

Township of Southgate

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Staff Report CAO2022-011

Title of Report: Dundalk Olde Town Hall Sale, Lease and Partner Agreement Report

Department: Administration

Council Date: March 16, 2022

Council Recommendation:

Be it resolved that Council receive Staff Report CAO2022-011 as information; and
That Council approve the Wellington Investment Corp. Purchase and Sale agreement to sell the Dundalk Olde Town Hall and within the agreement to lease back part of the building for cultural uses and to participate in some of the building capital projects related to the cultural use space, subject to legal review prior to By-law approval; and

That Council consider approving Wellington Investment Corp. Purchase and Sale agreement by By-law at the April 6th, 2022 meeting; and

That Council approve the partnership agreement with JunCtian Community Initiatives as presented; and

That Council consider approving the JunCtian Community Initiatives Agreement by By-law at the April 6th, 2022 meeting; and

That Council approve the partnership agreement with Team Town Hall as presented; and

That Council consider approving the Team Town Hall Agreement by By-law at the April 6th, 2022 meeting.

Background:

The CAO has provided staff reports at the previous Council meetings as information and updates on the Team Town Hall's interest and proposals to operate the Dundalk Olde Town Hall as a cultural facility in partnership with the Township. Staff have also provided information on the Wellington Capital Corporation bid proposal to purchase the Dundalk Olde Town Hall. The Township also hosted a meeting on October 7th, 2021 in the Macintyre Building with Team Town Hall representatives, the proponent Ray Stanton representing Wellington Capital Corporation, Southgate Mayor John Woodbury and Southgate staff members from Recreation and the CAO's Office.

Staff presented staff report CAO2021-086 at the December 15, 2021 Council meeting titled, Southgate TTH Dundalk Olde Town Hall Financial Partnership Use Agreement with Team Town Hall and Council approved the following resolution:

Moved By Councillor Shipston; **Seconded By** Councillor Rice;

Be it resolved that Council receive Staff Report CAO2021-086 as information; and

That Council direct staff to continue to work to finalize the Draft Southgate-Team

Town Hall Dundalk Olde Town Hall Cultural Space Financial Commitment and Use Partnership Agreement with Team Town Hall; and

That Council direct staff to send the final drafted Southgate-Team Town Hall Dundalk Olde Town Hall Cultural Space Financial Commitment and Use Partnership Agreement with Team Town Hall acceptance to our lawyer for review; and

That Council direct staff to bring back the final version of the Southgate-Team Town Hall Dundalk Olde Town Hall Cultural Space Financial Commitment and Use Partnership Agreement for Council approval and consider approval by Municipal By-law at the January 19, 2022 meeting.

Yay (6): Mayor Woodbury, Deputy Mayor Milne, Councillor Dobreen, Councillor Sherson, Councillor Frew, and Councillor Shipston

Nay (1): Councillor Rice

Carried No. 2021-772 (6 to 1)

Staff presented staff report CAO2021-087 providing a draft agreement with Wellington Capital Corp to purchase the Dundalk Olde Town Hall and Council approved the following resolution:

Moved By Deputy Mayor Milne; **Seconded By** Councillor Dobreen;

Be it resolved that Council receive Staff Report CAO2021-087 as information; and

That Council direct staff to continue to work to finalize the Draft Dundalk Olde Town Hall Building Property Purchase and Sale Agreement with Wellington Capital Corporation, which includes the property sale conditions, a listing of the building's capital projects to be completed for public occupancy and a facility lease of the cultural space to the Township of Southgate from Wellington Capital Corporation as the landlord; and

That Council direct staff to send for legal review the final drafted Dundalk Olde Town Hall Property Sale Agreement with Wellington Capital Corporation, which includes the Building Cultural Space Lease Agreement to the Township of Southgate with Wellington Capital Corporation as the landlord following their preliminary acceptance of these complimentary agreements; and

That Council direct staff to bring back the final version of the Dundalk Olde Town Hall Property to Wellington Capital Corporation and Building Cultural Space Lease Agreement for Council approval and consider to approve by Municipal By-law at the January 19, 2022 meeting.

