



Municipality of Port Hope

Staff Report

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Report Title: Declare former George Hamilton Public School Surplus and Authorize Sale Process

Report to: Committee of the Whole

Date of meeting: November 12, 2024

Report Author:

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Department responsible:

Corporate Services

Report Number: CS-15-24

Recommended Action:

1. That Council pass a by-law to declare the municipally owned former George Hamilton Public School property located at 3200 County Road 10 surplus to the Municipality's needs; and
2. That Staff be directed to advertise and communicate the property being declared surplus to the general public and interested parties including the Port Hope Police Service; and
3. That Staff be authorized to engage the services of legal counsel and an appropriate Realtor to market and sell the property, as is, at an amount no lower than the recent appraised value of \$590,000; and
4. That Staff be directed to bring appropriate offers to purchase received back to Council for final consideration and authorization.

Highlights:

- Property purchased for \$560,000 in mid 2021 for future economic development purposes that did not come to fruition.
- The original purchase value and related acquisition costs totaling \$571,430 continue to be included in Municipal Capital Assets as unfunded considering the original concept of generating revenue through the purchase was not realized.
- Current appraised value of \$590,000 - \$660,000 with general expectations that the property could be sold for a greater amount.
- Building currently utilized for training purposes by Port Hope Police Services and other area police services who have requested 6 months notice to vacate should Council pursue the sale of the property.

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Background:

In November 2020, Council considered a report from Staff regarding the potential acquisition of the property formerly known as the George Hamilton Public School (“the property”) located at 3200 County Road 10. This was following notice received from the Kawartha Pine Ridge District School Board (“the Board”) that the property was declared surplus to their needs following its closure as an active school in 2016. Council directed staff to proceed with the acquisition of the property and to undertake the necessary due diligence to complete the transaction. Council subsequently considered reports regarding the property, its potential use for the purposes of economic development, and passed the required by-law to authorize the purchase. The property purchase closed in May 2021.

Original Intention of Purchase

The property was purchased with the intention of considering future economic development opportunities with a partner, potentially aligned with the agricultural sector. Conceptually, the property was of interest to a local group, with a degree of cooperation from a postsecondary education that had expressed general interest in utilizing the property. The initial vision, understood at the time of purchase, had included opportunities to develop the property as a ‘Smart Agricultural Community’, ‘Agri-Innovation Hub’ and / or a focal point for the ‘Next Generation of Agriculture’. The group developing the concept plan at the time believed the location and the size of the property made it ideal for implementing their vision, which had originally included a range of local agricultural stakeholders. This group had met to discuss various related concepts and opportunities. This economic development exercise was intended to determine a use of the building and potential partner(s) to occupy and utilize the property in a manner that helped the Municipality advance the objectives identified in the Strategic Plan (2019-2022).

Following the purchase, Staff with the former Community Development Department (now Development Services) were tasked with developing a competitive process for soliciting proposals from interested parties relative to the future occupation and use of the building. At the time, the stated intention of the future use of the property, as affirmed by Council, was to find a partnership that would not only pay for the original purchase of the property, but to eventually generate additional revenue for the Municipality.

Through 2022 staff from the former Marketing and Tourism Division (now Economic Development) carried out a public Request for Proposal (RFP) process that did not yield the intended results of finding a partner to utilize and develop the property. The RFP was abandoned and following a great deal of Staff turnover within the department, changing priorities, and a new term of Council, advancement on the initial concept has not proceeded. It is worth noting that no current Staff were employed by the Municipality at the time of this RFP process and original consideration of the conceptual plan including through the stakeholder engagements carried out.

Utilization as Police Training Centre

Since late 2022 the building has been utilized by the Port Hope Police Service (PHPS) and other local police agencies for training purposes. The property has become an

important asset for training and cross agency coordination. The property currently lends itself well to a variety of training scenarios.

This partnership, carried out cooperatively with no formal agreement, and with no associated rental fees, has been tremendously beneficial to the PHPS. No local training facility is available, and given the nature of policing, maintaining training requirements is of top priority. The PHPS has indicated that having explored other options, no other viable locations have been found to be available for our use.

The property represents a facility that satisfies the many training needs exceptionally well according to the PHPS. The layout lends itself well for a variety of training techniques. The current training program is run alongside Cobourg Police Service. Training units are responsible for approximately 100 members from both services combined. This includes uniformed officers, detective constables, special constables, and auxiliary members. In addition to mandated training, each new hire, whether a recruit, experienced officer, or volunteer, requires specific training before they can be deployed operationally.

