



OAKVILLE

REPORT

PLANNING AND DEVELOPMENT COUNCIL MEETING

MEETING DATE: OCTOBER 21, 2013

FROM: Commissioner of Community Development
Commissioner of Community Services
Commissioner of Corporate Services

DATE: October 8, 2013

SUBJECT: Downtown Cultural Hub Update

LOCATION: Downtown Oakville

WARD: Town wide

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RECOMMENDATION:

That the initiation of Downtown Cultural Hub Phase 2 be endorsed in order to determine a recommended option with detailed program requirements, market and financial implications and procurement strategies including input from a full community engagement program.

KEY FACTS:

The following are key points for consideration with respect to this report:

- Centennial Square facilities were built in 1967 and 1977 to provide cultural and recreational facilities for a population of about 60,000. Today the facilities are nearing the end of their functional lifespan and require, at minimum, modernization and renovation to meet current needs and legislative requirements.
- Under Vision 2057, the Downtown Strategic Action Plan identified the downtown as a cultural hub of activity and opportunities to explore an enhanced role were identified through the actions.
- In June 2012, Council received a report from the CAO indicating that staff was initiating a Downtown Cultural Hub Study in order to define a redevelopment plan for the Centennial Square site, the former post office site and other assets of town owned properties in the downtown. The outcome of the study will provide the town with a preferred redevelopment strategy to be considered in the context of the objectives of the Cultural Plan, the Downtown Strategic Action Plan and Livable Oakville.
- There are a variety of opportunities to be considered in a redevelopment plan ranging from, at minimum, a modernization plan based on the current level of

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cultural services, to enhanced larger facilities providing additional cultural opportunities which could be focused solely on the Centennial Square or diversified to include the post office site. The cultural facilities could be stand-alone or they could be coupled with a mixed-use development.

- The study being undertaken has been approached in five phases. Phase 1 was to define the breadth of the options, the broad financial implications and the range of implementation strategies, at a high level, to first determine the feasibility of how to move forward and to shape the further detailed work in Phase 2. Phase 2 would define the program, financial plan and procurement strategy, Phase 3 would begin the implementation by undertaking the procurement, and Phase 4 is the construction with the final 5th phase being the operation.
- The outcomes of Phase 1 indicate that the cost of doing the facility modernization is substantial and is in the range of \$30 million capital costs without the benefit of an expanded program offering. This 'do nothing' or 'base case' option provides for modernization of the facilities but retains the existing level of service.
- Preliminary estimates of an enhanced cultural hub including all aspects of the modernized facility as well as an additional larger performing arts space, cultural spaces, Oakville Galleries and enhanced programmable outdoor space are in the order of \$100 million capital cost.
- The town has opportunities to monetize some downtown property assets such as the Fire station or development above the Centennial Square and post office sites facilities, in the order of \$20 to \$40 million depending on the height considered.
- While the land assets on Centennial Square and the adjacent sites in the downtown do have real estate value, the value is not of a sufficient magnitude to cover the creation costs for a new cultural hub. Additional funding will be required and the town will need to pursue a variety of strategies to reduce the tax impact.
- Procurement strategies such as a P3 arrangement and joint ventures can mitigate life cycle costs and are worthy of further investigation in Phase 2. Early estimates indicate that the life cycle cost could be reduced by 15 to 25% with alternative procurement models.
- Federal, provincial and philanthropic partners will also need to be fully explored to partially offset the costs even after considering the land revenue and procurement strategies.
- Staff are recommending that Council endorse the further work to be undertaken in Phase 2 which will define the full program, assess the

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implication of the development sites and market potential, detail the costs of both capital and operating and fully explore procurement strategies and funding sources.

- Staff will be launching a full community engagement strategy in Phase 2, with a launch event tentatively planned for December 5, 2013. A stakeholder focus group made up of cultural stakeholders, Downtown BIA, Chamber of Commerce and adjacent ratepayer representation has been established during Phase 1 and will continue to assist the town throughout the process.
- A further update report during Phase 2 is anticipated in the summer of 2014 with the details on the range of options, procurement and funding strategies presented. Following the June report, staff will be evaluating the options and strategies through the balance of 2014, with a preferred option anticipated for public consultation in early 2015.

