

Edmonton City Centre Airport Non-statutory Public Hearing Status Report

Recommendation:

That the August 27, 2008, Deputy City Manager's report 2008DCM024 be received for information.

Report Summary

This is a status report on the five items regarding the Edmonton City Centre Airport lands.

Previous Council/Committee Action

At the July 23, 2008, City Council meeting, the following motion was passed:

7. That Administration provide a status report on the following topics at the September 2/3, 2008, Non-statutory Public Hearing:
 - work with Edmonton Airports to complete an analysis of how current Edmonton City Centre Airport aviation users could be accommodated at other facilities;
 - Capital Health's description of how medevac and health services could be delivered;
 - feasibility assessments, including environmental considerations, of possible development concepts;
 - analysis of development opportunities and gains to the downtown;

- legal considerations; in the event of Edmonton City Centre Airport closure.

Report

This report provides available information on the five status report items regarding the Edmonton City Centre Airport (ECCA).

Accommodation of Current Aviation Users at Other Facilities

Because Edmonton Airports (EA) has familiarity with the circumstances of the aviation-related subtenants and users at the ECCA, they undertook a preliminary analysis of these users and their potential accommodation at other facilities. EA will provide the results of their analysis at their presentation at the non-statutory public hearing on September 2, 2008.

Delivery of Medevac and Health Services

Alberta Health and Wellness administers and funds the air ambulance program. Their staff have not comprehensively examined the operation of the air ambulance service in the event of the closure of ECCA and transfer of the service to the Edmonton International Airport. The staff indicated they would need to undertake an assessment of the changes on patients, service delivery and costs. The service would be affected with landings at the Edmonton International Airport and alternative arrangements for transfer to hospitals. The volume, manner and costs would need to be determined.

They also noted that the governance of the air ambulance program would need to be reviewed after the transition of

ground ambulance service to the Province on April 1, 2009.

The implications for air ambulance service of the changes to Alberta health services are also not known at this time.

There is continuing work needed on the topic to address any potential issues and ensure any potential service transfer is seamless.

Feasibility Assessments, Environmental Considerations, of Development Concepts

Feasibility Assessment

An appraiser has been retained to assess the market potential and absorption of Concept Plan 2 – Limited NAIT Expansion and Westwood Integrated Facility Expansion – described in Attachment 5 of the May 15, 2008, Corporate Services Department report 2008COG007, titled Edmonton City Centre Airport. Only one of the three concept plans is being assessed as it reflects an average, or most likely option.

Concept Plan 2 is based on the Transit Oriented Development (TOD), served by LRT. Land uses include the expansion of NAIT by 12 ha, expansion of Westwood Integrated Facility, medium and high density residential and commercial and office uses as employment centres. The population would be 32,000 people and 18,600 housing units.

While the appraisal is not yet complete, the appraiser has confirmed that, in his opinion, the preliminary assumptions made for report 2008COG007, with respect to the economic feasibility of the land uses appear to be reasonable, with

the expectation of a 15 to 20 year absorption period.

Environmental Considerations

Corporate Properties in Asset Management and Public Works Department reviewed all environmental conditions and assessment reports for ECCA prepared since the lease negotiations started in 1995. A total of 28 different sites within the ECCA have been subjected to Environmental Site Assessments (ESAs) during this period. (Attachment 1). All of these ESAs were a requirement of the City's development approval process, lease conditions or decommissioning of underground storage tanks. These study areas were all located on the western and eastern peripheries of the ECCA. These ESAs either revealed no significant levels of environmental contamination, or made recommendations as to remedial solutions in those cases where contamination was detected. Of these studies, 15 have made recommendations for future assessment if additional redevelopment is to occur.

In summary, a review of the existing ESAs conducted to date on the ECCA land suggests only a localized pattern of contamination events. These are typically what would be expected to be found in association with light to medium industrial activities, with no significant remediation requirements expected.

If the ECCA is closed and redeveloped, an overall comprehensive Environmental Site Assessment will be required in any event. This is as a result of mandatory City development approval requirements and a reflection of new provincial and federal environmental guidelines introduced in 2007.

Development Opportunities and Gains to the Downtown

Capital City Downtown Area Redevelopment Plan (ARP) approved by Council in 1997, recognized and implemented the height limitations imposed by the Airport Protection Overlay (APO) on affected developments in the downtown, and in particular Grant MacEwan Community College development among others.

