

**To: David Creery, Chief Administrative Officer**

**From: Diane Campbell, Director of Administrative Services**

**Re: Sale Proceeds, Former Woodstock Hydro Building – 16 Graham Street**

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**AIM**

To provide Council with options for the use of the sale proceeds from the Former Woodstock Hydro building at 16 Graham Street.

**BACKGROUND**

Council authorized the Mayor and Clerk to sign an agreement of purchase and sale between the City of Woodstock and the Cora Group and Mr. Arnold Spina (in trust for a corporation to be incorporated) for 16 Graham Street, at the Council meeting held on September 7, 2023. The transaction closed on March 6, 2024.

**COMMENTS**

The net proceeds from the sale of the property were \$993,756.64. Although we were anticipating receipt of the sale proceeds, the funds had not been included in any City budgets pending the actual closure of the transaction.

There are several options available for the use of the funds. Given that the property is within the downtown core, it may make sense to direct the proceeds to a downtown-related project.

Option 1:

The City recently purchased 476-484 Dundas Street. By-law 9630-23, passed on September 21, 2023 approved the use of \$2,750,000 of debt financing to complete this purchase. The debenture has not yet been issued and the proceeds of the Graham Street sale could be used to reduce the amount of debt required to finance this purchase. With current lending rates, the savings in interest expense would be approximately \$486,000 or \$234,500 over the term of a 20-year or 10-year loan respectively.

Option 2:

Council is also receiving a staff report on March 21, 2024 outlining options to reduce the scope and the cost of the Downtown Revitalization project. The sale proceeds could be earmarked for this project pending a successful resolution by Council.

Option 3:

The proceeds could be contributed to a new reserve for debt reduction. The funds could be used to finance part or all of a future year state of good repair project slated to be paid for with debt. Examples of this type of project include the turf replacement at Cowan Sportsplex or the Community Complex roof replacement.

Option 4:

The sale proceeds could be contributed to one of the City's existing reserve or reserve funds. Candidates for this contribution could be the Downtown Redevelopment Reserve Fund, the Reserve for Capital Projects or the Municipal Building Reserve (anticipated to be in a negative balance in 2025 based on the current capital forecast).

Option 5:

The funds could be included in the 2024 revenue fund budget to finance the asphalt, bridge and road reconstruction reserve contributions which are included as base budget additions in 2024. This will only serve to defer the levy increase for one year with the impact of the addition to base budget transferring to the 2025 revenue budget.

Staff do not recommend incorporating this property sale into the 2024 revenue fund budget without a corresponding contribution to some type of reserve or reserve fund as it is not a sustainable source of funding.

Council is welcome to propose any other suggestions for the use of the sale proceeds.

**RECOMMENDATION**

For Council's consideration.

*Authored by: Diane Campbell, CPA, CA, Director of Administrative Services*

*Approved by: David Creery, MBA, P. Eng., Chief Administrative Officer*