

Progress Update - South Caswell Redevelopment Project

ISSUE

In December 2021, Saskatoon Land received two proposals for the Purchase, Rehabilitation and Adaptive Re-Use of 321 Avenue C North (former Saskatoon Transit Maintenance Building and storage yard). The highest-scoring proponent was selected through a procurement process and is in initial negotiations with Saskatoon Land. Administration is providing a project update on the sales process and outlining next steps to prepare the site for redevelopment.

BACKGROUND

The South Caswell Redevelopment Project (Project) involves the redevelopment and potential adaptive re-use of the former Saskatoon Transit (Transit) Maintenance Building and storage yard 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. 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 sites owned by the City of Saskatoon (City) within the Concept Plan boundary. No potential purchaser was identified through this process, due in part 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 [report](#) to City Council on January 30, 2017, 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 re-use of the North Maintenance Building and yard located at 321 Avenue C North. A proponent was secured through this process, and a non-binding Letter of Intent outlining major terms of a future Agreement for Sale was signed by the Proponent and the City in 2019. In 2020, the proponent requested a delay in the project announcement due to the financial impacts of COVID-19 on their operations at that time. On August 17, 2020, a [report](#) was presented to the Standing Policy Committee on Finance providing an update of the project status, negotiation efforts and timing.

On June 14, 2021, a [report](#) was presented to the Standing Policy Committee on Planning, Development and Community Services (PDCS) outlining that the proponent secured through the Open Market (with Criteria) sales approach, notified Saskatoon Land they were no longer able to 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. The report also provided an update on:

- Carrying costs of the vacant buildings;
- Infrastructure upgrades to the sites;
- Concept Plan and zoning amendments to prepare the site for sale; and
- The recommended approach for the public sale of 321 Avenue C North, which provided Saskatoon Land the opportunity for a direct sale of the property.

At its June 14, 2021 meeting, PDCS resolved:

1. That the Standing Policy Committee on Planning, Development and Community Services receive a report back in one year with an update on the file;
2. That the Administration report back as needed regarding different approaches to the development of this area.”

And

“That Administration report on opportunities to consider not selling the land and what options are available if that were to occur.”

CURRENT STATUS

In summer 2021, through Saskatoon Land, developers began expressing interest in 321 Avenue C North. Following the recommended approach for the public sale of the site, Saskatoon Land followed standard procedures for the sale of City-owned land, which included the preparation of a sales proposal package and posting 321 Avenue C North for sale on their website. The sales proposal submission package identified that proposals would be evaluated based on criteria which aligned with the South Caswell Concept Plan goals and objectives, as well as the City’s infill and corridor growth policies. By the closing date of December 31, 2021, two proposals were received.

In accordance with the procurement process, evaluation of the proposals took place early this year and were overseen by an external Fairness Monitor. The evaluation team was made up of internal and external stakeholders relevant to the Project, including Caswell Hill Community Association members. The evaluation team selected the highest-scoring proponent through the evaluation process; Saskatoon Land is currently in initial negotiations with the selected proponent. The selected proponent will be announced publicly when community engagement is to begin on the proposed redevelopment, anticipated to start in Fall 2022.

DISCUSSION/ANALYSIS

321 Avenue C North - Sales Process

Following discussions with groups interested in the sale and redevelopment of 321 Avenue C North, a submission package and process was prepared. The submission package was posted on Saskatoon Land's website and shared with all interested groups in November 2021. The submission package included background information on the site, rated criteria that aligned with the vision and objectives of the South Caswell Concept Plan, the City's infill and corridor growth policies, as well as the most recent community feedback. Respondents were expected to address the criteria and demonstrate their ability to achieve the redevelopment of the site.

Saskatoon Land received two proposals by the submission deadline (December 31, 2021). The evaluation team, comprised of four civic staff, a local (retired) developer, a local architect, as well as three Caswell Hill Community Association members reviewed proposals based on the methodology set out in the evaluation plan and scored them based on the criteria outlined in the submission package. The evaluation session was held in February 2022 and conducted in accordance to Supply Chain Management's Rules of Order outlined in the Purchasing Policy Protocols Manual. The highest-scoring proponent selected through the process most closely met the community's vision and objectives for the redevelopment of the former Transit site. Saskatoon Land has started initial negotiations with the highest-scoring proponent and anticipates terms of a purchase agreement will be finalized over the next few months.

Fairness Monitor

The evaluation process was overseen by an external fairness monitor, Orbis Risk Consulting (Orbis), to ensure the process was conducted in accordance with the evaluation criteria supplied to prospective proponents and evaluation team members. The Fairness Report from Orbis (see Appendix 1) outlined the evaluation process was conducted in a fair and open manner and in accordance with applicable policies and the evaluation process, methodology, criteria, scoring and weighting.

