

Information Report

Service Area	Infrastructure, Development and Enterprise Services
Date	Friday, December 1, 2023
Subject	Real Estate Assets Report

Executive Summary

Purpose of Report

This information report provides an update to Council on the properties of interest identified in Information Report [Real Estate Assets Report – 2022-314](#). Reporting on City-owned real estate assets commenced in 2019 to provide Council with regular updates on City-owned under-utilized real estate properties that have no defined use through capital programs of work, master plans or other future City plans. This information report builds on the recommendations from the 2022 report. The properties in this report include:

- 606 Massey Road
- 72 Farquhar Street (Drill Hall)
- 880 Victoria Road South (Carter Farm)
- 14 Edinburgh Road (Pottery)
- 341 Forestell Road
- McQuillan’s Bridge, Stone Road East (Structure 116)

Future real estate asset reporting will be updated to reflect the 2024-2027 Strategic Plan, that includes maximizing Guelph’s real estate opportunities to support growth and aligned with annual Key Performance Indicator (KPI) monitoring and reporting. The authorship will transition to the Strategic Real Estate division with input from key City departments including, but not limited to, Facilities and Energy Management, Finance, Planning and Building and Legal, Realty and Court Services.

Key Findings

In 2023, City staff moved forward with the following initiatives on the following real estate properties:

- 606 Massey Road: This property is being used as a soils re-use site by the City with two beneficial purposes. Firstly, using the site for soil re-use for excess soils from other City project sites has the potential to save the City a substantial amount of money on current and future capital projects by utilizing approximately 130,000 cubic meters of soil that would otherwise need to be paid to dispose of through the individual capital projects. Secondly, the excess soil is leveling the site and increasing the long-term developability and overall value of the property. Once this phase of work is complete, and the site is

levelled, the site will be evaluated by the Guelph Strategic Property Committee to determine the best future use for the property on a move forward basis.

- 72 Farquhar Street (Drill Hall): The City released a request for expression of interest for use of the Drill Hall and is currently reviewing the responses. Council will receive an update with recommendations in the second quarter of 2024.
- 880 Victoria Road South (Carter Farm): The City released a request for expression of interest and has reviewed the submissions. Based on the proposal received, there is not an acceptable submission that aligns with the best interests of the City. This property is part of an ongoing analysis and community engagement consultation led by Water Services. As part of this work City staff will explore the feasibility of moving the house located on the property to a location that is more amenable to re-use of the existing heritage building and less impactful to the operational area of the property. The conclusions of the community engagement will be reported to Council and will include recommendations to inform future decision making. If feasible, this will provide value to the house and provide more options for the repurpose or re-use of the property.

Strategic Plan Alignment

This report aligns with the City Building strategic priority by caring for our community spaces and places and the Foundations priority maximizing Guelph's real estate opportunities to support growth. Many of the properties presented are designated heritage properties pursuant to Part IV of the *Ontario Heritage Act*, R.S.O. 1990, c. O.18 with maintenance of these buildings and structures supporting our community and cultural heritage.

Financial Implications

Many of the properties listed have ongoing financial costs for maintaining, monitoring, or converting these properties into functional public space and have been included in the multi-year budget as appropriate, and where a defined use for the property is known. Locations that still have an undefined long-term use include the Drill Hall and the Carter Caulfield Farmhouse at 880 Victoria Road.

City staff have been able to repurpose 606 Massey Road for soils re-use, saving the City approximately \$300,000 in 2023 and will continue to help relieve inflationary impacts on current and future capital projects over the next few years until the site has reached capacity and can then be repurposed or sold per the City's Policy for the Sale and Disposition of Real Property Interests.

Report

Details

This information report is a continuation from past Real Estate Assets Reports that identifies City-owned under-utilized real estate assets within the City of Guelph. The original report in 2019 identified eight properties that were under-utilized. Since the inception of the Real Estate Assets Reports, two of the City-owned real properties have been programmed and are part of the City's actively used sites and are no longer part of this report. Currently the list of properties includes six properties, and of those properties, advancement has been made in each of the individual files

to help the City either dispose of the property or turn the assets into functional spaces that provide a benefit to the City.

Moving forward, Real Estate Assets Reports will be transitioned to the City's Strategic Real Estate Property Group for updates to City Council on the existing properties herein and any future City-owned under-utilized properties.

The information on each individual property is indicated below:

606 Massey Road

606 Massey Road is a property of approximately 4.5-hectares, with a small portion that is currently leased to Metrolinx until 2029. The property was originally retained by the City for future road allowances and the creation of small industrial lots but is no longer required for the original intended use. Previous Real Estate Assets Reports indicated that this property was to go through the City's disposition process but since that time the Massey Road property was identified as a soils re-use site. Given the site topography, City staff have determined that using the property to deposit clean soil has the potential to offer significant financial savings on large capital City projects over the next few years.

In 2023, City staff completed the investigation and consultancy works to utilize the property as an excess soils re-use site. The City has invested approximately \$350,000 into the use of the property but has realized an approximate savings of \$625,000 in this calendar year largely on two capital projects, Whitelaw Road Reconstruction and the Baker District Redevelopment. The City will continue to utilize the property over the next number of years as a soils re-use site to level the site and prepare it for development. Given that the initial costs in 2023 included background investigation works and site preparation, the ongoing operational costs will be less in future years with the potential for larger savings. Once the property has reached capacity as a soils re-use site, City staff will then review options to re-purpose the property for the City's needs, explore how the property may support growth, or whether disposition would be a viable option.

Given that this property has a defined path, this property will be removed from Real Estate Assets Reports in future years unless the proposed direction for the property changes in future years.

