

## **Township of Southgate**

### **Administration Office**

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## **Staff Report CAO2021-034**

**Title of Report:** Dundalk Olde Town Hall Building RFP Property Sale -  
Proposal Report

**Department:** Administration

**Council Date:** May 5, 2021

### **Council Recommendation:**

**Be it resolved that** Council receive staff report CAO2021-034 as information; and

**That** Council receive the Dundalk Olde Town Hall RFP Property Sale proposal as received from Wellington Capital Corporation with the conditions they have provided; and

**That** Council direct staff to meet with Team Town Hall, the Dundalk Little Theatre and other interested community groups to discuss their involvement and/or financial commitment in supporting community access theatre space for community cultural events; and

**That** Council direct staff to work with Wellington Capital Corporation related to negotiating on a Dundalk Olde Town Hall Theatre and Building Space Use Agreement with the proponent on the issues related to the use of the building, defining actual capital investment, fixed operating/maintenance costs and clarifying other issues needing clarification in the proposal.

### **Background:**

Southgate Council received staff report CAO2020-082 titled, Dundalk Olde Town Hall Building Sale at the December 16, 2020 meeting and approved the following resolution:

**Moved By** Councillor Shipston; **Seconded By** Councillor Frew;

**Be it resolved that** Council receive staff report CAO2020- 082 as information; and That Council approve the Dundalk Olde Town Hall Building Request for Proposals (RFP) Property Sale Report as presented; and

**That** Council direct staff to release the Dundalk Olde Town Hall RFP document for distribution and advertising in early January, 2021 with a closing date of February 22, 2021 at 2:00 pm; and

**That** Council direct staff to continue to consult with interested community groups as part of the Dundalk Olde Town Hall transition discussions and commitments related to future use, partnerships, involvement in project fundraising and donor support for the Dundalk Olde Town Hall upgrades.

Carried No.2020-618

The Township received one Dundalk Olde Town Hall RFP Building Sale proposal that was opened on February 22, 2021 at 2:00 pm through a virtual meeting link with Kayla Best in the Council Chambers and online was Treasurer Liam Gott, Facilities Manager Kevin Green, Public Works Manager Jim Ellis and CAO Dave Milliner. One proposal response was received from Wellington Capital Corp., represented by the owner Mr. Ray Stanton, who also owns the Dundalk Herald business.

At the March 3, 2021 Council staff report CAO2021-021 titled "Dundalk Olde Town Hall RFP Building Sale Request Proposals Received Report" and approved the following motion:

**Moved By** Councillor Dobreen; **Seconded By** Councillor Shipston;

**Be it resolved that** Council receive staff report CAO2021- 021 as information; and

**That** Council direct staff to review the Dundalk Olde Town Hall RFP Property Sale proposal received from Wellington Capital Corp and report back to Council in the next 90 days with a recommendation.

Carried No. 2021-111

### **Staff Comments:**

The purpose of this report is to report on staff's evaluation of the proposal received from Wellington Capital Corporation (Attachment #1) for the Dundalk Olde Town Hall RFP Building sale intake to investigate interest in the property. Staff considered the proposal through the individual review by the Facilities Manager, Treasurer and CAO.

### **Wellington Capital Corporation - Commitments provided in their Proposal:**

- They would preserve the Heritage designation of the Dundalk Olde Town Hall.
- They would work collaboratively with the Township to determine the best use of the building going forward.
- Preservation of the theatre space would be explored through review of the engineering reports to revisit the renovation of the second floor and look into how partnerships with the Township and community groups could complete the required work for the best use of the property.
- The ownership group would relocate one of its businesses which would be the Dundalk Herald operations to a portion of the main floor of the building. The space required in the building for the Dundalk Herald newspaper business has yet to be determined.
- The bidder's submission has committed to lease the theatre space and a portion of the main floor to a community group to run community cultural events.
- The bidder has been in discussions with Team Town Hall about a 20 year lease arrangement for a part of the building for theatre events.
- The bidder's expectation is the Township of Southgate would also sign the 20 year lease agreement as a partner.

