

Town of Whitby

Staff Report

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Report Title: Declaration of Surplus – Town-owned lands at Cochrane Street and Highway 407

Report to: Committee of the Whole

Date of meeting: October 28, 2024

Report Number: FS 38-24

Department(s) Responsible:

Financial Services Department

Submitted by:

Fuwing Wong, Commissioner, Financial Services / Treasurer

**Acknowledged by M. Gaskell,
Chief Administrative Officer**

For additional information, contact:

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1. Recommendation:

1. That a portion of Town-owned lands being approximately 34.8 acres and legally described as Part of Lot 29, Concession 6, Township of Whitby, Part 1, Plan 40R-30411, PIN 26571-0280 (LT), save and except the most suitable two (2) acres for construction of a fire station, (the "Property") be declared surplus and sold as outlined in Staff Report FS 38-24;
2. That the Town provide public notice of its intention to declare the Property surplus and report back to Council on any written objections received, in accordance with Town Policy F 190;
3. That, should the Town proceed with the disposition of the Property, staff be directed to:
 - a. retain a third-party consultant to determine the optimal location on the land for a future two (2)-acre severance for a fire station;
 - b. retain an Ontario Land Surveyor to complete a new reference plan for the Property;

- c. retain a registered real estate brokerage or agent to represent the Town and assist with the market sale of the Property;
 - d. negotiate an agreement and purchase and sale and that staff be authorized to conditionally accept the highest qualified bid received at or higher than the fair market value outlined in Staff Report FS 38-24, and subject to Council's approval of the terms of sale;
4. That the Chief Administrative Officer and the Commissioner, Financial Services and Treasurer be authorized to undertake the necessary actions to execute any real estate brokerage or agent documents, and execute the conditional agreement of purchase and sale with such documents and agreement in a form satisfactory to the Commissioner, Legal and Enforcement Services/Town Solicitor, or designate;
5. That a Hospital Reserve Fund be established and Staff bring forward a Hospital Reserve Fund Policy for Council approval; and,
6. That the Net Proceeds from the sale of the Property be allocated as follows:
 - a. \$1,812,511.33 to the Operations Development Charges Reserve Fund;
 - b. \$420,914.65 to the Fire Development Charges Reserve Fund; and,
 - c. The balance to the Hospital Reserve Fund.

2. Highlights:

- The Town-owned lands at the north-west corner of Cochrane Street and Highway 407 was originally acquired for a Fire station, Fire training facility and Operations satellite facility.
- Due to lack of servicing in the area, the planned Fire training facility design and construction has started at an alternate site. Further, an Operations satellite facility location further north would better match planned growth and service delivery requirements. Accordingly, it is recommended that the Property be declared surplus and sold.
- Two (2) acres of the lands will be retained by the Town for a future Fire station (Fire Hall #7).
- If the Town moves forward with the proposed property disposition, the Net Proceeds from the sale will first replenish development charge reserve funds with the balance to be allocated to a new Town Hospital Reserve Fund.
- The Hospital Reserve Fund will be used to pay for the Town's portion of a local share of costs for a future hospital to be located in Whitby (i.e. the portion of hospital development and equipment-related costs that is not funded by the Province of Ontario).

3. Background:

The Town owns a total of approximately 34.8 acres of land at the north-west corner of Cochrane Street and Highway 407 (see Attachment A to this report):

- the land is legally described as Part of Lot 29, Concession 6, Township of Whitby, being Part 1, Plan 40R-30411, Town of Whitby, PIN 26571-0280 (LT);
- Two (2) acres of the land described above is planned to be used for a future fire station (Fire Hall #7).
 - Subject to Council approval of this report, staff will retain a third-party consultant to determine the optimal location on the land, to sever approximately two (2) acres, for the future fire station (i.e. the Town will be retain two (2) acres for Fire Hall #7).
 - The balance of the Town-owned property, being approximately 32.8 (= 34.8 – 2) acres, (the "**Property**"), is considered surplus and proposed to be sold.

The approximately 34.8 acres was purchased in 2019 for \$4,785,000 with the intention of constructing a future Fire Hall (#7), Operations satellite facility, and Fire training complex. However, the site is still not serviced and the Town has started design and construction of a Fire training facility at the Town-owned property on McKinney Drive, near the Whitby Fire and Emergency Services headquarters. Further, the land at Highway 407 and Cochrane is relatively close to the existing Operations Centre at Taunton Road East and McKinney Drive. Given the planned growth in north Whitby, a satellite operations facility further north would better match service delivery requirements with future growth.

Accordingly, staff recommend that Council declare the Property surplus to the Town's needs and pursue a sale of the Property. Two (2) acres of the lands will be retained by the Town for a future Fire Hall, the seventh fire station within the Town. Once the optimal location of the two acres has been determined, the Town will hire an Ontario Land Surveyor to complete a Reference Plan for the Property such that the two acres may be retained by the Town and the remaining approximately 32.8 acres may be sold.

