



STAFF REPORT ACTION REQUIRED

Redevelopment of the St. Lawrence Market North Property

Date:	November 10, 2008
To:	Budget Committee
From:	Chief Corporate Officer
Wards:	Ward 28 Toronto-Centre Rosedale
Reference Number:	P:\2008\Internal Services\F&re\Bc08095F&re – (AFS #3270)

SUMMARY

This report recommends that Council endorse a strategy to redevelop the St. Lawrence Market North property into a multi-storey, multi-purpose facility that would contribute to the historic St. Lawrence neighbourhood as a destination place, seven days a week. The existing building would be replaced with a 4 storey building and a 250-space underground parking garage (see Attachment 1).

In order to start the strategy, this report also seeks approval for the Chief Corporate Officer to proceed with a two stage design competition which is the first step in implementing the redevelopment strategy. The competition would be administered by a professional advisor and a steering committee.

Final approval of the redevelopment strategy will be sought upon completion of the design competition and finalization of the business case.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. City Council endorse the strategy to redevelop the St. Lawrence Market North property into a new multi-storey building with the following key components:
 - a. A Ground Floor Market Hall and Mezzanine;
 - b. Court Services court rooms and administrative office functions on floors 2-4; and

- c. A new 250-space underground parking garage operated by the Toronto Parking Authority (TPA).
2. City Council amend the Development Parameters adopted by City Council on October 26-28, 2004, to confirm the Jarvis Street option which places a parking ramp (both inbound and outbound) along Jarvis Street immediately south of St. Lawrence Hall to access underground parking as follows:
 - a. Page 5, Site access and circulation, item 1 be deleted in its entirety and replaced with, "Access to below-grade parking shall be from a parking ramp along Jarvis Street within a new North Market building"; and
 - b. Page 5, Parking, item 1 be deleted in its entirety and the following items renumbered.
3. City Council authorize the Chief Corporate Officer to conduct a two stage design competition to select an architect for the redevelopment of the St. Lawrence Market North property, including the issuance of a Request for Qualifications (RFQ) and subsequent selection of a winning design by a jury, as outlined in Attachment 3.
4. The 2009 Recommended Capital Budget for Facilities & Real Estate be increased by \$875,000 gross, \$0 net, to be funded from the Court Services' Provincial Offences Stabilization Reserve Fund to fund the design competition costs and that this report be referred to Executive Committee for its consideration.
5. City Council authorize the Chief Corporate Officer, in consultation with other relevant City divisions, to report back to City Council on:
 - a. the winning design and design team recommended by the competition jury; and
 - b. the estimated cost of the project and detailed financing to be considered as part of the 2010 Capital Budget process.

Financial Impact

Business Case Analysis

The current capital cost estimate for the proposed building is \$76 million (including all tenant fit-up costs, project management fees, contingency allowances and escalation to reflect future cash flows but not GST). As a project partner, TPA would fund a minimum of \$11.5 million to construct the 250 stall garage. Court Services, as the primary tenant of the upper floors would contribute \$3.125 million from its Provincial Offences Stabilization Reserve Fund to fund a portion of its tenant fit-up costs. The net debt financing of approximately \$61 million is projected to be funded by a combination of operating revenues and other sources.

Based on the preliminary business case (see Attachment 2) the construction of the proposed project would result in a modest positive financial position relative to the status quo scenario in which the existing Market building is renovated and existing Court Services locations are maintained at Old City Hall and 481 University Ave.

It should be noted that the preliminary business case analysis is based on a comparison of the facilities-related cash flows under each scenario. Staff have not attempted to quantify a number of important benefits related to the proposed project such as:

- City building benefits arising from the new building and the activity it generates
- operational benefits to Court Services from consolidation at one location
- service improvements to the public as a result of the consolidation of Court Services locations

These other benefits should be considered along with the outcome of the financial business case analysis.

