

DEERFOOT TRAIL AND 212 AVENUE SOUTHEAST INTERCHANGE FUNDING REQUEST

EXECUTIVE SUMMARY

The Province of Alberta announced a commitment for funding the construction of the Deerfoot Trail and 212 Avenue Southeast interchange in their March 2017 budget, released 2017 March 16. In addition to the Provincial commitment, Brookfield Residential Properties has agreed to contribute funds towards the interchange construction in order that the project proceeds in 2017. As part of Investing in Mobility, The City of Calgary is planning to spend \$16M for 2023-2024 to complete the construction of the ramps to and from the Deerfoot Trail and 212 Avenue Southeast interchange. Administration is finalizing an agreement with the Province of Alberta and Brookfield Residential Properties which will accelerate construction of the interchange at Deerfoot Trail and 212 Avenue Southeast, with construction likely starting in the summer of 2017 and being completed by the winter of 2018. The City of Calgary will front end the cost of construction of the interchange, and will be repaid 2/3 of the final interchange cost by 2024. The interchange is required to allow final development of the Community of Cranston and to support the ongoing development of Seton, Rangeview and other communities in the southeast. The investment supports adjacent commercial and residential development, providing improved connectivity between community's major destinations such as the South Health Campus, the Seton recreation facility currently under construction and the new High School.

ADMINISTRATION RECOMMENDATION(S)

Approve a capital budget increase of \$39M in 2017-2018 for Deerfoot Trail and 212 Avenue Southeast interchange as per the implementation plan in Attachment 1.

PREVIOUS COUNCIL DIRECTION / POLICY

At its 2017 March 06 Strategic meeting, Council adopted report C2017-0214 which included the following direction:

"That Council:

1. Approve, in principle, the recommendations in Attachment 3;
2. 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;
3. Reserve additional funds as discussed In Camera for emergent priorities, reporting back to Council no later than Q1 2018;
4. Update the Capital Infrastructure Investment Strategy as part of the capital planning for the 2018 Budget Process; and

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5. Request that Attachment 3, and Revised Attachments 4 and 5, 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.”

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, working with Infrastructure Calgary, 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 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.

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.

The Deerfoot and 212 Avenue Southeast interchange was not one of the projects shortlisted in the March 6 report, however, it was identified as a candidate project pending a decision by the Provincial government. The Province announced a commitment of funding for the interchange as part of their budget on March 16, 2017. Administration is returning to Council to request a capital budget increase and funding allocation, as per Recommendation 3, “Reserve additional funds as discussed In Camera for emergent priorities, reporting back to Council no later than Q1 2018”.

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INVESTIGATION: ALTERNATIVES AND ANALYSIS

Deerfoot Trail is a provincially owned highway and construction and maintenance of the interchange will be the Province's responsibility. This section of Deerfoot Trail is anticipated to remain under Alberta Transportation ownership into the future.

The City of Calgary's 10 year capital plan for transportation's infrastructure, Investing in Mobility, identified the construction of the Deerfoot Trail and 212 Avenue Southeast ramps as a funded project in 2023-2024 for \$16M. Construction of the ramps were to represent the first phase of the full interchange that would be built later. The interchange is currently tender ready, and with the Province's recent announcement, construction of the full interchange can be accelerated.

A significant developer for the area adjacent to the interchange is Brookfield Residential Properties. Brookfield has agreed to contribute a portion of the design and construction cost to the Province in order to advance the construction of the full interchange.

A tri-party agreement is currently being finalized between Brookfield Residential Properties, the Province of Alberta and The City of Calgary, outlining a one third funding arrangement between the Province, City and Brookfield Residential Properties. In advance of the interchange construction the Province has agreed to allow The City to begin grading for the interchange at Deerfoot Trail and 212 Avenue Southeast and export the surplus material to The City's 194 Avenue South extension project. The 194 Avenue South project is currently being tendered and it is expected that the grading work will begin in the Q2 of 2017. As The City's grading work will reduce the construction cost of the Deerfoot Trail and 212 Avenue Southeast interchange an appropriate credit to The City's contribution to the interchange cost will need to be agreed to with the Province.

A Project implementation plan has been included in Attachment 1.

Stakeholder Engagement, Research and Communication

Adjacent developers and the Province have been consulted.

Strategic Alignment

The interchange is required to allow final development of the Community of Cranston and to support the ongoing development of Seton, Rangeview and other communities in the southeast.

Social, Environmental, Economic (External)

The investment supports adjacent commercial and residential development in the vicinity of the new interchange. Improved connectivity between the community's major destinations such as the South Health Campus, the Seton recreation facility currently under construction and the new High School, will reduce travel length and Green House Gas (GHG) emissions.

Financial Capacity

Current and Future Operating Budget:

There are no substantial operating budget impacts for this project as the maintenance and lifecycle management of the interchange will be the shared responsibility of Alberta Transportation and The City of Calgary.

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Current and Future Capital Budget:

The estimated cost of the interchange is \$39M. The City of Calgary will front end the cost of construction of the interchange, and will be repaid 2/3 of the final interchange cost from the Province of Alberta and Brookfield Residential Properties by 2024.

Risk Assessment

A tri-party legal agreement is required to confirm the details of the funding arrangement. Additionally the Province needs to finalize a land acquisition deal with Brookfield Residential Properties. These activities will need to be expedited to allow for tendering of the work to proceed.

REASON(S) FOR RECOMMENDATION(S):

The City had planned to construct the ramps for this interchange in 2023-2024. With the Province's recent funding announcement and contribution from the area developer, the interchange construction can be advanced and The City's contribution will be lower than was originally budgeted. Early approval of The City's contribution is required in order to allow tendering of the project to proceed.

Attachments:

1. Infrastructure Calgary Implementation Plan
2. Interchange Layout