

Progress Update - South Caswell Redevelopment Project

ISSUE

The highest-ranking proponent from the Open Market (with Criteria) sales approach process for the Purchase, Rehabilitation and Adaptive Re-Use of 321 Avenue C North (former Saskatoon Transit Maintenance Building and storage yard) has withdrawn their interest in the property. Administration is providing a project update and outlining the next steps to prepare the site for sale and redevelopment.

BACKGROUND

The South Caswell Redevelopment Project (Project) involves the redevelopment and potential adaptive reuse of the former Saskatoon Transit (Transit) sites in the Caswell Hill neighbourhood which includes the former Bus Barns, Administration Building and the North Maintenance Building. The purpose of the Project is to pursue the sale and redevelopment of the former Transit sites in accordance with community goals and objectives outlined in the South Caswell Concept Plan (Concept Plan), approved by City Council in 2010. Please refer to Appendix 1 for a site plan of the Project area and Appendix 2 for the Concept Plan land use map. The Project is being administered jointly by Saskatoon Land and the Planning and Development Department.

In 2015, an Expression of Interest was released to determine interest in redeveloping the City-owned sites within the Concept Plan boundary. No potential purchaser was identified through this process in part, due to the uncertainty of the extent of environmental impacts given the history of industrial use at the site.

In 2017, Transit vacated the sites and relocated to the Civic Operations Centre. Once the sites were vacated, site remediation efforts were undertaken to fully understand the site conditions and to establish a Corrective Action Plan.

In a [January 30, 2017 report to City Council](#), Administration advised a more generalized Concept Plan for the former Transit sites would be developed once redevelopment plans and possible future uses are identified.

In 2018, a public Open Market (with Criteria) sales approach was issued for the sale and adaptive reuse of the North Maintenance Building and yard located at 321 Avenue C North. A proponent was secured through this process and negotiations were finalized in 2019. In 2020, the proponent requested a delay in the project announcement due to financial impacts of COVID-19 to their current operations; an update report was provided to the [Standing Policy Committee on Finance at their August 17, 2020 meeting](#).

CURRENT STATUS

The proponent recently notified Saskatoon Land they will no longer pursue the Project, indicating their business operations were facing challenges due to market uncertainty and impacts to current operations due to the COVID-19 pandemic. As a result, they are not in a position to take on the financial risk the redevelopment project would involve.

DISCUSSION/ANALYSIS

With the proponent having withdrawn from the Project, the current Open Market (with Criteria) sales approach for the North Maintenance Building and yard will be formally closed without securing a purchaser. Administration must now consider a new course of action for the sale and redevelopment of the Project sites. These next steps must consider the following:

- Carrying costs of the vacant buildings;
- Infrastructure upgrades to the sites;
- Concept Plan and zoning amendments to prepare the site for sale; and
- Develop an approach for the public sale of the properties.

Carrying Costs of the Vacant Buildings

The Project sites have continued to require financial resources to maintain the buildings. These costs include heat, power, security, staff resources and site maintenance. The carrying costs of the City-owned sites and buildings, which include the former Bus Barns, Administration Building and the North Maintenance Building is approximately \$90,000 annually (\$40,000/annually for the Bus Barns and Administration Building; \$50,000/annually for the Maintenance Building). These costs are now being paid for by Saskatoon Land.

Given these buildings may be vacant for some time, Administration recommends securing interim uses to help reduce the financial burden of maintaining these buildings. The most obvious uses would include vehicle storage of inactive civic or private equipment, but Administration will search for other opportunities as well. Any interim use will be respectful of the adjacent neighbourhood and will limit movement of vehicles in and out of these buildings. Saskatoon Land will explore options and will advise the Caswell Hill Community Association of the use if non-City tenants are secured.

Infrastructure Upgrades

In the [October 1, 2018 report to Standing Policy Committee on Finance](#), Administration advised infrastructure upgrades were required to redevelop the site in accordance with the goals of the Concept Plan. Infrastructure improvements are required for water mains, utilities, storm water infrastructure and adjacent streets and sidewalks. Estimates of this work have indicated the improvement costs may exceed revenues generated by the sale of the lands by approximately \$2 million. Although a plan cannot be finalized until the future use of the site is determined, Administration will continue to examine infrastructure needs and determine funding options for improvements.

South Caswell Concept Plan – Land Use Map

The existing South Caswell Concept Plan land use map specified locations for various land uses on the site, including residential, mixed use, park space and public realm within the plan area. In the [January 30, 2017 report to City Council](#), Administration indicated once redevelopment plans and possible future uses were identified for the area, a more generalized Concept Plan land use map will be proposed while still reflecting the community values and vision for the area.

