

SOUTHGATE AREA STRUCTURE PLAN

Background Report Key Findings



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REGIONAL MUNICIPALITY
OF **WOOD BUFFALO**

WHY PREPARE AN AREA STRUCTURE PLAN?

Municipal Land Requirements

The Regional Municipality of Wood Buffalo (the “Municipality”) is one of the fastest growing areas in Canada. Expansion of the oil sands industry has contributed to strong population growth, which is putting pressure on the Municipality to provide land for new homes, retail / commercial uses and industrial uses.

In particular, these pressures have had an impact on the availability of land for industrial and commercial developments, making it increasingly difficult to establish support services for the oil sands industry. This is because much of the land in the region is owned by the Province of Alberta, and is not readily available for urban development.

In 2011, the Municipal Development Plan (MDP) recommended establishing an Urban Development Service Area (UDSR) around Fort McMurray. The purpose of the UDSR is to set aside land on the fringe of the existing Urban Service Area to accommodate future growth. In 2013, the Province announced the official boundaries of the UDSR, which will make up to 55,000 hectares of land available over time. The process for selling or releasing this land is still being determined; however, the Municipality and the Province will work together to negotiate land sales.

The Southlands Parcels

The Province has committed to help the Municipality facilitate the release of industrial land by identifying four development areas on the south side of Fort McMurray.

What is an Area Structure Plan?

An Area Structure Plan, or ASP, is a planning policy document created for a portion of a community to provide direction for future development. The Province requires all municipalities to follow the Municipal Government Act. The Municipal Government Act (section 633) requires ASPs to, at a minimum, include details on:

- *the sequence of development proposed for the area*
- *the land uses proposed for the area*
- *the density of population proposed for the area*
- *the general location of major transportation routes and public utilities*

These parcels are known as the Southlands parcels (see page 5) and are intended to help meet the need for industrial land and to a lesser degree, commercial land.

The tentative release of one of these parcels (Southlands 2) has driven the need to develop and adopt an Area Structure Plan (ASP) for the south side of Fort McMurray. An ASP is necessary to ensure that if this land is developed, development is consistent with the Municipality’s policy goals and objectives.

Policy Direction

The Municipal Development Plan (MDP) outlines a number of broad policies and a strategic plan to help manage growth. The MDP was completed in 2011, and was shaped by more than 15,000 unique interactions with residents. The MDP encourages the creation of new employment lands on the south side of Fort McMurray (MDP, 2011, pg. 59), and requires plans to be in place to guide this development. As mentioned previously, the MDP also encourages the creation of an Urban Development Sub-Region (UDSR).

Vision

The vision for the Southgate ASP is to facilitate the responsible development of an industrial and commercial gateway on the south side of Fort McMurray through the preparation of a focused, statutory planning document.

Purpose of the Southgate ASP

In addition to facilitating the development of industrial and commercial land, the Southgate ASP will:

- ensure orderly and compatible development with adjacent areas;
- provide guidance and certainty for developers and property owners;
- outline a general sequence for development; and
- set out broad policies that help meet the vision.

Importantly, the Southgate ASP is likely only the first of three ASPs to be prepared for the south side of Fort McMurray. ASPs may be developed for the Lynton Yards area and for land between the Horse and Hangingstone Rivers. In the future, there may be opportunities to locate industrial and commercial uses in these areas. However, the Province has not indicated if and when lands in these areas will be released.

WHERE IS THE SOUTHGATE AREA?

Location

The Southgate area is located on the south side of Fort McMurray, south of Highway 69 and east of Highway 63 (see Figure 1). Southgate comprises approximately 3,700 hectares (9,140 acres). Most of this area is currently undeveloped and forested. The irregular shape of the Southgate ASP area is in keeping with the Municipality's desire for the ASP area to follow the new UDSR boundary.