BACKGROUND:

The town's Vision 2057 initiative knits together all of the various master plans and programs into a roadmap for our journey to 2057, the town's bi-centennial. Under the guidance of Livable Oakville, the town's sustainability plan, and Council's Strategic Plan, there are four areas of study. Embedded in the Live it! group of initiatives are the Downtown studies which are designed to achieve the vision of the Downtown as set out in Livable Oakville. While the downtown studies are focussed on Live it! initiatives, they must coordinate with the other areas, Create it! Preserve it! and Afford it!. This coordination is the essential to a successful roadmap.

The downtown studies identified through the Downtown Strategic Action Plan, are a product of an extensive consultation program, including the Chamber of Commerce and the Downtown BIA, which was approved by Council in 2010. The 12 actions are designed to shape development and further enhance Oakville's downtown as a sustainable, well-designed and accessible area while protecting its unique historic character.

A completed action item includes the Heritage Conservation District approved by Council in early 2013. Recently the Downtown Transportation and Streetscape Study was initiated which will address 2 strategic initiatives in the Strategic Action Plan (transportation, access and mobility and Towne Square). Background work is underway on this study and will continue through the balance of 2013 with public consultation, integrated with the other Downtown studies occurring in 2014. It is anticipated that the conceptual streetscape design and street network will be completed in 2014 and presented to Council in Q1 of 2015 with detailed design following shortly thereafter.

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Culture and the enhancement of our existing facilities within the downtown are central to several of the strategic actions. The importance of the downtown as a cultural hub was not only identified by the community through the action plan but also through the town's Cultural Master Plan completed in 2009.

The town's Parks, Recreation and Library Facilities Master Plan, completed in 2012 concluded a library within the downtown should remain with minimal changes. In addition, it was concluded that the Centennial Pool would be relocated to the proposed South Central Community Centre on the OTMH site. To enhance the cultural hub concept consideration is to be given to the consolidation of Oakville Galleries into a downtown location. At present the Galleries are investigating their options as the Gairloch Gardens location is no longer suitable for their needs.

While the town has several opportunities, it is recognized that the existing performing arts centre is in need of repair. Built in 1977, the facility reflects the cultural interests of a much smaller community and does not meet legislated accessibility standards. It is not well positioned to take advantage of the technological advances in productions or to meet community expectations when compared to more recently built venues in nearby communities. Renovations will be required to maintain the existing service levels at the facility in the short term.

In 2012, Council initiated the Downtown Cultural Hub (DCH) study. The DCH study was to determine how to provide for a cultural hub within the downtown and to define a strategic redevelopment plan for Centennial Square that:

- Meets the objectives of both the Cultural Master Plan and the Parks, Recreation and Library Facilities Master Plan;
- Implements the related actions defined within the Downtown Strategic Action Plan and the vision established by the Livable Oakville Plan; and,
- Is achievable within the town's capital and operating budgets.

The DCH study has been approached in five phases:

Phase 1 – is to determine the feasibility of the project and its potential scope given a high level analysis of the cultural opportunities, land values, redevelopment opportunities and constraints. Preliminary analysis of procurement models is also to be explored.

Phase 2 – is a detailed analysis in order to develop and refine options for a cultural hub, work with the community to understand and reflect expectations, identify a recommended procurement strategy and other funding options to mitigate the financial implications of the hub.

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Phase 3 – is the procurement of a building partner that could range from a traditional model, design build or a private/public partnership model.

Phase 4 – is the implementation stage, where the project is constructed.

Phase 5 – is the opening and on-going operation of the facilities.

COMMENT/OPTIONS:

Oakville’s downtown is the cornerstone of our livability. The shops, restaurants, cultural spaces and heritage character provide a sense of place that is valued by residents and businesses in the town, region and beyond. It is commonly referred to as the jewel in the crown of Oakville. Under the VISION 2057 framework, the Downtown Strategic Action Plan recognized the importance of several actions that would allow Oakville to continue to maintain and enhance this cornerstone. A prominent town resident, Mr. Don Pangman, who is an avid supporter of the Oakville Symphony, has also presented some inspirational ideas and concepts on how the town could enhance the existing cultural facilities by creating a mixed use centre on the Centennial Square lands. Many of these ideas have assisted in informing options to be reviewed as the town moves forward on this study.

In order to define the scope of the DCH study, staff, with the assistance of Urban Strategies Inc. and Barry Lyon Consultants Limited, has undertaken a feasibility analysis to understand:

- Cultural opportunities to be explored
- Building parameters from both a physical and policy perspective
- Range of options and capital costs
- Potential revenue from the sale of town assets within the downtown
- Procurement strategies that would assist in reducing the cost and risk to the town in both capital and operating costs, and
- Other funding strategies.

