

## Notice of Intention to Designate the Edmonton Brewing and Malting Company Building and the Administration Office Building as Municipal Historic Resources

### Recommendation:

That Executive Committee recommend to City Council:

1. That a Notice of Intention to Designate as Municipal Historic Resources, as outlined in Attachment 1 of the October 5/6, 2015, Sustainable Development report CR\_2501, be served on the owners of the property occupied by the Edmonton Brewing and Malting Company Ltd. Building (Molson Brewery Building 11) and the Administration Office Building (Molson Brewery Building 12), located at 11904 – 104 Avenue NW in accordance with Section 26 of the *Alberta Historical Resources Act*, RSA 2000.
2. That the City Manager be appointed to implement matters arising from the issuance of the Notice of Intention to Designate a Municipal Historic Resource.

### Report Summary

The recommendation in this report initiates the process of designating historic resources at the owner's request as Municipal Historic Resources, in accordance with the *Alberta Historical Resources Act*. The applicant is requesting \$4.175 million from the City that is currently unbudgeted but will be presented to Council as part of a service package to be considered through the 2016-2018 operating budget process.

### Report

The Edmonton Brewing and Malting Company Ltd. Building (Building 11) and the Administration Office Building (Building 12) are both on the Inventory of Historic Resources in Edmonton and merit designation under City Policy C450B – Policy to Encourage the Designation and Rehabilitation of Municipal Historic Resources in Edmonton. The property is owned by First Capital Holdings (ALB) Corporation and Sun Life Assurance Company of Canada, and is currently being redeveloped as the "Brewery District" project. The owners and Alberta Culture and Tourism have mutually agreed to designate these buildings as Provincial Historic Resources.

The Edmonton Brewing and Malting Company Ltd. Building (Building 11) was purpose-built for brewery operations, and was not maintained as a historic building over time. The scope of work to repurpose it for new mixed use opportunities, while at the same

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time rehabilitating it as a designated Municipal Historic Resource, is extensive and carries significant costs.

The site is a somewhat unique circumstance, where a large and significantly underutilized property with important heritage structures has been consolidated into single ownership, presenting a key redevelopment opportunity. The historic buildings form a valuable part of a redevelopment project that will generate economic activity, property and business taxes, and employment and services for citizens. The redevelopment of the site also supports the long-term investment into the West LRT alignment along 104 Avenue, and the recently adopted *104 Avenue Corridor Area Redevelopment Plan*.

With the significant costs of rehabilitating and repurposing the heritage components of the buildings, the owner is requesting funding from the City of Edmonton in the amount of \$4,175,500 to assist in the rehabilitation of the Edmonton Brewing and Malting Company Ltd. Building (Building 11). This request represents 50 percent of the overall heritage-related rehabilitation costs for the building, estimated at \$8,350,999. No grant funding to assist in the rehabilitation of the Administration Office Building (Building 12) has been requested by the owner. Alberta Culture and Tourism is not providing rehabilitation grants to the owner for either building for the initial rehabilitation work.

The Heritage Reserve Fund is being significantly challenged to sustainably support the designation of large-scale commercial and institutional historic resources. Based on current commitments, the Heritage Reserve Fund is unable to support rehabilitation projects of this scale. As a result, the Reserve Fund will not be available to the owner for assistance in addressing the rehabilitation costs for the Edmonton Brewing and Malting Company Ltd. Building (Building 11), so the owner is requesting direct funding from the City.

The owner provided a detailed pro forma for the overall Brewery District redevelopment, which included the rehabilitation costs for the buildings. The pro forma was reviewed by an independent third-party consultant, and that review confirmed that the rehabilitation grant requested by the owner would assist in providing a reasonable rate of return on the project and potential tax uplift.

On November 4, 2014, the owners completed the application requirements to have the Edmonton Brewing and Malting Company Ltd. Building (Building 11) and the Administration Office Building (Building 12), both located at 11904 – 104 Avenue NW, designated as Municipal Historic Resources under the provisions of City Policy C450B.

If designated, any future renovation will be required to meet the *Standards and Guidelines for the Conservation of Historic Places in Canada*.