Southgate is well-situated with respect to several major transportation corridors, including Highway 63, Highway 69, the Airport, and the Canadian National Railway (CNR) / Lynton rail yard. Southgate is also in close proximity to two bypass or 'ring roads' roads being contemplated by the Province (the West Bypass and East Corridor Multi-Use Access Road). Timelines and budgets for these projects have not been established.

Physical Characteristics

The Southgate area is generally characterized as being:

- relatively flat;
- primarily forested and/or occupied by wetlands (including muskeg); and

- containing several fish bearing streams (including Prairie Creek, Saline Creek and numerous tributaries).

Existing and Future Developed Areas

A number of relatively small industrial and recreational areas are clustered along the south side of Highway 69 and on lands east of the Airport (see Figure 2). These areas include both privately owned properties and activities occurring on provincially leased lands. Existing uses in the Southgate area include:

- industrial storage and lay-down yards;
- industrial business park (Southlands Phase 1A / Prairie Creek Business Park under development); and
- recreational uses (RV Park, rodeo site).

Land in the Southgate area is currently zoned as either Business Industrial District, Urban Expansion District, or Rural District. Because of the generality of these districts, they do not effectively guide industrial development. However, the Municipality is in the process of re-writing its Land Use Bylaw (Bylaw No. 99/059).

