

## INFRASTRUCTURE CALGARY BRENTWOOD AND STADIUM UTILITY UPGRADES – IMPLEMENTATION PLANS

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### EXECUTIVE SUMMARY

Administration is returning to the Priorities & Finance Committee with three Infrastructure Calgary - Implementation Plans for the Brentwood Transit Oriented Development (TOD) and Stadium Shopping Centre / University Heights (Stadium) utility upgrade projects.

Administration is requesting capital budget for these priority redevelopment activity centres, which were confirmed through the Directors Integrated Growth Committee (DIGC). There are no additional operating budget impacts for the proposed projects.

The utility upgrade work will include pipe upsizing, which will strengthen the water and sanitary infrastructure in these redevelopment areas by providing increased system capacity and a more reliable level of service. These utility upgrades are required to support redevelopment of these areas.

The proposed capital infrastructure projects are recommended based on supporting policy goals, creating economic stimulus value, and leveraging public and private investment. The budget approval for the programs outlined will have no net impact on the tax rate or on utility rates.

### ADMINISTRATION RECOMMENDATIONS

Administration recommends that the Priorities and Finance Committee recommend that Council:

1. Receive for information this report and the detailed implementation plans in Attachments 2 through 4;
2. Approve capital budget as per Attachment 1; and
3. Direct that Attachment 1 be heard in-camera and remain confidential pursuant to sections 23(1)(b), 24(1)(a) and 24(1)(g) of the *Freedom of Information and Protection of Privacy Act* until all implementation plans are approved by Council and the contracts for the projects considered in this report are awarded, unless it is determined by the Directors of Supply and the responsible business unit to be appropriate to release budget information in advance of the contracts being awarded.

### RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, DATED 2017 MAY 02:

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That Council:

1. Receive for information this report and the detailed implementation plans in Attachments 2 through 4;
2. Approve capital budget as per Attachment 1; and

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3. Keep Attachment 1 confidential pursuant to sections 23(1)(b), 24(1)(a) and 24(1)(g) of the *Freedom of Information and Protection of Privacy Act* until all implementation plans are approved by Council and the contracts for the projects considered in this report are awarded, unless it is determined by the Directors of Supply and the responsible business unit to be appropriate to release budget information in advance of the contracts being awarded.

### Opposition to Recommendations:

Opposed: P. Demong

### **PREVIOUS COUNCIL DIRECTION / POLICY**

At its 2017 March 06 Strategic meeting, Council adopted report C2017-0214 which included the following direction: “Direct Administration to return with implementation plans, including refined capital estimates, public consultation plans and financing strategies, to the Priorities and Finance Committee or the appropriate Standing Policy Committee as soon as possible for final approval by Council.”

Prior to receiving the direction above, as part of the Action Plan Mid Cycle Adjustments report to Council on 21 November 2016, Council approved the Capital Investment Plan and authorized the Deputy City Manager to continue to identify capital funding sources, including allocations and efficiencies from existing capital budgets and to transfer funds to the Budget Savings Account. The Deputy City Manager was directed to return to Council no later than Q2 2017 with recommendations for new, or currently unfunded investment projects.

### **BACKGROUND**

#### **Infrastructure Calgary**

Infrastructure Calgary is a corporate program created to align and optimize capital investments and strengthen investment decision making and the processes involved in capital planning management.

In response to Council direction, Infrastructure Calgary established a Director led sub-committee of the Steering Committee to lead the identification, evaluation and selection of potential projects. The sub-committee looked at funding sources identified through a corporate capacity review to determine the best alignment based on funding restrictions and guidelines.

Projects were assessed according to four key filters determined by the sub-committee: Strategic Alignment, Project Readiness, Project Financials and Project Value and Benefit. After application of these filters, a peer review process looked at a project’s ability to provide short term economic stimulus, add resilience in the community, including flood protection, maintain and preserve The City’s existing infrastructure and community assets through lifecycle funding, build a great community through legacy investments, and leverage public and private investment.

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As a result of this work, Infrastructure Calgary recommended twenty-one programs/projects to Council and received approval in principle. Individual implementation plans require Council approval.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

#### **Industry/City Workplan – Established Areas**

Through the Industry/City Workplan, Administration is collaborating to develop a potential program to support infrastructure upgrades needed to realize redevelopment. This work considers utility upgrades, such as the projects recommended in this report, which often pose financial barriers to redevelopment, because the first developers in an area are typically responsible for these types of infrastructure upgrades.

