

January 14, 2015

To: Members,  
Executive Committee

Re: Regina Revitalization Initiative (RRI) Railyard Renewal Project (RRP), Land Disposition and  
Development Strategy

---

RECOMMENDATION

1. That Administration develop a land development and disposition plan for the Railyard Renewal Project consistent with *Approach #4 – Public Investment Development*, as described in this report.
2. That the Deputy City Manager & Chief Operating Officer, or designate, be authorized to negotiate and approve the terms of agreements relating to contract planning services, urban design services, and business consulting services as may be required to proceed with *Approach #4 – Public Investment Development (the “Agreements”)*.
3. That future reports seeking approval of the final urban planning, land use and financial plans be brought to Council for its approval.
4. That the City Clerk be authorized to execute the Agreements after review and approval by the City Solicitor.
5. That this report be forwarded to the January 26, 2015 meeting of City Council for approval.

CONCLUSION

A Council-endorsed land disposition and development strategy for the Regina Revitalization Initiative (“RRI”) Railyard Renewal Project (“RRP”) will provide assurance to the public that Council remains committed to pursuing urban revitalization through the RRP. Endorsement of the recommended land disposition and development strategy provides direction for the implementation of the redevelopment of the lands and is consistent with previous Council direction. The recommended strategy will ensure that decisions about land use, urban design, public spaces, transportation, and utility systems are made with a view towards achieving a shared and attainable vision, and that the necessary policy framework is established to guide and realize suitable redevelopment of the Railyard site.

The recommended land disposition and development strategy will:

- Proactively establish a cohesive vision across development areas and surrounding neighbourhoods;
- Produce positive returns by generating value in the public interest, whether through financial or other means (i.e. achieve public policy objectives and deliver community benefits: sustainability, affordable housing, intensification targets, historic preservation, etc.);
- Strengthen the policy framework and establish the requisite means to effectively guide and realize suitable redevelopment;

- Provide opportunities for meaningful stakeholder and public participation;
- Attract private sector investment by investing public capital in enabling infrastructure and public realm works that increase land values and/ or deliver project components that would otherwise be unfeasible for the private sector alone;
- Provide the private sector with a higher level of certainty and predictability in undertaking development, and as a result, increase the ability to attract private sector investment;
- Retain ownership of the public sector planning requirements to protect the public interest;
- Transfer the market and construction risk associated with building construction to the private sector where it has the proven ability to manage it;
- Enhance opportunities for establishing funding partnerships;
- Retain ownership and release public land to the market consistent with absorption capacity, creating opportunities for local private sector investment and land value appreciation capture;
- Competitively and transparently tender public land to attract private sector partners able to deliver on a comprehensive list of requirements; and
- Assert the City of Regina's leading role, and long-term commitment to, the revitalization of the Railyard site.

## BACKGROUND

The RRI was formally initiated by Council on May 30, 2011. The RRI is the largest urban revitalization project ever undertaken in the City of Regina and consists of three primary project components: the Stadium Project; Railyard Renewal Project; and, the redevelopment of Taylor Field Neighbourhood. At that time, Council authorized the City Manager to begin negotiations with Canadian Pacific Railway ("CP") for the acquisition of the Railyard site.

On June 17, 2011, a business unit was created within the City Manager's office. Internal staff were seconded to support the project and an internal Steering Committee was created to guide various project elements. Under the guidance of the Steering Committee, staff were tasked with developing a process that would be used to define a vision for the lands, which would see residential, commercial and retail development on the Railyard and Taylor Field Neighbourhood redevelopment sites.

On July 13, 2011, a start-up visioning session was held with the Administration, external consultants and members of Council to establish a vision, key principles and objectives for the RRI. The results of this exercise were intended to inform a thorough planning process leading to clearly articulated outcomes for the land development projects. Council approved the RRI vision and guiding principles on August 22, 2011.

On October 9, 2012, Council authorized the Administration to finalize sale agreements to acquire approximately 17.5 acres of the Railyard site for \$7.5M. The land acquired included the former CP Intermodal Facility. The CP/CN Interchange Line, CP Servicing Area and Wye Interchange adjacent the site remain in operation and were not purchased by the City. As part of the terms of the purchase agreement, the site was leased back to CP until July 31, 2014 to allow sufficient time to transition its intermodal operations to the Global Transportation Hub ("GTH").