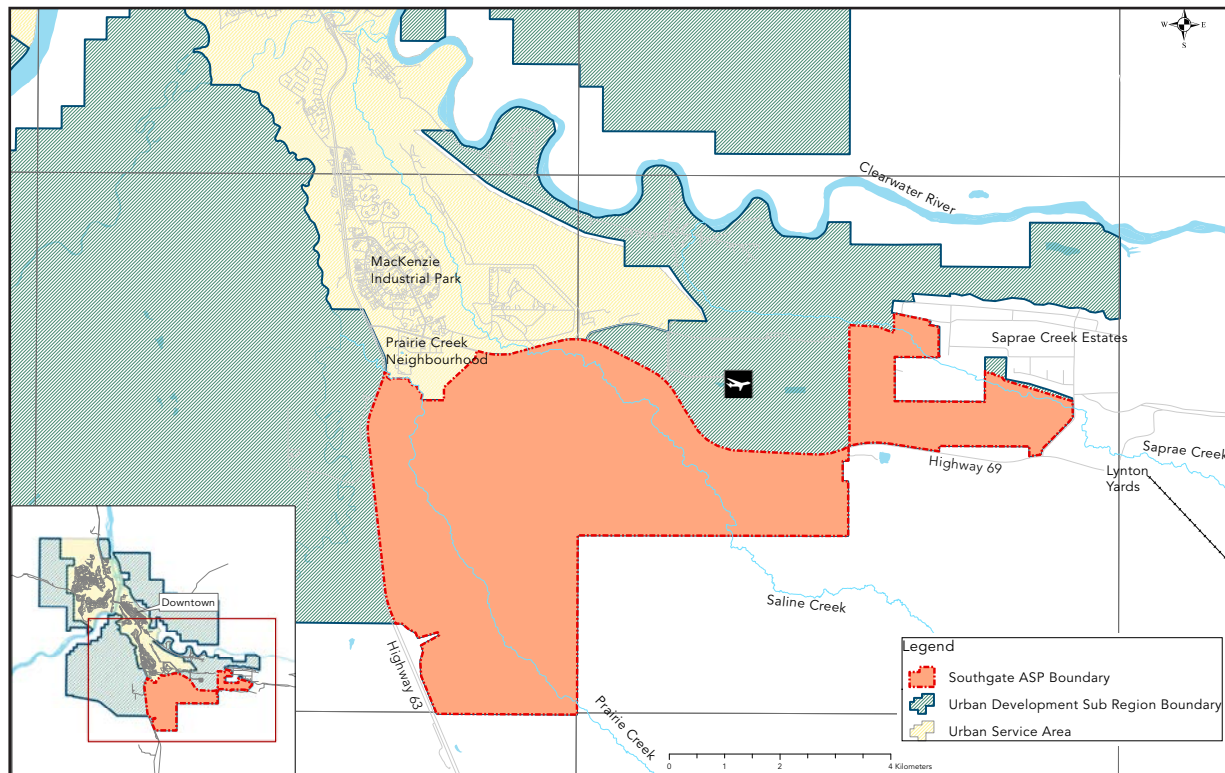


Figure 1: Southgate ASP Area

Future land uses are expected to include the Southlands parcels (phases 1A, 2, 3A and 3B) identified by the Province (outlined in Figure 2). It is anticipated that the Province will sell these parcels over time, opening up new land for industrial and commercial development. The Province has stated that the Southlands parcels are intended to satisfy the demand for primarily industrial and commercial land.

Surface leases in Southgate include easements, vegetative control easements, grazing leases, pipeline agreements, and licenses of occupation. The Province will be engaging with the Municipality to determine whether these surface lease activities continue to be appropriate. However, unlike subsurface leases, surface leases will not be cancelled outright.

To date, Southlands Phase 1 (400 hectares / 980 acres) is the only parcel that has been sold. However, the sale of Southlands Phase 2 (320 hectares / 800 acres) is likely to occur in the near future, and is a major driver behind the preparation of this ASP. The future of Southlands Phase 3A and 3B is uncertain.

Lease Activities

A number of subsurface and surface leases exist in the Southgate area. Subsurface leases are generally held by parties engaged in oil and other resource extraction activities. Surface leases are held by a variety of parties and there are many types.

Subsurface leases in Southgate are held by three oil companies. As a result of the establishment of the Urban Development Sub-Region (UDSR), cancellation of subsurface leases has begun as these activities are not considered compatible with urban development.