Once the winning design for the new building is chosen, both the design and its cost and detailed financing will be included in a report to be provided from the Chief Corporate Officer for consideration by Council as part of the 2010 Capital Budget process.

Design Competition

The estimated cost of the design competition is \$875,000. The design competition, for which approval is being sought in this report, would be funded by the Provincial Offences Stabilization Reserve Fund. This reserve fund was created by City Council in 2001 with initial funding from the Province, in anticipation of future program-related costs needed to complete the transfer of the Provincial Offences courts program to the City. Since the new building would enable Court Services to have a permanent long term home for its court room and administrative office functions, it is appropriate to fund the design competition from this reserve fund.

The Acting Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

City Council approved, in principle, the redevelopment of the St. Lawrence Market North property at its Special Meeting held on July 30, 31, and August 1, 2002 by adopting the recommendations contained in Administration Committee Report No. 10, Clause 14. The Council Clause is available online at: <http://www.toronto.ca/legdocs/2002/agendas/council/cc020730/adm10rpt/cl014.pdf>.

Since then, a number of reports have gone to Committee and City Council. These reports are available online at the following links:

<http://www.toronto.ca/legdocs/2003/agendas/council/cc030624/adm5rpt/cl024.pdf>

<http://www.toronto.ca/legdocs/2004/agendas/committees/adm/adm041005/it015.pdf>

<http://www.toronto.ca/legdocs/2006/agendas/committees/adm/adm060606/it020.pdf>

<http://www.toronto.ca/legdocs/2006/agendas/committees/adm/adm060905/it033.pdf>

ISSUE BACKGROUND

The existing St. Lawrence Market North building was constructed in 1968. It has no underground parking, is energy inefficient, and lacks the building amenities to facilitate effective programming and use 7 days a week. For many years, City staff and members of the community have worked together towards the goal of redeveloping the property into a multi-storey, multi-purpose facility.

At its meeting of June 24, 25 and 26, 2003, City Council established the St. Lawrence Market North Working Committee as a forum for the community and City staff to establish a set of planning and development guidelines which would inform the redevelopment of the property.

In 2004, the Working Committee produced Development Parameters for the property and a Strategic Vision Statement for the entire St. Lawrence Market Precinct which City Council adopted at its meeting of October 26, 27 and 28, 2004.

The Development Parameters recognize the importance of the St. Lawrence Market North Farmers' Market and the Sunday Antique Market to the community. The Parameters state that the Farmers' Market and Sunday Antique Market would be retained on the ground floor in any redevelopment of the North Market building.

The Development Parameters also provide built form and urban design guidance by addressing such issues as:

- Heritage compatibility with the St. Lawrence Market South building and St. Lawrence Hall;
- Stepping back of the upper floors back from Jarvis Street and Market Lane Park as dictated by zoning requirements; and,
- Revitalizing Market Lane Park by providing an open-air façade on the Market Lane frontage of the building with consideration for the staging of public events.

When Council adopted the Development Parameters in 2004, the location of access ramps to below-grade parking was unresolved. The Working Committee had studied a number of ramp location options including an evaluation of Jarvis Street, King Street East (off Market Lane Park), and tunnelling under Front Street East from Market Street, but did not arrive at a consensus in 2004. F&RE staff and transportation consultants spent the next four years studying the parking access issue in consultation with the Working Committee.

In 2006, Court Services expressed an interest in becoming the anchor tenant of the upper floors of the new North Market building and Council directed that such feasibility be considered.

In 2007, through consensus, the Working Committee endorsed Court Services as the prospective anchor tenant of the upper floors of the building, and outlined a process that the City could use to achieve a high level of design excellence for the new building. Both matters are discussed further below.

In 2008, the Working Committee endorsed Jarvis Street as the location for a ramp (both inbound and outbound) to underground parking. The ramp would be incorporated into the façade and massing of the new building. The use of Jarvis Street preserves Market Lane Park and creates an opportunity to refurbish the park to complement the new North Market building. The Development Parameters propose treating Market Lane Park as an “outdoor” room in which the new North Market has a secondary entrance to draw people away from Jarvis Street and to the park. Increased use of Market Lane Park should offset the loss of retail and sidewalk frontage along Jarvis Street stemming from the parking ramp and add to the amenity value of the park, which is already a key pedestrian connection between St. James Park and Front Street East.

