



DATE: 7/11/2024

SUBJECT: 425 River Road West Facility - Highest and Best Use Proposal

CONTACT: Chris Roos, Director of Recreation & Facilities
Jocelyn Lee, CFO and Treasurer

REPORT NUMBER: 2024/07/11-01

RECOMMENDATION:

1. **THAT** the report titled: 425 River Road West Facility - Highest and Best Use Proposal to Council be received; and
2. **THAT** Council deem the 425 River Road West property surplus; and
3. **THAT** Council direct the CAO to place the property for sale at the appropriate time as per discussions in the attached business case.

EXECUTIVE SUMMARY:

- Following a report to Council in June 2023 staff were unsuccessful in securing a consultant proposal to complete a single overarching study to inform Council on the highest and best use alternatives for the old arena property.
- In order to expedite the gathering of required information recreation and facility staff internally reviewed recreational programming gaps, an operating pro-forma to maintain the old Wasaga Stars Arena as a fieldhouse, Building Condition Assessment and alternative programming solutions should the entire property be deemed surplus.
- Ten year fieldhouse business plan recovers \$1.2M in capital improvement requirements over about nine years. Operating expense break even point is 75% of total projected revenues over first five years and just 50% of projected revenues over next five years.
- A financial review was also done to understand the implications on the Town's cash flow as it relates to the highest and best use of the old arena property as well as evaluating potential real-estate revenues.
- Recommendation for highest and best use of the property is to sell the lands and use the proceeds to fund the 10-Year Capital Forecast – financial gap, to advance the Beachfront Development.

BACKGROUND:

On June 8th 2023 Council approved staff to develop and publish a Request for Proposals (RFP) to engage a consultant to complete the following for the Old Wasaga Stars Arena facility and property:

- Indoor Recreational Needs Assessment,
- Building Condition Assessment and costing,
- Business Case, including cost benefit analysis to inform a highest and best of the property
- Land Appraisal

On March 8, 2024, RFP # R&F-2024-01 was issued and subsequently closed April 3, 2024. There were seventeen (17) plan takers; however, only one proposal was received. The proposal was evaluated by a team of staff including the General Manager of Community Services, Facilities Manager, Supervisor of Recreation Services and the Director of Recreation and Facilities. The single proposal was rejected as technical bid scoring fell below the required minimum scoring threshold and the proposal did not satisfy the overall terms of reference. It is believed that the lone submission was due to the broad scope range requiring recreation knowledge, engineering/condition assessment expertise, finance and development/real estate expertise.

In early May, a staff working group comprised of the CAO, Deputy CAO, GM of Community Services, the Treasurer and the Director of Recreation and Facilities met internally to see how best to move the subject report forward such that Council can make an informed decision related to the former arena facility and property at 425 River Road West. It was acknowledged that this working group could prepare a detailed report for Council's consideration in lieu of going back to the market with another scoped/refined RFP.

DISCUSSION:

Staff have considered three options: to repurpose the former arena as field house recreation facilities; sell the property outright to address the significant funding gap; or develop the property through a public private partnership for affordable housing. The attached business case document titled 425 River Road West Facility – Highest and Best Use includes extensive analysis to support a Council decision on the future of the Town asset.

CORPORATE IMPLICATIONS:

Financial Implications:

The financial implications for the option recommended will resolve a significant cash flow funding problem which if not addressed would cause the Beachfront Development project to halt.

The option to repurpose the former arena as a fieldhouse recreation facility would require a capital investment of approximately \$1.2M over the next five years. Revenue projections reflect the investment would be covered within a nine year period. An additional \$1M capital investment may also be required, however a revised facilities condition assessment would be necessary to confirm.

The third option for a public private partnership was not assessed financially as details were not provided, and the above two options were of higher priority to the Town.

Term of Council Priorities (TOCP):

In concert with the Improve Community Parks & Recreation section of Council priorities this report supports 27: Feasibility study to determine highest and best use of the former arena.

In addition, the report supports TOCP Complete Communities – Redevelop the Beachfront and Rebuild Beach Drive.

In line with the pillar Diversify the Economy – Maximize Value Creation – Undertake a review of Town surplus lands.

Finally, the report supports the Well Run pillar under Financial Sustainability – Build the Town reserves back up.

CONCLUSION:

Staff have developed a cost neutral projection of how the facility could be maintained for recreational purposes for a ten-year period, with an additional cost of \$1M to be reconfirmed by a new facility condition assessment.

Staff have considered Council's priorities including the Beachfront Development and the corporate financial position in relation to those priorities.

Staff have gathered the required elements, where necessary, to inform Council with information surrounding the highest and best use of the former arena property and buildings and are recommending Option 2, the sale of the property 425 RRW and allocation of about \$5.5 of the proceeds towards the funding gap to advance the Beachfront Development.

Authored by:

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