



REPORT FOR ACTION

Wellington Destructor: Adaptive Reuse Strategy

Date: March 14, 2018

To: Government Management Committee

From: Deputy City Manager Internal Corporate Services

Wards: Ward 19 - Trinity-Spadina

SUMMARY

This report recommends initiating a call to the market in order to search for a Head Lessee to participate with the City in the adaptive reuse and redevelopment of the Wellington Destructor, located at 677 Wellington Street West. Real Estate Services, with Economic Development & Culture and City Planning, are working with Brookfield Financial (BFIN) and EVOQ Architecture (EVOQ) to assess the structure and determine a range of adaptive reuse options that would be appropriate for the building and site. This is a heritage listed building that will require structural and environmental work in order for it to be adaptively reused.

The Wellington Destructor site presents an important opportunity for adaptive reuse of an existing City-owned building as a cultural space, community hub or employment uses that could generate new income, as well as complement and support the existing and proposed employment uses of the surrounding area.

RECOMMENDATIONS

The Deputy City Manager Internal Corporate Services recommends that:

1. City Council authorize the Deputy City Manager, Internal Corporate Services to commence necessary work with Brookfield Financial to develop and undertake a call process to seek and secure a Head Lessee for a long-term lease of the Wellington Destructor.
2. City Council direct the Deputy City Manager, Internal Corporate Services to report back to Council in 2019 on the results of the call process and with final recommendations for the selected Head Lessee of the Wellington Destructor.

FINANCIAL IMPACT

There are no financial impacts associated with the recommendations in this report. Included in the Facilities, Real Estate, Environment & Energy (FREEE) 2018 Council Approved Capital Budget and 2019-2027 Capital Plan, under CCA255-04 Wellington Incinerator, is funding to develop and undertake a call process to seek and secure a Head Lessee of the Wellington Destructor.

Work to mothball and secure the building was included in the Facilities, Real Estate, Environment & Energy (FREEE) Council Approved Capital Budget, and included \$462,000 for environmental remediation (through blanket contracts), \$86,834 for engineering work (PO#6041352), and \$690,575 for securing and mothballing (PO#6043699), for a total of \$1,239,409 spent to date.

Current work includes \$190,025 to analyze the market, recommend appropriate tenant mixes, and to undertake a call process to seek a Head Lessee (PO#6046205), and \$238,212 to analyze the building's structure and necessary repairs (PO#6045899).

The financial impacts associated with the results of the call process and final recommendation of the Head Lessee will be brought forward in a future report subject to Council approval.

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

DECISION HISTORY

At its meeting on August 25, 26, 27, and 28, 2014, City Council adopted OPA 273 to implement the recommendations of the South Niagara Planning Strategy, with respect to the City's vision for the South Niagara area. OPA 273 redesignates lands from Regeneration Areas to Mixed Use Areas, Neighbourhoods and Parks and Open Space Areas. <https://www.toronto.ca/legdocs/mmis/2014/pg/bgrd/backgroundfile-71922.pdf>

OPA 273 was appealed in its entirety and no prehearings on this matter have been scheduled.

ISSUE BACKGROUND

Built in 1925, the Wellington Destructor is a large purpose-built garbage incinerator that was in active use until the incineration of solid waste was halted in the mid-1970s, and the site was changed to a transfer station until the 1980s. The transfer station has been decommissioned for decades and the site has been vacant. The property was listed on the City of Toronto heritage register in June 2005 by City Council, and is subject to policies for its conservation.

In 2013, the Wellington Destructor was transferred from the Solid Waste Management Division to Real Estate Services. Real Estate Services immediately undertook work to secure and mothball the site to protect the building until such time as permanent and appropriate uses have been determined.

In 2017, the process to investigate the potential future uses of the building began. The building was reviewed for 'declaration of surplus' status, and no interest was expressed from any City divisions, agencies, boards or corporations. Following that, a public consultation consisting of a public meeting and online survey was held to collect feedback on potential new uses and vision for the building. Brookfield Financial (BFIN) and EVOQ Architecture (EVOQ) have been retained as financial and technical consultants to develop strategies for the reuse of the building.

Remediation and Mothballing

In October of 2013, Solid Waste Management expressed their intention to officially release operational management of 677 Wellington Street West to Real Estate Services Division. Upon inspection by Real Estate Services and Municipal Licensing staff, the building was deemed to be unsafe due to unauthorized occupancy and health and safety concerns.

Real Estate Services completed the necessary engineering and construction work to secure and mothball the building in 2016, for a period of up to 5 years while alternate uses are sought for the property. Due to the current condition of the building and the extensive structural repairs required, there are no interim uses permitted on the site.