F&RE staff, in conjunction with the Strategic and Corporate Policy Division, has commenced a study of governance, programming and funding of the St. Lawrence Market Precinct to provide advice and recommendations on how to manage, operate, fund, program and market this historic area in a manner that respects and celebrates its special heritage qualities. The study will recognize the potential for development, renewal and programming in the precinct that will strengthen its special character, enhance its historic context and improve the public realm for the benefit of area residents, Torontonians and visitors. The study includes the participation of the St. Lawrence Market Precinct Working Group and consultation with community stakeholders.

COMMENTS

Redevelopment Strategy

Three component pieces are proposed for the new building:

a) **Ground Floor Market Hall and Mezzanine**

The ground floor Market Hall of the new building would continue to be used as a Farmers’ Market on Saturday and an Antique Market on Sundays in keeping with the Development Parameters. The northwest corner of Jarvis Street and Front Street is one of the City’s most historic properties. It has contained farmers market for more than 200 years. Compared to the current building, the new development would have more ground floor area and up-to-

date facilities, which should secure the viability of the Farmers' Market long into the future. The new building would be its sixth incarnation.

For the rest of the week and evenings, the ground floor Market Hall would be rented out as commercial event space and to other types of markets (e.g. flower market, ethnic food market). JC Williams, a retail consultant was hired by the City in late 2007 to study the revenue and use potential of the ground floor and mezzanine. JC Williams concluded that the revenue potential of the ground floor as event space for weekdays and evenings would be high due to the demand for accessible downtown space, and because the historic surroundings of the St. Lawrence Market area serve to make the venue a unique space. In addition, portions of the ground floor, such as the Front Street frontage, have good potential for permanent retail in the form of a café and specialty food retail.

With respect to the mezzanine, JC Williams advised that it would have good potential for a restaurant (especially along the Front Street frontage) and for food related retail and small businesses such as kitchen incubators. These uses are in keeping with the Strategic Vision Statement which anticipates the new North Market building as a destination for food and food related products. A portion of the mezzanine would also be available for community uses to reinforce the vision of the St. Lawrence Market as a social meeting place.

To ensure that the Farmers' and Antique Markets can continue to operate while the existing building is demolished and a new one is constructed, F&RE staff submitted a rezoning application to City Planning to permit, on a temporary basis, a one storey, pre-fabricated temporary building to be located on the block bounded by Lower Jarvis Street, The Esplanade, Market Street and Wilton Street (known as 125 The Esplanade). The site is zoned G to permit a public park and is occupied by a TPA parking lot.

The temporary retail use of 125 The Esplanade would not alter the long term viability of the site for a park/open space use as intended in the Official Plan and Zoning By-law. After the Farmers' and Antique Markets are relocated back to the new North Market building, staff from Parks, Forestry and Recreation would begin the process of community consultation regarding the design and construction of a park for the site.

City Planning staff circulated the rezoning application to internal City divisions. To date, all of the comments stemming from the circulation process have been addressed by F&RE staff. As per the planning process, City Planning staff will hold a community consultation meeting and will make a recommendation to City Council on the rezoning application in early 2009, at the outset of the design competition process for the new North Market building. F&RE staff will consult with the Farmers' and Antique Market

vendors on the actual timing of the relocation to ensure that their business operations are not negatively affected by the temporary move.

b) Court Services

The upper floors of the new building would be occupied by Court Services. As described in prior reports to Council, Court Services is constrained in its ability to expand the number of court rooms under its jurisdiction because it shares Old City Hall with the Provincial Courts. The Ministry of the Attorney General uses part of Old City Hall for its purposes, largely to conduct trials and hearings on criminal related matters.

