

Branch — Blatchford Redevelopment Project

Introduction

Edmonton is in an enviable position. Our city has the opportunity to redevelop 217 hectares of land that is located just minutes away from downtown, and is next door to a rich array of infrastructure, schools, retail and services. The Blatchford redevelopment will transform the former City Centre Airport site into a walkable, transit-oriented, and sustainable community. With homes for all stages of life, a great city park and opportunities to shop, dine, and work, Blatchford will create a new urban experience for up to 30,000 residents.

Blatchford will be a leading, sustainable development that balances social, economic and ecological outcomes. Social sustainability includes health and well-being, livability and community spirit. Ecological sustainability includes how we plan land use, energy, transportation, water, waste and urban ecology. Economic sustainability includes housing affordability, employment, economic vitality, infrastructure and net revenues for the City. The key to Blatchford's ability to change how we plan and build future communities is demonstrating that it is possible to achieve a balance between these three pillars of sustainability.

Blatchford contributes to all six strategic goals outlined in "The Way Ahead". For example, Blatchford will:

- **Transform Edmonton's Urban Form** by increasing density and promoting infill.
- **Shift Edmonton's Transportation Modes** by building the community to move people using active modes of transportation (walking, cycling) and public transit instead of through private vehicle.
- **Preserve and Sustain Edmonton's Environment** by reducing the ecological footprint of the community and its residents.
- **Improve Edmonton's Liveability** by encouraging residents to live active and healthy lifestyles.
- **Ensure Edmonton's Financial Sustainability** by balancing revenues and costs of the development.
- **Diversify Edmonton's Economy** by promoting the growth of a vibrant, liveable city and providing a dynamic environment that encourages innovation.

The Blatchford redevelopment office was established in 2009 to achieve City Council's vision for the community. The office is comprised of expertise in land development, real estate, investment, commercial/residential development, marketing/communications, engineering, and municipal processes. The office maintains relationships with the surrounding Community Leagues, Business Associations, and major employers through a Stakeholder Committee. A Blatchford Redevelopment Advisory Group, consisting of industry professionals and civic leaders, has recently been established to also assist by providing advice to the project team on strategic, technical, business and development related elements of the project.



Branch — Blatchford Redevelopment Project

Approved 2015 Budget – Branch Summary

(\$000)	2013 Actual	2014 Budget	2015 Budget	\$ Change '14-'15	% Change '14-'15
Revenue & Transfers					
User Fees, Fines, and Permits	2,730	1,329	562	(767)	(57.7)
Total Revenue & Transfers	\$2,730	\$1,329	\$562	(\$767)	(57.7)
Expenditure & Transfers					
Personnel	728	991	1,021	30	3.0
Materials, Goods, and Supplies	5	24	24	-	-
External Services	2,191	1,509	689	(820)	(54.3)
Intra-municipal Charges	473	631	968	337	53.4
Utilities & Other Charges	1,547	521	1,410	889	170.6
Transfer to Reserves	(688)	-	-	-	-
Subtotal	4,256	3,676	4,112	436	11.9
Intra-municipal Recoveries	(45)	-	-	-	-
Total Expenditure & Transfers	\$4,211	\$3,676	\$4,112	\$436	11.9
Net Income (Loss)	(\$1,481)	(\$2,347)	(\$3,550)	(\$1,203)	(51.3)
Full-time Equivalents	8.0	8.0	8.0	-	

Budget Changes for 2015

(\$000)

Revenue & Transfers - Changes

User Fees, Fines, Permits, etc. (\$767)

The decrease is due to \$850 Revenue from Airport Operations ceasing as of late 2013, offset slightly by an increase in Lease Revenue of \$83.

Branch — Blatchford Redevelopment Project

Budget Changes for 2015

(\$000)

Expenditures & Transfers - Changes

Personnel \$30

The increase is due to movement toward job rate, changes in benefits and approved cost of living adjustment.

External Services (\$820)

The decrease is due to \$850 in expenses related to airport operations ceasing late 2013 offset slightly by an increase of \$30 in Honorariums for Blatchford Advisory Committee.

Intra-municipal Services \$337

There is a \$453 increase is due to marketing/communications expenses offset partially offset by a decrease of \$116 associated with on demand work in building maintenance.

Utilities & Other Charges \$889

The increase is primarily due \$1,092 in interest charges on debt projected for 2015 and \$113 for a sustainability education program for the public. Various miscellaneous revenues have also increased by \$45. This is partially offset by a decrease of \$286 in amortization expense from assets having been written off with airport operations ceasing and \$75 decrease in utility costs as a number of standing buildings are being demolished.

Branch — Blatchford Redevelopment Project

Approved 2015 Budget – Program Summary

Program Name - Blatchford Redevelopment Project

[Link to 10-Year Strategic Goals](#)



Results to be Achieved

The implementation of the Blatchford Redevelopment project will create an environmentally, socially and financially sustainable community for 30,000 people in the heart of Edmonton.

Cost Drivers

Development concept consulting services
Legal support for expropriation and land acquisitions.
Direct costs of land development.

Service Standards

Implementation of the Council-approved Blatchford redevelopment plan and Business Case with associated sustainability and city-building elements.

Resources (\$000)	2013 Actual	2013 Budget	2014 Budget	2015 Budget
Revenue & Transfers	\$ 2,730	\$ 2,876	\$ 1,329	\$ 562
Expenditure & Transfers	4,211	5,692	3,676	4,112
Subtotal	1,481	2,816	2,347	3,550
Intra-municipal Recoveries	-	-	-	-
Net Operating Requirement	\$ 1,481	\$ 2,816	\$ 2,347	\$ 3,550
Management	1.0	1.0	1.0	1.0
Professional/Technical/Union Exempt	4.0	4.0	4.0	4.0
Union	3.0	3.0	3.0	3.0
Temporary	-	-	-	-
Full - Time Equivalents	8.0	8.0	8.0	8.0

2014 Services

Detailed design, planning and project management services to support ongoing redevelopment.
Financial forecasting and modelling.
Internal and external project communication and liaison with stakeholders and advisory groups.
Detailed financial forecasting and modelling to ensure capital costs are accurately provided and projected and that revenue forecasts are updated.
Settlements related to property acquisitions.