72 Farquhar Street (Drill Hall)

The Drill Hall, located at 72 Farquhar Street was acquired from Metrolinx as part of a larger property exchange in 2017. The building was designated pursuant to Part IV of the *Ontario Heritage Act*, R.S.O. 1990, c. O.18 through By-law (2018)-20332. Since that time, the City of Guelph has been looking to make critical repairs to the building structure and working to find a future use for the building. This includes a market sounding study in 2021 which was included in the 2021 Real Estate Assets Report. The 2021 Real Estate Assets Report indicated that there was little interest from the private development community due to the building location, size, heritage protection and lack of parking.

The stabilization efforts for the Drill Hall's structure were completed in early 2023, and a subsequent request for expression of interest was released by the City in the third quarter of 2023. Currently City staff are reviewing the proposals received and will come back to Council in the second quarter of 2024 for an update and recommended path forward for the Drill Hall.

880 Victoria Road

The property at 880 Victoria Road includes the Carter-Caulfield Farmhouse, which is vacant. The Carter-Caulfield Farmhouse is currently being considered for designation under Part IV of the *Ontario Heritage Act*, R.S.O. 1990, c. O.18 by the Township of Puslinch. City staff are currently undergoing a process to develop a Property Management Plan at 880 Victoria Road to better define the future requirements of this property.

In 2023, the City released a request for expression of interest and received one response. The proposed intended use by the respondent did increase the risk overall to the shallow aquifer located on the property and the City's drinking water supply. City staff are investigating relocating the farmhouse to another location on the same property that is a lower risk to the aquifer, would provide higher visibility and easier access to the building. If relocated, this would allow the property and heritage building to be re-purposed for active use. If feasible, the new location would be severed and sold with the farmhouse to finance the move and allow the ongoing use and visibility of the heritage asset.

This evaluation will continue, and if feasible, City staff will inform Council and outline a recommended course of action in a future Council report.

This property is also part of an ongoing analysis and community engagement consultation led by Water Services. The conclusions of the community engagement will be reported to Council and will include recommendations to inform future decision making. The report will identify future uses for the property, concluding how this property will be utilized and the future of the heritage building. This property will be removed from future Real Estate Assets Reports once the future uses, and operation of this site is confirmed.

14 Edinburgh Road (Pottery)

The property located at 14 Edinburgh Road in Guelph is a small single-story structure where the Guelph Community Pottery Centre is currently located. The property is required for a future grade separation at the railway corridor that runs adjacent to the property.

City staff are currently in the preliminary stages of planning a move for the Guelph Community Pottery Centre to a vacant space in the West End Community Centre that was previously occupied by KidsAbility. Once this move is complete, the City will review the capital forecast and evaluate if there is any benefit to a temporary use for the small building pending the Rail Crossing Study final recommendation expected in 2024/25. The current and future use of this site has been confirmed and this property will be removed from future Real Estate Assets Reports.

341 Forestell Road

The farmhouse located at 341 Forestell Road is designated pursuant to Part IV of the *Ontario Heritage Act*, R.S.O. 1990, c. O.18 through By-law (2003)-17260 and (2011)-19159.

The Current structure is being maintained as the lands around the house are being investigated for use as a water well site. An Environmental Assessment is starting in 2024 and will take over three years to complete, at which point the City would utilize the lands for a water well site, with the house being repurposed as a well house.

This property is located within the Hanlon Phase 3 Lands and would be dispositioned if the property is deemed not favourable for a water production site. The house and lands would remain with the Hanlon Creek Business Park for future sale. The format, timing, and process to disposition these lands is being evaluated. More information on this site will be communicated to Council in the future, which include information on Hanlon Business Park Phase 3, inclusive of 341 Forestell Road. As a result, this property will be removed from future Real Estate Asset Reports.

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

McQuillan's Bridge was designated pursuant to Part IV of the *Ontario Heritage Act*, R.S.O. 1990, c. O.18 through By-law (2004)-17357. The latest condition assessment identified the bridge was in poor condition and the City is initiating a Municipal Class Environmental Assessment (EA) in 2024, with design currently forecasted in the multi-year budget to occur in 2026 and construction in 2028 under the project number BR0006.

The EA will evaluate how the bridge will interact with and support overall trail connectivity in the area. Given this structure has a defined end use and capital plan to improve and integrate with the Guelph trail system, it will be removed from future Real Estate Assets Reports.

Financial Implications

For the majority of the properties, which include 14 Edinburgh (Pottery), 341 Forestell, and McQuillan's Bridge Stone Road East (Structure 116), the properties have financial implications as per the multi-year budget and capital forecast. Some of these properties, including the Drill Hall and Carter Farm, have no defined end use and expression of interest processes have been undertaken to explore the opportunities for these two properties.

Stabilization efforts on the Drill Hall were completed in 2023 which included the building foundations and structure, at a cost of approximately \$5 million. To bring the building to a usable state, it has been previously estimated that an additional \$5 million would be required depending on the final use of the building. This has not been included in the City's multi-year budget and after the request for expression of interest was recently concluded, the City is now looking at options for use of the property based on the response to the expression of interest.

The site at 606 Massey Road, which was previously scheduled to follow the City's disposition of assets process was determined to be able to be utilized by the City beneficially to save money on both current and upcoming capital projects by conversion to a soils re-use site while also mitigating topographical concerns with the site. Using this site has the potential to save capital projects over \$1 million over the upcoming years. After the site has reached capacity, the site can be reviewed through the strategic property group to determine the best path forward for the City, including disposition.

Consultations

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Departmental Approval

None.

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