On July 31, 2014, the City assumed full control of the Railyard site. City Administration have since completed work required under the terms of the purchase and sale agreement, including the installation of a security fence along the common property line.

## DISCUSSION

Effective management of public land can produce substantial returns by generating financial value, delivering community benefits, and achieving public policy objectives. Management of public land includes the process of making and implementing prudent decisions about the acquisition, holding, and disposition of public land. RRI land development projects require a clear land disposition and development strategy to realize suitable redevelopment of the Railyard site, which consist of approximately 17.5 acres of underutilized publicly-owned land.

An orderly and proactive land disposition strategy will align development with the newly adopted Official Community Plan (“OCP”) and return maximum value, through financial returns and delivery of other community benefits to the City and public. It will also help to ensure that each project phase comes together over time to form a cohesive whole, rather than delivering fragmented parts.

Recognizing that tension can exist between public and private sector motivations, a land disposition and development strategy that provides sufficient guidance and enhances value but that does not become too demanding, inflexible and expensive to implement will be in the public’s interest. Further, it will result in a process that is innovative and careful not to exceed implementation capacity in its attempt to deliver an overly ambitious vision.

City Administration has identified a number of land disposition and development strategies. The development of these strategies and recommendations has been evaluated against numerous considerations and has been reviewed and approved by the RRP Steering Committee, which includes representation from the Regina Downtown Business Improvement District and Regina Warehouse Business Improvement District. The level of public sector involvement, ability to guide development, value created, and risk assumed and transferred varies considerably across strategies and is discussed, below, and summarized in Appendix A.

### **1. Private Sector Development**

#### Description:

In 2011, a workshop led by external consultants, was held with the Administration and members of Council to develop a vision and guiding principles for the RRI. Council’s vision and guiding principles would be used to solicit conceptual development proposals for the redevelopment of the Railyard site. A private developer design competition would be initiated using these guiding principles to solicit interest and ultimately dispose of public land without ongoing City involvement outside of its role as a regulator.

#### Process:

Promote design competition/ solicit conceptual development proposals → Select best plan based on submissions → Negotiate development agreement.

#### Advantages/ Disadvantages:

Land disposition and development strategy *Approach #1 – Private Sector Development* would require minimal upfront public sector investment, and could potentially generate a range of ideas and concepts for the redevelopment of the Railyard site. At the same time, submissions would inevitably

come back with large variations in responses based on individual interpretation of the guiding principles, which would result in challenges with the consistent evaluation of their value propositions.

This strategy is reactive and does not provide adequate guidance to enforce suitable development or connectivity with surrounding neighbourhoods. There would be minimal opportunities for meaningful public and stakeholder participation before selection and, as a consequence, unlikely to be supported by the public. Opportunities to enhance and generate additional value from the Railyard site would be limited. The successful private developer would undertake and pay for the planning requirements, which would be based solely on Council's guiding principles and influenced by the developer's motivation. A development agreement would be negotiated between the City and successful private developer to outline the conditions and obligations of each party. Significant market, construction and financial risk would be transferred to the private sector; however, there is considerable risk of being unable to deliver the wider vision of revitalization.

Design competitions are not typically promoted directly to private developers. Traditional design competitions target subject matters experts (i.e. urban planning and design experts) in order to generate a range of ideas and best practice applications (i.e. Master Plan, public art, streetscape improvements, etc.). Respondents to design competitions are commonly offered an honorarium, which would not warrant completed design specifications, and that may result in submissions that exceed implementation capacity.

#### Estimated Timing:

It is estimated that land disposition and development strategy *Approach #1 – Private Sector Development* would require approximately 1.5 years of preparatory planning work before building construction would likely begin, including: the development and promotion of design competition materials; response and evaluation of design competition submissions; obtaining planning approvals; negotiating a development agreement; and detailed design development.

Full build-out of land development projects will be driven by market forces and varies greatly depending on what is to be built on each development site. Council has identified the RRI land development projects as a key priority and it is anticipated that development will occur over a 10 – 15 year horizon. Generally, the rate at which development occurs will be influenced by the level of public and private investment, as well as policy support.

## **2. Consultative Private Sector Development**

#### Description:

Council's guiding principles would be used to create an opportunity summary that describes what might be possible or desirable on the lands. The City would procure consulting services to facilitate a public and stakeholder consultation process that would identify a list of specific community desires that might support Council's vision and guiding principles. This information would be used as part of a private sector developer design competition to solicit interest and ultimately dispose of public land without ongoing City involvement.

