

Information Report



Service Area	Infrastructure, Development and Enterprise Services
Date	Friday, October 14, 2022
Subject	Real Estate Assets Report

Executive Summary

Purpose of Report

The purpose of this report is to provide an update on the properties of interest identified in report [IDE 2021-277-Real Estate Assets Update](#). This report will focus on and provide key updates and next steps for the following three properties:

- 606 Massey Road
- 72 Farquhar Street – Drill Hall
- 880 Victoria Road South – Carter Farm

Updates are also provided within this report for the remaining three properties below which include:

- 14 Edinburgh Road
- 341 Forestell Road
- McQuillan's Bridge, Stone Road East (Structure 116)

Key Findings

The key findings for the above-mentioned properties are as follows:

606 Massey Road

The property at 606 Massey Road is vacant land and the 2021 Real Estate Assets report recommended the property be sold, if a suitable City use cannot be determined. The City has identified an opportunity to utilize the site as a soils re-use site, depositing soils from upcoming large capital projects to level the site and help with inflationary pressures for the project capital budgets. Staff are currently investigating this option further with the Strategic Real Estate Task Force and the individual capital project teams to confirm if there is a financial benefit to the City. If deemed favourable, a soils re-use site would be implemented by staff at 606 Massey Road for 2023 to coincide with the anticipated start of construction for Baker District.

72 Farquhar Street - Drill Hall

Stabilization works are ongoing and are forecasted to be completed in Q4 2022. Currently the projected final cost for the project is \$5.2 million, approximately \$700,000 more than budgeted, due to impacts from inflationary pressures, the neighbouring Metrolinx project coordination, delays due to the carpenter union strike, and additional scope to stabilize the heritage building structure.

A Request for Proposal for the end use of the facility is scheduled to be released in early 2023 following the completion of the stabilization works, as the City currently has no proposed use for the building and is being coordinated with the City's Strategic Real Estate Task Force.

880 Victoria Road South – Carter Farm

The property at 880 Victoria Road (Carter Farm) has no defined City use. Staff are preparing a Request for Expression of Interest for the farmhouse to determine if there is a suitable use for the building from the community. The request for expression of interest is expected to be released in Q4 2022. Following completion of the request for expression of interest, staff will review options to determine next steps including a review with the City's Strategic Real Estate Task Force.

Financial Implications

606 Massey Road: The review of cost savings and potential increased property value associated with depositing excess soil from large capital facilities projects is underway; should this be deemed financially favourable to the City, staff will implement this initiative utilizing funding from existing approved capital project budgets in 2023.

72 Farquhar Street - Drill Hall: stabilization works at the Drill Hall are trending over previously anticipated budgets by \$700,000. This budget deficit is being funded through the prioritization of capital projects and delegated authority provided on April 25, 2022. After stabilization works are complete, the estimated cost of maintaining this property on an ongoing basis is \$15,000 per year for the short-term future.

Report

Details

The updates on the listed properties of interest are given below, based on the background information which can be referenced in report [IDE 2021-277-Real Estate Assets Update](#).

606 Massey Road

Heritage Status: This property is not designated or listed on the City's Municipal Register of Cultural Heritage Properties.

Acquisition Background: The property was acquired as part of a larger parcel in 1973 for future extension of Campbell Road and creation of small industrial lots. Most of the industrial lots were sold; this parcel was retained. An extension of Campbell Road, Massey Road or Independence Place is not identified or referenced in the current Official Plan.

Future Use: In report [2021-277 - Real Estate Assets Update](#), this property was identified as recommended to sell the lands "as is" for industrial use should it be confirmed that there is no use for the lands within the City. Staff are currently reviewing if using the site in the short term as a soils re-use site would provide an overall financial benefit to the City.

Property Update: The City has identified that the property could be utilized as a soils re-use site to help mitigate tipping fees and reduce transportation costs, saving money on upcoming large capital projects. The use of the site as a soils re-use site would not affect any long-term opportunities for the site. Staff are currently investigating this option further with the project teams from South End Community Centre and Baker District to estimate the financial benefit to the City. If deemed favourable, this would be implemented by staff in conjunction with the City's Strategic Real Estate Task Force at the 606 Massey Road site for 2023 to coincide with the projected start of construction for the Baker District.

880 Victoria Road South – Carter Farm

Heritage Status: In 2021, the Township of Puslinch listed the Caulfield-Carter farmhouse on their heritage register under section 27 of the Ontario Heritage Act.

Acquisition Background: The property was purchased as part of land assembled for source water purposes and came into City ownership in multiple phases between 1916 and 1983.

Future Use: Retain the lands for continued water production.

