Planning, Development & Assessment Report to
Regular Meeting of Council
2013 November 18

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Developer Funded Area Structure Plans Pilot Project Report

EXECUTIVE SUMMARY

Council directed Administration to undertake a Pilot Project for two new developer-funded Area Structure Plans (ASPs), commencing no later than Q4 2013. A significant amount of foundational work was undertaken prior to starting the ASPs including developing a standard agreement to govern third party ASPs, simplifying the form and content of ASPs, and hiring new staff. The two ASPs are now underway, and although in their early stages, this report will provide a detailed accounting of work completed to date, as well as lessons learned.

Council directed Administration to provide a progress update at key stages. This report will fulfill Council's direction to report back with an evaluation of the Pilot Project, including a review of the Funding Agreement, and a plan to complete additional ASPs by 2015 December 31.

ADMINISTRATION RECOMMENDATION(S)

That Council:
1. Receive this report for information.

2. Direct Administration to report back to Council within 12 months with an evaluation of the Pilot Project, as per the 2012 December 03 Motion Arising with respect to PUD2012-0670.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2013 May 27 Council approved C2013-0377 Fundamental Terms of Agreement for Developer Funded Area Structure Plans as follows. Following execution of the Funding Agreements, Administration was directed to "include a review of the fundamental terms and conditions as part of the 2013 November Pilot Project evaluation report".

On 2013 March 18 Council approved C2013-0057 New Area Structure Plan Process to direct Administration to undertake Developer Funded Area Structure Plans, as follows:

1. Approve in principle Option 1 as the basis for a Pilot Project for developer-funded Area Structure Plans.

2. Direct Administration to report back to Council with a report outlining the fundamental terms that will form the basis of a standard agreement governing third party funded ASPs by no later than the end of Q2 2013.

3. Subject to:

   • Council approval of fundamental terms and conditions to be included in a standard agreement to be entered into with respect to developer-funded Area Structure Plans
   • Negotiation and execution of mutually satisfactory standard agreements containing those fundamental terms and conditions, such agreements to be in content and form satisfactory to the General Manager, Planning, Development and Assessment and the City Solicitor, respectively

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     a) Approve Administration to hire up to nine FTEs and overspend Operating Budget Program 616 by up to $653,000 in 2013 with an offset in higher revenues from Pilot Project landowners; and

     b) Direct Administration to bring forward to the 2013 November 25 Revisions to Business Plans and Budgets Meeting of Council any budget and appropriation approvals required by the Pilot Project moving forward.

4. Approve the "Growth Management Overlay Evaluation Process" as outlined in this report and Attachment 4.

5. Direct Administration to commence the ASP Pilot Project, upon completion of items 2, 3, and 4 to the satisfaction of Council and upon execution of a standard agreement governing third party funded ASPs between The City and Pilot Project landowners.

6. Direct Administration to report back to 2013 December Public Hearing of Council with an amendment to the Municipal Development Plan to include the New Community Guidebook.

On 2013 March 4 Council approved C2013-0055 Municipal Development Plan Amendment and gave three readings to Bylaw 8P2013 to amend Map 2 of the Municipal Development Plan to add Northeast Regional Plan Cell A, the Southeast Planning Area Regional Policy Plan Cells C and D as a single ASP, Stadium ARP and the Downtown West ARP.

On 2012 December 03 Council approved the Land Use Planning & Policy 2013 Corporate Work Program PUD2012-0670, including direction for Administration to commence work on the two new ASPs no later than the beginning of Q4 2013. A subsequent Motion Arising with respect to Report PUD2012-0670, Moved by Alderman Stevenson, Seconded by Alderman Jones, was adopted. The Motion Arising directed Administration to investigate a number of items, including:

     a. How to simplify the form and content of Area Structure Plans ("ASPs")

     b. How The City can implement a program for developer-funded ASPs while ensuring a fair process to all stakeholders and in the context of Growth Management.

     d. A pilot project to fund the two ASPs within the LUPP 2013 Corporate Work Program under a developer-funded ASP program (the "Pilot Project").

Additionally, the Motion Arising directed Administration to implement the Pilot Project and report back to Council within 12 months with an evaluation of the Pilot Project; and bring a report to Council no later than 2013 November on the following:
- The progress of the Pilot Project
- Plan on how The City will complete the remaining ASPs set out in the Preliminary Growth Management Implementation Schedule Table 1 by 2015 December 31.