The purpose of the feasibility analysis is to understand, at a high level, whether it was feasible for the town to step beyond solely a modernization of the existing facilities to a fully enhanced program for the Cultural Hub. Further, the analysis was to define the elements and the scope to be evaluated in Phase 2.

Cultural Opportunities

A simple modernization of the Centennial Square property would entail the following:

- A library which meets the requirements of the Parks, Recreation and Library Facilities Master Plan

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- Relocation of the Centennial Pool to the South Central Library site to be replaced with open space accommodating a view and access to the Sixteen Mile Creek.
- A programmable outdoor square along Navy Street addressing accessibility and also the heritage character established in the Heritage Conservation District Plan
- Oakville Galleries consolidated into the existing library building
- A renovated theatre to accommodate accessibility requirements and a minor addition to achieve an adequately sized lobby.

The modernized facilities would retain a similar level of service, but within facilities that will last for another 50 years.

Enhanced cultural opportunities could, similar to some of the ideas brought forward through the Pangman concept, include a larger performing arts space and a community theatre. Consideration will need to be given to the spoken and music venues. Recently the surrounding communities of Burlington, Brampton, Milton as well as others within the Greater Golden Horseshoe have added theatres. Staff will need to investigate the need for an additional performing arts space in Oakville so that we can meet demand and mitigate the operating costs in the future. Staff has explored a potential partnership opportunity for the performing arts centre with Sheridan College. However, Sheridan College has indicated that a theatre located on the Trafalgar campus is a priority for the school as it serves not only as a performance venue but also as a teaching facility. The future presence of the Sheridan College facility will need to be considered in the demand analysis.

Further, enhanced space for the Oakville Galleries could be incorporated in the downtown, either within the former post office building or within the Centennial Square site. Consideration should also be given to cultural space that could be multi-functional but designed to accommodate community interests, and could also act as an innovative space for private digital media ventures. This could be an exciting opportunity to partner with Sheridan. Finally, with reconstruction, parking could be located underground opening up the opportunity to green the creek bank both enhancing the environment but also re-introducing the downtown community to the creek front.

During Phase 2, staff will be engaging a cultural consultant who will assist staff and the stakeholders with the definition of the program requirements and the business case for the enhanced cultural hub.

Library space has been defined through the Parks, Recreation and Library Facilities Master Plan. However given the town's ownership of the Post Office and the future ownership of the OTMH site, consideration could be given to a relocation of the library to either location. At the Post Office, a library within the heritage buildings may be very unique, but equally a coordination of the Library with the new South

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Central Community Centre could be considered. If the South Central consolidation is considered a small specialty branch library downtown would need to be explored as the library can play an important role in the cultural hub context.

Building Parameters

◆Policy Context

In the policy context, the lands are within the downtown growth area where modest intensification opportunities exist. The downtown has a 4-storey height limit within Livable Oakville. Since the Livable Oakville Plan was approved, a portion of the downtown has now been designated as a Heritage Conservation District. A portion of the Centennial Square, at the corner of Navy and Lakeshore has been included in the heritage district and will require special attention. In addition, the Heritage Conservation District requires that all properties within 30 m of the district will, be required to respect the adjacent heritage area. The balance of Centennial Square and the former post office site will be required to address this policy. A number of other studies relating to the downtown are also underway, as have been described herein.

It is noted that the 4-storey height maximum limits the redevelopment options for town properties and while the consultants have explored alternative heights the implications of any changes for height and/or density in the downtown have not been explored. Phase 2 should include a review of the current policy context for the downtown and whether there should be further consideration of changes to policies given the recent approval of the Downtown Heritage Conservation District, recent development approvals, potential changes to the Sixteen Mile Creek valley setbacks, and other matters such as the Downtown Oakville Transportation and Streetscape Study, that would inform the consideration of policy changes. The Downtown Growth Area is also the only growth area that does not provide for “areas eligible for bonusing” which may also be an appropriate consideration given the extent of public benefit that cultural facilities provide for the community.

◆Geography

The Centennial Square site sits, in part on the tableland, as well as the valley slope of the Sixteen Mile Creek. The parking areas are located within the floodplain. Environmental and geotechnical consideration will be required to identify an area that could accommodate a building. Staff has met with Conservation Halton staff and while a future building may not entirely address Conservation Halton’s policy context, the site is unique in terms of the existing intrusions into the slope and floodplain. Opportunities to green the floodplain and provide a more ecologically friendly edge to the creek will be an objective of the next phase. Conservation

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Halton will need to be fully involved in the next phase of the study to ensure the environmental objectives are achieved in any building footprint.

