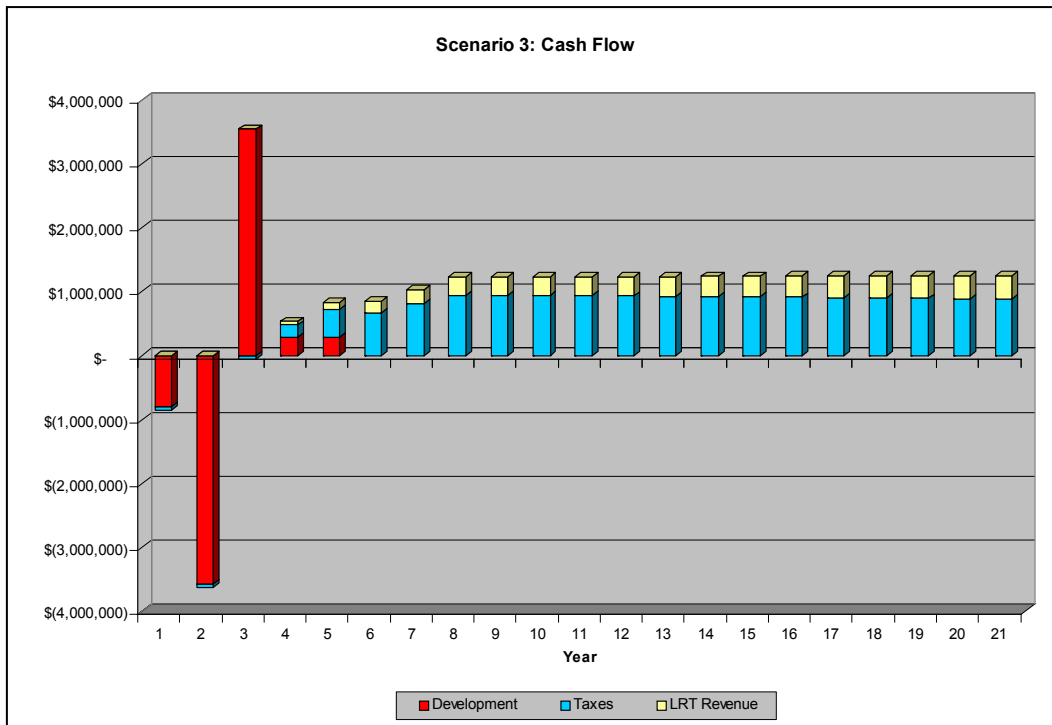
Based upon densities of 289 units/ha, there will be 813 units over the 2.812 ha multi-family parcel. There will also be 85,813 sf of commercial land, which will allow for about 54,000 sf of leasable commercial and two levels of residential over top, or 136 units at build-out. Based on these figures, the population for the area will be about 1,424.

