

Township of Southgate

Administration Office

185667 Grey Road 9, RR 1

Dundalk, ON N0C 1B0

Phone: 519-923-2110

Toll Free: 1-888-560-6607

Fax: 519-923-9262

Web: www.southgate.ca

Staff Report CAO2021-069

Title of Report: Sale of the Dundalk Olde Town Hall Building Meeting Discussion Report with Wellington Capital Corporation and Team Town Hall

Department: Administration

Council Date: October 20, 2021

Council Recommendation:

Be it resolved that Council receive Staff Report CAO2021-069 as information; and

That Council provide any feedback on the Olde Town Hall building sale conditions report in this report, the proponent bid response and the October 4th, 2021 meeting with Team Town Hall and the proponent Wellington Capital Corporation; and

That Council direct staff to develop an agreement of terms for consideration with Wellington Capital Corporation to sell the Dundalk Olde Town Hall to the bidder; and

That Council direct staff to develop an agreement with Team Town Hall for consideration related to their financial and operation commitments to the Township of Southgate realizing it is a good will agreement without assurance compensation beyond the pledged fundraising and surplus operating funds they raise.

Background:

The CAO has provided this report as an update of recent meeting on October 7th, 2021 in the Macintyre Building with Team Town Hall, the proponent Ray Stanton representing Wellington Capital Corporation and Southgate staff. Team Town Hall was represented by Samantha Parent and Don Black also representing the Dundalk Little Theatre. Southgate was represented by Facilities Manager Kevin Green, CAO Assistant Kayla Best and the CAO Dave Milliner. To limit the numbers attending in person Mayor John Woodbury and 2 other members of Team Town Hall attended virtually. The intent of this report is to report on that meeting, as well as to inform and seek comments from Council.

Staff Comments:

The Dundalk Olde Town Hall meeting discussion with Team Town Hall (TTH), Southgate staff and Wellington Capital Corporation (WCC) was held on October 7th, 2021, starting at 5:30 pm. We reviewed the original proposal submitted by WCC and have included this document in this staff report as Attachment 1. This document has been reviewed with WCC over the past months and provided to Team Town Hall for their planning for this meeting.

The WCC document submitted was used as the basis of reviewing and clarifying their proposal in detail at the meeting. The following questions from the WCC proposal and TTH comments formed the meeting discussions:

1 (a) What is your own intended business use(s) of the Dundalk Olde Town?

Bidders Comments:

- Preserve heritage designation
- To work collaboratively with the town in determining its best use going forward.
- Although engineering reports have suggested that renovating the theatre space is not feasible at this time, should we be the successful proponent, we would like to revisit this opportunity.
- This space represents a significant piece of history in Dundalk, and as served as a gathering place for over a hundred years, so if preservation is viable, we would entertain how we could partner with the Town and determine best use.
- This historical building has been an important part of the Dundalk community since 1905.
- Move the Dundalk Herald Newspaper business and use the east side of the building for that purpose and the backroom addition for storage area.

Team Town Hall comments and suggested future uses:

- They see the Theatre space will be used as sustainable property with the Dundalk Little Theatre and other community partners.
- Interest in theatre uses to present movies, secondary school interest, podcast video productions, by Holstein group through Cindy Aitken and the Ag. Society.

1 (b) What is the name of the present operating business or a new enterprise that you would be locating in the Dundalk Olde Town Hall?

Bidders statements:

- The ownership group would lease some of the space to the Dundalk Herald.
- We would likely relocate this newspaper's operation to a portion of the main floor of this building.
- The balance of the building would be leased to allow a community group to run the theatre and occupy a portion of the main floor.

Southgate comments:

- Supports downtown revitalization to bring this business back into the downtown core as an anchor business.

Team Town Hall comments:

- They would use the east side of the building and share washroom and kitchenette area.
- They would like to use backroom for change room area for theatre performances.

1 (c) What areas of the Dundalk Olde Town Hall would you be using for your business operations?

Bidders statements:

- Should we be the successful proponent, we would need to determine how much space is required to operate the Dundalk Herald newspaper's offices on the main floor of the building.

Southgate comments:

- The Township suggests that there could be first floor space that will be dedicated for newspapers permanent use.
- Some of the first floor open space could be shared for newspaper uses during business hours and public cultural events, such as the washrooms for public event use, the kitchenette for group use for minor food preparation and theatre change room space.

Team Town Hall comments:

- It was suggested that Dundalk Little Theatre may want to look at a converted cargo container for use as change room and storage space that could be temporarily parked on the property for performances.

2 (a) What is your bid proposals interest and commitment to work with and make Space available in the Dundalk Olde Town Hall building to community groups for Culture and public use(s)?

Bidders statements:

- We have been working with the Team Town Hall group over the past month on a lease arrangement that would allow them to occupy a portion of the main floor and the second floor theatre for 20 years.

Southgate comments:

- The expectation is that an agreement would be completed and registered on title with the property sale closing date between the 3 parties.
- After discussions we see an agreement between the Township and WCC for the terms and conditions of the sale and the buildings uses by TTH and Southgate for access to the Dundalk Olde Town Hall for the cultural use, as well as for rentals.
- A second agreement would be required between TTH and the Township related to their financial commitments and responsibilities in the operation and maintenance of the leased space. This agreement staff see as a good faith commitment with little force or recourse should they cease to exist in the future.
- Discuss the progress with TTH on agreement terms and conditions.

