

DOWNTOWN REVITALIZATION
2009
YEAR-END REPORT



 Heart of Our City Campaign



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This report is intended to provide City Council with a comprehensive summary of the status of 2009 Downtown projects and activities. These projects or activities have been completed, are currently underway and or scheduled to commence in 2010. A 2009 year-end summary of the Downtown Redevelopment Fund and the 2010 budget are also included.

The content is generally organized according to the topic areas outlined in the City Council's Ad Hoc Committee "Progress Report to City Council" as follows:

1. Planning and Regulatory Environment
 2. Financial Incentives
 3. Infrastructure & Capital Projects
 4. Governance, Process and Administration
 5. 2009 Redevelopment Fund Summary
 6. 2010 Budget
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i. PLANNING & REGULATORY ENVIRONMENT

a. Downtown Area Redevelopment Plan (DARP):

Building upon the momentum of the Heart of Our City Master Plan, the Downtown Area Redevelopment Plan will commence and be an action specific document. This document will then be used to guide City staff and decision makers as well a resource for business owners and developers over the next 20 years.

This project is being managed by the Senior Community Planner. Scoping of the project and determining the work plan has been completed. An extensive G.I.S. infrastructure and features mapping and data collection program created to support strategic planning is essentially complete. The communication plan is essentially complete.

Key project milestones have been identified as follows:

- completion of background research
- completion of background analysis
- creation of a holistic incentives strategy that will assist in establishing key elements that might not otherwise become instituted
- design of “form-based” development regulations that will create the “rules” that are intended to provide the approval process with a reasonable degree of predictability
 - by establishing a common understanding of design criteria and development standards among developers, neighbours, and the City , early in the design and planning of new developments

This project is being managed by Senior Planner Maureen Gaehring.

b. Downtown Parking Strategy:

The downtown parking strategy will we embodied in the Downtown Area Redevelopment Plan which will take into consideration the applicable elements of both the Transportation Master Plan and the Downtown Transit Route Restructuring Assessment. Potential parkade criteria and/or sites will also be identified.

c. Oliver Building:

When the property owner did not take prompt action to secure public safety when a portion of the building collapsed, the City intervened to secure the building. Work to complete securing the structure stretched into 2009 and the building no longer represents a clear danger to the public. The City Solicitor is attempting to recoup City costs incurred in making the building safe. Monitoring of the condition of the building may be necessary if further steps are not taken to repair the building.

d. Development Permit Review

During 2009, development officers processed 45 development applications in the Downtown compared to 18 in 2008.

The most significant development/adaptive re-use to commence in 2008 was the redevelopment of the Paramount Theatre Building.

Changes in use accounted for 23 permits, just over half of the approvals. Exterior alterations and business signs accounted for 17. There was one commercial to residential conversion permit and one wall mural permit approved. The remaining 3 were miscellaneous in nature.

e. Building Permit Review

During 2009, 33 building permits were issued within Downtown Lethbridge for a total estimated construction value of \$20,290,499 in both the public and private sectors.

Public Sector Investment

The most significant permit issued was for the new fire hall with a value exceeding \$12,000,000 followed by the Southern Alberta Art Gallery addition with a value exceeding \$3 million. In addition, the federal government made renovations to the post office building valued at \$199,000.

Private Sector Investment

Larger projects in the private sector included:

- Park Place Mall constructed 4 renovation projects with a total cost exceeding \$1,400,000
- Lethbridge Centre renovations exceeded \$1,100,000.
- Coal Banks Inn adaptive reuse for a value of \$1,000,000
- Lethbridge Dental Surgical Suites renovations and façade improvements \$412,400.00
- Dental Office renovations \$385,000
- Paramount Theatre adaptive reuse for a value of \$329,000
- McGuire's Men's Wear adaptive re-use from retail apparel to ethnic cuisine \$100,000

Several coffee shop and restaurant renovations took place which contributed to the vibrancy and diversity of downtown.

ii. FINANCIAL INCENTIVES

City Council, in adopting the Heart of Our City Master Plan (HOCMP), tasked plan implementers with deriving a variety of financial incentive programs to encourage private sector investment. On beginning this task, the Heart of Our City Revitalization Committee (HOCRC) determined that a comprehensive, holistic approach to achieve a more focused set of outcomes was required. Thus, any new incentives or policies advocated by the HOCRC should only be created in accordance with this holistic and focused approach. The principles of the holistic approach favoured by the HOCRC involve:

- creating value for investment;
- encouraging more and varied housing;
- improving the public realm, including infrastructure; and
- continuing support for historic and heritage building preservation, renovation and adaptive reuse.

