

STAFF REPORT: RFEI Old Town Hall Committee

REPORT TO: Council
MEETING DATE: October 12, 2011
REPORT NO.: FIT.11.49
SUBJECT: RFEI Old Town Hall Recommendation
PREPARED BY: RFEI Evaluation Committee

A. Recommendations

THAT Council receive Committee Report FIT.11.49 “RFEI Old Town Hall Recommendation”; and,

THAT Council adopt the Committee’s recommendation to not proceed to Phase 2 of the evaluation process with the received proposals based on the criteria set out by the Town in the RFEI; and,

FURTHER THAT Council consider directing Town Staff to proceed with the development of a revised RFEI for the tenancy for the Old Town Hall; and,

THAT should Council direct Town Staff to proceed with the development of a revised RFEI, that Council consider directing Town Staff to include the following items when developing the revised RFEI:

- Council shall consider re-zoning of the property from Institutional to a classification more suitable to a broader use for the property
- Council shall consider the use of funds to a maximum of \$250,000 to repair or upgrade the building to provide for the proposed use of the expressions of interest received
- Council shall consider proposals that include financing vehicles that extend beyond five years

AND FURTHER THAT Council authorize the use of funds to a maximum of \$60,000 for the upkeep of the building over the winter months to ensure that its existing tenancy condition is maintained.

B. Background

The RFEI Old Town Hall Evaluation Committee met twice to review the submitted Expressions of Interest. The Committee based the evaluation on the criteria set out in the RFEI. The Committee felt that the adherence to the criteria: *“The existing Town Hall,...and corresponding land should be considered “as-is” and the cost of any improvements to facilitate tenant activities will need to be borne by the proposed tenant(s)”*, prevented the proponents from moving to the next phase of the evaluation. Therefore, the Committee recommends not proceeding to Phase 2 of the evaluation.

RFEI Evaluation Summary

There were four submissions to be reviewed by the Committee. Five were originally received but 1 was withdrawn (which some members of the Committee thought had merit). Another submission recommended the demolition of the Old Town Hall. In the view of the Committee, this submission/approach did not meet with the nature of the request and therefore did not meet the criteria to proceed.

The RFEI evaluation criteria addressed many aspects of the Town but mainly zoning and financial needs restricted proponents from meeting the “as-is” criteria.

Phase 1 – current phase – Interested respondents will provide a proposal outlining their intended use of the site as defined in the RFEI.

1. **Two the Core Fitness & Physiotherapy** – Their proposal is looking for financial assistance for renovations and annual costs. Additionally, unless this proposal succeeds with its Non-Profit Corporation plans, it would operate commercially. The site is zoned Institutional and would not permit commercial use.
2. **Bre – Centre for Sustainability** – This proposal is for commercial office space (1-2 offices) and does not comply with the Town’s Official Plan and Zoning By-law. A Zoning By-Law Amendment would be required with respect to this proposal.
3. **The Committee For the Development of an Animal Shelter in The Town of The Blue Mountains** – Assumes the Town would come forward with funds to assist with the shelter. The proposed use would comply with the Zoning By-law. The wording of this letter suggests they are not a not-for-profit organization.

The Committee, in reviewing the proposals believe that potential interest in this building was limited due to the present condition of the building and the uncertainty of the cost to repair. If this work is done or addressed, then Council can go out again and invite the four applicants to resubmit under a different set of terms and conditions. This is the only fair way to ensure the Town is not excluding any of the proposals.

Council direction is required before this Committee could move forward.

Revised RFEI

The Committee felt that there were “Expressions of Interest” with potential benefit that could meet future space and program needs of the community. The Committee’s review of the proposals and their space needs demonstrated potential for Old Town Hall to be programmed for multi-use purposes. There may be an alternative proposal, (Town-owned facility or something else) that would provide year-round multi-use space, programs and services strongly consistent with future community values and needs. The “Expressions of Interest” received were based on the criteria of “as-is”. The Committee feels this limited the number of submissions noting the existing zoning of the

site and the cost uncertainty with the building condition. If Council was interested in pursuing this matter further, perhaps a revised RFEI would be in order.

If Council deems it necessary and it is in the best interest of the Town to direct Town Staff to proceed with the development of a revised RFEI for the tenancy for the Old Town Hall, then the Committee would like to make known to Council the following considerations to optimize “Expressions of Interest” in the Old Town Hall.

1. An effort to broaden the uses from Institutional by applying for an Official Plan Amendment & Zoning By-law Amendment to ensure that the municipality does not contravene the *Planning Act*.
2. Council consider the use of longer term financial vehicles such as a long term lease. This would ensure that a proponent, who invested in the remediation and renovation of the building, would see a return on their investment that would be unlikely in a 5 year time frame.
3. The Committee noted that the Town’s financial commitment to renovate the building would increase the number of expressions of interest in the site. It is estimated that renovations to the building could cost up to \$250,000. It would be prudent to use a structural engineer to determine the renovations required and renovation costs. The return on this investment from rents assuming a 75% occupancy rate would likely be in the 6-7 year range (to be further analysed).
4. Notwithstanding the above, the Town should price out the roof situation and engage a structural engineer for costs that would bring the building up to a standard that it would be useable for tenants.
5. If Council chooses to move forward with a revised RFEI, there will be costs to heat the building over the winter and repair the roof plus additional maintenance costs. Preliminary estimates are approximately \$ 15,000 – \$ 20,000 in operating costs and about \$20,000 - \$40,000 in roof repairs.
6. The costs associated with developing the revised RFEI such as: advertising, administering the RFEI and the Committee’s future role in evaluating the RFEI could amount to the range of \$5,000 – \$10,000.
7. Staff resources to lead the repair work and revised RFEI should Council proceed.

Other Alternatives

The sale of the property and/or building is another alternative to look at. However, the property is restricted in terms of its availability for sale. The purchase and sale agreement when the Town purchased it from the Province noted that it had to remain in the hands of the municipality and that any proceeds over the purchase price would go back to the Province.

C. The Blue Mountains' Strategic Plan

Providing a strong, well managed municipal government

D. Environmental Impacts

Supporting environmentally sound decisions

E. Financial Impact

The financial impact of Council not proceeding with the Expressions of Interest received will be contingent on the Council direction taken with the Old Town Hall.

If Council directs staff to proceed with a revised RFEI, Council must be aware that as we go through the process, Council will likely have to tend to some remediation to the old town hall site in order to preserve the potential tenancy over the winter. It is expected that this cost would be up to \$60,000 to repair the roof and maintain operating costs. (Insurance, utilities, minor maintenance)

Additionally, if Council wishes staff to proceed with a revised RFEI, Council must be aware of the staff commitment required for each of the considerations cited in this report. This is not just renovating an old building, there are real staffing costs to consider. The time to process an Official Plan Amendment and Zoning By-Law Amendment could be in the range of 6 months.

Renovation costs are estimated at \$250,000. This will need to be confirmed by a structural engineer to determine the renovations required and renovation costs. (cost for structural engineer not included)

Additional staff time would be required to process any renovations to the building, such as: an RFP call and evaluation, managing the contracts and processing payments.

This additional staff time would mean that current planned priorities will have to be deferred. There is a large opportunity cost associated with a revised RFEI.

F. Attached

Nil

Respectfully submitted,

RFEI Committee: Ron Baran, Ron Hartlen, John McKean, Duncan McKinlay, Robert Cummings (Chair)

on behalf of the RFEI Committee