

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

**From: Brad Hammond, Development Officer**

**Re: Proposed Purchase of 478-484 Dundas Street**

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**AIM**

To seek Council approval regarding the purchase of 478-484 Dundas Street.

**BACKGROUND**

In the fall of 2022 Woodstock City Council adopted a new Streetscape Master Plan. The plan included a redevelopment of the City's Museum Square with 478-484 Dundas Street being a lone island of private ownership in a block otherwise owned by the municipality. The subject building is about 22,000 sqft. in size and sits on about 0.266 acres (see Schedule 1).

Elements of the Streetscape Master Plan now appear in the City's Capital Budget. Once the Museum Square has been redeveloped, incorporating 478-484 Dundas Street into the overall scheme becomes much more difficult. If 478 – 484 Dundas Street is to be included in a redevelopment of Museum Square it must be acquired now.

The benefits of acquiring 478 – 484 Dundas Street include additional programmable space in Museum Square, a contiguous municipal block, a better connection of City Hall to the Square, and better opportunities for a future expansion to City Hall.

**COMMENTS**

Staff have been discussing the potential to purchase the subject property with the owner of the property and business since March 2023. The uniqueness of the property and the fact that the building contained an operating business made negotiations more complicated than would be typical with a property. However, staff are pleased to report negotiations have now reached a point of consensus.

City staff and the owner of the property and business have now reached a tentative agreement for \$3,000,000. The price is comprised of \$2,750,000 for the physical real estate and an additional \$250,000 as compensation for vacating the property/business. Included in the terms is that the business be allowed to operate rent free in the building from January 3, 2024, when the City would take ownership until June 30, 2026. Staff are prepared to recommend acceptance of this agreement and believe it to be fair to both parties given the complex nature of the situation. During the term of the rent free period the tenant would remain responsible for the cost of property taxes and utilities.

Staff are recommending that the \$2,750,000 purchase of this property be financed by debenture. Since the payment of the \$250,000 for goodwill is not due until January 2026 staff are suggesting this financing be referred to a future City budget.

**CAO Comment on Financing**

Staff will explore other sources of financing to reduce the debenture amount before the closing date in January of 2024. Other financing sources can include discretionary reserves and potentially, the proceeds of the sale of 16 Graham Street (former Hydro building). Finalization of this sale is anticipated to be mid-February 2024. There will be options to bridge finance over this short period.

The debenture bylaw authorizes its issuance up to \$2.75 million, however the final amount can be less if other financing options are approved by Council.

### **RECOMMENDATION**

That Council authorize the Mayor and Clerk to sign an agreement of purchase and sale with the owner of 478 – 484 Dundas Street, as described above. And, that the necessary bylaws be passed.

*Authored by:* Brad Hammond, Development Officer

*Approved by:* Len Magyar, Development Commissioner

*Approved by:* David Creery, M.B.A., P. Eng., Chief Administrative Officer

Schedule 1

