

Farmers' Market Building Update and Options

ISSUE

Negotiations continue with the highest scoring proposed tenant to lease the Farmers' Market Building and animate the space a minimum of six days per week, in accordance with the River Landing Concept Plan. The previous iteration of the facility, although successful for a few days per week, fell short of the desired goal of being an animated site six days per week. As such, the RFP issued made it clear that the City expects and requires this highly desirable site to be animated and open for public use six days per week.

The highest scoring proponent's submission requires further development of the building in order to meet this objective. The proposed improvements to the building would provide a modern Farmers' Market experience for customers and for vendors and would improve accessibility of the site. Costs are proposed to be shared between the proposed tenant and the City of Saskatoon (City) as outlined in this report.

How should the City proceed in order to achieve its vision for the Farmers' Market Building?

BACKGROUND

Building History

The Farmers' Market Building is a City-owned 13,561 square foot building in River Landing. The Farmers' Market Building was constructed in 1939 and was used as administrative offices and shop space for the City's Electrical Department until 1990. In 2006, renovations occurred to the building so it could be repurposed as the Farmers' Market Building. Starting in 2007, a farmers' market cooperative leased the building and operated on weekends and seasonally on Wednesdays until the end of 2019, at which time they moved to a new permanent location.

Future Lease of the Farmers' Market Building

The River Landing Concept Plan calls for an animated public facility with a farmers' market component operating a minimum of six-days-a-week at the Farmers' Market Building. The goal is to make this valuable amenity a year-round destination.

At its September 24, 2018 meeting, City Council directed Administration to:

“Prepare and issue a Request For Proposal to lease the Farmers' Market Building within River Landing, seeking a proponent to develop and manage a six-day-a-week animated public facility and farmers' market and revising the proposed scoring matrix in order to provide specific consideration for:

- Dedicated farmers' market days; and

- More explicit evaluation of 'authenticity' with respect to local produce and content."

The Request For Proposals (RFP) to lease the Farmers' Market Building was issued in October, 2018. The highest scoring proponent was selected to begin negotiations with the City in late 2018. During the due diligence review of the building for planned interior work, it was determined there would need to be more significant repairs to the roof of the building than originally assessed, and somewhat unknown timelines for the repairs. As a result, the proponent subsequently withdrew their proposal and in February 2019, the RFP was cancelled. The City extended the lease of the previous tenant until December 31, 2019. Please refer to Appendix 1 for a summary of the project timelines on this building over the past 3 years.

At its September 30, 2019 meeting, City Council received a report about the Farmers' Market Building at River Landing, and directed Administration to:

"prioritize animation at minimum the outdoor space for the 2020 season including a farmers' market in the event the indoor space is not available and/or that a tenant is not secured."

A second Request for Proposals (RFP) was issued on November 8, 2019, for the Lease of the Farmers' Market Building at River Landing. Administration began negotiations, with the highest scoring proposed tenant from the RFP process in February 2020. The vision proposed in their submission requires further enhancement to the building in order to meet the City's animation requirements for the site. These proposed changes, in combination with other changes required to bring the building up to current building codes, will require financial investment by both the City and the proposed tenant.

Roof Replacement Project

An RFQ/Tender Package to replace the roof of the Farmers' Market Building was released on February 12, 2020 and closed on February 27, 2020. Demolition and construction work began in June 2020. The Roof Replacement Project was extensive and was fully completed in April 2021, at a cost of approximately \$900,000, paid for through the Civic Buildings Comprehensive Maintenance Reserve (CBCM).

Seasonal Farmers' Market on Market Square

As an interim initiative, to meet the commitment to City Council for a seasonal outdoor market, the annual application from Ideas Inc. to expand onto Market Square for Street Stall Saturdays was approved by the Outdoor Special Events Committee. Street Stall Saturdays partnered with the Community Farmers' Market of Saskatoon for the 2020 and 2021 growing seasons to offer a seasonal outdoor farmers' market on Saturdays in Market Square in River Landing.