The HOCRC also appreciates that before creating any new programs, it is essential to review existing programs and thus a review of the Tax Abatement Program was conducted.

a. Tax Abatement Program Review

City Council established the Tax Abatement Program or DRIP (Downtown Redevelopment Incentive Policy) as it is usually referenced, for the 2003 taxation year. Intended as a five year program period to “jump-start” construction/revitalization activity, Council recognized that there may eventually be replacement programs more focused on specific results.

This program was created prior to the adoption of the downtown master plan which provided a vision for the downtown and a multitude of ideas for revitalization. and City Council approved a one year extension to the policy for the 2009 taxation year since there were no replacement programs yet created. The program was reviewed by the HOCRC in 2009 to determine its efficacy relative to the holistic approach identified by the committee.

The program is described as follows:

- eligible applicants were required to increase the assessed value of their property by more than 2.5% plus \$25,000
- \$62,788.81 tax abatement was provided in 2009 to 18 properties, of which 3 were new applicants
- total taxable 2009 assessment for the Downtown Area was \$590.3 Million
- total 2009 assessment qualifying for the DRIP program, including those properties that completed the five year eligibility, was \$5.8 Million (or 0.99%)
- over the 6 years of existence, less than 1.0% of the eligible assessment has utilized this program

The HOCRC and administrative program review produced options to consider for the future of the program that included enhancing, discontinuing, or phasing out the program. The HOCRC recommendation was to discontinue any new applications for the DRIP program and to phase the program out over the next five years so that existing program participants could complete the program

b. Future Incentives

As indicated, the HOCRC would like to create programs more focused on identifiable outcomes. Research and refinement of future programs has commenced and those programs that fulfill the HOCRC objectives will likely be presented to City Council in time to be enacted for 2011. Descriptions of potential programs are discussed below.

i. Creating a Community Revitalization Zone and Tax Incremental Financing

Tax incremental financing is a tool that enables municipalities to borrow funds to finance public improvements within clearly delineated areas and then repay these funds from the increased property taxes spurred by private investment (refer to Appendix 1).

As indicated in Section 381 of the Municipal Government Act (MGA), a municipality may undertake the revitalization of public infrastructure through a special tax program intended for that purpose. The intention of this public sector reinvestment program is to further encourage private investment that brings jobs, residents and activity all of which contribute to long-term viability in the area.

Much of what is required by the MGA will be generated in the process of preparing the Downtown Area Redevelopment Plan (DARP).

The required steps are as follows:

- Designate a geographic area, and put an 'imaginary fence' around it: this is a TIF district
- Determine the base tax revenue the City is presently receiving from this district
- Prepare both a detailed project plan and a financing plan, including detailed project costing, an economic feasibility study, a definition of the duration of the TIF district, and the expected date the debt will be retired
- Borrow the funds to pay for these planned – and necessary improvements
- Attract private development and investment in the newly improved area
- Property values within the TIF area increase, as do the property taxes, as a result of this new private sector investment
- Calculate the base and incremental tax revenue annually, and transfer the incremental revenues to a special account
- Repay the debt with the incremental tax revenue (over and above the pre-determined base level)
- Terminate the TIF district once the debt is repaid

The Heart of Our City Revitalization Committee has indicated a strong interest in pursuing the Creation of a Community Revitalization Zone and utilizing Tax Incremental Financing to assist in the funding of public realm/infrastructure projects. It is hoped that this program can be ready for implementation by January 2011.

ii. Commercial Capital Program (Commercial or Retrofit)

This is a potential grant program that could be developed to serve the commercial sector for the Downtown Area. It could be similar to the City program that provides grants for not-for-profit organizations (Community Capital Grants Program). However, appropriate criteria, thresholds, and principles need to be established. This program could possibly be included in the 2011 – 2020 Capital Improvement Plan or as a project funded from the Downtown Redevelopment Fund.