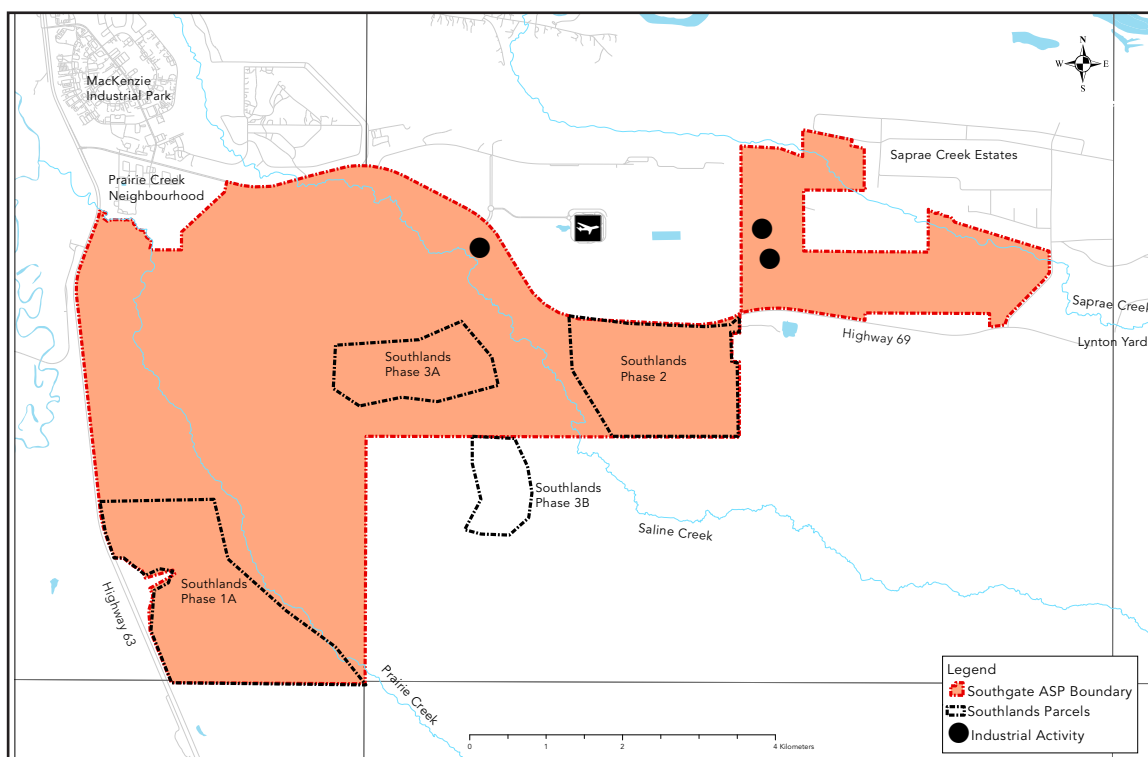


Figure 2: Existing Industrial Areas and the Southlands Parcels

OPPORTUNITIES

Prime Location

The Southgate area is physically well-situated with respect to major transportation corridors, such as Highway 63 and Highway 69, the Airport, and the CNR / Lynton yards. Southgate is also in close proximity to two bypass roads being contemplated by the Province – the West Bypass and the East Corridor Multi-Use Access Road.

Land Availability

The availability of land in the Fort McMurray area for industrial and commercial development is limited. However, the identification of the Southland parcels by the Province presents one of the greatest opportunities in recent years to develop land for new industrial and commercial purposes.

Recreational Activities

Formal recreational facilities within Southgate are limited to the Golden Eagle RV Park, a rodeo site, and two recreational trout ponds, while nearby facilities include the Clearwater Horse Club and trails.

Off-highway vehicle (OHV) use is a popular activity among Fort McMurray residents. A number of trails and staging areas were identified in Southgate and nearby

areas (see Figure 3).

A review of the Municipality's parks and trails maps finds that the Municipality does not maintain any formal trails in the Southgate area. A review of the Live Play Thrive Recreation and Culture Plan and the Transportation Master Plan (Stage 2) finds that there are no trails proposed in Southgate area. However, both plans propose a new trail along Highway 69, connecting Saline Creek to the Airport area.

The Southgate ASP may provide an opportunity to incorporate new trails for OHV and non-motorized use. Given the number of OHV users and stakeholder groups in Fort McMurray, planning staff will engage with interested individuals and groups to identify opportunities and to determine how the Southgate ASP may impact these uses.

Servicing Availability

Southgate is largely un-serviced at present; however, the Municipality's Engineering Department has indicated that there are plans to provide servicing to Southgate in the future. Temporary servicing options are possible for both water and wastewater servicing until permanent infrastructure is constructed.

