

YORATH HOUSE - REVENUE GENERATION OPPORTUNITIES

Recommendation			
That the March 31, 2025, Community Services Report CS02822, be received for information.			
Requested Action		Information Only	
ConnectEdmonton's Guiding Principle		ConnectEdmonton Strategic Goals	
CONNECTED This unifies our work to achieve our strategic goals.		Urban Places	
City Plan Values	LIVE		
City Plan Big City Move(s)	Catalyze and converge	Relationship to Council's Strategic Priorities	Economic Growth
Corporate Business Plan	Serving Edmontonians		
Council Policy, Program or Project Relationships	Including but not limited to: <ul style="list-style-type: none"> • Bylaw 17417 - Bylaw to Designate the Yorath House as a Municipal Historic Resource • Buena Vista / Sir Wilfrid Laurier Park Master Plan 		
Related Council Discussions	<ul style="list-style-type: none"> • April 29, 2014, Community Services Report CR_511, Buena Vista Sir Wilfrid Laurier Park Master Plan • Dec. 15, 2015, Community Services Report CR_2922, Bylaw 17417, To Designate the Yorath House as a Municipal Historic Resource • May 26, 2020, Community Services Report CR_8119, Charter Bylaw 19257, To Designate Buena Vista Park as a parkland activity node within the North Saskatchewan River Valley, River Valley Capitol Hill 		

Previous Council/Committee Action

At the December 2/3/4/5, 2024, City Council - Budget meeting, the following motion passed:

That Administration provide a report with options to utilize the Yorath House for revenue generation opportunities, including but not limited to private rentals.

YORATH HOUSE - REVENUE GENERATION OPPORTUNITIES

Executive Summary

- Yorath House is a Municipal Historic Resource located within Buena Vista / Sir Wilfrid Laurier Park, and is a unique facility located in the River Valley.
- In alignment with the Buena Vista / Sir Wilfrid Laurier Park Master Plan, Yorath House was designed to support private rentals, programs and an artist residency program. These are the current uses of the facility.
- Demand for bookings and the associated revenues have been increasing annually since 2021 after the facility reopened following the pandemic.
- Revenue from bookings and rentals has increased 22 to 25 per cent year-over-year since reopening in 2021.
- A third party could be engaged through a lease, licence or service agreement to program and operate the facility. An expression of interest would be required to determine if there is market interest in Yorath House.
- Administration's analysis indicates that using a third-party operator will not increase revenues beyond current levels, but an increase to public access to the facility might be achievable depending on the operation.
- There are limitations to how the property can be used from a site layout, parking and zoning perspective that would require further review if a change in use was considered.

REPORT

Yorath House and its surrounding property was acquired by the City of Edmonton in 1993 and became part of Buena Vista Park. Despite interest in retaining the house to support compatible park uses, the house remained vacant and its condition deteriorated for many years. In 2011, as part of the early work on the Buena Vista Park Master Plan, an Expression of Interest was issued to gauge the level of interest in unique partnerships and business agreements with the City of Edmonton for the redevelopment, use, management and ongoing operation of the facility. The City received four responses, including two submissions from residents and two proposals for its use; one from a not-for-profit youth organization and one from a neighbourhood community group.

Through the development of a master plan for Buena Vista Park, further options for Yorath House were reviewed, including demolition or redevelopment of the house. The Buena Vista Park Master Plan was approved by City Council on April 29, 2014, and as part of that plan, the final recommendation was that Yorath House be retained and redeveloped to provide a distinct public rental and programming space in Edmonton. Yorath House was subsequently designated as a Municipal Historic Resource on December 15, 2015.

Following an extensive restoration project, Yorath House opened September 20, 2019. The redeveloped house includes a main floor event space, second floor multi-purpose space with an outdoor terrace, studio space, small meeting room, elevator, servery and washrooms (Attachment 1).

YORATH HOUSE - REVENUE GENERATION OPPORTUNITIES

Current Use of the Facility

In alignment with the Ribbon of Green Strategic Plan and the Buena Vista / Sir Wilfrid Laurier Park Master Plan, Yorath House has primarily served as a public rental venue, while also supporting various programs and artist-in-residence opportunities. The facility was closed during the COVID-19 pandemic from March 2020 until July 2021, impacting the initial uptake on usage. Since opening, Yorath House has hosted 17 artists in nine residencies in the dedicated studio space, in addition to the facility rentals and City-led programs outlined below:

	Number of Facility Rentals	Number of Programs	Total Revenue
2020	19	0	\$6,341
2021	14	1	\$10,632
2022	69	5	\$42,216
2023	80	16	\$52,829
2024	99	8	\$64,667

Analysis of the 2024 facility rentals shows that weekends are most popular for facility rentals, with 66 per cent of the year's bookings occurring on weekends. Weekends have a 70 per cent occupancy rate, leaving only a 30 per cent capacity for weekend growth. There is a significant opportunity to increase usage on weekdays. As noted in the table, since the end of the pandemic, there has been a steady increase in rental interest and subsequent revenues.