Currently Court Services has 21,072 ft² in Old City Hall and 29,510 ft² at 481 University Avenue, for which it pays market rents. At its meeting of October 29 and 30, 2008, City Council approved the new lease for an additional 17,000 ft² at 481 University Avenue. The new lease will be to accommodate 4 new court rooms, ready for use in early 2009. The intent of the lease is to alleviate an existing backlog of court hearings and is a temporary measure, pending the completion of a new building at St. Lawrence Market North.

In the new St. Lawrence Market North building, Court Services would occupy approximately 62,000 ft² which is about 5000 ft² less space than it currently occupies. St. Lawrence Market North would enable Court Services to consolidate its court room and administrative office functions into a smaller space but still retain the existing number of court rooms (Court Services South has 11 court rooms; 7 in Old City Hall and 4 new court rooms at 481 University Avenue), collapse its third party lease and provide improved customer service as people who have business with Court Services are not forced to deal with two separate locations.

With City Council's recent decision not to renew the Province's lease of Old City Hall after 2016, Court Services would also be required to vacate. If Court Services were to locate all of its court room functions in third party space the market rent could be substantial given the specialized nature of court rooms and upfront fit-up costs. Having Court Services in a purpose-built City building in which rental payments paid from fine revenues accrue to the City is more financially feasible than renovating and paying leasing costs for third party space.

With respect to the impact of Court Services to the St. Lawrence Market neighbourhood, it would make a major contribution to the viability of the businesses in the area, including the vendors in the South Market which is a significant City facility. The foot traffic generated by Court Services from employees and people attending court is approximately 800 to 1000 people a day. In addition, Court Services would contribute to the financial viability of

the garage as the heavy turnover generated by people attending court would be met by the proposed 250-space garage.

c) Underground Parking Garage

The building would be served by a 250-space underground parking garage that would be accessed by a parking ramp along Jarvis Street, immediately south of St. Lawrence Hall. The ramp would be contained entirely within the North Market building.

The capital cost of the garage would be funded by the TPA and the TPA would subsequently operate the garage. The TPA's role in the redevelopment strategy is an important one. Having the TPA as a partner would ensure that the spill over financial benefits generated by Court Services' high parking demands would go directly back to the City as opposed to a 3rd party parking garage operator.

The existing North Market building is aging and underutilized. The property is located in the City's most historic district and tourist attraction. Its redevelopment into a purpose-built court house and revitalized public market would have many City-building, operational and financial benefits:

City Building Benefits:

- The building would be better designed and would fit in with the heritage buildings in the St. Lawrence Market precinct and surrounding area (as compared to the existing building);
- the building would offer more ground floor space and building amenities to the Farmers' Market thus ensuring its continued longevity. A market has existed at Jarvis and Front Streets since 1803;
- the building would be a community magnet, through the provision of a modest amount of community space on the mezzanine; and
- the building would be a model of energy efficiency and a "best practices" model for other municipalities and levels of government to pursue their own green building projects.

Operational Benefits:

- The building would operate 7 days a week, and for extended hours. The court rooms and administrative office functions would have a high amount of activity during the weekday for the upper floors. Markets, parties and special events would take place on the ground floor on weekends, weekdays and evenings;
- on-site underground parking would serve the entire Market precinct;
- the new building would have precedent setting energy efficiency measures thus saving on operating costs;

- the existing building has state-of-good repair issues which would be eliminated with a new building; and
- operational efficiencies and increased program capacity would result from the consolidation of Court Services South and its administrative office functions (currently in a third party lease) into a purpose-built, City-owned building.

Financial Benefits:

- Increased revenue streams would result from the new development, which proposes a more intense use of the site, the presence of on-site parking, and a strategic choice of occupants (i.e. Court Services);
- there would be savings to the City, as Court Services would be in a purpose-built, City-owned building where rental payments from fine revenues accrue to the City rather than a third party; and
- the vendors in the South Market and surrounding neighbourhood would benefit from increased exposure due to foot traffic to be generated by Court Services (estimated to be 800 to 1,000 people a day).