Carried No. 2021-773

Since the December 15th, 2021 Council meeting staff have been working on ways to develop the future use of the Dundalk Olde Town Hall as a cultural facility and how to best manage the building, capital upgrades, operating costs, fundraising and its use. With that in mind staff have looked into the following issues and have had discussions on the following issues:

- Insurance Costs – NFP Insurance staff are researching the cost of Southgate carrying the cost of building and liability insurance.
- Cultural Space Naming Rights on the Building – Southgate staff have had recent discussions with Flato and reached a verbal commitment to execute a Naming Sponsorship Agreement for \$35,000.00 per year for 20 years for the Olde Town Hall Theatre and Cultural Space. The 2

conditions are use of the building for Flato meetings and some events possibly, plus continued cultural event use of the building during the 20 years.

- Boarder Community Involvement – Staff have been in discussions with JunCtian Community Initiatives to explore their involvement in the facility through boarder use options, through broader inclusiveness, integration in our community and capital funding options to support the building uses. Since this report was written we have also met with Heritage Canada to look at funding opportunities and the structure that could qualify through a municipal and/or not-for-profit partner.

The next step is to consider our best option(s) going forward based on the new information, municipal investment over 20 years, fundraising potential, ownership and partnerships, as well as the roles of each we should consider going forward.

Staff report CAO2022-001 was presented at the January 19, 2022 Council meeting as agenda item 13.1.1, titled Dundalk Olde Town Hall Update as part of the Consent Agenda and was approved by the following:

Moved By Councillor Sherson; **Seconded By** Deputy Mayor Milne;

Be it resolved that Council approve the items on the Regular Business consent agenda dated January 19, 2022 and direct staff to proceed with all necessary administrative actions.

Carried No. 2022-031

At the March 2nd, 2022 Council meeting staff presented report CAO2022-006 titled, "Dundalk Olde Town Hall Update Report" and the following resolution was approved:

Moved By Councillor Sherson; **Seconded By** Councillor Frew;

Be it resolved that Council receive Staff Report CAO2022-006 as information; and That Council direct staff finalize the Wellington Capital Corporation agreement for Council consideration at the March 16th, 2022 meeting; and

That Council approve the partnership with JunCtian Community Initiatives, Team Town Hall and Southgate in the management of the Dundalk Olde Town Hall Building Cultural space and that staff meet with partners to define roles and responsibilities in the operation, management and use of the building cultural spaces; and

That Council direct staff finalize the Team Town Hall Agreement as more of an MOU document for Council consideration at the March 16th, 2022 meeting; and

That Council direct staff to create a draft agreement with JunCtian Community Initiatives for Council consideration at the March 16th, 2022 meeting; and

That Council consider approving by municipal By-law the final agreement with Wellington Capital Corp and Team Town Hall at the April 6th, 2022 meeting.

Mayor Woodbury requested a recorded vote on the main motion.

Yay (6): Mayor Woodbury, Deputy Mayor Milne, Councillor Dobreen, Councillor Sherson, Councillor Frew, and Councillor Shipston

Nay (1): Councillor Rice

Carried by a 6-1 votes - No. 2022-120

Staff Comments:

Wellington Investment Corp.:

The Wellington Investment Corp. agreement has been refined and updated and is now ready to proceed to legal review subject Council approval. The changes since the March 2nd Council meeting are the following:

1. The name change on the agreement is now Wellington Investment Corp.;
2. Changes to point 2 of sale agreement related investigating property easements;
3. Changes to point 3 of sale agreement to reflect a current irrevocable or acceptance date for acceptance by the Vendor of April 29th, 2022;
4. Changes to point 15 of sale agreement for the examination date of title be change to 7 days prior to the closing date;
5. Schedule D, point 1 and point 2 we added the words "using the present stairways as the access and egress of the building";
6. Schedule D, point 9 we added the word Purchaser's to add clarity;
7. Schedule E, point 4 has added reference to include the area share of operational costs and the calculation of floor space is "based on the first and second floor area only"
8. Schedule E, point 5 has added reference to include the area share of property taxes and building insurance the and the calculation of floor space is "based on the first and second floor area only"
9. Schedule E, point 6 is a new clause that after states after initial capital costs of a building addition like an elevator, that future maintenance and capital upgrade requirements would be share based on the building area cost allocations;
10. Schedule E, point 19 is a new clause to discuss exterior building signage and seasonal decorations; and
11. Schedule F a floor plan for the Olde Town Hall basement has been added.

This agreement following legal review will be presented to Council for final approval and acceptance by By-law on April 6th, 2022. The present version of the Wellington Investment Corp. property sale and building lease agreement is included in this report as Attachment #1.

Since the March 2nd, 2022 Council meeting the Mayor and CAO met with TTH on March 7th and JCI and TTH on March 9th to finalize their agreements.

JunCtian Community Initiatives

The JunCtian Community Initiatives (JCI) group is taking on a building management and partnership role and as a Not-for-Profit member. A partnership and use agreement has been created and approved in principle with the JCI Board of Directors. The draft agreement is included in this report as Attachment 2 and is for a 5 year term, which is part of their groups operating policies and is renewable.

We see this relationship and partnership as a positive addition to help manage the Olde Town Hall and cultural events in the building. We will be adding more capacity and broader community experience to operate, manage with JCI

having full time staff, their past history and success as an organization, in holding community events (2021 Canada Day event, Starz, Youth programs, etc.), adding community diversity to the discussions/planning and increase the use as a community cultural facility.

Team Town Hall

The Team Town Hall (TTH) agreement has been completed and accepted in principle, pending their legal review. The Team Town Hall agreement is attached to this report as Attachment #3.

Township of Southgate

The Township Southgate will have further review by our insurance provider in relation to public liability coverage and the harmless clauses with the partners we have now assembled and with the creation of a Dundalk Olde Town Hall Cultural Board of Management structure as a Committee of Council.

Staff Comments Summary

Next steps:

1. Finalize Wellington Investment Corp. agreement and send it for legal review.
2. Seek Council final approval at April 6th, 2022 Council meeting for all 3 agreements.

Financial Impact or Long-Term Implications

The financial impact to the 2022 Budget to the municipality will be the costs for legal review of the agreement and possibly a survey of the property.

The future financial impact is likely to begin in the 2023 budget year costing \$3,000.00 per month (\$36,000.00 per year) plus COLA each year for the cultural space lease payment, less the Flato commitment to execute a Naming Sponsorship Agreement for \$35,000.00 per year for 20 years for the Olde Town Hall Theatre and Cultural Space.

Southgate's other financial commitment in the agreement is a one-time payment of \$175,000.00 due 90 days (anticipated due March 31, 2023) following the start of the lease (anticipated due January 1, 2023) to support capital project work investment in the Dundalk Olde Town Hall.

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 CAO2022-011 as information.
2. That Council approve the Wellington Investment Corp. agreement at the March 16th, 2022 meeting.
3. That Council approve the JunCtian Community Initiatives Cultural Use Partnership agreement at the March 16th, 2022 meeting.
4. That Council approve the Team Town Hall Cultural Use Partnership agreement at the March 16th, 2022 meeting.
5. That Council consider approving by By-law the final agreements with Wellington Investment Corp., JunCtian Community Initiatives and Team Town Hall at the April 6th, 2022 meeting.

Respectfully Submitted,

CAO approval: Original Signed By

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

Attachments:

- Attachment 1 – Wellington Investment Corp Property Sale and Building Cultural Space Lease Agreement dated March 16, 2022
- Attachment 2 – JunCtian Community Initiatives Cultural Use Partnership Agreement dated March 16, 2022
- Attachment 3 – Team Town Hall Cultural Use Partnership Agreement dated March 16, 2022