

Municipality Of Chatham-Kent
Community Development

To: Mayor and Members of Council

From: John Norton, General Manager, Community Development and Chief Legal Officer

Date: June 22 2020

Subject: Purchase and Sale of 25 Raleigh St., Chatham

Recommendations

It is recommended that:

1. The Agreement of Purchase and Sale between the Municipality and the St. Clair District Catholic School Board for the purchase of 25 Raleigh St., Chatham, be approved;
2. The Agreement of Purchase and Sale between the Municipality and 1815513 Ontario Inc. for the sale of 25 Raleigh St., Chatham, be approved;

Background

The Municipality was provided notice on November 13, 2019 by the St. Clair District School Board of its intention to dispose of several schools in Chatham-Kent. The School Board is legally required to provide certain public agencies with the opportunity to buy surplus schools at fair market value.

Administration released an expression of interest to the public for any organizations or companies that wished to purchase the schools through the Municipality. This process would have allowed for more municipal involvement in the future use of these surplus schools. Council approved proceeding forward with an expression of interest process provided that there were no costs incurred by the Municipality as a result. Unfortunately, due to the COVID-19 crisis, the Municipality cancelled this expression of interest process as the steps necessary to negotiate agreements with other organizations or companies was not feasible during the pandemic.

Prior to determining that this expression of interest process would be cancelled, submissions were received from various organizations and companies. 1815513 Ontario Inc. submitted a proposal for St. Joseph's School (25 Raleigh St., Chatham) and would have been the recommended proponent had the expression of interest process been completed.

Over the past two months administration has been negotiating with 1815513 Ontario Inc. regarding the potential of purchasing, selling and leasing back 25 Raleigh St., Chatham, for a municipal purpose. However, as these negotiations moved forward, it has been determined that use of St. Joseph's School for any municipal purpose is no longer needed at this time.

Comments

Before determining that St. Joseph's School was no longer necessary for a municipal purpose, administration had negotiated an agreement with the St. Clair District Catholic School Board for purchase of the property known as St. Joseph's School, located at 25 Raleigh Street in Chatham. The purchase price for the property is \$400,000.00, which administration believes, represents the fair market value of the property. This Agreement is conditional upon approval by both Chatham-Kent Council and the St. Clair District School Board.

Administration has also negotiated an agreement with 1815513 Ontario Inc. whereby the Municipality will sell 25 Raleigh Street, Chatham to 1815513 Ontario Inc. immediately after purchasing the property from the School Board. This two-stage transaction is necessary, as the process for the sale of surplus school properties requires the Board to sell the school to a public agency.

Although the purchase and sale of 25 Raleigh Street is no longer necessary for the original municipal purpose intended, administration has had discussions with 1815513 Ontario Inc. regarding other potential uses of the property for other potential purposes, which will have a positive impact on the community. 1815513 Ontario Inc. has indicated that it is still prepared to purchase the property and use it for housing purposes. Administration believes that this potential housing use would be a positive re-use of this property and is consistent with the neighborhood. As a result, Administration recommends continuing with the purchase and sale transactions.

The financial details of the lease are discussed below under the Financial Implications heading of this report.

There were delays in the purchase and sale as a result of title issue. All of these issues have now been resolved satisfactorily to Legal Services.

Areas of Strategic Focus and Critical Success Factors

The recommendation(s) in this report support(s) the following areas of strategic focus:

Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendation(s) in this report support(s) the following critical success factors:

Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

Has the potential to support all areas of strategic focus & critical success factors

Neutral issues (does not support negatively or positively)

Consultation

The Chief Financial Officer was consulted in support of this report.

Financial Implications

The purchase price negotiated with the School Board is \$400,000.00. The parties have also negotiated an obligation on the Municipality to pay for the cost of moving furniture out of the school property before closing. These costs are estimated to be \$8,000.00, which will be paid by the Municipality on closing.

1815513 Ontario Inc. will pay the Municipality the purchase price of \$400,000.00, then adjusting the price downward by an amount that reflects the expenses that 1815513 Ontario Inc. incurred.

At the time of report writing those expenses are still being finalized but include any reasonable disbursements and costs thrown-away that were undertaken at the Municipality's request for the potential municipal purpose that is not proceeding. Although the numbers are being finalized, the purchase price is expected to be approximately \$373,000.00.

Prepared by:



John Norton
General Manager, Community Development and
Chief Legal Officer

Consulted and confirmed the content of the consultation section of the report by:

Gord Quinton,
Chief Financial Officer

Attachment(s): none.

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