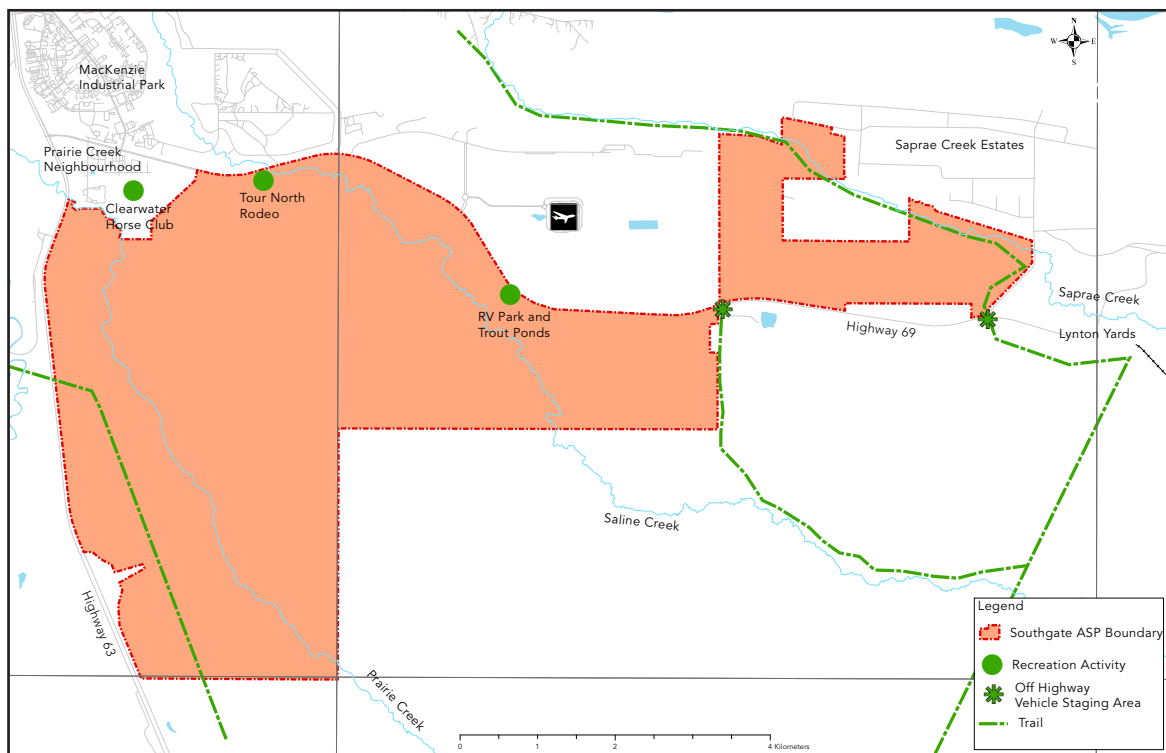


Figure 3: Recreational Amenities

CONSTRAINTS

Stormwater management will be developed on a site-by-site basis.

Water servicing:

- interim water servicing is possible via new connections to the existing 400 mm line located along Highway 69 that connects the Mackenzie reservoir and pumphouse to the Southeast reservoir and pumphouse; and
- permanent water servicing is possible via the Future Southwest Water Supply Line.

Wastewater servicing:

- interim wastewater servicing is possible via connections to the new Airport Lift Station; and
- permanent wastewater servicing is possible via future lift stations that would connect Southgate to the future Sub-Regional Wastewater Treatment Plant at the municipal landfill.

Both water and wastewater interim options will have capacity until the Saline Creek redevelopment reaches 6,000 residents, at which point permanent servicing must be in place. This population milestone is projected to be achieved in 2028.

Industrial and Commercial Land Need Uncertainties

Over the past four years, the Municipality has assessed its industrial land needs three times, each attempt arriving at different conclusions (see Figure 4). It is important to note that these studies employed different methodologies, and estimated industrial demand at different scales (i.e. for Fort McMurray or for the Municipality as a whole).

As a result, the Municipality remains without an accurate picture of its industrial land needs. Also problematic is the lack of understanding of the individual industrial categories. In particular, none of the studies assessed the impact of lay-down yards on local land need. Lay-down yards are perceived to be one of the most in-demand industrial activities in the Municipality. Importantly, lay-down yards utilize significantly larger sites than traditional industrial uses and are thus anticipated to have a notable impact on project land requirements.

To address this issue, the Municipality has retained a consultant to undertake an industrial demand study to provide an up-to-date picture of the Municipality's industrial land needs. The study is currently underway.

Similar assessments have been undertaken for commercial land need and report a clear shortage of



Figure 4: Industrial Land Need by 2030/2031

Sources: ¹Commercial and Industrial Land Study (CILUS), 2010; ²RMWB Planning and Development, Former Implementation Branch, 2012; ³CILUS, 2010; ⁴RMWB Planning and Development, Former Implementation Branch, 2012; ⁵Municipal Development Plan, 2011.

retail/commercial land. The Commercial and Industrial Land Use Study (CILUS) reported that in 2008, the Municipality was only providing 2.44 square metres of commercial space per resident. Other communities with similar population sizes typically provide closer to 4.18 square metres per resident. As a result, CILUS estimates that approximately 350 hectares (860 acres) of commercial land would be needed by 2031.