Project Communications

A comprehensive communications plan was developed for the RFP process and project that helped inform stakeholders, as well as the public, about the proposed RFP, the procurement process and construction phases. Ongoing activities have included news

releases and media interviews, signage at the Farmers' Market Building and Market Square, and a dedicated project webpage.

Current Status and Proponent to Lease

Although the outdoor farmer's market was in place during the summer seasons of 2020 and 2021, the Farmers' Market Building itself has been vacant since the former tenant moved out in January 2020. Since that time, Ideas Inc. has been selected as the highest scoring proponent through a public RFP process. As an established business incubator, Ideas Inc. is well-suited to manage the local small business vendors in the Farmers' Market Building to ensure its ongoing success. Negotiations have been ongoing, with a noted pause in negotiations through much of 2020 due to the significant impacts of COVID.

OPTIONS

Administration has identified the following options for the interior design work and resulting renovations of the Farmers' Market Building.

Option 1: Hire Design Services for CBCM Related Work Only and Undertake Basic Building Upgrades/Repairs

This option involves hiring a design consultant to design and prepare construction drawings for only the renovation work that will be covered by CBCM funding. This work would include basic building repairs and upgrades including electrical work and lighting, general improvements to the washrooms (which does not include an upgrade to the corporate gender-inclusive standard or full accessibility), reconnecting and servicing of the existing HVAC system, building code related work, repair of flooring, replacement of drywall to the existing six vendor spaces and installation of the north interior building wall. Funding of \$400,000 has been identified through CBCM to complete this work, excluding design consulting costs. Design services for this scope of work are estimated to cost up to \$50,000.

With this option the final product would not meet the requirements of the preferred proponent's proposal. This option will upgrade the basic shell space of the building; however, it does not support the building's intended use as a fully animated public facility with a farmers' market component. Choosing this option would result in Ideas Inc. withdrawal from the project. The City would then need to resolve its path forward, reconsider the expectations of the RFP, and consider re-issuing. This option would delay the opening of the Farmers' Market Building until an alternative tenant is secured through a new RFP process.

This option would require approval of a post-budget 2021 capital project in the amount of \$450,000; \$400,000 could be funded through CBCM to complete the basic building upgrades and repairs, and up to \$50,000 could be funded through the Reserve for Capital Expenditures (RCE) to hire a design consultant.

Option 2: Hire Design Services to Complete the Full Scope of the Design Work and Undertake the Full Scope of Building Upgrades Necessary to Realize the Vision

This option involves hiring a design consultant to design the Farmers' Market Building to permanently function as its intended use and in accordance with Ideas Inc.'s design plan for the building which was submitted as part of their RFP submission.

Administration estimates the cost of the design consultant services to be up to \$150,000 and is recommending that it be funded through the Reserve for Capital Expenditures (RCE) Contingency. This would allow for the release of a public Request for Proposal in September 2021, for the design consultant services. The design work will include the following: design to fully meet updated building codes, to ensure enhanced levels of accessibility, design review and costing for fixed assets such as in-place permanent vendor spaces and gender-inclusive washrooms, or semi-permanent (modular) design components so the space has the ability to be adaptive; customizations in the design to suit proposed tenant with detailed specifications and costing; preparation of tender documents and assisting in the evaluation; supervising construction and renovations and commissioning as-built drawings. With this approach, costs incurred for design services related to customization of vendor spaces will be the responsibility Ideas Inc.

This work will involve built-in phasing and decision points for City Council. The proposed path forward and key decision points for City Council will include the following:

1. Approve the preparation and issuance of an RFP for a design consultant as a post-budget 2021 capital project (Immediate);
2. Receive and approve the terms of the lease with Ideas Inc. (Proposed Fall 2021); and
3. Approve as part of the 2022 capital budget process, completion of the renovations to the Farmers' Market Building, including completion of the customizations (Proposed December 2021).