◆Environmental

Environmental testing for potential soil contamination in the areas adjacent to the Sixteen Mile Creek valley will need to be undertaken. While information is limited, there is evidence of previous landfilling along the banks of the creek. There is a high potential that some form of clean up may be required and it will be necessary to develop an understanding of the cost implications, which could be quite significant, early on in the process.

Range of Options and Capital Costs

There are a range of options to be considered relative to the location of cultural facilities and the mix of uses that could be combined with these facilities. How each of these elements, their location and mix of other uses fit together can create a wide variety of options.

Preliminary analysis has considered a modernized facilities or base case on only the Centennial square site. At a high level it is anticipated that in order to retain the same level of service the town will require \$30 million to cover the capital costs.

An enhanced cultural hub as described in the section above also has many options in terms of the locations of facilities and other mix of residential and retail uses that could be introduced. Staff has evaluated a series of conceptual options that range from an enhanced facility on the Centennial square site; the introduction of additional residential and retail uses on the Centennial Square site as inspired by the Pangman proposal; and also the distribution of some of the cultural elements to the post office and OTMH lands. A preliminary estimate of this enhanced cultural hub is in the magnitude of \$100 million capital costs.

While not yet defined, operating costs will need to be specifically identified through the Phase 2 detailed work to ensure that an enhanced level of service can be fiscally achieved.

Potential Revenue from Downtown Assets

The town owns several properties within the downtown and each have been assessed to determine their market value. The existing surface parking lots play a significant role in providing accessible parking for the retail uses and in the medium term, it is considered that these lots have a higher value as surface parking lots rather than a redeveloped use. In future, consideration could be given to the

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redevelopment of lots beginning with those located the farthest from Lakeshore. However for the immediate term, they have more value to the vibrancy of the downtown as surface parking lots.

There are three sites that have potential to produce revenue and add to the vibrancy of the downtown: the Fire Hall site, the former post office site and portions either above or alongside the cultural facilities on the Centennial Square site.

The Fire Hall site is in an excellent location, with its view down the creek to Lake Ontario, to generate significant funds from a residential development. The site is limited by the valley slope, but based on early analysis appears to have a developable portion on the tableland. Geotechnical studies will be required to confirm this assumption. The site is also limited by the 4-storey height limit, however it is noted that it is located across the street, from a 12-storey residential building. Without considering the policy limitation the value of the site was assessed with a 4,6,8 and 10 storey residential building. In considering the value of the site, the cost to relocate the fire hall was factored into the revenue potential.

The former post office site's revenue potential is influenced by the heritage elements of the former post office building. The site is listed on the Heritage Registry and is noted for the curtain wall construction, limestone cladding and window pattern. This site is also limited by the 4-storey height limit, however, without considering these limitations the value of the site was assessed with a 4 and 6-storey building.

The Centennial Square site was also evaluated under a 4, 6 and 8-storey mixed-use development. In total the preliminary revenue from the sale of lands ranges from \$20 to 40 million. While these values are significant, they are not sufficient to cover the capital costs of the enhanced hub. It is noted that with the base case option the revenue would be reduced assuming the Centennial Square site would not be available for any mixed use potential and this reduced revenue would be insufficient to cover the capital costs of the base case.

Procurement Strategies

Alternative procurement strategies have become more prevalent for public sector projects in the last decade. As part of this early phase, a range of procurement methods were evaluated from traditional, design build, joint ventures and P3 partnership. As the project moves from traditional through to a P3 partnership the risks, such as cost overruns or delay, are increasingly transferred to the private sector. P3 partnerships, similar to the new hospital, or even the design build option offer a 15 to 25 % reduction in the full life cycle costs of a project. Staff have reviewed other case studies in Ottawa and Montreal where similar arrangements for municipal or public facilities have been very successful resulting in decreased costs

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and increased certainty on the delivery of the services, not only related to capital but also operating. Investigation of various procurement strategies will be a key element of the phase 2 work program.

Other Funding Options

Even after considering the revenue potential from Town assets and alternative procurement methods, the cost of the project will still require significant funding from the Town. The rebuilding of these facilities in the sesquicentennial years may provide enhanced opportunities for federal and provincial funding, but in any event these funding sources will need to be fully explored.