These studies also report variation between findings; however, discrepancies between these studies are less important because commercial land is not expected to be a significant component of any development concept for the Southgate area. Focusing on industrial land uses will also ensure that Southgate does not seriously detract

from the Municipality's long-term vision for a vibrant downtown.

Geotechnical Uncertainties

Geotechnical assessments have been undertaken to determine the development suitability of land on the south side of Fort McMurray. The presence of wetlands or muskeg is a physical characteristic of much of the Southgate area, and may pose constraints to development. Planning staff reviewed three available geotechnical assessments completed between 2009 and 2013. Figure 5 illustrates the boundaries of each study relative to the Southgate area. As indicated in Table 1, an important finding of the review is the considerable

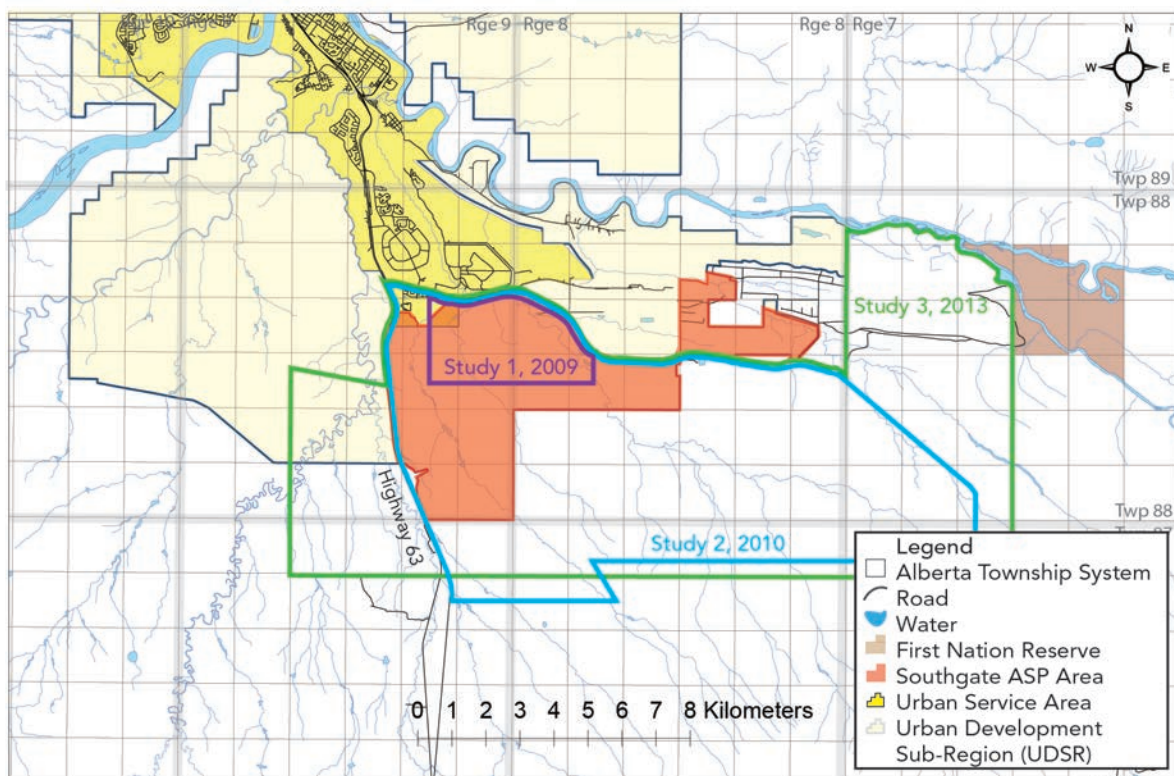


Figure 5: Geotechnical Study Boundaries

Table 1: Geotechnical Study Key Findings

Author	Key Findings
Study 1 (2009)	95 percent of the land studied found to be undevelopable as a result of the presence of bogs and/or fens. Only 5 percent of the land studied has potential for light industrial development.
Study 2 (2010)	Portions of the land studied that generally correspond to the locations of Southlands phases 1A, 2, 3A and 3b have suitable surficial soils and bedrock conditions. If environmental issues can be mitigated, the soils beneath the entire area studied would be suitable for development.
Study 3 (2013)	Significant portion of Southgate classified as either: Class 2 (discontinuous muskeg / marginal land where development possibly feasible with additional effort) or Class 3 (continuous muskeg / land not recommended for development).