Construction drawings will be prepared if Administration has financial support to move forward with construction work. The construction work will involve the following phases: update and upgrades to the space, such as electrical work and lighting, as outlined in Option 1, adding and enlarging washrooms into gender-inclusive format, completion of permanent or semi-permanent features to the space, and completing customizations within vendor spaces.

To achieve the goal of establishing a fully animated Farmers' Market Building, Administration estimates the renewal project will cost \$1.65M. Existing funding of \$400,000 has been identified through CBCM to complete some of interior building upgrades. Administration has prepared a 2022/2023 capital funding request to address the shortfall related to the full scope of work. Proceeding with the immediate RFP for the design consultant will assist in completing negotiations with Ideas Inc. In addition to the above noted costs for the building upgrades, Ideas Inc. indicated during earlier negotiations, they would cover the costs for the final customizations and finishes in the space, approximately \$200,000 or more (to be determined based on the vendors selected). In the event the City and Ideas Inc. are unable to agree on the terms of the

lease agreement, the City will have completed the required design work so it can still be utilized if the 2022/2023 capital budget request is supported.

Option 3: Cancel the Request for Proposals and Re-Issue

This option would involve cancelling the current RFP, updating the terms, and re-issuing. The original RFP did not contemplate further upgrades to the building. The new RFP could identify that the City would make a \$400,000 investment, the amount identified under Option 1 (funded through CBCM) to address the basic upgrades/repairs required and could set the expectations for any further cost sharing of upgrades to the building.

Although there is a possibility this option could result in interest from other proponents, Administration believes that the open and transparent tendering process implemented to date has resulted in the best bid the City is likely to receive.

RECOMMENDATIONS

That City Council:

1. Approve proceeding with Option 2: Hire Design Services to Complete the Full Scope of the Design Work and Undertake the Full Scope of Building Upgrades Necessary to Realize the Vision; and
2. Approve the post-budget request for a 2021 Capital Project at a cost of up to \$150,000, funded from the Reserve for Capital Expenditures Contingency, to undertake the full scope of the design work for the farmer's market building.

RATIONALE

The recommended Option 2 is a direct path to achieving the goal of providing an animated public facility with a farmers' market component operating a minimum six days per week at the Farmers' Market Building. By supporting this approach, Administration can proceed to the detailed design work and finalize lease terms related to the financials of the project with Ideas Inc. The RFP to hire a general contractor for the repairs/upgrades will not be issued until funding is secured, which would be considered during the 2022-2023 Business Plan and Budget deliberations in December 2021.

If this option is supported, and capital funding is approved during budget deliberations, Administration anticipates the Farmers' Market Building could be operational as early as Fall 2022. However, there are many unknown variables including delays due to COVID, construction material supply issues, and challenges of working with an older building, that could impact the completion date.

Approval of this approach will result in an enhanced farmer's market experience for customers and vendors, maximize the chance the City's vision for the site can be achieved, and provide fixed assets and permanent elements for the building which the City would have ownership over going forward.

FINANCIAL IMPLICATIONS

If Option 2 is supported, Administration will prepare and issue an RFP for a design consultant at a cost of up to \$150,000, funded from the Reserve for Capital Expenditures Contingency as a post-budget 2021 capital item. Administration has confirmed there is sufficiency in the contingency to support this request.

Administration has also submitted a request as part of the 2022/2023 Business Plan and Budget Capital Options process, in order to proceed with the interior upgrade work once the construction costs are known and financing details are agreed upon between the City and the prospective tenant.

Further to this, City Council supported Administration's funding applications in 2021 to both the Federal Green and Inclusive Community Buildings Fund, and the Canada Community Revitalization Fund. The results of these funding applications are not expected to be known until the end of the third quarter. Any grant funding received would reduce the need for City funding.

ADDITIONAL IMPLICATIONS/CONSIDERATIONS

There are no additional implications or considerations.

COMMUNICATION ACTIVITIES

The project webpage will be updated based on City Council's direction. Administration will discuss the outcomes of this report with the proponent and continue to work towards a finalized lease agreement.

APPENDICES

1. Farmers' Market Building - Project Timeline

REPORT APPROVAL

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