Environmental Sustainability for the New Building

The Development Parameters and Strategic Vision Statement for the St. Lawrence Market precinct state that any redevelopment of the North Market building will utilize environmentally sustainable technologies to reduce energy consumption and associated greenhouse gas emissions. In addition, the new building will meet the City's Green Development Standard.

This redevelopment project is an opportunity for the City to take a leadership role. The new building would set a precedent for green municipal buildings in the City as well as serve as a "best practices" model for other municipalities to pursue their own green building projects. In December 2007, Facilities & Real Estate staff held an energy charrette to identify emergent technologies and green building design solutions that would make the new building an exemplary green building. The charrette report is available on the City's WEB site at

http://www.toronto.ca/stlawrence_market/greening.htm.

In April 2008, Facilities & Real Estate staff procured a consultant to undertake a financial and feasibility assessment of the work of the charrette teams. This environmental work is expected to form part of the competition design brief for an architect to design the new building.

Design Excellence for the New Building

The Working Committee reviewed a number of ideas for ensuring architectural design excellence for the new building, and recommended a two stage process: a limited design competition arrived at through a Request for Qualifications (RFQ) stage.

A limited competition would be a more expeditious and focused process than an open design competition. It would manage the risks of cost and constructability better than an open design competition, and would result in design responses that are compatible with the St. Lawrence heritage and neighbourhood context. Ultimately, the selection of the winning design would be made by an appropriately qualified panel, whose members would have no vested interest in the project.

Subject to Council approval, a professional adviser would be procured and the RFQ and competition process would commence. Attachment 3 provides more details of the proposed competition process.

Business Case Analysis

F&RE and Finance staff have carried out a preliminary assessment of the financial impact for the proposed project. This assessment is based on a comparison of the facilities-related cash flows that would be experienced in a status quo scenario versus those that would be experienced if the proposed project is built.

The status quo scenario would involve renovating and maintaining the existing market building as well as continuing to lease the existing Court Services location at 481 University Ave. It would also include the cost of maintaining the existing Court Services space at Old City Hall until 2016. After 2016, it is assumed that the Court Services staff at Old City Hall would have to move to leased space.

As shown in the summary table in Attachment 2, it is estimated that the net present value of the 2008-2038 cash flows (which include the estimated value of the new building at the end of that period) for the proposed scenario provides a positive value of approximately \$1.1 million more than for the status quo scenario.

It should be noted that this financial analysis merely represents a comparison of the accommodation costs under each scenario. In carrying out the analysis, staff did not attempt to quantify and incorporate a number of important benefits resulting from the proposed project such as:

- City building benefits arising from the new building and the activity it generates
- operational benefits to Court Services from consolidation at one location
- service improvements to the public as a result of the consolidation of Court Services locations

These other benefits should be considered along with the outcome of the net present value analysis.

Design Competition Work Plan and Schedule

The following is a preliminary work plan and schedule of the design competition.

Milestone	Activity	Timeline
Two stage design competition	1. Competition start-up 2. Stage 1 – Request for Qualifications 3. Stage 2 – Design Competition 4. Jury deliberations 5. Announcement of winner 6. Report to Council	First Quarter 2009 Second Quarter 2009 Third Quarter 2009 Fourth Quarter 2009 Fourth Quarter 2009 Fourth Quarter 2009

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SIGNATURE

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Chief Corporate Officer

ATTACHMENTS

Attachment 1: Conceptual sketches of the proposed North Market building
Attachment 2: Preliminary Business Case
Attachment 3: St. Lawrence Market North Design Competition Process

Attachment 1: Conceptual sketches of the proposed St. Lawrence Market North building