Collaboratively finding solutions to financial barriers helps facilitate redevelopment of key activity centres such as the Brentwood TOD and Stadium/University Heights areas, moving the city towards the goals of the Municipal Development Plan (MDP), and the Calgary Transportation Plan (CTP). While much work remains to develop program details, Water Resources and Growth Strategies is recommending support of redevelopment through this proposal. The effectiveness of a more collaborative approach to investing in these areas will be evaluated through these projects and will inform the next steps of the Established Areas Initiative.

The Industry/City Work Plan, specifically the Established Areas initiative, identified several strategic activity centres within Calgary. In that list, Brentwood TOD and West Campus/ Stadium Plaza/ Hospitals sites were highlighted. Development applications are being submitted for these areas, indicating developer readiness. The Directors Integrated Growth Committee (DIGC) confirmed these two sites as priority areas, which further strengthened the case for Water Resources to move forward with a budget approval request to complete the utility upgrade work.

The utility upgrade work for the Brentwood and Stadium projects will focus on upsizing existing water and sanitary pipe infrastructure to increase capacity to service the new development in these areas. It is expected that the developments in these areas will bring approximately 3,900 new residents and roughly 4,400 new jobs to the communities.

Projects like the three utility upgrades to support redevelopment identified in Attachments 2 through 4, may, in the future, be supported by the development of an Established Areas Growth Fund or by a cost-sharing agreement with local landowners. However, it is unlikely that The City will recover the costs outlined in Attachment 1 for these utility upgrades, as an Established Areas Growth Fund and a cost-sharing agreement are not currently in place and would take time to develop and implement.

The attached Implementation Plans provide more detail on the scope of work planned for these projects.

### **Stakeholder Engagement, Research and Communication**

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The need for these utility upgrades was identified based upon development applications that have been submitted for the areas and by considering infrastructure needs for redevelopment areas identified by the Growth Strategies/ Build Calgary Workplan. Engagement has been conducted with the affected developers, but not with the general public.

Public consultation will be done once the project has completed detailed design and prior to construction as per the Capital Project Management Framework.

DIGC created a list of recommendations for short term capital projects that support job creation and economic stimulus across all areas of the city including greenfield, developed and industrial land use areas. In communities experiencing redevelopment, DIGC focused on projects that were active in the planning process, had market indications of short term private investment, but encountered a financial barrier to achieving redevelopment as a result of required utility upgrades.

### **Strategic Alignment**

The project approvals that are requested in this report are strategically aligned with the Capital Investment Plan approved by Council as a part of C2016-0863 in 2016 November.

### **Social, Environmental, Economic (External)**

Social: This upgrade supports redevelopment of a community hub of commercial, residential, and social activity, and helps foster these areas as Community Activity Centres, as identified in the MDP.

Environmental: This upgrade creates a more reliable water network to provide adequate fire flows to Brentwood TOD. It will also provide a more reliable sanitary servicing system to manage wastewater and reduces the potential of a sewer surcharge both in the Brentwood TOD and Stadium sites.

Economic: There is an economic benefit to supporting redevelopment in community hubs like these in the developed areas. It is anticipated that the long term redevelopment of these areas will not only realize construction value and create jobs, but will also lead to the realization of additional tax revenue and stimulate further redevelopment.

### **Financial Capacity**

#### **Current and Future Operating Budget:**

There are no additional operating costs associated with these projects, because they are replacing existing, older infrastructure.

#### **Current and Future Capital Budget:**

A capital budget approval is requested for the Brentwood TOD and Stadium projects, as outlined in Attachment 1. The projects identified in Attachment 1 will be funded from self-supported debt. The requested budget and funding have been updated since the information that was provided by Infrastructure Calgary as part of report C2017-0214.

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### **Risk Assessment**

Potential risks identified include:

- Securing internal capacity to deliver the proposed project; however, no significant resourcing concerns were identified.
- Planning approvals and market considerations will govern the progress of private investment in these areas, and there is a risk that leverage of private construction could be seen on a longer time horizon than anticipated.

### **REASONS FOR RECOMMENDATIONS:**

- Revitalization and redevelopment of the Brentwood and Stadium sites help meet The City's Developed Areas MDP and the CTP target; however, planned redevelopment requires an upgrade to the utility infrastructure.
- The proposed capital infrastructure projects are recommended based on supporting policy goals, creating economic stimulus value, and leveraging public and private investment.

### **Attachments:**

1. Financing Strategies – Infrastructure Calgary Implementation Plans – Brentwood and Stadium Utility Upgrades (Confidential)
2. Infrastructure Calgary - Implementation Plan – Brentwood Transit Orientated Development Water Upgrade
3. Infrastructure Calgary – Implementation Plan – Brentwood Transit Orientated Development Sanitary Upgrade
4. Infrastructure Calgary - Implementation Plan - Stadium Sanitary Upgrade