

ANDERSON STATION MOBILITY HUB FUNDING MODEL

EXECUTIVE SUMMARY

Administration was directed by Council to provide a funding model for the capital costs associated with the replacement of 1,665 park and ride stalls and a parkade structure as part of the Anderson Transit Oriented Development (TOD) project. Additional infrastructure improvements associated with meeting the future vision of the Anderson Station Redevelopment Area have also been identified. This additional infrastructure includes a pedestrian bridge, station infrastructure and an all turns access. Cost estimates are included in Attachment 1.

To determine an appropriate funding model for the infrastructure costs, three options were investigated: 1. Real Estate Reserve, 2. Inclusion of costs as a project in an update to Investing in Mobility capital plan and 3. A tax capture program. Through the investigation, it was determined that the most appropriate method for funding this infrastructure should be evaluated as a candidate for funding through Transportations, Investing in Mobility, 10-year capital planning process.

ADMINISTRATION RECOMMENDATION(S)

That Council:

1. Direct Administration to pursue funding, shown in Attachment 1, for the Anderson Station Mobility Hub's transit related infrastructure (Park and Ride Stalls, Anderson Station Pedestrian Bridge, Station Infrastructure and Anderson Road All Turns Access) through their inclusion and evaluation as an investment candidate in the next update of Investing in Mobility, Transportation's 10-year capital plan, and;
2. Direct that Attachment 1 and 2 be held confidential pursuant to Section 24(1)(a)&(b) and 25(1)(c) of the *Freedom of Information and Protection of Privacy Act* until contract negotiations are signed and finalized with landowners of prospective park and ride sites.

RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, DATED 2017 JANUARY 31:

That the Administration Recommendation contained in Report PFC2017-0084 be approved.

PREVIOUS COUNCIL DIRECTION / POLICY

At the 2015 October 05 Public Hearing of Council the Anderson Station TOD Land Use Application was REFERRED back to Administration for further refinement based on other work streams including the Transit Parking Strategy, Transit Oriented Development Funding and the completion of the Anderson Station Redevelopment Plan.

At the 2016 June 20 Regular Meeting of Council, Council approved eight recommendations as part of report TT2016-0319 – A Review of Calgary Transit Park and Ride including:

8. Report back to the SPC on Transportation and Transit with a park and ride plan for Anderson Station no later than 2016 September.

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At the 2016 October 03 Combined Meeting of Council, Council approved three recommendations as part of report TT2016-0719 – Anderson Station Park and Ride Plan.

1. Approve the Anderson Station Park and Ride Plan, in principle, including:
 - a. Minimal net loss of existing parking supply from the group of stations that includes Heritage, Southland, Anderson and Canyon Meadows Station; and
 - b. Phasing of redevelopment of Anderson Station TOD tied to Green Line opening as identified in Table 2 of the Cover Report.
2. Report to the Priorities and Finance Committee no later than 2017 January with a funding model for the Anderson Station Park and Ride Plan; and
3. Direct that Attachment 2, In Camera discussions, be held confidential pursuant to Section 24(1)(a)&(b) and 25(1)(c) of the *Freedom of Information and Protection of Privacy Act* until contract negotiations are signed and finalized with landowners of prospective park and ride sites

BACKGROUND

On 2016 October 03, Council approved a Park and Ride plan outlining the replacement strategy for the existing 1,665 park and ride stalls that would need to be replaced as part of the proposed Anderson Transit Oriented Development (TOD) project. The replacement strategy analysis used transportation modeling to demonstrate the parking requirements. Through origin analysis, it was determined that of the 1,665 existing park and ride stalls, 990 users originate from the Red Line while the remaining originate from what will be the future Green Line. For that reason, only 990 the stalls have been included in the cost estimate in Attachment 1. The parkade structure will accommodate 500 stalls and the remaining 490 stalls will be provided at Southcentre Mall, Canyon Meadows, and Shawnessy stations. The remaining 675 stalls are planned to be replaced as part of the South East Green Line construction program.