View from ground level



Bird's Eye View

ATTACHMENT 2 - PRELIMINARY BUSINESS CASE

	NPV (2008-2038)
Status Quo	
Revenues	
Rental Revenues and Operating Cost Recoveries from Existing North Market Building	7,166,237
Residual Value in 2038 for Existing North Market Building	NIL
Expenditures	
Operating Costs for Existing North Market Building	(8,440,069)
State-of-Good-Repair Costs for Existing North Market Building	(3,991,166)
Rental Payments and Operating Costs for Court Services Space at 481 University (29,510 ft2)	(22,298,190)
Costs for operating Court Services Space at Old City Hall (21,072 ft2) until building is converted to other uses (years 2008-2016)	(2,251,664)
Fit-out cost for additional 3 rd party space leased by Court Services after Old City Hall is converted to other uses (21,072 ft2)	(3,822,585)
Rental Payments and Operating Costs for additional 3 rd party space leased by Court Services after Old City Hall is converted to other uses (21,072 ft2)	(12,097,061)
Rental Payments and Operating Costs for additional 3rd party space for 4 court rooms at 481 University (17,000 ft2)	(12,033,638)
Total NPV for Status Quo:	<u>(57,768,137)</u>
Proposed	
Revenues	
Rental Revenues and Operating Cost Recoveries from Ground Floor Events and Retail & Community Tenants in Proposed St. Lawrence Building (includes revenues from temporary building)	18,082,883
Parking Revenues from Garage below Proposed St. Lawrence Building	15,461,290
Residual Value in 2038 for Proposed St. Lawrence Building	14,373,660
Expenditures	
Capital Cost for Proposed St. Lawrence Building (which includes 62,000 ft2 of space for Court Services)	(61,645,428)
Operating Costs for Proposed St. Lawrence Building (includes operating costs for temporary market building and Courts overhead costs of being in Old City Hall until 2013)	(25,800,179)
State-of-Good-Repair Costs for Proposed St. Lawrence Building	(8,206,316)
Rental and Operating Costs for Temporary Lease of Court Services Space at 481 University until new St. Lawrence Building Completed	(5,963,938)
Rental and Operating Costs for additional 3rd party space for 4 court rooms at 481 University Avenue for years 2009-2013 (17,000 sf)	(2,931,141)
Total NPV for Proposal:	<u>(56,629,169)</u>
Incremental Impact (relative to Status Quo) of Proposed	1,138,968

Attachment 3: St. Lawrence Market North Design Competition Process

		Tasks
Phase 1	Project Start-up	<ul style="list-style-type: none"> • Develop competition work plan and schedule • Develop communications strategy • Procure a Professional Advisor through the City’s RFP process • Determine technical and logistical details of conducting the competition
Phase 2	Competition Preparation	<ul style="list-style-type: none"> • Prepare Request for Qualifications document • Draft design Competition Brief • Establish technical advisory committee¹ • Establish steering committee² • Establish jury³
Phase 3	Stage 1 – Request for Qualifications	<ul style="list-style-type: none"> • Launch design competition • Release RFQ document • Provide for a question period Review and evaluate Stage 1 submissions by technical advisory committee Review and evaluate Stage 1 submissions by steering committee • Jury deliberations • Announce finalists
Phase 4	Stage 2 – Design Competition	<ul style="list-style-type: none"> • Release Competition Brief to finalists • Provide for a question period • Organize public exhibition and presentation of submissions • Review and evaluate Stage 2 submissions by technical advisory committee • Review and evaluate Stage 2 submissions by steering committee • Jury deliberations • Announcement of winner • Report competition results to Council

Note 1 - The technical advisory committee will review and comment on Stage 1 and Stage 2 submissions for compliance with conditions and technical requirements.

Note 2 - The steering committee will provide high level input, advice and recommendations to staff and the Professional Advisor on the competition process, building design and other issues submitted to the committee for consideration. Membership composition will be structured to ensure that key internal City and external public stakeholders are represented, including members of the community.

Note 3 - Jury composition will be structured to include local design experts and members with heritage and green building design experience and local community involvement.