Changes in Services for 2015

Construction phase of the project has begun with building deconstruction and recycling. Public engagement will continue as the project evolves.

Branch — Blatchford Redevelopment Project

Pro-Forma Statements—Income Statement

\$ (000)		2015 Projection	2016 Projection	2017 Projection	2018 Projection	2019 Projection
Revenues						
1	Revenues from Land Sales & Leases	\$ 562	\$ 129,121	\$ 22,898	\$ 29,137	\$ 34,759
	Net Revenues	562	129,121	22,898	29,137	34,759
Expenditures						
1	Cost Of Land Sold	-	101,535	17,648	22,460	26,861
2	Debt Interest	1,092	3,053	2,945	2,833	2,716
	Personnel	1,021	1,041	1,062	1,083	1,105
	Materials, Goods & Supplies	24	24	25	25	26
	External Services	689	703	717	731	746
	Intra-municipal Services	968	678	341	172	169
3	Utilities & Other Charges	317	822	854	887	922
	Subtotal	4,112	107,857	23,592	28,192	32,545
	Net Expenditures	4,112	107,857	23,592	28,192	32,545
	Net Income	(3,550)	21,264	(694)	945	2,214
	Retained Earnings (Deficit), End of Year	\$ (11,244)	\$ 10,020	\$ 9,327	\$ 10,272	\$ 12,486

Explanatory Notes

- 1 Revenue from Land sales and cost of land are preliminary estimates based on average per acre gross cash flows and are subject to further examination.
- 2 Estimated interest charges are based on projected borrowings indicated in approved capital profile 14-02-2106.
- 3 Operating expenditures include allowances for affordable housing and sustainability education. These are preliminary estimates and are pending Council's direction.

Branch — Blatchford Redevelopment Project

Pro-Forma Statements—Balance Sheet (\$000)

(\$000)		2015 Projection	2016 Projection	2017 Projection	2018 Projection	2019 Projection
Financial Assets						
1	Assets	\$ 147,187	84,343	76,282	70,794	84,072
	Due from the City of Edmonton		2,431	6,921	10,364	-
	Total Assets	147,187	86,775	83,204	81,159	84,073
Liabilities						
	Debt	79,524	76,755	73,878	70,888	67,782
	Due to the City of Edmonton	78,906				3,806
	Total Liabilities	158,430	76,755	73,878	70,888	71,588
Net Financial Assets (Net Debt)		(11,244)	10,020	9,327	10,272	12,486
2	Retained Earnings (Deficit)	(11,244)	10,020	9,327	10,272	12,486
Equity						
	Retained Earnings (Deficit)	\$ (11,244)	\$ 10,020	\$ 9,327	\$ 10,272	\$ 12,486

Explanatory Notes

- Land for resale includes the original acquisition cost of undeveloped land plus any servicing costs that are incurred. Through the capital budget, City Council has approved funding for servicing of the Blatchford Redevelopment land. These costs are captured as part of the cost of land when it is subsequently sold. When sold, total costs incurred to bring the land to market are included in the Cost of Land Sold on the Income Statement.
- Opening deficit for Blatchford represents the cumulative net operating position for the project. The cumulative shortfall has been financed by the City's working capital in the interim. City Council approved a funding strategy in July 2014 through combination of debt and future sales to fund the project. The project is self-funded over the 25 year period.

Branch — Blatchford Redevelopment Project

Program - Blatchford Community Title - Debt Servicing from Capital Profile Approval	Operating Impacts of Capital Funded
--	--

Results to be Achieved

Implementation of the Blatchford Redevelopment Project.

Description

This funded service package is to pay for the debt servicing associated with the Blatchford profile.

Background

Funding approved by City Council July 16, 2014. Sustainable Development report CR_1445, profile 14-02-2106 includes \$80.542 Million from Debt. This approval impacts the operating budget from the debt servicing perspective.

Options

At this time there are no alternatives as City Council has previously approved the capital profile and borrowing bylaw.

Implications of Not Funding

Not funding the debt servicing would delay the implementation of the Blatchford Redevelopment Project.

incremental	2015				2016				2017			
(\$000)	Exp	Rev	Net	FTEs	Exp	Rev	Net	FTEs	Exp	Rev	Net	FTEs
New Budget	1,092	-	1,092	-	1,961	-	1,961	-	(108)	-	(108)	-
Annualization	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$1,092	-	1,092	-	\$1,961	-	1,961	-	(\$108)	-	(108)	-

Branch — Blatchford Redevelopment Project

Branch Performance Measures

The following performance measures are intended to provide an example of some of the measures that the Branch is currently monitoring. Since services provided within each Branch are very diverse, the measures are not intended to represent the Branch overall.

Effectiveness measures whether the Branch is effective in achieving its desired outcomes.

Efficiency measures how well resources are being used to produce a service or product.

Measure Type	Key Outcome (from Mandate)	Performance Measure	Target	Actual (year & result)
Effectiveness	Blatchford Redevelopment is initiated as described in the business case and Council’s vision	Alignment with Sustainability objectives	Development of a walkable community with a district energy system.	On target as all objectives are being addressed
Efficiency	Project initiated on time and budget.	First stage of development is on time and budget.	Creation of 225-250 dwelling units, a waste management facility and a park.	On target for timelines and budget.