#### Process:

Procure consulting services to facilitate public consultation and identify community desires → Promote design competition/ solicit conceptual design competition → Select best plan based on submissions → Negotiate development agreement.

### Advantages/ Disadvantages:

While land disposition and development strategy *Approach #2 – Consultative Private Sector Development* engages stakeholders and members of the public, it is sensitive to many of the same challenges as *Approach #1 – Private Sector Development*. Submissions would inevitably come back with large variations in responses, which may result in inconsistent evaluation of their value proposition.

This strategy is reactive and does not establish the requisite policy framework to guide suitable development or connectivity with surrounding neighbourhoods. Some opportunities to generate value may be created, but would become difficult to enforce over the lifecycle of the projects. The successful private developer would undertake and pay for the planning requirements which would be based on the opportunity summary and influenced by the developer's motivation. A development agreement would be negotiated between the City and successful private developer to outline the conditions and obligations of each party. The agreement may be amended or used to enforce requirements over the lifecycle of the projects. Significant market, construction and financial risk would be transferred to the private sector; however, there is moderate risk of being unable to deliver the wider vision of revitalization.

Design competitions are not typically promoted directly to private developers. Traditional design competitions target subject matters experts (i.e. urban planning and design experts) in order to generate a range of ideas and best practice applications (i.e. Master Plan, public art, streetscape improvements, etc.). Respondents to design competitions are commonly offered an honorarium, which would not warrant completed design specifications, and that may result in submissions that exceed implementation capacity.

### Estimated Timing:

It is estimated that land disposition and development strategy *Approach #2 – Consultative Private Sector Development* would require approximately 1.5 years of preparatory planning work before building construction would likely begin, including: contracting public and stakeholder engagement consultants to refine opportunity summary; the development and promotion of design competition materials; response and evaluation of design competition submissions; obtaining planning approvals; negotiating a development agreement; and detailed design development.

Full build-out of land development projects will be driven by market forces and varies greatly depending on what is to be built on each development site. Council has identified the RRI land development projects as a key priority and it is anticipated that development will occur over a 10 – 15 year horizon. Generally, the rate at which development occurs will be influenced by the level of public and private investment, as well as policy support.

## **3. City-Planned Development**

### Description:

The City would contract consulting services to undertake a thorough planning process towards clearly articulated and defined outcomes for the Railyard site and connectivity to surrounding neighbourhoods. The City would retain ownership of the upfront planning work to protect and promote the public's interest. A secondary plan and master plan would identify core principles and design solutions across development phases, which would be adopted by bylaw and form part of the OCP. A separate concept plan for the Railyard site would also be developed which would establish the location, scale and character of blocks, streets, buildings, parks, public spaces and community facilities. The concept plan would be adopted by resolution and form part of the secondary plan or OCP. This information would be issued as part of a competitive two-stage private sector competition to attract private sector investment and ultimately dispose of public land in a fair and transparent manner. Submissions would be evaluated based on a comprehensive set of criteria.

Process:

Procure consulting services to undertake planning and establish policy framework including the development of secondary and concept plans → Promote RFQ to prequalify potential private sector development partner → Circulate RFP to prequalified vendors → Select development partner best able to satisfy a comprehensive set of criteria → Negotiate development agreement.

Advantages/ Disadvantages:

Land disposition and development strategy *Approach #3 – City-Planned Development* is proactive and establishes the requisite policy framework to attract and enforce suitable development while promoting innovative and creative development submissions. Significant opportunities to enhance value would be created by rezoning public land, clearly defining community benefits and public sector objectives, and by providing the private sector with a higher degree of certainty and predictability in undertaking development.

There would be significant opportunities created for meaningful stakeholder and public participation through the planning process. The public sector would undertake and pay for the planning requirements, which would be influenced by their motivation to deliver development in the public interest. Limited funding opportunities would be created by identifying community benefits that may align with government, not-for-profit, or philanthropic funding priorities. Prudent management of the planning process, including public and stakeholder expectations, will result in a product that does not exceed implementation capacity or overly inhibit the land's market value and ability to attract private sector investment. Market and construction risk would be transferred to the private sector where it has the experience and proven ability to manage it.