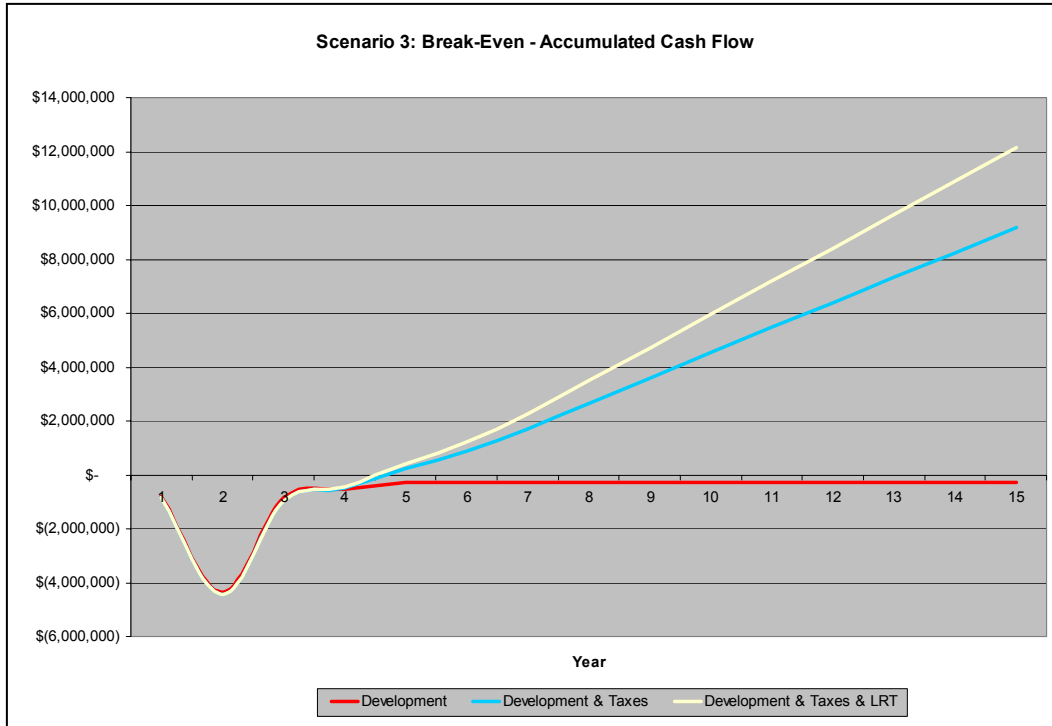
The scheme will cost \$4.4 million – accounting for land acquisitions, demolition, internal roadwork, park development, streetscape improvements, design, and a builder’s incentive (rebate) of \$1,100,000 – and will return \$4.1 million in land sales revenue, for a net cost of \$0.3 million. Therefore, the City does not break-even on the basis of the scheme alone, ignoring the impact on taxes and LRT ridership. The present value of all cash flows relating to the redevelopment scheme, before factoring in the impact on taxes and LRT ridership, is negative \$0.65 million.

Considering taxes, business and property taxes will begin to rise after the land is sold and units have begun to be constructed and absorbed. Once all units are built and sold, projected to occur eight years from now, property and business taxes would be about \$1,000,000/year v. about \$50,000 today. Because of depreciation, taxes will decline from \$1,000,000/year, so that in fifteen years from now, taxes will be about \$975,000/year, and in 20 years, taxes will be about \$950,000/year, and so on, until by Year 40, taxes will be about \$650,000/year.

Considering LRT ridership, revenues should increase as more and more people move into the neighborhood, until build-out in Year 8. The increased LRT revenue is projected to be about \$290,000 in Year 8.

Factoring in taxes and LRT ridership, the project breaks-even in early Year 5. The present value of all cash flows is about \$4.3 million factoring in taxes and LRT ridership.





The following table summarizes the quantitative cost-benefit analysis:

Summary of Quantitative Costs & Benefits for Redevelopment Project			
	Scenario 1	Scenario 2	Scenario 3
Net Cost of Project (Redevelopment Costs – Land Sale Revenues)	\$1.1 million	\$0.5 million	\$0.3 million
Break-Even Year			
• Development Alone	Does Not Break-Even	Does Not Break-Even	Does Not Break-Even
• Development & Tax	Year 6	Year 5	Year 5
• Development, Tax & LRT	Year 6	Year 5	Year 5
Present Value of Cash Flow			
• Development Alone	– \$1.21 Million	– \$0.81 Million	– \$0.65 Million
• Development & Tax	\$1.3 Million	\$2.4 Million	\$2.9 Million
• Development, Tax & LRT	\$2.2 Million	\$3.6 Million	\$4.3 Million
Taxes (vs. \$50,000 today)			
• Year 8	\$750,000	\$900,000	\$1,000,000
• Year 15	\$700,000	\$875,000	\$975,000
• Year 20	\$675,000	\$850,000	\$950,000
Annual LRT Revenue	\$200,000	\$260,000	\$290,000

D. QUALITATIVE COST- BENEFIT ANALYSIS

The above quantitative analysis is based upon reasonably estimable costs and benefits. Other costs and benefits, however, associated with the project are difficult to accurately quantify or budget at this time but need to be included in the analysis. These costs and benefits are now highlighted and discussed on a qualitative basis below:

- Benefits**
- ♦ There is other land within the plan area that will continue to be owned privately following the subject redevelopment. However, as the City-owned land begins to redevelop, and land values in the area rise, some of these private landowners could be convinced (economically) to redevelop, thereby increasing the positive impacts on tax revenue and LRT ridership. This privately held land comprises about 19% of the total developable land within the plan area.
 - ♦ The scheme could spur general redevelopment and/or property value increases for the area beyond the plan boundaries (eg. the far side of Fort Road). This would have corresponding positive implications for property taxes and, potentially, LRT ridership.
 - ♦ There are contemplated infrastructure cost savings and environmental benefits from land intensification as an alternative to urban sprawl.
 - ♦ This is a good “test-case”, pilot project, or working model for transit oriented development in Edmonton.
- Costs**
- ♦ Much of the end-of-the-day commercial land flanking Fort Road will range in depth from 75 to 85 ft., which is rather limiting and therefore these sites could be difficult to sell, or would sell at a discount dampening revenue from land sales. However, this issue will be further explored and options rendered in the design phase of the project. Options to be explored might include closing portions of the laneways south of these parcels and consolidating the lands thereby increasing depth. Relocation of utility lines might be required for this option to succeed.
 - ♦ Parking for the area will need to be addressed. However, a parking study is contemplated and budgeted for under the design phase of the project. Also, considering that this urban village is intended as transit oriented development, there is the possibility that the parking requirement for the area could be reduced.
 - ♦ Several of the sites in the plan area could be contaminated. Cleanup costs will not be known until testing is done, and therefore this issue is merely highlighted here as a potential cost. Our quantitative analysis above makes no allowance for cleanup costs for environmental contamination.
 - ♦ The scheme assumes that several opportunity purchases can be made on properties located on the interior of the neighborhood. Our financial analysis assumes that these properties could be acquired at market value, and therefore assumes a “willing seller”. Acquisition costs could escalate depending upon the willingness of the seller.
 - ♦ There is a possibility that the servicing infrastructure in the area might require upgrading and some utility lines relocated. The costs associated with doing this work will be further explored in the design phase.
 - ♦ Based upon historical/typical acquisitions, the timelines for acquisition, redevelopment, marketing, and sale, taken from the Fort Road Old Town Master Plan could be optimistic. Also, financing costs have not been considered.



5. OVERALL PROJECT BUDGET

For budgeting purposes, the Fort Road Old Town Redevelopment project has been separated out into a transportation component and a land development component. As stated earlier in this report, the two components are interdependent projects and must proceed in tandem to achieve economies of scale and to achieve the objectives of the Fort Road Old Town Master Plan.

5.1 PROJECT BUDGET: TRANSPORTATION COMPONENT

The transportation component involves the widening of Fort Road from 66 Street to 129 Avenue from four to six lanes, the development of a section of the city-wide multi-use trail from 66 Street to 129 Avenue and the development of a new LRT Park and Ride lot.

The widening of Fort Road includes the following:

- acquisition of land along the east side of Fort Road and demolition of the buildings
- removal of the old roadway, utility relocation and construction of the widened Fort Road, and
- construction of widened sidewalks, drainage facilities, utility systems and street lighting

The construction of the 500 metre long multi-use trail includes the construction of a paved bike/walking path, the installation of light standards and the planting of grass, trees and shrubs.

The development of a new LRT Park and Ride lot involves the acquisition of land and paving and landscaping the site to parking lot standards. An alternative that should be studied is the development of a parkade in conjunction with further redevelopment adjacent to the Belvedere LRT station.

The costs of environmental mitigation are unknown at this time and therefore cost estimates have not been included below.