The current arrangement, while not including any rental fees, represents an investment in public safety on the part of the Municipality, and enables a unique collaboration of local services. The PHPS is aware that the property is being considered for declaration of surplus and sale and is actively researching alternative training facility options.

In addition to its current use, a small portion of the building has also been utilized as a storage site for various Municipal operations. Staff have indicated that should the property be sold, a couple days will be required to clear out storage materials which will need to be relocated to another Municipal facility to be determined.

Additionally, in 2023, Council considered a request from the Hope Agricultural Heritage Centre (HAHC) and provided them the small garage located on the property at no charge. The garage was subsequently relocated to the HAHC and has been utilized since that time.

Unfunded Asset

What is driving the consideration of declaring the property surplus and selling it on the open market that since the time of purchase, the property remains an unfunded asset. The original purchase value and related acquisition costs totaling \$571,430 are included in Municipal Capital Assets as unfunded. This has a negative impact on the Municipal cash flow. A funding source needs to be identified for this asset, which could include the proceeds on sale of the land and building.

Continuing to retain the property has an annual operating financial impact as it was purchased with the intention of generating revenue which has not occurred and every year the property is retained the Municipality incurs operational costs (heat, insurance, basic maintenance) for an asset that is not providing service to the community. Moving forward with declaring the property surplus and selling it is the most prudent step forward the Municipality could make at this time.

Discussion:

Declaring Surplus / Options for Sale

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By-law 88/2008 currently governs the sale of surplus municipal lands, outlining the processes for declaring property as surplus and disposing of it. This by-law is outdated, and a new version is being reviewed by legal counsel and is being contemplated in draft format as part of the ongoing Land Inventory review, to be presented to Committee of the Whole on December 3, 2024.

Under the by-law, Council must take the following steps to declare and sell surplus land:

- Pass a by-law or resolution to declare the property surplus.
- Obtain at least one appraisal to determine the fair market value of the land.
- Provide public notice of the proposed sale by publishing it in a local newspaper with general circulation, once a week for two consecutive weeks, at least 21 days before the sale.

Anticipating the declaration of the Property as surplus, Staff sought an updated appraisal of the property. The narrative appraisal received recently now identifies the fair market value of the property at \$590,000 to \$660,000.

In analyzing how the property sale should proceed, Staff looked at options available under By-law 88-2008 such as selling the property directly, utilizing a Realtor, conducting another RFP process, or selling the property by public tender process. Staff have determined the best option for this particular sale is to engage a Realtor and market the property accordingly.

Generally, this recommendation from Staff is based on the following:

- Maximizing revenue: Selling the property on the open market allows for competitive bidding, potentially increasing the sale price. By inviting the general public, the Municipality can access a larger pool of potential buyers who might be willing to pay more than those responding to an RFP, which is often targeted at specific types of developers or uses.
- Flexibility in use: An open market sale will not impose as many restrictions on property use as an RFP or tender process. This is appealing because the Municipality doesn't necessarily have strict requirements for how the property should be developed, allowing for a broader range of interested buyers.
- Simplified process: The RFP process can be complex and time-consuming. It requires setting specific requirements, evaluating proposals based on pre-set criteria, and negotiating with selected bidders. Open market sales are often more straightforward, with fewer administrative steps. Considering the previous attempt at an RFP process, the Municipality has a clear indication as to the amount of resources required to move such a process forward in comparison to hiring a Realtor and selling on the open market.
- Broader market appeal: The property's potential isn't necessarily limited to specific types of developers or uses, and selling on the open market can attract a more diverse set of buyers. This can be particularly beneficial for the Municipality as innovative uses or unique development ideas are difficult to develop and anticipate in an RFP.
- Market demand: It is difficult to gauge, but the Municipality may see a high demand for the property, and selling the property on the open market may

generate multiple offers, creating competition among buyers that may drive up the sale price.