Sources: Study 1: Development Suitability Analysis: Crown Lands South of Highway 69 and East of Highway 63, FOCUS Corporation, 2009; Study 2: Geotechnical Suitability Assessment (letter report), Clifton Associates Ltd., 2010; Study 3: RMWB UDSR Phase 1 Study Area (Southlands) Geotechnical Desktop Study Supplemental Letter Report, Thurber Engineering Ltd., 2013.

OTHER CONSIDERATIONS

variation in the findings. However, these studies explored similar but different parameters, making it difficult to compare their findings.

Transportation Corridor Locations

Planning staff have retained a consultant to provide an assessment of the transportation implications of developing the Southgate area. The initial phase of this research is now complete and included discussions with the Province and a review of existing plans, studies and other documents.

One aspect of this research was the review and analysis of various studies to identify potential transportation infrastructure projects that might occur in and around the Southgate area in the future. The following transportation improvements were identified, and if constructed, may have implications for development of this area:

- a new roadway (and associated interchanges) south of Highway 69, oriented east-west through the Southgate area, connecting Highway 63 with the airport area;
- the redevelopment of the Highway 63 / Highway 69 interchange to the southeast to provide space for a new interchange and future Hangingstone River crossing;
- an east bypass road south of the Southgate area, connecting Highway 63 with lands north and east of the Lynton rail yard; and
- a west bypass road west of the Southgate area, connecting Highway 63 with lands between the Horse and Hangingstone Rivers and beyond.

One potential project, a new roadway through the Southgate area (see first bullet), is significant. Land for this roadway and its interchanges has already been secured by the Province, although it remains unclear as to if and when this roadway might be constructed. The securing of this land may have significant implications on the ASP development concept, including rendering large portions of the area unavailable for development.

Cultural Activities

Fort McMurray and the surrounding area may include lands that are used for traditional activities and may have special meaning for First Nations and Métis. Traditional land uses, such as trapping, are also important cultural activities in the region.

Potentially impacted groups include the Fort McMurray First Nation, Fort McMurray Métis Local 135, Fort McKay Métis and the Athabasca Tribal Council. Planning staff and staff from the Municipality's Aboriginal and Rural Relations Department will work closely with First Nations and Métis to identify issues and to understand their needs, uses of, and aspirations for the Southgate area.

The development of Southgate may also have implications for individuals participating in trapping activities. There are a number of Registered Fur Management Areas in the Fort McMurray area, which permit trapping by valid license holders. The development of Southgate may have implications for license holders in this area; however, engagement with individuals participating in these activities will be a component of the ASP process.

Historical Resources

A review of Alberta Culture's Listing of Historic resources (online) was undertaken to identify the locations of potential archaeological, cultural, historic, and paleontological resources in the Southgate area. A historic resource (Class 4) and several paleontological resources (Class 5) were identified. Historic resources are assigned as Historic Resource Value (HRV) from 1 to 5 with a HVR of 1 corresponding to the highest level of protection. A Historic Resources Impact Assessment may be required at a later stage; however, there are no implications at this time.

NEXT STEPS

Opportunities for Engagement

We invite you to engage with staff to help shape the Southgate Area Structure Plan. Upcoming engagement opportunities will be posted at:

www.woodbuffalo.ab.ca/southgate

An online survey is also available at:

www.woodbuffalo.ab.ca/southgate

Contact

We welcome your questions and feedback. Comments and feedback can be directed to:

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Disclaimer

The information presented herein was accurate at the time of publication but is subject to change. For more information, please contact Christopher Booth at 780.793.1089.