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BACKGROUND

On 2013 December 03, Council approved the Land Use Planning & Policy 2013 Corporate Work Program PUD 2012-0670, including a direction for Administration to commence two ASPs by Q4 2013. A Motion Arising directed Administration to examine ways to streamline the ASP process and to recommend a pilot project to implement developer funded ASPs. On 2013 March 18, Administration brought forward a report to Council outlining an approach. Council directed Administration to proceed with the pilot project as outlined in the report, including the following key pieces of work:

- Develop a standard agreement between The City and landowners to govern third party funded ASPs
- Hire staff Pilot Project for two developer funded ASPs
- Simplify the form and content of ASPs through the development of the New Communities Guidebook and a streamlined ASP document

Substantial work has been completed since the Pilot Project was approved. The 2013 December 03 Motion Arising had directed Administration to report back to Council by 2013 November outlining progress on the pilot project, as well as provide a timetable to complete further ASPs. This report will address both of these items, as well as include an evaluation of the Funding Agreement as directed in the 2013 May 27 report to Council.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Part 1: Background Work
A number of important items were required prior to the ASPs' Q4 2013 start date to ensure their completion as directed, and to ensure that the remaining four ASPs can be completed by 2015 December 31. The three key pieces of work necessary to maintain the ASPs' direction and timelines were:
- Creating the New Community Guidebook
- Establishing a Funding Agreement between The City and the landowners
- Hiring and training new staff.

New Community Guidebook
Administration has developed a new approach to undertake ASPs. Previously all policies for new communities were contained within one lengthy ASP document, and these policies were generally repeated in each subsequent ASP process. In the new approach, Administration divided policy into two stages. The first stage, known as the New Community Guidebook (the "Guidebook"), contains policies common to all new community areas, and will form part of the MDP. The Guidebook's content is consistent with previously approved Council policy established in the last three ASPs. A simpler structure, increased use of graphics to illustrate concepts, and less repetition of policy and background information make the policy content more user-friendly.

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The proposed Guidebook was recommended for Council approval at Calgary Planning Commission (CPC) on 2013 October 24 and will be at Public Hearing of Council on 2013 December 02.

The second stage of policy is a streamlined ASP that will contain content unique to the plan area. The ASP will be significantly shorter than past ASPs, can be completed in a shorter timeframe, and enable Administration to work with stakeholders in a specific area to determine the best way to apply the New Community Guidebook policies on the ground.

Funding Agreement
A legal agreement outlining the terms and conditions governing developer funded ASPs was necessary prior to starting the ASP process.

Starting in 2013 March, Administration worked with landowners to establish the fundamental terms and conditions of developer funded ASPs. The fundamental terms and conditions, as approved by Council on 2013 May 27, formed the basis of the final Funding Agreement. Administration and landowners worked collaboratively through a series of meetings over an approximately two month time period to finalize the Agreement.

At the end of this process, The City and each of the Funders (the primary landowner representatives from each ASP area) signed the Agreements as follows:
• Northeast Cell C, known as the Cornerstone ASP – 2013 July 31
• Southeast Cells C and D, known as the Rangeview ASP - 2013 September 05

Attachment 1 outlines the key terms of the Agreement. By delineating the scope of work, roles and responsibilities, dispute resolution mechanisms and tools for the smooth performance of the Pilot Project, the Funding Agreement is an important component of delivering the ASPs in a timely and predictable manner, while minimizing risk. Further, it ensures that work is carried out in a manner that respects both the independence of Administration and Council.

Staff Hiring and Training
Hiring staff for the two Pilot Project ASPs was critical to ensure that the necessary staff were in place prior to the projects commencing. The 2013 March 18 report (C2013-0057) specified up to nine FTEs required to undertake the ASP work. These nine FTEs comprise new staff; the reallocation of existing staff within various business units; and/or the use of consultants to work on the ASPs or to backfill for other Council directed work due to the reallocation of staff.

Part 2: Pilot Project
The Pilot Project ASPs have been underway officially since the middle of September. In this relatively short timeframe, project teams have moved a long way toward establishing policy direction for 3,300 acres of land that will be home to nearly 80,000 people in coming decades. This part of the report provides a status update on the two new ASPs and provides assurance that the projects are on track to provide planned land for many future Calgarians.