Property Update: The City has begun works to stabilize the building and will complete the scope of work in 2023 as per the approved plan and budget in 2021. The City has also been developing a request for expression of interest for the site to determine a suitable use for the house meeting the requirements of the City, while the surrounding lands are retained for water production by the City. The request for the expression of interest is expected to be issued in Q4 2022, and once complete options will be reviewed with the City's Strategic Real Estate Task Force.

72 Farquhar Street – Drill Hall

Heritage Status: Designated in 2018 pursuant to Part IV of the Ontario Heritage Act through By-law (2018)-20332.

Acquisition Background: Transferred from Metrolinx as a result of a land exchange in October 2017. The asset formed a part of the City's contribution to extending GO Train service to Guelph.

Property Update: Stabilization works are expected to be completed in November 2022. The expected final total for stabilization of the building is \$5.2 million (the 2021 report indicated a total of \$4.5 million). This is due to inflationary pressures, coordination, and delays with adjoining Metrolinx projects, a carpenter union strike and site conditions during construction requiring additional remedial work for some areas. Included in this cost are one-time capital costs to help secure and prepare the building for a period of inactivity until a suitable use can be determined.

A Request for Proposal for the end use of the facility is scheduled to be released in early 2023 once stabilization works have been completed as the City currently has no proposed use for the building, which is being coordinated with the City's Strategic Real Estate Task Force.

341 Forestell Road

Heritage Status: Designated in 2003 pursuant to Part IV of the Ontario Heritage Act through By-laws (2003)-17260 and (2011)-19159.

Acquisition Background: The property was purchased as part of the Hanlon Creek Business Park Land Assembly in 2001.

Future Use: The lands surrounding this house have been identified by Water Services as a potential future production water well site, and the house would then be re-purposed as a well house.

Property Update: Stabilization works on the house have started in 2022 and are expected to be completed in 2023 as per the approved plan and budget from 2021. The Guelph South Water Supply Well Environmental Assessment study is currently ongoing to determine if the property and building could be utilized as a drinking water well site. This property is included in the land to be conveyed to the purchaser in the Hanlon Creek Business Park – Phase 3 sale, as outlined in report [2022-313 – Hanlon Creek Business Park – Phase 3](#), Agreement of Purchase and Sale Execution, however the City will maintain a long-term lease with an option to repurchase in the future.

McQuillan’s Bridge, Stone Road East (Structure 116)

Heritage Status: The bridge was designated in 2004 pursuant to Part IV of the Ontario Heritage Act through By-law (2004)-17357.

Acquisition Background: The bridge was built in 1916 and is located within the original Stone Road alignment and still considered part of the public highway.

Property Update and future steps: Subject to the multi-year capital plan approval and priority setting, the City will initiate a Municipal Class Environmental Assessment in 2024 or 2025 with design and construction forecast for 2028 and 2030, respectively.

14 Edinburgh Road (Pottery)

Heritage Status: This property is not designated or listed on the City’s Municipal Register of Cultural Heritage Properties.

Acquisition Background: The property was purchased in preparation for a future grade separation of the railway tracks at Edinburgh Road South.

Property Update and future steps: The City is currently investigating moving the pottery programming into an Arts Hub at the West End Community Centre. If the pottery studio is able to move into West End Community Centre, then the City will review if there are any other temporary uses for the building through the City’s Strategic Real Estate Task Force, until the property is required for a grade separation of the railway tracks at Edinburgh Road South.

Financial Implications

606 Massey Road: The review of cost savings and potential increased property value associated with depositing excess soil from large capital facilities projects is underway; should this be deemed financially favourable to the City, staff will implement this initiative utilizing funding from existing approved capital project budgets in 2023.

72 Farquhar Street – Drill Hall: stabilization works at the Drill Hall are trending over previously anticipated budgets by \$700,000. This budget deficit is being funded through the prioritization of capital projects and delegated authority provided on

April 25, 2022. After stabilization works are complete, the estimated cost of maintaining this property on an ongoing basis is \$15,000 per year for the short-term future.

For the remaining properties of interest, which include 14 Edinburgh, 341 Forestell, 880 Victoria Road South (Carter Farm), and McQuillan's Bridge Stone Road East (Structure 116), the properties have financial impacts as per the previously approved capital and operating budgets, or as indicated in the multi-year capital budget forecast.

Consultations

Shanna O'Dwyer, Acting City Treasurer / General Manager, Finance

Krista Walkey, General Manager, Planning and Building Services

Terry Gayman, Acting General Manager, Environmental Services

Steve Anderson, Acting General Manager, Transportation and Engineering Services

John Regan, General Manager, Economic Development & Tourism

Danna Evans, General Manager, Culture and Recreation

Christopher Cooper, General Manager, Legal, Realty and Court Services / City Solicitor

Strategic Plan Alignment

Building our Future – Managing our existing infrastructure and maintaining existing assets to maximize funding and resources for improved value to the community.

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