Community Involvement

Administration met with the Caswell Hill Community Association in April 2021, to inform them the proponent selected through the 2018 Open Market (with Criteria) sales approach had withdrawn from pursuing the redevelopment project, as well as to outline next steps and determine if there was support to undertake the rezoning, land use and concept plan amendments in advance of the next sales process.

In October 2021, Administration contacted the Caswell Hill Community Association to notify them that Saskatoon Land had interest in 321 Avenue C N and that a subcommittee would be formed to help review and provide input on redevelopment proposals that may be received. In November 2021, a written project update was prepared for the December Caswell Hill Community Association meeting, which outlined next steps as well as the Terms of Reference for the Community Review Committee, comprised of Caswell Hill neighbourhood members and City Administration. An

invitation for two members from the neighbourhood to sit on the Community Review Committee was extended. The project update indicated the City would be working with the highest scoring proponent through the sales process to determine the appropriate land use, zoning, and concept plan amendments required to support their proposal.

The Caswell Hill Community Association President and Civics Coordinator volunteered for the Community Review Committee, as well as a Member at Large as an alternate. As outlined in the Terms of Reference, the Community Review Committee is to provide input and participation to items and processes related to the South Caswell Redevelopment Project as follows:

1. Provide feedback on proposed amendments to the South Caswell Concept Plan and map.
2. Provide feedback on proposed zoning and land use options.
3. Confidentially review redevelopment proposals received for 321 Avenue C North to determine the level of conformity with the Concept Plan.
4. Discuss the timing and options available to engage with the larger community.

Engagement with the community and presentation of the project will take place as Administration and the proponent proceed with land use amendments necessary to allow the uses and built form proposed by the redevelopment project. The community members that took part in the evaluation process will act as a liaison with the Caswell Hill Community Association and provide feedback on the Concept Plan and land use and zoning amendments.

Concept Plan, Land Use and Zoning Amendments

In the June 2021 report to PDCS Committee, Administration recommended amending the Concept Plan land use map and rezoning the former Transit site ahead of the next sales effort. Shortly thereafter in summer 2021, Saskatoon Land was approached by interested groups in the sale and redevelopment of 321 Avenue C North. As a result, work to rezone and amend the land use designation and Concept Plan were paused as efforts shifted to prepare for a land sales process.

Administration will work with the selected proponent to understand their redevelopment plans and propose a more generalized Concept Plan land use map that reflects the community values and vision for the area, as well as propose a zoning district and land use designation which aligns with currently proposed development and future envisioned land uses. Engagement with the Caswell Hill community regarding the concept plan, land use and zoning amendments is expected to occur in fall 2022.

Carrying Costs of the Vacant Buildings

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). The sale and redevelopment of

321 Avenue C North will relieve the City of ongoing maintenance costs related to the Maintenance Building and Transit site.

Infrastructure Upgrades

In a report to Finance on October 1, 2018, Administration advised infrastructure upgrades were required to redevelop the sites in accordance with the goals of the Concept Plan. As sites within the plan area build out, infrastructure improvements are required for water mains, utilities, storm water infrastructure and adjacent streets and sidewalks.

A capital budget request was made for \$2.7M as part of the 2022/2023 Business Plan and Budget deliberations for infrastructure upgrades necessary to redevelop the sites as per the Concept Plan. As the request was not supported, Saskatoon Land and Administration will revisit the extent of required infrastructure investments in the context of the current proposal and phasing of future development sites in the area.

Future Redevelopment of City-Owned Sites

At its June 14, 2021 meeting, PDCS requested information regarding different approaches to the development of this area and opportunities to consider not selling the land and available options should that occur.

Although other development options were discussed, the goal has been to redevelop the sites as mixed-use, which aligns with the overall goals of the Concept Plan. In this case, it is felt this goal is best met by selling the sites to a developer, rather than retaining and redeveloping the site for civic uses or leasing it to other users and taking on the additional cost, risk and ongoing management related to leasing space within the site.

FINANCIAL IMPLICATIONS

The carrying costs of the City-owned site and buildings is approximately \$90,000 annually. Ongoing operating costs are funded through the City Facilities Management Department. There are other costs associated with updating the environmental Corrective Action Plan, as well as possible utility and servicing upgrades to prepare the site for redevelopment. The costs, relevant funding sources and timing will be identified during the 2024/2025 budget deliberations

OTHER IMPLICATIONS

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

NEXT STEPS

Administration will work with the selected proponent to prepare amendments to the Concept Plan and pursue necessary land use amendments and rezoning of the property. It is anticipated Saskatoon Land will provide an update of the notable terms for the potential sale to the Standing Policy Committee on Finance by the end of 2022.

APPENDICES

1. Fairness Report to City of Saskatoon - 321 Avenue C North

REPORT APPROVAL

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