The designation of these properties will support their proper restoration and continued protection in the future.

## **Policy**

City Policy C450B – Policy to Encourage the Designation and Rehabilitation of Municipal Historic Resources in Edmonton

## **Corporate Outcomes**

This report contributes to the corporate outcome "Edmonton is attractive and compact" as it initiates the process to legally protect and restore the Edmonton Brewing and Malting Company Ltd. Building (Building 11) and the Administration Office Building (Building 12) on the former Molson Brewery site. This represents an investment in historic resources that are part of a larger redevelopment project within an existing neighbourhood, which plays a role in continually improving Edmonton.

This report also contributes to the corporate outcome "The City of Edmonton has sustainable and accessible infrastructure" as the protection of the Edmonton Brewing and Malting Company Ltd. Building (Building 11) and the Administration Office Building (Building 12) will ensure that these historic resources are adaptively re-used and continue to be accessible to all Edmontonians. Designation sustains Edmonton's attractive built heritage, connecting Edmontonians with their past.

## **Budget/Financial Implications**

To provide assistance with the rehabilitation of the building as outlined in Attachment 5, the owner is requesting that the City of Edmonton provide \$4,175,500, payable over ten years, at up to \$417,550 per year cumulative, in accordance with the terms and conditions of the Designation Bylaw and Rehabilitation Incentive and Maintenance Agreement. Funding is conditional upon Council approval and to be considered as part of the 2016-2018 operating budget process.

The amount requested represents 50 percent of the total heritage related rehabilitation project costs for the building, which are estimated at \$8,350,999. The Heritage Reserve Fund typically provides rehabilitation grants of up to 50 percent of project costs to owners of non-residential buildings such as the Edmonton Brewing and Malting Company Ltd. Building. Based on current commitments, the Heritage Reserve Fund is unable to support rehabilitation projects of this scale. As a result, the Reserve Fund will not be available to the owner for assistance in addressing the rehabilitation costs for the Edmonton Brewing and Malting Company Ltd. Building.

Should the owner receive additional funding from the Alberta Historical Resources Foundation for restoration already funded by the City, the allocated funding from the City will be adjusted accordingly.

The total estimated cost of the restoration portion of the project for the Edmonton Brewing and Malting Company Ltd. Building is \$8,350,999. Other non-heritage rehabilitation work that is the responsibility of the owner is estimated at another \$3,590,462. Should City Council approve the \$4,175,500 funding request from the

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owner for the Edmonton Brewing and Malting Company Ltd. Building rehabilitation work, the owner would be responsible for all additional costs of the rehabilitation portion of the project for the Edmonton Brewing and Malting Company Ltd. Building.

The current balance in the Heritage Reserve as of July 10, 2015, is \$3 million. The projections for the reserve using current commitments show an anticipated reserve balance of \$2.4 million at the end of 2018. However, Administration has discussed a number of potential heritage designations with respective owners for which funds have been earmarked in the reserve. Should all such projects be implemented, the Heritage Reserve will have a limited capacity to support the designation of new, or unanticipated, historic projects.

### **Justification of Recommendation**

1. Issuance of Notices of Intention to Designate and subsequent approval of the designation bylaws will provide Administration authority to ensure that the Edmonton Brewing and Malting Company Ltd. Building and the Administration Office Building are restored and maintained in accordance with sound principles of conservation.
2. This complies with the Alberta Historical Resources Act.

### **Attachments**

1. Notice of Intention to Designate the Edmonton Brewing and Malting Company Ltd. Building and the Administration Office Building as Municipal Historic Resources
2. Location Map of Edmonton Brewing and Malting Company Ltd. Building and Administration Office Building
3. Photographs of the Edmonton Brewing and Malting Company Ltd. Building and the Administration Office Building
4. Heritage Planners Statement of Significance
5. Description of the City Funded Work for Edmonton Brewing and Malting Company Ltd. Building
6. Heritage Reserve Fund Status Background

### **Others Reviewing this Report**

- K. Rozmahel, General Manager, Corporate Services
- T. Burge, Chief Financial Officer and Treasurer