This Program could be targeted to specific type of businesses such as a grocery store. Alternatively, it could also be targeted towards a specific goal such as asbestos removal. More research needs to be conducted in developing a specific target or goal.

iii. Downtown Housing Incentive Program

A housing incentive program similar to one used in Downtown Edmonton is being reviewed. The City of Edmonton provided \$4.5 Million in funding for 1,000 residential units (\$4,500/unit). Units had to be self contained and could either be new development or a result of a renovation. However, it had to result in an additional unit. Funding was issued after the occupancy permit was issued. It was not targeted towards any specific groups (such as those needing affordable housing). Rather, anyone who built a new residence and received an occupancy permit, received funds on a first come, first served basis.

It was the consensus of the Committee that this Program could be a successful tool to entice residential development in the Downtown Area. Research and/or communication are required in the several areas including: Downtown Area Redevelopment Plan; local builders/developers to determine an appropriate incentive; city demographics; 2011 – 2020 C.I.P. and the M.D.P.

i. INFRASTRUCTURE & CAPITAL PROJECTS

a. Southern Alberta Art Gallery Upgrades

The SAAG project is on schedule and should be ready for opening in September 2010.

b. Downtown Fire Station

Construction of the downtown fire station is well underway and should be ready for occupancy in early 2011.

c. Community Arts & Performing Arts Centres

City Council has purchased the site of the former IGA grocery store for purposes of siting and developing both the Community Arts Centre (CAC) and ultimately the Performing Arts Centre (PAC).

- i. Detailed design for the CAC is underway, demolition of the existing building is slated for the later part of 2010 and construction of the facility likely to commence in early 2011.
- ii. A functional planning study has determined what components should be included within the proposed PAC and an estimated construction cost has also been determined. Estimated costs are between \$60 and \$70 million, so this project is likely still several years away.

d. Transit Customer Service Upgrades

During the preparation and adoption of the Heart of Our City Master Plan it was indicated that Lethbridge Transit might consider a “flow-through” downtown routing design, rather than considering an off-street downtown transit terminal. It was also suggested that, from a transit perspective, there were no compelling reasons to consider changing the routings of transit buses in the downtown however; there may be a need to upgrade the provision of services.

For possible upgrading of services, the suggested focus was how transit could support the objectives of the Heart of the City Master Plan. ENTRA Consultants were subsequently engaged by Lethbridge Transit to follow-up on possible service upgrades. Boundaries for this purpose were recommended to be north of 6th Avenue, east of Scenic Drive, 1st Avenue and Stafford Drive. A preliminary report was prepared for an “in-house” advisory committee which among other matters considered the following:

- a hierarchy of bus stops in the downtown
 - transit centres
 - multi-route stops
 - major stops
 - basic stops,
- each level of the hierarchy might feature different amenities such as: shelters, customer information systems (real time or scheduled time), benches, etc
- opportunities to design “theme-based” bus stops to support the various downtown planning areas

The contents of the in-house report will be made available to the project team that will be preparing details for the Downtown Area Redevelopment Plan.

i. Downtown Enhancement Projects

- Downtown Clean-up crew

This project continued throughout 2009 and the efforts of the program participants from the Lethbridge Homeless Shelter did a commendable job and were well received as members of the Downtown community. (\$45,000)



- Bright Lights Festival

The Bright Lights was managed by the BRZ with costs supplemented from the DRF. (\$9,064)



- Flower baskets

Approximately 90 flower baskets were distributed in the downtown with the assistance of the BRZ, Communities in Bloom and City of Lethbridge forces. (\$26,118)



- **New Sculpture**

In conjunction with the Allied Arts Council's lead in celebration the 100th anniversary of the High Level Bridge, funds were contributed to a sculpture on the river valley crest between the Galt and the Lethbridge Lodge. (\$60,700)



- **Historic Plaques**

In conjunction with the Lethbridge Historical Association, four new bronze plaques commemorating historic buildings were installed. (\$4,664)



- **Public Events Advertizing**

The primary expenditures have been in the Lethbridge Guide and Southwest Alberta Travel Planner publications in association with City Tourism promotion which includes the downtown. (\$1,964)

- **Garbage Receptacle Replacement**

The aging brick garbage receptacles were replaced in 2009. (\$38,200)



- **Bike Racks**

The ongoing program of bike rack installation continued with 2 placements. (\$2,405)



- **Remedial Sidewalk Cleaning**

This program carried-on in 2009 as there are several high-use areas downtown that require regular cleaning. (\$5,350)



- **Free 2-Hour Parking**

This Christmas season promotion has been ongoing for several years and is in effect throughout December until Boxing Day. (\$51,053)



- ii. **International Downtown Association Membership**

- Membership in this extremely useful network was renewed for \$700 funded from the DRF.



ii. **GOVERNANCE, PROCESS AND ADMINISTRATION**

a. Governance

- i. The Heart of Our City Revitalization Committee (HOCRC) was established by City Council in 2009 with a mandate to:

Champion the revitalization of Downtown Lethbridge through implementation of the Heart of our City master Plan and to provide strategic leadership through the implementation of the Master Plan.