Administration now recommends repealing the Concept Plan land use map (map) ahead of the next sales effort. The map is very specific in terms of the uses and their locations, which is a limiting factor for developers to be creative and determine the layout of the site. To help facilitate redevelopment, the map needs to be amended to be less specific or potentially removed altogether. Language within the Concept Plan may also require some edits to reflect the map amendments. Although the goals and principles will not change, they may be further highlighted and promoted within the Concept Plan, particularly if the map is removed. It is anticipated the work will be completed in late 2021 and Administration will work with the Caswell Hill community regarding the map amendments and any related text amendments within the Concept Plan.

Rezoning

The South Caswell Redevelopment area is currently zoned IL1- Light Industrial District, which does not meet the long-term vision for the site. Administration had planned to rezone the City-owned sites to support a specific development proposal aligned with the goals and intent of the South Caswell Concept Plan. Administration recommends rezoning the property now, even though it will likely need a second rezoning to accommodate future development. The rationale for rezoning the sites now is to provide some comfort to the neighbourhood that the area will no longer be a light industrial district.

Administration discussed the rezoning options with the Caswell Hill Community Association at their April 12, 2021 meeting. Members in attendance supported the immediate rezoning of the site, knowing a second rezoning process would potentially be required to accommodate the future redevelopment. Administration will continue with this process and apply an interim mixed-use zoning district. The Caswell Hill Community Association will be consulted regarding the selected interim zoning district and timing of the rezoning. It is anticipated the rezoning application will be presented to City Council before the end of 2021.

Sales Process

The two sales processes undertaken by Administration to date have included an Expression of Interest and an Open Market (with Criteria). These approaches solicit nonbinding development proposals which are evaluated based on criteria which aligns with the goals of the Concept Plan. The most recent Open Market (with Criteria) process provides authority for the City to sell 321 Avenue C North, on a first-come first-served basis, provided the proposal meets the Concept Plan-related assessment criteria. Saskatoon Land will market the site on their website and should any proposals

be received, the Caswell Hill Community Association will be advised and included in the decision-making process.

At their April 24, 2021 meeting, the Caswell Hill Community Association suggested Administration consider all options including the potential for partnerships and/or the City redeveloping the site in accordance to the Concept Plan and then leasing space. To that end, Administration will explore options to sell or redevelop the lands and proposed phasing, then report to City Council with options and recommendations in early 2022.

Community Involvement

A Steering Committee comprised of members of the Caswell Hill neighbourhood and Administration worked together to prepare both the Expression of Interest and the Open Market (with Criteria) documents and evaluate the submissions. Administration and the Caswell Hill Community Association agreed to re-establish this Steering Committee which will consider options for the redevelopment of the site. The Steering Committee will provide feedback on the Concept Plan and zoning amendments, provide feedback on development proposals and act as a liaison with the Community Association. The Community Association will identify community members and the Steering Committee will be formally re-established in Fall 2021.

FINANCIAL IMPLICATIONS

There are financial implications related to the carrying costs of the building. The carrying costs of the City-owned sites and buildings is approximately \$90,000 annually. There are also costs associated with remediation of the existing sites. To date, these costs have been covered by a contingency fund established as part of the Civic Operations Centre project. The \$1 Million fund was to cover remediation costs, as well as maintenance of the property until it could be sold. However, this fund has now been depleted and ongoing operating costs are now being paid for by the City's Facilities Management Department. There are other costs associated with utility and servicing upgrades to prepare the site for redevelopment. The costs, relevant funding sources and timing will need to be identified for this work.

OTHER IMPLICATIONS

There are no policy, privacy or CPTED implications or considerations.

NEXT STEPS

Administration proposes to re-establish a community Steering Committee for the project, prepare amendments to the Concept Plan and pursue rezoning the property. Options for the sale and redevelopment of the property will be examined and presented to City Council in early 2022.

APPENDICES

1. South Caswell - Redevelopment Area
2. South Caswell - Concept Plan Map

REPORT APPROVAL

Written by: Paul Whitenect, Neighbourhood Planning Manager
Melissa Austin, Senior Planner II
Brad Murray, Land Development Project Manager

Reviewed by: Lesley Anderson, Director of Planning and Development
Frank Long, Director of Saskatoon Land

Approved by: Lynne Lacroix, General Manager, Community Services

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