Planning Context

The Wellington Destructor is an example of early 20th century industrial architecture designed with elements of modern classicism. The property was listed on the City of Toronto Heritage Register in 2005 by City Council and is required to be conserved. City Planning has advised that the heritage listed building will be designated by bylaw and a heritage easement agreement will be necessary with any long-term lease of the building.

Official Plan Amendment 273 (OPA 273) redesignates the Wellington Destructor site as "Parks and Open Space" and includes heritage policies to encourage adaptive re-use of the structure for community and cultural space, potentially including office and small-scale retail uses, food-related uses, and other non-residential uses that are compatible with the surrounding community. There is the potential to provide additional floor space to the existing building, in accordance with applicable heritage policies.

OPA 273 also contains policies that support the provision of significantly expanded connections and public amenities in the immediate area, such as streets, bike routes, and multi-use pathways. The OPA also identifies that the employment space requirement at 2 Tecumseth Street could potentially be satisfied within the adaptive reuse of the Wellington Destructor, subject to arrangements being satisfactory to the Chief Planner and Executive Director, City Planning Division.

City Planning staff are currently assessing any necessary Zoning By-law Amendments to the Destructor property to allow for the range of uses and opportunities set out in this report, beyond that allowed by the current Zoning. Initial feedback from the development community, through the market sounding process undertaken by Brookfield Financial, highlighted that a city-initiated re-zoning of the site in advance of completing a head lease agreement will create greater certainty and speed up the process of adaptively reusing the building.

Surrounding Area and Other Developments

The Wellington Destructor is located west of Bathurst Street and south of Wellington Street West in the Garrison Common, an area that was initially set aside as part of the defensive military reserve surrounding Fort York. Much of the area immediately surrounding the Wellington Destructor includes heritage industrial buildings, Victorian row houses built for the workers at the adjacent incinerator, the former Quality Meat Packers Inc. abattoir site, which ceased operation in 2015, and a mix of infill uses that have maintained much of the scale and heritage character from the past century.

There are currently several development applications under review, and approved developments underway in the surrounding area. To the east and south of the Wellington Destructor property is the 2 Tecumseth Street and 25 Niagara Street site. Applications to amend the City's Official Plan and Zoning By-law to permit a development of a total of 6 buildings that contain a mix of commercial, office and residential uses were submitted on November 17, 2017. Further east is a development site at 89-109 Niagara Street (the Coffin Factory) a site plan application has been submitted for a mixed-use development.

A City works yard is located west of the Wellington Destructor at 701 Wellington street West, is a City works yard that consists of a large salt storage dome and outdoor storage areas for vehicles and other equipment. This area is redesignated as Parks and Open Space Areas by OPA 273.

Further west is the future southern extension of Stanley Park South extension and the north landing of the Garrison Crossing, a pedestrian and cycling bridge currently under-construction that connects Wellington Street West to Fort York and the Garrison Common Park on the south side of the railway corridor.

Public Consultation

The City of Toronto Real Estate Services Division, together with City Planning, and Economic Development & Culture, undertook a public consultation event and online survey, as well as created a dedicated webpage to document feedback on potential uses and vision for the Wellington Destructor. The event was held on April 25, 2017 and was attended by approximately 40 people. The meeting was facilitated by Swerhun Facilitation. Comments were also received from the public through an online survey, which was open to the public between April 11 and May 16, 2017. The survey received 319 completed responses and 155 partial responses.

Both the public meeting and the online survey aimed to answer the following overarching questions:

- What objectives should the City consider for the future uses of the Wellington Destructor?
- Are there any specific uses that would be a suitable or appropriate match for the site, and why?
- What uses would not be a suitable or appropriate match for the site, and why?

The April 25 consultation meeting was well received with positive feedback and ideas from the public. The City provided a list of potential categories for new uses of the Wellington Destructor and asked participants to identify the kinds of uses they would most and least like to see on site.

- Participants said they would most like to see arts and culture, recreation and leisure, and community and social services functions. Some suggested single, specific uses within these categories, but many provided combinations of two or more uses within these categories.
- While there was concern about a single commercial use, such as a pub, and craft brewery, office space, and speciality retail, there was support if these uses were part of a mix of uses in the building.

The public consultation report can be downloaded at: <http://bit.ly/2Fb9ZiD>

COMMENTS

Overview

With the completion of the securing and mothballing of the building, and the South Niagara community undergoing significant transformation, it is an ideal time to move forward with the adaptive reuse of the Wellington Destructor. Real Estate Services has retained Brookfield Financial and EVOQ Architecture to analyse the building's structure and select a development partner.