### **Questions for Wellington Capital Corporation based on their Proposal:**

- Answers to question 6 and 7 needs to provide firmer commitments on timelines of the bidder's capital investments commitment in the building and providing target dates on the availability of the community spaces to better understand the future availability for public community use.
- Clarify bidders answer to question 3(b), to determine the actual capital cost contribution number from the Township.

- Clarify bidders answer in question 3(b), to determine share of operating costs of the building, which will have to be better defined to identify those financial commitments required by the bidder.
- Confirm with the bidder that the Township of Southgate, Team Town Hall and its partners has exclusive use and control of theatre and main floor allocated space for its public use?
- Based on the community event uses being infrequent during the week, more so on the weekends and after hours for the use of the first floor community space area and that the proposal should consider multi-use options during weekdays during business hours for other business, public or community uses.

### **Questions and Commitments for Team Town Hall to answer:**

1. Define who is Team Town Hall in relation to their role in a three member partnership with the building owner and the Township?
2. Establish Team Town Hall's financial commitments and responsibility to Southgate or to the future owner of the building in the way of financial contributions and the 20 year sustainability of their portion of those capital and operating costs toward the Olde Town Hall theatre space for project upgrades and ensuring the use of the facility?
3. Does Team Town Hall include Dundalk Little Theatre in their discussions?
4. Team Town Hall is mentioned as leasing space on the main floor in the Wellington Capital Corporation proposal.
  - i. How are Team Town Hall paying for this expectation of fees?
  - ii. Would the fees be set at a rate to cover costs per rental or an annual fee or an option of one or the other?
5. Will Team Town Hall group be forming as a Corporation or a not-for-profit entity to demonstrate their commitment and responsibility to the long term participation in the Olde Town Hall Agreement with the Township of Southgate for operation and maintenance of the theatre space use as a community cultural facility?
6. Team Town Hall should provide an annual operating budget of revenues and expenses as well as business plan that provides building community annual use commitments presented on a monthly basis.
7. Consideration in the sale documents for Dundalk Little Theatre's (DLT) property and equipment (lighting & sound system) presently in the theatre space?

### **Township of Southgate considerations and decisions when creating a Community Theatre Use Agreement with Team Town Hall and the new owner of the Dundalk Olde Town Hall building:**

1. What if Team Town Hall fails to maintain its commitments, is there still expectation of Township to run theatre when the operation cost were our issue with municipal ownership?

Without Team Town Hall or another community group like the Dundalk Little Theatre's involvement would mean a Theatre Use Agreement would terminate as a 3P partnership. The Township could retain the rights to resurrect a similar agreement with the building owner, if an interested community group presents a proposal to the Township and Wellington Capital Corporation within 3 years after the original agreement has lapsed.

2. Will the annual capital, operational or monthly leasing costs will still be owed, if theatre space is unused?
  - i. Tied to cost without ownership, \$3,000 per month plus and estimated \$1,000 in operational costs, we would need \$48,000. Could cost the Township \$50,000 annually if we are left with all the costs. We would need \$950 per week in revenues to cover costs.
  - ii. Consideration should be the ability to charge fees to cover expenses and will the rates be too high for renters to operate.
3. Should the sale of the building for \$1,000.00, exclude the Township of Southgate of all ownership? No strings attached on sale, then usage is negotiated after sale is completed with the community group(s).
  - i. We could end up with more invested in the facility without ownership than we currently have now with owning the building.
  - ii. Should the transaction be completed with no strings attached?
  - iii. In 20 years we could invest \$1 million dollars and we may be better spending the money on a new facility that we would control.
  - iv. Purchaser is making reference to Team Town Hall in their proposal, yet we are leasing theatre space. Should the partnership on the lease be made with Team Town Hall for increased commitment by them and not the Township?
  - v. The Township may want to consider a 5 year term on the sunset of the agreement to contribute to the theatre space capital and maintenance costs based on the bidder's capital commitments during this same time.
4. What if future owner of the Olde Town Hall walks out on property halfway through the renovation?
  - Is there too much trust and good faith implied in the purchase? An Ownership fallback clause to the Township for the amount of the purchase price should be a consideration, if the building renovation fails to proceed.
  - Wellington Capital Corporation's failure to complete building and the theatre space upgrade they committed to based on timelines could be the trigger as a Township option clause and first right decision to buy back the building for the purchase, if Team Town Hall and other community groups remain committed to the use agreement.
5. Should the Township of Southgate have an opt out clause based on conditions and a one year notice period, if the agreement is not fulfilling its desired needs of the Township of Southgate and the community groups fail in their commitments to use of the Olde Town Hall leased space?

