

 GRAVENHURST <small>GATEWAY TO MUSKOKA</small>	THE CORPORATION OF THE TOWN OF GRAVENHURST	
	To:	Planning Council
	From:	Scott Lucas, A/Chief Administrative Officer & Director of Development Services
	Date:	August 25, 2015
	Subject:	Ryde School – Surplus Lands Process

RECOMMENDATIONS

The Acting CAO & Director of Development Services, in consultation with the Senior Management Team, recommends the following:

WHEREAS the Ryde School, located at 1624 Barkway Road, has been declared surplus by the Trillium Lakelands District School Board;

AND WHEREAS it has been deemed appropriate by the Town to purchase the lands for the purposes of transfer to the Ryde Co-op for its continued use as a “Community Hub”;

AND WHEREAS a base fair market value has been established by way of appraisal, and further consideration has been given to the condition of the building and recently released provincial framework on protecting and establishing “Community Hubs” across Ontario;

BE IT RESOLVED THAT staff be authorized to submit a bid by way of Agreement of Purchase and Sale, and conduct further negotiations for the purchase of the Ryde School in the amount of \$25,000, for the purposes of transferring the lands to the Ryde Co-op;

BE IT FURTHER RESOLVED THAT the funds for the purchase of the lands, come from the Community Re-investment Fund, to be reimbursed by the Ryde Co-op following transfer of ownership;

BE IT FURTHER RESOLVED THAT the Mayor and Clerk be authorized to enter into an agreement with the Ryde Co-op requiring the transfer to be completed and reimbursement of purchase price and Town, or portion thereof; and

BE IT FURTHER RESOLVED THAT the agreement with the Ryde Co-op contains, amongst other clauses, a first right of refusal in favour of the Town of Gravenhurst for the sum of \$1.

PURPOSE

The purpose of this report is to provide Council with background and alternatives to a proposed bid on the Ryde School property, which was recently declared surplus by the Trillium Lakelands District School Board.

BACKGROUND AND ANALYSIS

The Trillium Lakelands District School Board (TLDSB) has declared the Ryde School surplus as of May 12, 2015 and the Chief Administrative Officer (past and present) has been conversing with the Ryde Co-op and TLDSB on alternatives for acquisition. Ontario Regulation 444/98 of the Education Act requires TLDSB to offer at market value (not defined) to various agencies including Town and the deadline for those agencies to submit an offer was August 15, 2015. That date has been extended for the Town to allow for a scheduled Council meeting to occur. If no bids were submitted by that date, the property would then be placed on the open market. The prioritization of agencies is listed as follows:

1. The first 7 on the list are various School Boards, Community Colleges and Universities;
2. The Government of Ontario is 8th on the list;
3. The Town is 9th on the list; and
4. The District of Muskoka and Government of Canada follow the Town on the list.

Staff is of the understanding that no agency had expressed an interest in the lands/building prior to the deadline. Offers submitted must be at market value according to the Regulation. That said, if the TLDSB and agency disagree on market value, there is a 30-day period during which the value can be negotiated. Accordingly, the agency would amend its offer. If a price cannot be agreed to, the agency would then:

- a. Withdraw the offer; or (10) (3) (b) (i)
- b. Refer to binding arbitration (10) (3) (b) (ii).

It has been made quite clear from the Ryde Co-op that they wish to receive ownership of the building and believe they have the means and resources to maintain it. This was formalized at a membership meeting held on August 8th, 2015. As part of the acquisition of the property, the Co-op have canvassed their membership and have indicated that they will fundraise a maximum of \$50,000 as part of the contribution to its purchase. Of course, it's difficult to detail exactly what the contribution would be towards the purchase of the lands given that the purchase price has not been established. Ideally, the purchase price would be low enough to allow a good portion of those funds to be used for the more urgent capital improvements the building will require.

Assuming an agreement is reached with the TLDSB, staff is recommending that prior to the transfer of the lands, an agreement be entered into between the Town and Co-op, which details the nature and timing of contributions, amongst other items. It is anticipated that some level of continued subsidy will be required following acquisition, which should be detailed in that agreement. It should be noted that the Co-op is quite effective as a group in applying for funding opportunities and has formed a fundraising committee. These opportunities will be critical to the long term sustainability of the building.

Property/Use Details

1. 5.07 acres
2. Building is 3250 square feet
3. Assessed Value: \$196,000
4. Zoning: Institutional allows:
 - a. Educational Establishment
 - b. Hospital
 - c. Library

- d. Medical Clinic
 - e. Nursing Home
 - f. Place of Assembly
 - g. Recreation Centre
 - h. Religious Institution
 - i. Residential Care Facility
 - j. Residence accessory to above uses
5. Town Lease - 1 Year Lease July 8, 2003 : Town and School Board
- a. Two 1 year renewal options expired on June 30, 2006
 - b. \$2.00 per year
 - c. Lease provision that if Province of Ontario changes legislation to permit sale for less than appraised value, Town had right to purchase for nominal sum.
6. Ryde Co-op - Town Sub-leased to the Ryde Co-op: June 2013 to May 2016
- a. Nominal rent
 - b. Co-op pays operating costs, utilities, snow removal, etc.
 - c. Town provides financial assistance of approximately \$6,000 annually
7. The annual taxes would be in the neighbourhood of \$2,800.

As part of the due diligence process, staff undertook to have an appraisal completed on the property. This appraisal did not consider the condition of the building from a contamination standpoint, nor did it consider the recently released provincial document entitled “Community Hubs in Ontario: A Strategic Framework & Action Plan”, which has been enthusiastically endorsed by Premier Wynne.

Respecting the condition of the building, extensive renovations would be required to bring the building up to a usable/sustainable standard at a great cost. A Hazardous Building Materials Assessment was undertaken in August, 2013, and a subsequent engineering analysis of the roof structure was conducted, both of which identified issues/challenges with the building. In discussions with the Senior Management Team, it is worth noting that if the lands were purchased for municipal facilities, in all likelihood, we would recommend the demolition of the building and replacement with a new structure based on the degree of upgrade required and presence of contaminants.

In addition, staff has reviewed the “Community Hub” document, which makes extensive reference to disposition and use of surplus school properties. Attendees at the recent AMO Conference attended sessions on this framework and staff subsequently discussed the implications of the framework with the Ministry of Education and author of the document. More specifically, it recommends amendments to the Regulation (O.Reg 444/98) contained in the Education Act, to provide flexibility in the requirement for school boards to obtain “fair market value” for disposition of surplus schools, and further recommends an expanded timeframe for agencies to submit bids. While we understand the regulatory changes will take some time, it is staffs opinion that the nature and intent of the recommendations should not be disregarded in the meantime.

CONCLUSIONS

In review of the above, staff would recommend that consideration be given to submitting an offer to purchase the property at what the Town believes to be fair market values based not only on the appraised value of the lands, but taking into consideration the condition/limitations of the building and the recent document released by the province respecting the establishment of “Community Hubs”. If the TLDSB does not accept the initial offer, a 30-day negotiation period would commence.

If successful, the lands would then be transferred ownership to Ryde Community Co-op and subject to an agreement detailing the nature and conditions of the transfer. Any agreement related to the purchase or transfer of the property would require Council approval.

FINANCIAL IMPLICATIONS

The financial implications would be tied to the ultimate purchase price for the lands, the fundraising success of the Ryde Co-op and the agreement between the Town and Ryde Co-op respecting the nature and timing of contributions.

ATTACHMENTS

1. Resolution

Respectfully Submitted:

Authored by: Scott Lucas, Director of Development Services and A/Chief Administrative Officer