EVOQ is analysing the structure of the building to determine the extent of repairs required, and based on the findings, the consultant team will create schematic designs for future uses. Using the structural analysis and designs prepared by EVOQ, Brookfield Financial will develop a call process to solicit potential development partners as a Head Lessee for the building. This model has been used successfully at other City sites to determine the best approach to create a successful reuse of the building.

Adaptive Reuse

Real Estate Services is seeking to adaptively reuse the Wellington Destructor, which will protect the industrial heritage of the building and site, and create a publicly accessible destination of city-wide interest with landscaped parks and open space surrounding it.

The City and its selected partner will jointly lead by example to revitalize the restored building by creating a complementary tenant mix for the building. New uses and tenants in the building will generate new opportunity within for this formerly industrial area, and create a hub for creative and innovative uses.

The development and adaptive reuse of the Destructor will take a holistic approach to its use, looking at both the building and site. This will include creating a design for the surrounding and adjacent landscape which can create an open space and park setting to complement the neighbourhood and the new users of the building.

Current Work

EVOQ and their team have conducted a site survey of the building including site measurements, deterioration mapping, exploratory openings and concrete coring. They are currently investigating the condition of the different components, evaluating the causes of their deterioration, and developing the scope of work required for the rehabilitation. The structural capacity of the trusses, columns and other structural members is being assessed based on these field measurements. Testing is also being conducted on the concrete cores to help determine the slabs structural capacities. In parallel, the team is conducting a heritage evaluation of the building to define its heritage values, determine its heritage attributes and develop the appropriate conservation principles for any interventions.

Brookfield Financial has undertaken preliminary market soundings with a range of developers to better understand the perceived opportunities as it relates to tenancing and adaptive reuse of the property, in advance of creating the call document to seek a Head Lessee. Given that the building condition assessment is still underway, the discussion has focused on the potential reuse of the building and the perceived market opportunity. The market soundings have also sought to understand the minimum information requirements that a development partner would require in order to confidently assess the potential development options and costs of adaptive reuse given the age, character and potential issues affecting the property.

Selecting a Head Lessee

Based on a review of transaction structures/models, market soundings and the work completed by EVOQ, Brookfield Financial will develop a suitable process for selecting a development partner, and will work with the City to prepare the call document or equivalent offering materials.

The selected Head Lessee would be an established entity with experience in adaptive reuse and revitalization of historic properties, a track record of success in business, and the ability to execute effectively on significant real estate transactions.

Recommended Leasing Approach and Operational Model

Brookfield Financial will be reviewing the best possible business model for the long-term adaptive reuse of the building, including options for development partners and a possible long-term head lease agreement.

Once a development partner is selected through the formal call process and the head lease agreement is negotiated, the City will undertake base building and restoration work jointly with the Head Lessee. The extent of the joint venture work will be determined during negotiations between the City and the Head Lessee. The City will maintain an ongoing management role of the building. The terms of the head lease agreement will be reported to City Council for approval prior to execution.

General Timeline

The current phase of work will take approximately 12 months to complete. Following approval of the recommendations in this report, staff will commence a search for a Head Lessee. Staff will report back to Council in 2019 with recommendations for head lease terms and a business case. After approval of the head lease agreement, an 18-month design phase is anticipated followed by approximately two years for construction.



Next Steps

Real Estate Services will continue to work with Economic Development & Culture, and City Planning to guide the consultant process for seeking a Head Lessee, and completing the analysis of the building. A call to seek a Head Lessee is anticipated for release in Q2 of 2018. Real Estate Services will engage CreateTO in the determination of commercial terms related to the proposed head lease agreement and ongoing property management of the building prior to reporting back to City Council.

Staff will also work with the local Councillor to coordinate additional information and consultation opportunities for area residents during the next phase of work.

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SIGNATURE

Josie Scioli, Deputy City Manager
Internal Corporate Services

ATTACHMENTS

Attachment 1: Site Plan
Attachment 2: Building Photos

LOCATION MAP

KING STREET WEST

NIAGARA STREET

TECUMSEH ST

WELLINGTON ST WEST

STRACHAN AVE

BATHURST STREET

GARDINER EXPRESSWAY

WELLINGTON INCINERATOR
677 WELLINGTON STREET WEST,
TORONTO ONTARIO

[illegible]

Attachment 2: Building Photos - 677 Wellington Street West



Wellington Destructor Exterior Western Elevation



Wellington Destructor Interior Tipping Floor