Estimated Timing:

It is estimated that land disposition and development strategy *Approach #3 – City-Planned Development* would require approximately 1.5 years of preparatory planning work before building construction would likely begin, including: contracting urban planning and design consultants to establish policy framework and development scheme; the development and promotion of RFQ/RFP materials for development opportunity; response and evaluation of competition submissions; obtaining planning approvals; negotiating a development agreement; and detailed design development.

Full build-out of land development projects will be driven by market forces and varies greatly depending on what is to be built on each development site. Council has identified the RRI land development projects as a key city priority and it is anticipated that development will occur over a 10 – 15 year horizon. Generally, the rate at which development occurs will be influenced by the level of public and private investment, as well as policy support.

#### **4. Public Investment Development**

Description:

Expanding on land disposition and development strategy *Approach #3 – City-Planned Development*, the City would also invest in enabling infrastructure and public realm works early to enhance the value of the land development sites. This could happen prior to a private sector competition to dispose the public land, or concurrently with phased development to capture incremental land value increases, or deliver components that would otherwise be unfeasible for the private sector alone and that will serve as catalysts for private sector investment.

Process:

Procure consulting services to undertake planning and establish policy framework including the development of secondary and concept plans → Invest in enabling infrastructure and public realm → Promote RFQ to prequalify potential private sector development partner → Circulate RFP to prequalified vendors → Select development partner best able to satisfy a comprehensive set of criteria → Negotiate development agreement.

Advantages/ Disadvantages:

Land disposition and development strategy *Approach #4 – Public Investment Development* is similar to *Approach #3 – City-Planned Development* and shares many of the same advantages and disadvantages. A key differentiation is that it leverages public capital by investing in enabling infrastructure and public realm works early to increase land value and/ or deliver components that would otherwise be unfeasible for the private sector alone. For instance, through public consultation, community benefits above and beyond those normally delivered by the private sector may be identified (i.e. pedestrian bridge, intelligent community infrastructure, or higher quality surface treatments/ lighting standards, etc.). Early public investment in such infrastructure would allow for increased land value capture once public land is brought to market. Alternatively, perhaps without such public investments, it may be difficult to attract private sector investment due to the potentially cost-prohibitive nature of the Railyard site. As such, this strategy further provides the private sector with a higher level of certainty and predictability in undertaking development, and as a result, increases its ability to attract private sector investment. This strategy is optimally positioned to deliver the vision of revitalization, while retaining an acceptable level of risk. Further, it asserts the City's position leading revitalization of the Railyard site and ongoing commitment to remain involved with the project which is consistent with previous Council direction.

Estimated Timing:

It is estimated that land disposition and development strategy *Approach #4 – Public Investment Development* would require approximately 1.5 years of preparatory planning work before building construction would likely begin, including: contracting urban planning and design consultants to establish policy framework and development scheme; enabling infrastructure and public realm investments; the development and promotion of RFQ/RFP materials for development opportunity; response and evaluation of competition submissions; obtaining planning approvals; negotiating a development agreement; and detailed design development.

Full build-out of land development projects will be driven by market forces and varies greatly depending on what is to be built on each development site. Council has identified the RRI land development projects as a key priority and it is anticipated that development will occur over a 10 – 15 year horizon. Generally, the rate at which development occurs will be influenced by the level of public and private investment, as well as policy support.

## **5. City-Controlled Development**

Description:

The City would complete the land development projects entirely on its own, including both the planning work and development of public land.

Process:

Procure consulting services to undertake planning and establish policy framework → Invest in enabling infrastructure and public realm → (i) Procure consulting services to undertake architectural work → Procure construction services; or (ii) Issue tender for partners to participate in development.

Advantages/ Disadvantages:

Land disposition and development strategy *Approach #5 – City-Controlled Development* would retain the most control and potentially generate the greatest value; however, would require the City to assume the highest level of public sector risk relative to the other approaches. In order for the City to complete redevelopment of the Railyard site, it would require significant financial capacity and requisite governance. In this strategy, the public sector may retain market and construction risk associated with the marketing and construction of individual properties, which is not core to City operations or expertise. There may be fewer opportunities for private sector investment created under this approach.

Estimated Timing:

It is estimated that land disposition and development strategy *Approach #5 – City-Controlled Development* would require over 2+ years of preparatory planning work before building construction would likely begin, including: contracting urban planning and design consultants to establish policy framework and development scheme; contracting management consultants to develop public-private partnership business model and value for money assessment; the development and promotion of RFQ/RFP materials for development opportunity; response and evaluation of competition submissions; and obtaining planning approvals.