The capital costs required as a result of the relocation of the above park and ride stalls for the Anderson Station Mobility Hub include the following:

- Construction of a Parkade Structure at Anderson Station,
- Construction of Surface Parking Stalls at Canyon Meadows Station,
- Construction of Surface Parking Stalls at Shawnessy Station, and
- Infrastructure related costs at Southcentre Mall

Lease costs for South Centre Mall are also proposed to be funded through the Anderson Mobility Hub Project from 2019-2022, if approved. Post 2022, a funding source for the continued lease costs will need to be investigated.

In addition to the capital costs associated with implementing the Anderson Station Park and Ride Plan, improvements to the surrounding transit related infrastructure was also deemed necessary to meet the future vision of the Anderson Station Redevelopment Area. These improvements include the Anderson Station Pedestrian Bridge, Anderson Station exterior improvements and a Calgary Transit All-turns access from Anderson Road. The specific costs for all of the infrastructure is included in Attachment 1.

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Lease Costs

There are two replacement sites impacted by lease costs. One of the replacement sites (Shawnessy station) is being leased and funded by Calgary Transit through their operating budget (program 110); therefore, they are not included in the overall project cost for the Anderson Station Mobility Hub. However, the current lease is set to expire in December 2017; the renewal is being negotiated. The lease will continue to be funded by Calgary Transit through program 110. The second lease site at Southcentre Mall has been included as part of the Anderson Station Mobility Hub infrastructure costs. Details are included in Attachment 1. Once construction is complete, a long term funding option for the lease costs of the Southcentre Mall parking stalls will be determined by Administration.

Anderson Station Pedestrian Bridge

The existing pedestrian bridge from Anderson Station to the Southwood community does not meet current accessibility, bridge width or safety standards such as lighting and site lines. A new pedestrian bridge has been proposed by Real Estate & Development Services (RE&DS) and Transportation Infrastructure (TI) to take advantage of design efficiencies, coordination during construction, aligning the life-cycle of the infrastructure and minimizing disruption to the public in order to respond to the future redevelopment vision of the Anderson Station Area.

The bridge can be funded up to 50% through the existing program 223, which is meant for upgrading/replacing pedestrian bridges to provide more commuting and recreation choices for Calgarians while accommodating all modes of accessibility. The remaining 50% of the cost for the bridge will be included as part of the infrastructure costs for the Anderson Station Mobility Hub; details included in Attachment 1.

Anderson Station Exterior Improvements

Transportation Infrastructure under the Federal Public Transit Infrastructure Fund (PTIF) currently has funding to remove the front porch at Anderson Station, as well as other internal improvements to the Station. Improvements to the Station exterior are critical to compliment the new pedestrian bridge design and improved entrance reflecting a comprehensive redesign approach to Anderson Station. Currently, the PTIF Program will be serving six different LRT stations, so the total budget for Anderson Station is uncertain. Therefore, the improvement to the exterior of Anderson Station is included under the Anderson Mobility Hub program. The construction costs for this improvement is included in the total Anderson Mobility Hub costs as shown in Attachment 1.

All Turns Access

As part of the TOD land use application, RE&DS and TI were also asked to investigate an all-turns access from Anderson Road to the Calgary Transit Anderson Maintenance Facility to remove the need for out-of-service buses to travel through the TOD and to reduce current delays to Calgary Transit crossing LRT and CPR tracks. Removing out-of-service bus movements from the TOD would also increase the viability and attractiveness of the TOD to potential developers. A recommended solution has been developed by Administration based upon design, traffic analysis, transit operational impact, constructability and cost.

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The recommended solution minimizes transit service dispatch impacts and reduces construction timelines and delays to Calgary Transit. Future interchange alignment options may conflict with the current recommended solution, however the proposed option is deemed the most preferable for the foreseeable future and one that can be modified with the future interchange upgrades.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The infrastructure costs considered as part of the Anderson Station Mobility Hub funding model analysis include:

- Construction of a Parkade Structure at Anderson Station
- Construction of Surface Parking Stalls at Canyon Meadows Station
- Construction of Surface Parking Stalls at Shawnessy Station
- Lease costs for parking and signage at Southcentre Mall
- Pedestrian Bridge (50% of the cost)
- Station Exterior Upgrades
- Anderson Road all turns access

Three alternatives for funding opportunities for were explored and include 1) Real Estate Reserve; 2) Investing in Mobility (IIM), Transportation's 10-year capital plan; and 3) a Tax Capture Program.