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Objectives and Performance Measures for the ASPs
The general objective of an ASP is to implement Council's policy for new community development. Within this larger direction implementation the MDP, the Calgary Transportation Plan (CTP), and the many Council policies that influence the form of development in new communities is critical. Undertaking ASPs using the developer-funded model does not change this; however, the Pilot Project has introduced some further performance measures:

- Time – completing the ASP within a year of initiation is an important aspect of the new ASPs process. To achieve this objective, increased and dedicated resources are in place when needed to avoid delays. Additionally the New Community Guidebook simplifies the policy development aspect of ASPs. As much as 70 percent of the policy previously developed in past ASPs will now be included as part of the Municipal Development Plan and not be required to be renegotiated through the ASP process.

  Time reporting for each project will occur on a monthly basis. This will provide Administration with timely information on whether the projects are on schedule, and enable adjustments to ensure projects remain on time. Future ASP processes will be able to use the time reporting information to understand where specific tasks require more or less time to undertake and whether the overall project timeline is reasonable.

  While the timeline for ASPs has been reduced, there are a few key pieces of analysis that must be completed for the ASP to proceed. This analysis includes developing the land use concept, population and job projections; biophysical inventory and analysis; the transportation impact assessment; and the master drainage study. Additionally time is required to have meaningful public and stakeholder engagement in the process. Therefore the nine month timeline to bring an ASP to CPC cannot be shortened further. Attachment 2 presents a simplified project plan demonstrating the key tasks for each ASP and the timelines for these key project tasks.

- Budget – The budget for each ASP was established to ensure that the necessary resources are in place to deliver the project. Funds for staff and special studies have all been accounted for and are provided throughout each ASP. As with the time reporting, financial reporting is also provided for each of the ASPs. Monthly reports are provided to the Funders to demonstrate where the funds are being directed and to maintain control over the financial aspects of the project. Budget information obtained through the Pilot Projects will be used in subsequent ASPs to ensure there is a close alignment between the funds collected for the ASPs and the actual cost of undertaking an ASP.

- Innovative Process – Innovation in new community development was elevated when the MDP was approved in 2009. The Pilot Project ASPs are now furthering innovation into the ASP process itself. Specific innovative aspects of the Pilot Project ASPs include the one year time to complete the ASPs; third-party funding; a more collaborative process; and the creation of the New Community Guide. Additionally each of the Pilot Project ASPs currently underway has adopted new techniques to develop an overall land use concept, which will be discussed below. As the projects move further along, these

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innovative aspects will be analyzed to determine how well they worked and whether they will be used in subsequent ASP processes.

Landowner Feedback and Involvement
Landowners have been fully engaged in the two ASP processes since their 2013 September start. Each of the two City teams has been meeting regularly to do project planning, gather information and develop ideas for the initial land use concept. Additionally Administration has been fully engaged with landowners to work collaboratively at this early stage of planning.

The Northeast (Cornerstone) ASP landowner group has been meeting with Administration regularly since early September. Since this time, many initiatives have taken place to foster collaboration. Specifically two successful design charrettes were conducted to jointly develop ideas for the area to meet landowner and City objectives. The Cornerstone ASP is on schedule to be completed in the timelines specified by Council.

The Southeast (Rangeview) ASP landowner group has also been meeting regularly and has employed some innovative ways of developing an overall land use concept for their lands. Specifically, the landowners held a "Design Co-opetition" to create three unique land use concepts to demonstrate innovative ways of planning the area that meets landowner objectives while respecting Council policy. As the process moves forward, the ideas generated through the "Design Co-opetition" will be used as input to the collaborative exercises undertaken between the Administration and landowners to evolve the land use concept and policy direction.

Each landowner group has indicated a positive experience in the ASP planning process so far and both are encouraged by the level of collaboration with Administration. Naturally, there are adjustments to be made, given that this is a new process and all parties are working closer together on ASPs. Attachments 3 and 4 contain letters from each of the landowner group offering the landowner perspective on the process so far.

Lessons Learned
Although the Pilot Project is in the early stages, there are a few lessons learned to date:

- Administrative Set Up – A number of administrative tasks were required to initiate the Pilot Project. These tasks, while not overly complex, took time to understand and put in place. This includes the system to both track and report time and money accrued to the project. Additionally the on-going administrative functions required for this project necessitate more administrative support than anticipated to meet timelines and additional reporting requirements. For this reason additional administrative support has been added to the project.