Full build-out of land development projects will be driven by market forces and varies greatly depending on what is to be built on each development site. Council has identified the RRI land development projects as a key priority and it is anticipated that development will occur over a 10 – 15 year horizon. Generally, the rate at which development occurs will be influenced by the level of public and private investment, as well as policy support.

RECOMMENDATION IMPLICATIONS

Financial Implications

The Railyard Renewal project has been allocated a capital budget of \$2.1M. It is anticipated that a portion of this amount will cover the costs related to the urban planning and business case work that will be undertaken in 2015. Results of this work will be used to inform a thorough capital and funding long term plan including project phasing and infrastructure and public realm investments, as identified. This funding was also planned for use in site preparation and will be used to make minor enhancements or remove encumbrances on the property to support interim uses and long-term development.

Once the urban planning and business case are complete, a financial plan for the Railyard site will be brought to Council for its approval. The plan will make recommendations related to alternative revenue sources to fund the Railyard Renewal Project to completion (i.e. tax increment financing, revenue from other land development projects, government funding partnerships, etc.).



### Environmental Implications

Before the purchase of the Railyard site from CP was completed, the City engaged Clifton Associates Ltd. to complete a Phase II Environmental Assessment (“EA”) of the lands considered for purchase. The EA identified manageable environmental impairments and did not identify significant issues for City concern. Based on the testing completed, there is a moderate risk of hydrocarbon impairment on the site, and known historical impairments were limited in extent.

In addition, Clifton Associates Ltd. provided estimated costs for remediation work that may be required. The environmental remediation of the site is estimated to cost up to \$600,000, which includes the cost of an additional protective barrier placed along the boundary with ongoing railway operations at key locations. The estimated remediation costs reflect the fact that previous land uses were not a significant issue, and therefore clean up and non-industrial use can be achieved in a cost effective manner. Appropriate contingencies will be included in any future underground works to reflect adjacency to the former rail operations.

### Policy and/or Strategic Implications

A clear and proactive land disposition and development strategy for the Railyard Renewal project will influence development in a substantive way. It will help the City achieve its long-term objectives of urban revitalization and inner city intensification by attracting suitable redevelopment that responds to a set of needs and charts a clear path forward for the future. Council’s endorsement of a proactive land disposition and development strategy will help to establish the requisite policy framework to adequately guide development on prime publicly-owned development sites and maximize value creation and delivery of community benefits for the City and the public. It will also help to move towards a shared vision with stakeholders and the public and to ensure that individual project components come together to form a cohesive whole across development sites and with the surrounding neighbourhoods.

### Other Implications

None related to this report.

### Accessibility Implications

None related to this report.

## RISK MANAGEMENT CONSIDERATIONS

The recommended land disposition and development strategy, *Approach #4 – Public Investment Competition*, will be managed by internal resources with the required expertise. External consultants and subject matter experts will be engaged, as required. A risk management plan will be developed to establish tolerance levels and to ensure that the RRP is delivered within the desired timeline and prescribed budget.

A further report will be brought to City Council requesting approval of a business plan and funding sources following the preparatory planning phase.

## COMMUNICATIONS

The RRI website ReginaRevitalization.ca was launched on September 19<sup>th</sup>, 2012, to house and share information relating to the Railyard Renewal and Taylor Field Neighbourhood Redevelopment projects.

ReginaRevitalization.ca will be updated, as required, to include additional information from RRI land development projects. Communications will notify Facebook and Twitter followers that new information has been posted to the RRI website.

The Administration will continue to keep the public and stakeholders informed of progress and decisions related to RRI.

Through a thorough urban planning and design process, consultants will identify opportunities for communications with the Steering Committee, Technical Advisory Committee, Community Advisory Committee, as well as engage the public through meaningful consultation at various open house meetings.

Regular communication with the Regina Downtown Business Improvement District and Regina Warehouse Business Improvement District is maintained through involvement and support as part of the Railyard Renewal Project Steering Committee.

#### DELEGATED AUTHORITY

The recommendation in this report requires the approval of City Council.

Respectfully submitted,



Kelly Scherr,  
Director, Major Projects

Respectfully submitted,



Brent Sjoberg,  
Deputy City Manager and Chief Operating Officer

Report prepared by:

Nick Kazilis,  
Senior Development Manager  
Regina Revitalization Initiative