- TTH and WCC have had discussions, but nothing has been formalized in a document.

Team Town Hall comments:

- A site meeting should be setup with all three parties to tour the building as part of the agreement creation process.

2 (b) What areas of the Dundalk Olde Town Hall that would be made available for Community uses for public gatherings and cultural events?

Bidders statements:

- Please see 2(a).

Southgate comments related building access discussions for public uses:

- Building east side open space – Herald business
- Building west side open space – TTH for cultural and rental uses
- Building west side vault space – TTH for storage use
- North part of building – Herald business storage & possibly temporary change room space for theatre performance is to be determined at site meeting discussions
- Washrooms – Common to WCC & TTH during events & rentals.
- Kitchenette – Common to WCC & TTH during events & rentals.
- Basement – WCC for utility and building maintenance & TTH for possibly for use for store area is to be determined at site meeting discussions.

Team Town Hall comments:

- No further comments other than responses provided related to building space use above and the temporary container space that could be place on the property for theatre performance events.

3 (a) Describe your interest and commitment in creating partnerships with community groups inrelation to investments in theatre space of the Dundalk Olde Town Hall?

Bidders statements:

- Please see 2(a).

Southgate comments:

- What would be Wellington Capital Corp. timelines for investments in specifically the theatre space area of the building?
- The response was a 5 to 6 month period of building assessment by an engineer and construction upgrade work to allow the Herald business to move into the building.
- What is the commitment date to make the theatre space accessible to the public for cultural use events?

- The response and discussion is based structural issues the engineers would have to determine.
- The fire code and life safety updates for the theatre will be a cost of WCC and will be discussed further at future meeting.

Team Town Hall comments:

- They acknowledged the fire and life safety requirements.

3 (b) Describe the proposals expectation in a partnership with the Township of Southgate in relation to investments in theatre space of the Dundalk Olde Town Hall?

Bidders statements:

- We would hope the Township of Southgate would sign a 20 year lease for their second floor theatre and a portion of the main floor, and they would sublease that space to the community group at similar terms and conditions.
- It would be our expectation the **Township/community group would pay \$3,000/month in net rent (plus annual CPI increases)**, plus their proportionate share of the operating costs for the building.
- In addition to this, the bidder would hope that the Township would contribute the expected demolition costs of the building to the bidder as a one-time, up-front contribution to the capital costs of restoring the building and bringing it up to current building standards.

Southgate comments:

- Would need to establish an agreement with Team Town Hall and other partnering Community Groups to commit to raising a portion of the monthly rent.
- Agreement would have to establish the actual inflation CPI trigger month.
- Agreement would have to establish an agreed to one time demolition cost/capital contribution number prior to execution of the legal document.
- Response was between \$100,000 to \$200,000 and discussion was this could be converted into a higher monthly payment over the 20 year agreement.
- Establish with TTH if the capital cost portion is a fundraising cost they take on to start the second floor improvements.
- Include in the agreement terms that if the building is sold by Wellington Capital Corporation and what the penalty and/or repayment terms would be:

- a. Based on years of ownership being with penalties being diminished over time based less the 5 years, 10 years, 15 years or 20 years and over 20 years.
 - b. Based on the municipal and community group financial annual investment contributions, the capital contribution and the sale price;
 - c. The agreement should consider if the property is being offered for sale that the Township should have the option to consider a first right of refusal to purchase the property for the original sale price in the agreement, a second right of refusal for Team Town Hall or a recognized Community Group that ensures their rights and responsibilities and is recognized by the Township of Southgate
- Township consider waiving building permit fees since we are a party to an agreement to improve the Dundalk Olde Town Hall as a partner in future public use of the building.

Team Town Hall comments:

- They committed to pay \$10,000.00 annually and cover the operational and maintenance costs of the dedicated cultural spaces in the building.
- This money would be raised by sponsorship and donation funding.

4. Bidder's statement in what you as the bidder would describe as your preferred relationship between Community Groups and the Township of Southgate in relation to your proposal answer in Question #3?

Bidders statements:

- Please see 3(a) and 3(b).

Southgate comments:

- Confirm understanding of all relationships and business dealings with Wellington Capital Corp. on a daily basis and include in the agreement the partner responsibilities after the closing of the property sale in relation to the following:
 - a. Building Upgrades - WCC
 - b. Public and cultural event bookings -Southgate
 - c. Establishing cultural space rental costs – TTH & Southgate
 - d. Collecting cultural space rental costs – Southgate & TTH
 - e. Cultural space day to day concerns - TTH
 - f. Partnership payment contribution – TTH & Southgate
 - g. Building Improvements to the Cultural space – TTH with grant support.

Team Town Hall comments:

- They will investigate providing liability insurance cost for cultural building space uses naming WCC and the Township of Southgate in the policy as been harmless in the policy.
- TTH will develop an operational plan.