1) Real Estate Reserve

The land servicing and public realm improvement costs associated with developing the Anderson Station Park and Ride lands into a viable and marketable Transit Oriented Development (TOD) site is proposed to be funded by the Real Estate Reserve. The purpose of the Real Estate Reserve is:

To finance land acquisitions and development of land holdings to advance economic development and diversification objectives by ensuring an available supply of "shovel ready" industrial land through the development of industrial/business parks; and to advance achievement of other municipal objectives through land improvement of City owned Transit Oriented Development areas and other Council directed special projects.

Funding for the Anderson Station Park and Ride Plan and transit related infrastructure under the Real Estate Reserve would not be deemed appropriate based on the approved reserve policy noted above. The purpose of the Real Estate Reserve is to specifically fund land acquisitions and improvements. Whereas, the development of the park and ride stalls and transit related infrastructure costs are outside of the real estate reserve scope.

2) Investing in Mobility Plan (IIM) (Part of Transportation's 10-Year Capital Plan)

If included in the Transportation's 10-Year Capital Plan, the Anderson Station Mobility Hub would be evaluated against all other investment candidates under the Mobility Hubs and Transit Corridors investment bucket category.

Transportation will be completing an update to the IIM in conjunction with Action Plan 2019-2022, with a target delivery date of April 2018. Transportation is currently reviewing their approach as part of a process to implement auditor recommendations to improve the IIM

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process. Once a plan and investment criteria have been established, the prioritization level of the Anderson Station Mobility Hub and all other areas will be determined. The recommended funded priority list is then used to inform the capital budget request, which will be presented for approval to Council as part of the next Business Plan 2019-2022.

This approach allows the prioritization process to evaluate the merits of the Anderson Station Mobility Hub against other priority projects in an objective fashion. Some of the IIM source funding has specific eligibility criteria; the project attributes must align with grant funding criteria. As a result, inclusion in IIM does not guarantee funding for the project.

The risk associated with this option is that the Anderson Station Mobility Hub could be funded beyond the next Action Plan timeframe (i.e. years 5-10, or 2023-2027) or not receive funding at all if other areas are found to be of higher priority. This would delay the project until funding can be found. However, if it is funded as a priority project then there would be no need to find alternate funding sources such as the Tax Capture program.

The IIM process joins other departmental infrastructure investment planning processes under the umbrella of Infrastructure Calgary, a corporate-wide initiative that provides governance and oversight of The Corporation's Capital Infrastructure Investment Strategy (CIIS). Under this strategy, Infrastructure Calgary is responsible for taking a broader corporate approach to prioritization of capital infrastructure projects. As this work advances, it may impact the evaluation process for the Anderson Mobility Hub (and therefore the funding potential for this project) and how all corporate projects are prioritized.

3) Tax Capture Program – Bridge Financing

The capital costs for the Anderson Station Mobility Hub, including the Park and Ride stalls and transit related infrastructure, would be financed by debt obtained through Alberta Capital Finance Authority (ACFA). The loan principal, including interest payments to ACFA, as well as interest payments incurred for bridge financing, would be repaid using the future municipal taxes earned at Anderson Station TOD. There are additional interest costs associated with this approach as it would require bridge financing for the period of time when municipal taxes are not earned as the scheduled loan payments (principal and interest) would have to be paid during this time.

There are significant risks associated with this option because The City's debt capacity may not be able to bear the additional debt. There are uncertainties with the collection and timing of municipal tax earned to repay the debt, and there are considerable interest costs associated with this option that cannot be avoided. In addition, new tax revenues that would be generated from the Anderson Station TOD would go solely to the repayment of the loan and interest payments, forcing the current 'general tax base' to subsidize the cost of services to the newly developed area. Normally, the services such as road maintenance, police services, bylaw enforcement would be paid for by newly generated taxes.

Given the above risks, this option is not recommended and not supported by Finance due to the uncertainty of the debt borrowing limits and significant interest costs.