Council is required by By-law 88/2008 to establish a minimum sale price prior to the sale of property. Staff recommend utilizing the evaluation noted in the recent appraisal as the minimum sale price. While it is difficult to estimate the offers that will be received at this time, it is anticipated, given the size of the property in question and its general state, that offers will satisfy the minimum amount. Following engagement with an appropriate Realtor, the anticipated sale price will become clearer. Council will likely receive offers to purchase in a closed session, as appropriate and in accordance with the open meeting exceptions in the *Municipal Act* and will have final determination as to the amount that is acceptable for sale of the property.

Notice of the declaration of surplus can take place immediately following consideration of this report. In the absence of a local newspaper, Staff will provide notice through regular communications channels and site signage.

Land Use Controls

The property is zoned Institutional Rural under the Municipality's zoning by-law. This designation allows for a limited number of institutional uses. The property is designated as Institutional Major under the Municipality's Official Plan. The permitted uses and the major aspects of the Zoning By-law are outlined in **Attachment 1**. These permitted uses include, but are not limited to, use art gallery, assembly hall, community centre, and school.

Following the sale, the Municipality would maintain regular planning controls over the property should the successful purchaser wish to develop the property in a manner not noted as a permitted use. If the purchaser intends to use the land in a way that does not conform to current zoning, the purchaser may apply for a rezoning or zoning by-law amendment. As always, this requires a public process and Council approval.

Financial Considerations:

The property was purchased by the Municipality for \$560,000 in addition to regular closing costs and associated expenses adding up to \$571,430. This amount was established as the minimum purchase by the school board, based on a narrative appraisal conducted in 2020. Staff and Council, at the time of purchase, considered the purchase price a good value considering the size of the property and its relative fair condition.

At the time of purchase, it was identified by Staff that an estimated annual amount of \$25,000 would be required to maintain the building in an unoccupied state. The estimate took into consideration estimated costs for natural gas, hydro, pest control, alarm system monitoring, boiler and plumbing maintenance, and miscellaneous general maintenance expenses. Costs for insurance coverage were not finalized at the time of purchase.

Since purchase, annual costs to maintain the building in its current state have been within the budgeted amount, but this does not take into consideration Staff time associated with maintenance and monitoring of the property. Facilities staff have also

provided grounds maintenance through their regular duties that have not been calculated.

The Municipality needs to fund the \$571,430 acquisition cost recorded for the property. If this does not occur as a result of the sale of the property, an alternate funding source needs to be identified. The most obvious alternate funding source would be to fund the property through an increase to the tax levy, which is not supported by staff considering the impact it would create.

New financial accounting standards require a liability to be established where there are asset retirement obligations associated with a building. As a result, the Municipality has a liability associated with this property. If the property is sold there would no longer be a liability which would have a positive impact on the Municipal Financial Statements.

Communication and Public Engagement:

In alignment with the Municipality's commitment to transparency and community engagement, a communications plan will be employed to inform the public about the surplus declaration and potential sale of the George Hamilton Public School property. Upon Council's decision to declare the property surplus, public notification will be provided in accordance with By-law 88/2008. This includes a formal announcement on the Municipality's website and digital platforms, ensuring the information is easily accessible to residents and stakeholders. Recognizing the absence of a local print newspaper, Staff will also post signage directly on-site at the property to increase visibility for community members who may not access online channels regularly. This multi-channel approach is intended to reach a broad audience, enhancing public awareness of the decision.

Should Council proceed with the open-market sale, Staff will likely coordinate with the Realtor to organize an on-site open house, providing interested parties—including residents and potential buyers—the opportunity to view the property firsthand. The open house would be advertised through the Municipality's communications channels in a way that maximizes reach. An open house would enhance transparency, allowing potential purchasers an opportunity to observe the property's condition and understand its potential.

As necessary, the Municipality will commit to providing regular updates on the property sale's progress through its website and social media channels, particularly if significant developments arise, such as the receipt of offers or Council's deliberations on final sale approval. These updates will clarify next steps, timelines, and any decision-making milestones, reinforcing the Municipality's dedication to keeping the community well-informed.

Conclusion:

In summary, the recommendation to declare the former George Hamilton Public School property as surplus and initiate a sale process aligns with the Municipality of Port Hope's financial and strategic interests. While initially purchased to explore potential economic development opportunities, evolving municipal priorities and the property's

current unfunded status make a sale the most pragmatic option at this time. Utilizing an open-market approach with the assistance of a Realtor is expected to maximize financial return, simplify the process, and attract a diverse range of potential buyers.

Attachments:

Attachment 1 – Zoning By-law Excerpt