5. Statement on space the bidder is making available for community cultural events and meetings in the Theatre area and first floor of the building for public uses during the business day, evenings and on weekends?

Bidders statements:

- The community group will control a portion of the main floor and it will be up to the community group to make available such space.

Southgate comments:

- The Township should have some commitment of capital investments planned, the type of projects and timelines to provide public access to building in the first 3 years.
- The Township could make contribution operating monthly payments or capital contributions by securing grant funding for building upgrades for projects like building elevator, cultural building upgrade costs that would become an asset of the building, etc.

Team Town Hall comments:

- The type of assets that TTH or a community partner make investments in must be specified as to the ownership once installed for items like theatre lighting, sound systems, curtains, stage features that are not permanently attached to the building, etc.

6. Statement as to capital investments projects the bidder would commit to complete to the Dundalk Olde Town Hall building externally and internally in:

Bidders statements:

- The first 3 years; To be determined after our own building assessment.
- 3 to 5 years horizon; To be determined after our own building assessment.
- 6 to 10 years; To be determined after our own building assessment.
- This will be determined by our own building assessment.

Southgate comments:

- The Township should have some commitment of capital investments planned, the type of projects and timelines to provide public access to building in the first 3 years.
- The Township could make contribution operating monthly payments or capital contributions by securing grant funding for building upgrades for projects like building elevator, cultural building upgrade costs that would become an asset of the building, etc.

Team Town Hall comments:

- The type of assets that TTH or a community partner make investments in must be specified as to the ownership once installed for items like theatre lighting, sound systems, curtains, stage features that are not permanently attached to the building, etc.

7. Project capital investments expected by the bidder's proposal in the community use building spaces of the Dundalk Olde Town Hall building where Community Groups and the Municipal partnerships would be expected to complete or participate in the cost of the project(s) over the next 5 years?

Bidders statements:

- This will be determined by our own building assessment.

Southgate comments:

- This investment was stated in the proposal as being included in the capital cost agreed to prior to closing.

Team Town Hall comments:

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8. Bidder's property purchase price offered for the land and building as is.

Bidders statements:

- The bidder proposes a purchase price of \$1,000.00

Southgate comments:

- Should the Township retain land ownership should the building be demolished or abandon in the future.

Team Town Hall comments:

- No comment

The following comments were raised as Southgate concerns with the TTH partnership:

- i. Community partnership long term sustainability.

- ii. Will the future community use of the cultural space justify the taxpayer investment requirement in the Dundalk Olde Town Hall over the next 10 years and beyond?
- iii. Commitments should be secured in writing from other long term community partners demonstrating their role and use of the cultural spaces.
- iv. Township should have an out clause in the agreement to remove itself from the agreement and its financial commitments should the community use of the building and/or the community partnership participation fail in their involvement. **WCC commented that this could not be a condition in the agreement for the first 20 years.**

The following are questions we posed to Team Town Hall and will have to be included in an agreement with the community group and possibly their partners as well:

- i. What do you see as your role in the project as an agreement partner?
 - Some of these question have been answered, but we see more answers will be required for public accountability as we develop an agreement with TTH.
- ii. What is your sustainability plan as an organization if the building is sold to WCC and we start building upgrade projects for the Theatre space?
 - TTH has committed to fundraise and seek grants to complete capital upgrades.
- iii. What is your present level of fundraising?
 - No answer has been provided and Southgate staff believe this is an important fact that needs to be provided when they next delegate to Council in the near future.
- iv. What is your future financial fundraising campaign goals?
 - Answer should be a discussion with Council.
- v. What is the status of your discussion with other community groups related to cultural use and financial involvement?
 - Just at the discussion stage and nothing in the form of written letters of commitment from the organizations have been provided to the Township, other than their plan presented to Council some months ago that staff have requested be updated and submitted to Southgate.
- vi. Who are the user community group partners identified that will commit to use the facility annually, the type of events and are they willing to pay rent for the use?
 - Some users have been identified during this meeting and discussions with Council by TTH.
- vii. Do you have community group partners/facility users that would take on facility or theatre upgrades and the costs of the work for projects that is to their benefit?
 - None have been identified by TTH to date other than a close working relationship they have with the Dundalk Little Theatre Group.

Financial Impact or Long-Term Implications

There is no financial impact to the 2021 Budget to the municipality that will impact ratepayer taxation at the present time.

If we proceed with the sale of the Dundalk Olde Town Hall the Township will need to consider in the 2022 budget providing the allocation of funding for the one time payment and/or payment plan as part of an agreement with WCCC and for up to 6 months of monthly payments to WCC for the buildings cultural use and annually in future years.

Communications & Community Action Plan Impact:

This report has been written and presented to Council to communicate accurate information to the public.

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.

Strategic Initiatives 4-B (2019-2023):

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

Concluding Comments

1. That Council receive staff report CAO2021-069 as information.

Respectfully Submitted, **CAO approval:** Original Signed By

Dave Milliner – CAO dmilliner@southgate.ca 923-2110 x210

- Attachment 1 – Request for Proposal – Township of Southgate Dundalk Olde Town Hall Property Sale proposal from Ray Stanton Wellington Capital Corp.