- Multiple ASPs in Process – Undertaking two ASPs simultaneously has both presented some challenges and resulted in some efficiencies in the early stages. The challenges result from undertaking two "pilot projects' simultaneously, each one with a different set of landowners and consultants and slightly different expectations. Efficiencies have been gained through the ability of the ASP project managers to share some of the common tasks, particularly in the general project start-up pieces.

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- Project Team Space – The two ASP project teams share a common work space. This provides the core team an open format to work in, as well as provides drop-in spaces for team members who are not working full time on the project. The open format has facilitated collaboration amongst team members. Future ASPs and potentially other planning projects could use this as a model for promoting increased collaboration.

Part 3: Timeline for Four Additional ASPs
An overview of when the four remaining ASPs would be completed under the developer funded model was presented to Council on 2013 March 18 and is outlined in Attachment 5:
- Two new ASPs (ASPs 3 and 4) would commence at the beginning of Q3 2014 and be completed by the end of Q2 2015
- The final two ASPs (ASPs 5 and 6) would begin at the start of Q1 2015 and be completed by the end of Q4 2015.

Administration remains on track to deliver the ASPs within this timeline, subject to landowner participation.

Stakeholder Engagement, Research and Communication
The Pilot Project for developer funded ASPs has involved extensive stakeholder engagement. Landowners have been fully engaged in the two ASP processes since their initiation and have been working closely with Administration.

As this report primarily addresses the initial phase of establishing the structure for the ASPs, engagement efforts so far have focussed on the ASP landowners. Further engagement opportunities are part of the ASP process and will be documented in the Pilot Project report at the completion of the first two ASPs.

Strategic Alignment
The Pilot Project maintains alignment with strategic Council policy such as the MDP and CTP. A significant aspect of the Pilot Project involves having the Guidebook adopted as part of the MDP and ensuring that new community policy maintains a strong alignment with The City's policy framework.

Social, Environmental, Economic (External)
Social
Although landowners are directly funding Administration to develop ASPs, the Funding Agreement ensures that work is carried out in a manner that respects both the independence of Administration and Council and ensures that public engagement occurs according to established Administrative practice.

Environmental
New collaborative ways of developing a land use concept for each of the plan areas may result in land use concepts that use land in an innovative manner.

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Economic (External)
The Pilot Project for developer-funded ASPs will bring planned land on stream faster than accomplished under the City funded model.

Financial Capacity
  Current and Future Operating Budget:
Council approved Administration recommendation 1 of report C2013-0057 as the basis for a Pilot Project for developer funded ASPs. The Council-approved Pilot Project included up to 9 FTEs and an overspend to operating budget 616 of $653,000 for the remainder of 2013. The amount is fully offset by developer funding, resulting in a net-zero impact.

Council also directed Administration to bring forward to the 2014 Budget Adjustment any budget and appropriation approvals required by the Pilot Project to move forward. The overspend for Pilot Project work on the ASPs in 2014 will be $1.94 million, also offset by developer funding. Based on the evaluation of the Pilot Program, Administration will bring forward a longer-term budget and staffing proposal as part of the 2015 – 2018 BPBC4 process.

  Current and Future Capital Budget:
There are no capital costs associated directly with this report.

Risk Assessment
A full risk assessment of the Pilot Project was conducted as part of the 2013 March 18 Report on the New Area Structure Plan Process (C2013-057).

CPC has recommended the proposed New Community Guidebook for Council approval. The Guidebook is on its way to becoming part of the MDP and forming the foundational policy for streamlined ASPs, however, it has not yet been approved by Council. There has been some uncertainty as to the ultimate contents contained within the Guidebook, and consequently, the level of detail that will be contained within the ASP. If Council does not approve the Guidebook, or if significant amendments are required, the timeline to complete the ASPs may be affected due to uncertainty over ASP content.

REASON(S) FOR RECOMMENDATION(S):
This report provides a status update on the Pilot Project for the first two developer funded ASPs. Since the Pilot Project's approval, Administration and the landowners have undertaken substantial work to provide Council with assurance that the process is operating as expected. All stakeholders are working collaboratively to ensure this new model is successful and will implement Council policy for new communities through a simplified and streamlined ASP process.

ATTACHMENT(S)
1. Developer Funded ASPs: Summary of the Funding Agreement
2. Simplified ASP Project Plan
3. Rangeview Process
4. Cornerstone Process
5. Timeline for Four Additional Area Structure Plans

Approval(s): Stanley, Rollin concurs with this report. Author: Froese, Kevin