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Next Steps

Council directed that redevelopment of the Anderson Park and Ride lot is contingent on replacement of parking stalls as outlined in the Anderson Park and Ride Plan. Administration has evaluated the viability of a sale of the Anderson TOD lands including the Park and Ride obligations. Administration has determined the sale would not be feasible because the costs to provide the replacement stalls under the Anderson Park and Ride Plan are significantly greater than potential revenues from the sale of the land. Real Estate & Development Services is required to manage real property assets and optimize financial returns to The City. Therefore upon approval of the Anderson Mobility Hub Funding Model, Real Estate & Development Services will proceed with resubmission of the Anderson TOD Outline Plan and Land Use application with the intent to advance site development, servicing and land sales.

Stakeholder Engagement, Research and Communication

Real Estate & Development Services (RE&DS) has partnered with Transportation Planning, Calgary Transit and Finance on exploring alternative funding solutions. These business units assisted with the investigation, examined findings and developed recommendations.

Strategic Alignment

The recommended solution support delivery of the Anderson Station TOD project, which aligns with the "city that moves" Council priority by supporting the goal to develop transit oriented developments that enables convenient, affordable, accessible, and efficient transportation choices. In addition, the priority to become "a city of inspiring neighborhoods" is directly aligned as it supports systematically investing in established neighborhoods as they evolve to accommodate changing community needs. In regards to Business Unit objectives, this project supports Calgary Transit with their business plan item to support Transit Oriented Development sites on Calgary transit lands that align with Park and Ride policies. In the longer term, the project also supports the implementation of the Municipal Development Plan (MDP), which encourages development adjacent to key transit oriented development areas.

Social, Environmental, Economic

The recommended solution serves to reduce the amount of borrowing cost, which would have otherwise been associated with the Tax Capture Model. The recommended solution respects existing infrastructure investment prioritization processes, provides Council the option to make the Anderson Mobility Hub a priority project for The City of Calgary. It also provides the ability to deliver a critical redevelopment as part of The City's Land Use and Transportation Plan to increase density around LRT stations and to meet established community intensification targets and place making goals.

Financial Capacity

Current and Future Operating Budget:

Not applicable.

Current and Future Capital Budget:

No current or future capital budget has been established to date for the land development costs of the Anderson Station TOD project. Council approval for funding of the land development costs for the Anderson Station TOD project will be requested through the Real Estate Reserve

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as a funding source. Council approval for funding of Anderson Station Mobility Hub's transit-related infrastructure costs would be realized through the IIM process once the Anderson Mobility Hub qualifies for funding.

Risk Assessment

The Anderson Station Mobility Hub may not warrant funding in the 2019-2028 timeframe, even if it is included as a candidate project for funding in the next IIM capital plan update. This will result in a delay of bringing on the TOD development. However, if the Tax Capture option were chosen, significant interest payments and uncertainty of a repayment timeline, due to project progress, would have also posed a considerable financial burden to The City.

REASON(S) FOR RECOMMENDATION(S):

Council directed that redevelopment of the Anderson Park and Ride lot is contingent on replacement of parking stalls as outlined in the Anderson Park and Ride Plan. Other transit related infrastructure capital costs such as a new Anderson Station Pedestrian Bridge, Anderson Station Exterior improvements and All Turns Access for Calgary Transit from Anderson Road are also seen as critical elements to help implement the redevelopment vision of the Anderson Station Area. Along with the Park and Ride stalls, these capital costs have been included within the Anderson Station Mobility Hub. Pursuing funding for the Anderson Station Mobility Hub through inclusion in the Investing in Mobility process provides the opportunity to realize the vision and goal of intensification around LRT Stations through The City's Mobility Hub projects. The Tax Capture model, even though it guarantees funding, poses a significant financial risk and burden to The City because of the impacts of significant interest costs and repayment timeline risks. Administration therefore recommends including these costs as a project in the next update to the IIM 10-year capital plan prioritization to be evaluated as a candidate for funding.

ATTACHMENTS

1. Anderson Mobility Hub Estimated Costs
2. Oxford Properties (Southcentre Mall) letter of lease acknowledgement
3. Anderson Station Pedestrian Bridge photos