4. Discussion:

The disposition of Town-owned land (including sale or long-term lease) is guided by Town Policy F 190 - the "Acquisition, Sale or Other Disposition of Land Policy". Policy F 190 outlines the following process for the disposition of Town-owned land:

- Obtain the fair market value of the Property via an appraisal report from a qualified appraiser;
- Provide public notice which includes:
 - posting a sign on the Property for not less than ten days;
 - an advertisement in a newspaper having general circulation within the Town; and
 - posting notice on the Town's website;

- Provide the public an opportunity to submit written objections (including the person’s name, address and reason(s) for objecting) to the Town within 20 days after notice is provided;
- Staff are to prepare a report to Council outlining the objection(s) received and provide recommendations to Council regarding the subject Land.

Subject to Council approval of this report, Staff will prepare public notice in accordance with Town Policy F 190.

Disposition of Property via Multiple Listing Service (MLS)

Staff recommend retaining a real estate brokerage or agent and listing the Property on the Multiple Listing Service (“**MLS**”) and selling the Property at the highest offer received at or above the fair market value/list price as outlined in the Confidential Memo related to this report.

Should the Town proceed with the disposition of the Property, Staff will retain a commercial real estate brokerage or agent to list the Property and act on behalf of the Town for the real estate transaction.

Fair Market Value

The fair market value of the Property was determined through a land appraisal completed by Colliers International dated September 19, 2024. More information is available in the Confidential Memo related to this report (see the confidential memo on the October 28, 2024 Council and Standing Committee Correspondence agenda).

It is recommended that Staff be authorized to conditionally accept the highest qualified offer at or above the fair market value. The conditional acceptance allows for Staff to present the conditional Agreement of Purchase and Sale (and any related conditions) to Council for final review and approval.

5. Financial Considerations:

The original purchase of the land was funded via a debenture, issued through the Region of Durham, to be repaid from Fire and Operations Development Charges. Accordingly, it is recommended that the proceeds, net of costs such as appraisal, land surveyor, real estate broker commissioner/fees, and registration fees, (“**Net Proceeds**”) first be used to repay the Fire and Operations Development Charge reserve funds as follows:

\$1,812,511.33	Operations Development Charges Reserve Fund;
<u>\$ 420,914.65</u>	Fire Development Charges Reserve Fund
<u><u>\$2,233,425.98</u></u>	

Since the Town will retain a portion of the lands for a Fire Hall, the calculations above exclude repayment to the Fire Development Charges Reserve for the future Fire Hall #7.

It is further recommended that the balance of the Net Proceeds be allocated to a new reserve fund, a Hospital Reserve Fund, to be established for the Town's portion of a share of development and equipment-related costs for a future hospital, to be located in Whitby, that is not paid by the province (the "**Local Share**"). The Local Share is generally funded by the local/regional municipal contributions and hospital foundations (e.g. through fundraising campaigns). The amount of the Local Share is currently not determined as it is based on projected land, construction, and furniture, fixture & equipment costs for the Whitby hospital which is currently not available. However, Local Share's paid by other municipalities in recent years indicate that the Town of Whitby's portion of the Local Share could be quite significant:

- The City of Vaughan contributed \$86 million for the Cortellucci Vaughan Hospital land purchase (~ 2016). The Region of York contributed \$143 million.
- The City of Brampton contributed \$62.5 million for the redevelopment and expansion of Peel Memorial Hospital and a Cancer Care Centre (2022)

Beyond the Town's prior land purchase commitment for the hospital, the Town's portion of the Local Share might not be needed for over 10 years. Setting up the reserve now allows it to grow through compound interest and other investment income. Future reports will detail how the Town's portion of the Local Share could be raised and policies for the Hospital Reserve Fund.

6. Communication and Public Engagement:

Town Policy F-190 regarding the Acquisition, Sale or Other Disposition of Land Policy, requires public notice following the Town's declaration of lands to be surplus, which includes:

- posting a sign on the Property for not less than ten days;
- an advertisement in a newspaper having general circulation within the Town – this will be the Brooklin Town Crier; and
- posting notice on the Town's website.

Further, in accordance with the Policy, any person may submit an objection, in writing, to the Clerk 20 days after notice is provided. The objection shall include the person's name, address and reason(s) for objecting. In accordance with the policy, staff will prepare a report to Council outlining objection(s) received, if any, and provide a recommendation to Council. If no objection is received, Council's decision to declare the Lands surplus shall be final.

7. Input from Departments/Sources:

The proposed sale of the Property was circulated to all Town departments. Other than Whitby Fire and Emergency Services identifying a need to retain two (2) acres for a future Fire Hall (#7), no other concerns or Town needs for the Property were identified.

In addition, Legal Services has reviewed this report and has provided advice regarding this matter and will assist to retain the surveyor and real estate brokerage or agent and facilitate the negotiation of the agreement of purchase and sale of the Property, if approved by Council.

8. Strategic Priorities:

The Net Proceeds from the sale of the Property will be allocated to a Town Hospital Reserve Fund to pay for the Town's portion of the Local Share of development and equipment-related costs for a future hospital to be located in Whitby. This supports Action 1.1.1 – Advocate for and secure property of a new hospital (Objective 1.1 Improve community safety, health, and well-being, Strategic Pillar 1: Whitby's Neighbourhoods) of the Town's Community Strategic Plan.

9. Attachments:

Attachment 1 – Map of Town-owned subject lands