### **Financial Impact or Long Term Implications:**

This RFP process will be a consideration as a possible solution through private ownership, with local business involvement, community organizations as partners and municipal participation at some financial level of involvement by all parties to support the sustainability of the building for the future culture uses, if the interest and commitment is sustainable over time in the community.

Council will need to consider the Township's involvement and future financial contributions in the Dundalk Olde Town Hall, along with the involvement of multiple community partners and a signed agreement with annual financial commitments by Team Town Hall to support capital upgrades and operating costs related to the theatre building space. The Township and Team Town Hall with their community partners will need to establish a sustainable partnership and an agreement with the new owner of the building in relation to the Theatre space upgrades and future use, if the Olde Town Hall building sale is completed.

### ***Bid Proposal - Township and Community Group Future Costs for Theatre Use***

- The financial expectation of Wellington Capital Corporation is that the lease cost for the building's use would be \$3,000 per month in net rent plus annual CPI (Consumer Price Index) increases, plus appropriate share of operating costs of the building, which will need to be better defined by the bidder.
- The proposal requests an upfront one-time contribution for capital costs to restore the building and to bring it up to current building standards. The Township's capital contribution would be equal to the expected demolition cost of the building.

### **Communications & Community Action Plan Impact:**

This report has been written and presented to Council to communicate accurate information to the public to facilitate a Trusted, Timely, Transparent decision-making process.

### **Goal 4 - Adequate and Efficient Public Facilities**

#### **Action 4:**

The residents and businesses of Southgate expect the Township to plan and adequately provide for public facilities for gatherings, recreation and doing business with the Township, while recognizing at the same time that facility needs can change with age and a changing population.

#### **2019-2023 Southgate CAP-Strategic Initiative 4-B**

The Township will have made a decision on the future viability or uses of the Olde Town Hall, and taken action accordingly.

#### **2019-2023 Southgate CAP-Strategic Initiative 4-D**

The Township will have reviewed all facilities it owns to determine their condition and utilization and to develop a business case for the future use or disposition of each facility.

### **Concluding Comments:**

1. That Council receive this staff report as information.

2. That staff meet with Team Town Hall, the Dundalk Little Theatre and other interested community groups to discuss the management of the theatre & community building space use, their involvement in the financial commitment (capital & operating costs) in supporting community access to the theatre space for community cultural events.
3. That staff review and negotiate with Wellington Capital Corporation a Dundalk Olde Town Hall Theatre and Building Space Use Agreement based on their responses in their proposal for the Dundalk Olde Town Hall building purchase related to future use, community partnerships issues, defining the Township's actual capital investments, the Township's fixed lease/operating/maintenance costs and clarifying other issues in the proposal.
4. Included in this report as Attachments #2, #3 & #4 are copies of letter response received from the Dundalk Little Theatre, Dundalk Young at Heart and the Optimists of Egremont Township in response to the 20 letters mailed to community groups on January 11, 2021. Attachment 5 is a example of that letter mailed to community groups.

Respectfully Submitted,

**CAO approval:**

Original Signed By  
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**Facilities Manager approval:**

Original Signed By  
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- Attachment #1 – Wellington Capital Corp. RFP proposal for the Dundalk Olde Town Hall Building Purchase
- Attachment #2 – Dundalk Little Theatre Letter
- Attachment #3 – Dundalk Young at Heart Letter
- Attachment #4 – Optimist of Egremont Township Letter
- Attachment #4 – Sample Township Letter mailed to Community Groups