In addition, other sources of funding will need to be reviewed such as sponsorship of the facility or elements within the facility. Philanthropic donations may be another area of funding. In some cases philanthropic campaigns have generated 20 to 25 per cent of the funding, however the on-going campaign for the hospital may decrease this source for Oakville.

Conclusions of Phase 1

Phase 1 has provided a magnitude of the costs for both a base case as well as an enhanced cultural hub ranging from \$30 to 100 million. In considering the sale of town assets, it is clear that the value of these lands is not sufficient to cover the costs of the base case or the enhanced hub.

Strategies to reduce costs will need to be explored which will include procurement strategies, federal and provincial funding, sponsorship and philanthropic programs in order to limit the cost implications on the town's tax rate.

Staff consider that while \$100 million is a significant cost which would not be affordable solely by the town, the project should continue to move forward so that the full extent and cost of the facilities can be more clearly identified as well as the market and financial implications, procurement strategies and other funding options.

Next Steps – Phase 2

Phase 2 will be delivered in two major components with the first anticipated to be completed in summer of 2014. This first component will identify:

- The physical parameters on the sites and any additional costs associated with such items as contamination cleanup;
- How the town policy context will be addressed;
- The demand for cultural facilities and the size, configuration and operational requirements that will define the built form of the facilities;

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- Detailed market assessment and financial implications; and
- A program to develop other funding sources

The second component of Phase 2, anticipated to be completed in January 2015, will finalize the technical analysis and recommend a preferred option as well as identify a procurement strategy that should be pursued.

Community Engagement Strategy

A draft community engagement and communications strategy has been prepared which supports the town's extensive consultation approach. The goals of this strategy are to:

- Establish a shared vision and input into design directions for the hub
- Encourage awareness of the projects purpose and to bring the community into the process of establishing the hub
- Ensure ideas and concerns expressed by the community are reflected in the outcome
- Achieve support for the final plan from the public and stakeholders.

The activities and the tools will include a public launch event, stakeholder workshops, public information sessions/open houses and public focus group sessions. Staff have tentatively scheduled December 5, 2013 for a public launch event.

The community engagement of this study will be coordinated with the other studies currently underway downtown so that a coordinated, comprehensive approach to achieving the downtown vision will be readily apparent to the community as it moves through each of the venues of consultation.

Staff have already met with a stakeholder focus group that includes the cultural interests, business and resident interests. This focus group will be a key element in the refinement of the engagement strategy as we move forward.

CONCLUSION

The downtown is a cornerstone of the town's livability and the creation of an enhanced cultural hub would add to its economic stability and the enjoyment and asset it provides to all town residents and businesses. Phase 1 of the study has demonstrated that to enhance the cultural hub will impact the tax rate, as will even the modernization of the existing facilities. The redevelopment of this site will last until our next bi-centennial, 2057, and a full investigation of all the options is warranted.

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At a potential capital cost of \$100 million, the town will need to explore a full range of options including the sale of town assets at their highest and best use, procurement strategies that will also include the review of operating options both private and public as well as other funding options.

CONSIDERATIONS:

(A) PUBLIC

Public engagement will be a key component of this study. Staff have already engaged a focus group who will assist throughout the study. A full package of engagement tools will be applied, beginning with a launch of this study as well as the other downtown studies in December 2013.

(B) FINANCIAL

Funding has already been provided within the town's capital budget to complete Phase 2 of the study, with the exception of \$250,000 which is requested in the 2014 budget. The subsequent phases of the study will be brought forward in future budgets at the conclusion of Phase 2.

(C) IMPACT ON OTHER DEPARTMENTS & USERS

This study has been coordinated through a staff working group led by Domenic Lunardo, Executive Director and consisting of representatives from the three Commissions including, Recreation and Culture, Financial Planning, Planning Services, Strategy, Policy and Communications and the CAO's office. In addition, a project group has also been consulted which includes Engineering and Construction, Development Engineering, Facilities and Construction Management, Economic Development and Parks and Open Space.

(D) CORPORATE AND/OR DEPARTMENT STRATEGIC GOALS

This report addresses the corporate strategic goal to:

- be the most livable town in Canada

(E) COMMUNITY SUSTAINABILITY

The Cultural Hub provides an excellent opportunity to embrace sustainability with the potential remediation of the sites, the greening of the floodplain and the proposed new facilities targeted to achieve at minimum a LEED Silver certification.

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