

Update on Sale and Redevelopment – 321 Avenue C North – Former Saskatoon Transit Maintenance Facility

ISSUE

In December 2019, the Administration and a proponent, selected through an open market (with criteria) sale offering, concluded negotiations and agreed to terms and conditions for the sale and redevelopment of the former Saskatoon Transit (Transit) maintenance facility at 321 Avenue C North (Lots 13 to 36 and Parcels A, B, and C, all on Block 19, Plan No. G582) as shown on Appendix 1. The general terms and conditions for the sale were outlined in a Letter of Intent, which was intended to form the basis of an Agreement for Sale of the property.

The Administration's intent was to present an information report on the project, and terms and conditions of the sale, to the Standing Policy Committee on Finance (Committee) at its meeting on April 7, 2020. Prior to submitting the completed report, impacts of the COVID-19 pandemic began affecting the local economy, including the business operations of the selected project proponent. Due to the impact on the proponent's existing operations and the resulting uncertainty, the proponent has indicated they require postponement of project announcement and is requesting changes to the planned project timelines outlined in the Letter of Intent.

BACKGROUND

The former Transit maintenance facility sites in the Caswell Hill neighbourhood form part of the South Caswell Concept Plan (SCCP) endorsed by City Council in 2010. In 2017, Saskatoon Transit vacated the sites and relocated to the Saskatoon Civic Operations Centre. Since that time, the Administration has been working toward the redevelopment of the former Transit maintenance facility sites in accordance with the goals and vision outlined in the SCCP.

In a report to Committee on October 1, 2018, the Administration recommended that the sale of surplus City of Saskatoon (City) land within the SCCP area proceed in a phased approach, beginning with the sale of 321 Avenue C North through an open market (with criteria) sales approach. The buildings on this site are currently unoccupied, and developers have previously expressed interest in their potential for adaptive reuse. Also within that report, the Administration committed to providing an update on the outcome of the proposal call and negotiated terms and conditions with the successful proponent.

Following approval of the above-noted sale approach by the Committee, Saskatoon Land offered the site for sale with scoring criteria based on price offered, alignment with the goals and intent of the SCCP, proponent capacity, site development and architecture, and proposed timing of development. Upon selection of a preferred proponent, negotiations took place to determine the terms and conditions of sale. This process was followed in order to first select a proponent based on the quality of the proposal, and then provide for in-depth negotiations necessary to address the unique considerations related to the sale and redevelopment of the site.

CURRENT STATUS

Saskatoon Land received two proposals in response to its open market (with criteria) sales offering. Proposals were evaluated by a nine-member committee, which included City Administration, Caswell Hill Community Association representatives, and representatives from the local development community. The process and evaluation was overseen by an external Fairness Monitor.

Saskatoon Land and the highest-scoring proponent selected, through the above-noted process, have come to an agreement on general terms and conditions for the sale of 321 Avenue C North. These terms and conditions have been outlined in a Letter of Intent that forms the basis for an Agreement for Sale. The final Agreement for Sale may include minor adjustments to address any unknown factors, such as those that may arise through the land use amendment process, which must be completed in advance of the Agreement for Sale.

The Caswell Hill Community Association has been informed of the unforeseen delays in the sales process and will continue to be updated and involved as the Administration moves forward with the required land use amendment process.

DISCUSSION/ANALYSIS

At the request of the project proponent, Saskatoon Land has agreed to delay announcement of the project and consider changes to the project timeline, pending further information on the extent of ongoing COVID-19 implications.

The current proposed terms and conditions of sale outline a process whereby the proponent is not to take possession of the site and buildings until such time that the required land use amendments are approved by City Council and payment of a non-refundable deposit is received.

The subject site is currently zoned IL1 – General Light Industrial District. Saskatoon Land has applied to rezone the subject site and other City-owned sites within the SCCP boundary to a mixed-use zoning district, as shown on Appendix 2. An overlay district is proposed, based on the MX2 - Warehouse Mixed-Use District, with modifications that will allow the district to be applied to the SCCP area and ensure future redevelopment aligns with the goals and intent of the SCCP.

Upon finalization of specific development regulations and land use categories for the proposed district, the Zoning Bylaw Text and Map Amendment applications will proceed through the community engagement process and be presented to City Council at a public hearing for final approval.

Proceeding with the land use amendment applications for these City-owned sites will benefit the South Caswell Redevelopment Project's progress in a number of ways, including:

- allowing a necessary aspect of the redevelopment process (land use redesignations) to proceed despite other possible delays related to COVID-19;
- ensuring that future uses align with the SCCP and community expectations;
- adding value to the sites, increasing certainty for potential future purchasers, and allowing for a more expedient sale and redevelopment process when offering remaining City-owned sites for sale; and
- placing the City in a better position to re-offer the subject site should the proponent decide not to proceed with the current project.

FINANCIAL IMPLICATIONS

The terms and conditions of the proposed sale of the site and buildings will be outlined in a future report to Committee, once the proponent indicates they are ready to proceed and any revisions to the project timeline and/or sale terms are finalized.

Should the proponent not yet be ready to proceed with the Agreement for Sale following the approval of the land use amendments, Saskatoon Land will require a deposit or option payment to hold the property pending the proponent's decision to proceed with the Agreement for Sale.

As there are ongoing annual utility and site maintenance costs related to the subject site of approximately \$30,000 year, Saskatoon Land is exploring appropriate low-intensity interim uses that could occupy the site to help fund these expenses prior to redevelopment moving forward.

ENVIRONMENTAL IMPLICATIONS

Saskatoon Land completed work to remove existing hydraulic lifts within the buildings and to remediate contaminated soils related to those lifts. Reporting and application for Notice of Site Condition have recently been submitted to the Government of Saskatchewan Ministry of Environment.

OTHER IMPLICATIONS

There are no privacy, legal, or social implications identified.

NEXT STEPS

Saskatoon Land has applied for a Zoning Bylaw Text and Map Amendment related to all City-owned sites within the SCCP boundary that align with the proposed uses outlined in the SCCP. Public engagement for the proposed rezoning and text amendment will be undertaken to gather input from the community.

Saskatoon Land will update the Committee on project details and terms and conditions of the sale once greater certainty is known regarding the proponent's intentions and timeline.

Upon confirmation of the current project and subsequent development of that site, the sale and development of remaining City-owned sites and any criteria established for that purpose will build upon the current project and the goals and intent of the SCCP. Community engagement will be continued, and further reporting will take place as these sites are brought into the sale and redevelopment stream.

APPENDICES

1. Location Plan – 321 Avenue C North
2. South Caswell Hill Redevelopment Area – Proposed Rezoning – IL1 District to Mixed-Use District

REPORT APPROVAL

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