The current exercise to develop a new 15 year Downtown ARP is anticipated to be presented to City Council in November 2008. This new plan is still premised on the continued influence of the City Centre Airport on height limitations on future developments in the downtown. However, the plan is also investigating opportunities to reduce the impact of the APO through new height and Floor Area Ratio (FAR) bonus incentives.

If following the non-statutory public hearing, Council directed administration to review and analyze development opportunities and constraints pertaining to the ECCA closure, then a detailed analysis of the possibilities, opportunities and implications for the areas influenced by the airport operations would be required, including:

- height and development implications in the downtown;
- connections or linkages with and impacts upon surrounding neighbourhoods and facilities (e.g. – hospital, post secondary institutions);
- saturation/market considerations and impacts regarding managing high intensity development in the City so as to not get underdevelopment or only partial

realization in competitive situations (e.g. – other Transit Oriented Development or urban village locations such as Fort Road, Century Place, and Heritage Valley Town Centre, or higher density residential neighbourhoods such as Oliver, Rosedale, Downtown and Central McDougall);

- implementation tools, such as staging, timing, pilot projects and partnerships with the development industry, incentives, minimum and maximum building heights, bonusing for smart growth development, and appropriate transitioning to surrounding uses;
- a public consultation component, involving current airport land operations and surrounding property owners, residents, and interested parties, including potential development industry and business stakeholders.

There are examples in Denver and Austin of the closure and redevelopment of inner city airports. These cities could provide examples for addressing issues and opportunities associated with redevelopment of ECCA.

Legal Considerations

Lease Surrender Process

Currently, the City is the ECCA landlord. EA is the tenant and is also a sub-landlord under sub-leases with sub-tenants. A lease, or a sub-lease, grants exclusive possession of the landlord's land to the tenant for the term of the lease. If a landlord wishes to regain possession of leased land before the end of the term (assuming no right of early termination or tenant default), then

the tenant's voluntary surrender to the landlord is required.

Generally, the surrender of a head lease while a sub-tenant is in possession of leased land will leave a sub-tenant in possession without any obligations to the head landlord. Therefore, there must be a surrender or assignment of sub-tenancies prior to the surrender of a head lease.

For ECCA, this requirement means the air side tenants would surrender their sub-leases to EA, leaving EA with sole possession of the air side portions. Then, EA concurrently:

- Surrenders the head lease to the City.
- Assigns to the City the non-aviation sub-tenancies that are intended to remain at ECCA.

Compensation and Lease Surrenders

The terms, conditions and costs of the foregoing surrenders, including compensation to the sub-tenants, would need to be negotiated. There are opportunities given available alternative locations, determination of any shutdown timeline and length of leases that would mitigate the amounts of compensation.

Next Steps

The May 15, 2008, Corporate Services Department report 2008COG2007, noted that because several major pending projects could be impacted by ECCA land use changes (LRT, NAIT, downtown development, airport infrastructure investment), and due to the opportunity to generate revenue to help bridge the City's infrastructure funding shortfall, it is prudent for the City

to decide the direction of the ECCA land by June 2009. Current and future sub-tenant investment intentions also support the need to limit uncertainty and make a timely decision.

This status report provides available information on the requested topics, but does not provide a detailed analysis of closure impacts and land use changes. To enable a decision by June 2009 on the direction of the ECCA land, Administration, with the assistance of external consultant resources, would need to prepare Council reports for early 2009, and as appropriate with Edmonton Airports, providing additional information on topics as directed by Council which may include:

- Feasibility assessments of market potential and absorption of the development concept.
- Completion of proposals to accommodate aviation-related sub-tenants.
- Completion of air ambulance assessment.
- Analysis of traffic, servicing, land use impacts.
- Analysis of downtown development opportunities/gains from removal of building/construction height limits as outlined in this report.
- Legal considerations.
- Identification of order of magnitude estimates associated with terms, conditions and costs of lease surrenders.

Focus Area

Diverse Communities; Build a Business Positive Sustainable Urban Environment

Attachments

1. Map of Environmental Site Assessments

Background Information Available on Request from the Department

1. May 15, 2008, Corporate Services Department report 2008COG007, Edmonton City Centre Airport

Others Approving this Report

- L. Rosen, General Manager, Asset Management and Public Works Department
- R. G. Klassen, General Manager, Planning and Development Department
- D. H. Edey, General Manager, Corporate Services Department