Site Limitations

There are some limitations to the venue that affect the programming and rental of the facility. These include:

- Capacity - while the original facility capacity was set at 120 people, the booking capacity had to be reduced to 60 people to alleviate overcrowding and noise concerns.
- Access and Parking - Yorath House is accessible by personal vehicle, On Demand Transit near the Edmonton Valley Zoo (approximately 500m away) and River Valley trails. The parking lot for Yorath House contains 20 stalls, with the remainder of parking shared with park users, including a very popular off-leash area that is often at capacity for parking.
- Single Use - with the layout and construction of the facility, multiple concurrent uses have been found to be incompatible due to noise transfer and layout limitations.

Options for Revenue Growth

Increase Revenues with the Current Use

On an annual basis, revenue from bookings and rentals has increased between 22 to 25 per cent year-over-year since reopening in 2021. As the booking demand has not plateaued and capacity remains available, Administration expects this trend to continue. In 2025, approximately 20 per cent growth is expected with revenue to exceed \$75,000. Revenue is expected to continue growing over the next three to five years, with a target of reaching \$100,000 annually.

YORATH HOUSE - REVENUE GENERATION OPPORTUNITIES

The current fee structure is competitive in the market for comparable facilities. Rental fees increase approximately two to three per cent annually. A review of the fee structure to determine if rates should be changed would be expected to occur when the facility is at capacity and the growth in demand slows.

Recent and upcoming communications and marketing initiatives have highlighted the opportunities at Yorath House, including showcasing the facility at wedding and trade shows. These initiatives, inclusive of a heightened social media presence and direct marketing to businesses to support daytime use, will continue to support increased rental usage volumes.

With the 2024 launch of the Creative Spaces artist residency program, there is renewed interest in art class offerings at Yorath House. The number of programs offered and revenue earned are expected to return to 2023 volumes with potential future growth anticipated.

Third-party operation

Third-party operation with a focus on revenue generation could be explored and could take a variety of forms.

Commercial Lease

A commercial tenant could be established through a lease agreement with the City. Under this arrangement, a business would pay a monthly rent, including a proportionate share of operating costs, and have exclusive use to operate the facility. The lease rate would be determined through an appraisal and would depend on the type of business and space. It is estimated that the lease rate for this facility would range from \$8 to \$15 per square foot per annum, net. The table below outlines the potential rent for different leasing options, some of which may be prohibitive for small businesses with a seasonal level of exposure. The City may be expected to provide a tenant improvement allowance or period of free rent to act as an inducement.

	Annual Rent Range	Monthly Rent Range
Entire Facility (4,700 square feet)	\$37,600 to \$70,500	\$3,133 to \$5,875
Main Floor only (2,600 square feet)	\$20,800 to \$39,000	\$1,733 to \$3,250
Second Floor only (1,950 square feet)	\$15,600 to \$29,250	\$1,300 to \$2,437

Market interest in Yorath House would need to be explored through marketing to determine if this is an option to pursue. Regardless of the option, the lease revenue would likely be less than current booking revenues.

Operational Licence

Under a licence agreement, a business would enter into a revenue sharing agreement with the City. The business would take over the programming and use of the facility in alignment with objectives determined by the City. Operational responsibilities would be

YORATH HOUSE - REVENUE GENERATION OPPORTUNITIES

shared between the City and the business operator. The amount of revenue share would be negotiated and would be expected to be between five and 10 per cent. The revenue generated is solely reliant on the success of the business operation. To match the current revenues being generated at the facility, the business would need to make between \$600,000 and \$1.4 million in annual sales as outlined below:

Revenue Share	Annual Business Sales	City Portion of Revenues
5%	\$1.2 - \$1.4 million	\$60,000 - \$70,000
10%	\$600,000 - \$700,000	\$60,000 - \$70,000

Similar to a commercial lease, market interest would need to be explored through an Expression of Interest.

Service Agreement

The bookings of the facility could be contracted to a third party. Under this model, the current uses would continue but be delivered by an external service provider. This provider may provide services beyond what is offered by the City of Edmonton. The structure of the contract would need to be negotiated, but the intent would be that a portion of revenues is retained by both the contractor and the City. This would incentivize the contractor to generate as much revenue as possible. An analysis of this option has not been completed to determine if this would generate additional revenues.