- ii. In addition, the HOCRC was asked to:

- make recommendations to City Council on planning and development matters with respect to downtown revitalization;
- monitor planning and development applications;
- monitor and review the Downtown Redevelopment Fund budget; and
- advise on the preparation of business planning related to downtown revitalization in alignment with City if Lethbridge budget cycles.

b. Process and Administration

Matters of process and administration considered by the HOCRC included:

- understanding the role and responsibilities of the HOCRC
- Heart of Our City Master Plan orientation
- City Council's strategic action plan for downtown revitalization
- the Area Redevelopment Planning (ARP) process
- the development approval process
- working with strategic partners including: the BRZ; the Allied Arts Council; the Lethbridge Historical Association; the Chamber of Commerce and Economic Development Lethbridge.
- creating a downtown parking strategy as part of the ARP process
- orientation to the Downtown Redevelopment Fund
- creating the HOCRC approach to and approval of project budgets
- possible new projects
- revitalization incentives both current (tax abatement) and possible future (asbestos abatement)
- the role of the Main Street Program in downtown revitalization
- the role of Downtown revitalization in the Plan Your City project
- input into policy areas relative to downtown such as unsightly premises, events and event promotion etc.
- the role of urban forestry in downtown revitalization
- creating an animated and vibrant downtown through support of festivals
- advancing phases of longer term projects such as the "Back Alley Concept"

iii. Downtown Redevelopment Fund (DRF)

a. Surplus Funds Transfer

Since the fund was established in 2003, numerous projects have been carried out while a few have ended up not being necessary. The combined effect of this has been an accumulation of project surpluses amounting to **\$48,165** that have now been identified, combined and carried forward for reallocation.

b. Year-end Fund Balance

The DRF balance as of December 31, 2009 was **\$900,872**.

c. 2010 Available Funds

As of January 1, 2010, there was a fund amount of **\$1,449,038** available for Downtown revitalization projects from the Downtown Redevelopment Fund. The amounts were calculated as follows:

2003-2009 Projects Surplus Transfer:	\$ 48,165
2009 Year-end balance:	\$ 900,872
2010 Operating budget contribution:	<u>\$ 500,000</u>

Available funds for 2010: \$1,449,038

iv. 2010 Budget

The Heart of Our City Revitalization Committee has budgeted **\$905,097** from the available DRF for downtown revitalization for 2010.

2010 Approved Downtown Revitalization Expenditures	Budget Allocation in \$
1. Alberta Main Street Program	35,000
2. Interpretive Plaques for Murals	22,500
3. Maintenance Standards Manual	5,000
4. Alpha Numeric Street Signs	32,800
5. Red Tape Cutter	5,000
6. Ongoing Downtown Administration	119,600
7. Public Events Advertizing	3,638
8. Walking Tour Brochure/Podcast	5,000
9. Garbage container conversion to planters	29,116
10. Main Street Building Rehab Projects	112,500
11. BRZ/main Street Coordinator Position Supplement	29,000
12. Galt Gardens Security	27,400
13. Bus Shelter cleaning supplement	43,800
14. Hanging Flower Baskets	30,000
15. Spring Conference	3,500
16. Historic plaques	10,000
17. Pole Collars	3,600
18. Bike racks	5,000
19. Summer Ambassador Program	15,000
20. Bright Lights Festival	10,000
21. Remedial Sidewalk Cleaning	5,000
22. Clean Sweep program	60,000
23. Special event parking meter supplement	51,000
24. High Speed Wireless Internet	10,000
25. Downtown Events	15,000
26. Branding	7,000
27. Phase 1 back Alley Concept – walkway development	53,186

28. Business Development Attraction	25,000
29. Public Realm and Transportation Study for Downtown	131,250
TOTAL	905,097