The costs associated with this transportation project are:

Costs

Land Acquisition (for Fort Road right-of-way)		\$ 4,250,000
Fort Road Widening		\$ 5,500,000
Removal of Old Roadway & Utility Relocation	\$ 400,000	
Roadway Construction	\$ 2,900,000	
Drainage	\$ 250,000	
Utilities	\$ 250,000	
Engineering, Administration, GST, Miscellaneous, etc.	\$ 1,700,000	
Multi-use trail construction		\$ 200,000
Development of new Belvedere LRT Park & Ride Lot		\$ 6,000,000
Total Transportation Project Costs		\$ 15,950,000

5.2 PROJECT BUDGET: LAND DEVELOPMENT COMPONENT

The land development component involves the revitalization of the Old Town commercial area and the development of a medium to high density residential community of up to 1,000 people in the area between the commercial strip and the LRT tracks.

Revitalization of the commercial area includes the following:

- streetscape improvements along the 4 blocks of Fort Road, with tree planting, landscaping, special pedestrian lighting, benches and other pedestrian amenities, and
- redevelopment of the east side of Fort Road to commercial and two floors of residential above

Redevelopment of the residential area involves:

- the consolidation of existing City owned lands with lands acquired through opportunity purchase
- the demolition of buildings on lands to be redeveloped
- construction of the internal roadway /pedestrian circulation network, including roadway improvements, tree planting, sidewalk construction and special street lighting
- development of a small neighbourhood park, and
- redevelopment of the lands to medium and high density housing

A financial incentive of \$4,500 per unit (the Transit Oriented Development grant) will be offered to developers for the first 30% of housing units built

Consultants with specialized development and design expertise will be hired to assist the project Development Group

The costs of environmental mitigation are unknown at this time and therefore cost estimates have not been included below.

Scenario 1 of the Redevelopment Project Cost-Benefit Analysis (see section 4: Project Cost-Benefit Analysis) is used in this budget calculation because it is the most conservative scenario and hence is preferred for budgeting purposes.

The costs and revenues associated with the land development project are:

Costs

Land Development Project Costs	
Fort Road Streetscape Improvements	\$ 1,100,000
Land Acquisition (for Redevelopment Sites)	\$ 800,000
Demolition	\$ 75,000
Internal Roadway Network Construction	\$ 400,000
Neighbourhood Park Development	\$ 100,000
TOD Housing Grant	\$ 685,000
Project Consultants	\$ 800,000
Total Land Development Project Costs	\$ 3,950,000

Revenues

Land Sales	\$ 2,900,000
Total Land Development Project Revenues	\$ 2,900,000
Net Cost of Land Development Project	\$ 1,050,000

5.3 OVERALL FORT ROAD OLD TOWN MASTER PLAN BUDGET

The total Overall Cost for the combined transportation/land development components of the project is \$19,900,000, while the total Net Cost for the project is \$17,000,000. The table below presents a summary of the costs and revenues of the overall project.

Costs

Transportation Costs	\$ 15,950,000
Land Development Costs (based on conservative option, Scenario 1)	\$ 3,950,000
Total Fort Road Old Town Master Plan Costs	\$ 19,900,000

Revenues

Land Sales (based on conservative option, Scenario 1)	\$ 2,900,000
Total Fort Road Old Town Master Plan Revenues	\$ 2,900,000
Net Cost of Fort Road Old Town Master Plan	\$ 17,000,000

5.4 PROJECT FUNDING PROGRAM

It is recommended that a Special Project Budget for the implementation of the Fort Road Old Town Master Plan be established upon approval of this implementation report by City Council and financed as follows:

- The Transportation Component (i.e. Fort Road widening, including land acquisition on southeast side of Fort Road), will be budgeted through the Capital Priorities Plan (CPP) and financed as a tax-supported debt project, as recommended by the Senior Management Team.
- The Land Development Component (i.e. residential and commercial land development) will be budgeted through the CPP and financed through the Land Enterprise. Land sales revenue will be returned to the Land Enterprise, with any shortfall in costs being fully accommodated through separate capital profile.
- The Development Group and Development Advisor will pursue additional sources of funding, such as:
 - Green Municipal Investment Fund
 - Infrastructure Canada – Alberta Program
 - Transportation Canada’s Urban Transportation Showcase Program