Considerations

In addition to the site limitations identified above (e.g. parking, access and facility layout limitations), the following would need to be considered if a change in operation and use is proposed:

- **Zoning** - the zoning for Buena Vista Park limits commercial uses to Minor Indoor Entertainment and Outdoor Entertainment opportunities. Child Care, Food and Drink Services and Indoor Sales and Services are only permitted as an accessory use.
- **Tenant Improvement Costs** - it is expected a proponent would need to invest in renovations or upgrades if the facility is going to be used in a different way than it is today.
- **Historic Elements** - operation and renovation of the space must respect the character defining elements outlined in Bylaw 17417, Bylaw to Designate the Yorath House as a Municipal Historic Resource. Protected elements include the fireplaces, original staircase, as well as the exterior scale and massing of the original 1949 house.
- **Artist in Residence Program** - the program may not be compatible with a third-party operation. The current residency concludes October 31, 2025.
- **Park User Demand** - Buena Vista Park is heavily used by people walking their dogs, rowing and paddling groups, and by people passing through the park on the trail system. The City has not received feedback that there is unmet demand for commercial or other services in the park.

YORATH HOUSE - REVENUE GENERATION OPPORTUNITIES

- **Connectivity** - the facility is connected with City-owned fibre optic service which cannot be utilized by a third-party operator. A new service would be required from a commercial provider and the City's services disconnected.
- **Other Services Nearby** - The Wild Neighbours Cafe at the Edmonton Valley Zoo is open to the public daily without having to pay admission. Upon reopening, new food service and equipment rental services will be available at William Hawrelak Park across the river. The Laurier Heights and Parkview Community has several cafes and restaurants in close proximity to the park.

Budget/Financial Implications

Based on the revenue and direct operating costs for Yorath House in 2024, the facility has a direct cost recovery rate of approximately 75 per cent. Including custodial and maintenance costs, Yorath House revenues covered 54 per cent of the operating costs. The operating budget currently includes minor revenue and expense increases for the remainder of this budget cycle. Changes in the operating model would require budget adjustments to reflect the updated revenue and expense expectations.

Community Insight

During the development of the Buena Vista / Sir Wilfrid Laurier Park Master Plan, significant public engagement was undertaken to determine the future development and use of these parks. Public involvement in the process included:

- Advisory Committee of 15 individuals representing key stakeholder groups and the general public.
- Stakeholder engagement through telephone interviews and in-person workshops.
- General public workshops and open houses.
- Online surveys.

During engagement In July 2012, three options for Yorath House were considered for feedback. Sixty two per cent of respondents preferred the options to retain and renovate the house and 20 per cent preferred the option to demolish the house. The remaining 18 per cent were undecided. Following this engagement, the master plan was finalized with a plan to retain and renovate the house.

Since opening in 2019, feedback has primarily been informally received from customers. There has not been feedback received requesting a change in use for the facility.

GBA+

Through the design and renovation of Yorath House there was an intentional focus on accessibility, inclusivity and safety. The facility includes an elevator, accessible and inclusive washrooms, power door assists, tactile strips and braille on internal signage. A Crime Prevention through Environmental Design study during the design phase led to the inclusion of various safety features including surveillance cameras, access control mechanisms, limited vegetation and exterior lighting.

YORATH HOUSE - REVENUE GENERATION OPPORTUNITIES

The current use of the facility is limited to groups who rent the space. The fees charged can create barriers to access for some groups or individuals; however, not-for-profit and charitable organizations are eligible to receive a 15 per cent discount.

The Artist in Residence program at Yorath House provides creative workspace, at no cost, to selected artists from equity-seeking groups with priority given to artists who are Indigenous and/or Newcomers to Canada (five years or less in Canada) for up to one year.

If considering a change that would lead to a third-party operator of the facility, care should be taken to ensure that the agreement or contract is structured to include clear expectations and alignment with the City's diversity, equity and inclusion goals.

Environment and Climate Review

This report was reviewed for environment and climate risks. With respect to Yorath House revenue generating options:

- Changing the use or operating model for Yorath House is not expected to directly impact the environment or climate. Yorath House received Leadership in Energy and Environmental Design (LEED) Silver certification following redevelopment. Third-party operators would be required to operate the facility in compliance with the LEED certification.
- As Yorath House is located in the River Valley, development activities will be regulated by the North Saskatchewan River Valley Area Redevelopment Plan and must align to the Ribbon of Green strategic plan.
- The City of Edmonton manages environmental risks associated with the lease or licence of City land and facilities through its contracting processes.

Attachment

1. Yorath House Floor Plan