



The Corporation of the Town of Collingwood

GRAIN TERMINALS

DRAFT WHITE PAPER FOR PUBLIC INPUT

Oct. 31, 2019

For Review by Strategic Initiatives Committee





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1. Executive Summary

A decision must be made in the next several years about the future of the Collingwood Grain Terminals (the Terminals) building. If it is not, the opportunity to preserve and re-use them will be significantly decreased due to deterioration.

The Town is carrying an \$8M unfunded financial liability, which represents the cost and a contingency amount to demolish the Grain Terminal building. This report also estimates that cost to preserve the roof and façade (not including renovating the interior space for use) at \$10M. Staff's preliminary estimate for raising the access road to enable reliable four season use and bringing utilities to the site is an additional \$3M. In the Town's current fiscal situation these investments would be very challenging. However if the Terminals must be removed, this highly visible icon and physical tribute to the Town's cultural history and identity will disappear.

The purpose of this white paper is to create public and Town Council awareness of the complex challenges and opportunities that the Collingwood Grain elevators present, including known information about the Terminals, some of the many and large unknowns and the Town's intended policy objectives.

This document provides several options on how to proceed including seeking proposals, investors, public private partnerships and social or community enterprises, with intent to determine final states and uses that may yield less community compromise.

The Strategic Initiatives Committee has [not yet, is being asked to] endorsed the public circulation of this document to encourage an exchange of information and analysis on both the process to make a decision and the other information and objectives included, for their consideration in making a decision on moving forward.

While Council is deeply interested in the Community's input, the decision will be based on Council members' judgments on the best approach that will support the interests of the Town, not necessarily on the number of comments on a topic. Council members may attend engagement session(s) and summaries of sessions and all other input will be publicly communicated.

2. The Challenge

A decision must be made in the next several years about the future of the Collingwood Grain Terminals (the Terminals) building. If it is not, the opportunity to preserve and re-use them will be significantly decreased due to deterioration.

The Town is carrying an \$8M unfunded financial liability, which represents a realistic cost to demolish the Grain Terminal building, which is presented as \$5M in a recent engineering report. This report also estimates that cost to preserve the roof and façade (not including renovating the interior space for use) at \$10M. Staff's preliminary estimate for raising the access road to enable reliable four season use and bringing utilities to the site is an additional \$3M.

Two council resolutions (late 2018 and mid 2019) have requested a staff report and options for Council, and a decision is a goal of the Town's Community-based Strategic Plan.



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There is a target to have a Council decision on next steps in the roadmap to a decision before Dec. 31, 2019.

3. The Town's Policy Objectives

There is a broad potential range of processes and end states, however it is Council's intentions that decisions will comply with the following mandatory policy objectives, and Council has [pending endorsement] also set out additional desirable policy objectives.

3.1. Mandatory Town Policy Objectives

- The decision must be fiscally-responsible.
- Provides and welcomes public access to the waterfront, and retains significant public green space.
- Respects and celebrates the historic significance of the Terminals and the Shipyards, including maintenance of or tribute to the iconic resemblance of the Terminals.
- Provides a long-term sense of community with an approach that brings people together.
- Proposes a role for the Town that is appropriate for a municipality (for example providing public services not running a commercial operation).
- Uses a decision approach that is transparent and clear, where Council is confident in the information supporting their votes, the challenges and options are communicated to the public, and where the decision is generally understood and accepted by the public in Collingwood.
- Does not detract from the Vision and Goals articulated in Collingwood's Community-based Strategic Plan and Waterfront Master Plan.

3.2. Desired Town Policy Objectives

- Retains the visual façade of the Terminals.
- Supports Collingwood's Community Based Strategic Plan and Waterfront Master Plan Objectives and services or opportunities that will be enjoyed by and/or support Town residents, businesses and/or visitors.
- Decision is completed during this term of Council.
- Retains the majority of the spit in Town ownership, in particular the area outside of the current physical footprint of the Terminals and a reasonable perimeter around it.
- In line with the common aesthetic of Collingwood.
- The Town's expenditures are limited to supporting the decision process and staff time, and delivery attracts contributions from others, including other levels of government and or donors.

4. The Opportunity the Terminals and the Spit Present

The Terminals are a classic asset that help to physically tell a story about the broader Great Lakes and our region's history. They are seen from land and water, and many perceive them as an iconic symbol of Collingwood.



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They are also set in one of the most iconic and beautiful locations in Ontario, surrounded by and with views of the water and the yacht club, town and the ski hills.

Ideally, whatever happens with the Terminals and/or their site will have a broader perspective that goes beyond the Town's boundaries to at least the South Georgian Bay extent, aligning and taking the entire region forward. During input on this white paper, a broad set of potential community interests for will be sought.

While some information has been gathered, there has not been a thorough set of case studies of what has been done in other jurisdictions to keep and also to replace similar structures, including their overall costs, cost per capita and as a proportion of their budgets, challenges or best practices, and outcomes.

A small sampling of the re-use of older industrial buildings that are provided online, include:

- The Citylab website's "The Toughest Re-use: Grain Elevators" at <https://www.citylab.com/design/2012/06/hardest-re-use-grain-elevators/2293/>
- Toronto's Evergreen Brickworks at <https://www.evergreen.ca/evergreen-brick-works/>
- Buffalo's reuse and exploring of closed elevators at <https://www.visitbuffaloniagara.com/6-developments-transforming-buffalo/> and https://www.blogto.com/sports_play/2017/07/massive-industrial-site-silo-city-buffalo/
- Cape Town, South Africa's flagship re-use is available on many sites, including The Guardian's <https://www.theguardian.com/world/2017/sep/16/mocaa-cape-town-grain-silo-reborn-as-africas-answer-to-tate-modern>

More research could be done to also identify former industrial sites where successful community-benefiting demolition and re-building has been implemented.



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5. Potential Physical End States for the Terminals

Staff are aware of a broad swath of potential end states that have been suggested or have occurred in other jurisdictions. None of these end states have been precluded by Council's decisions or direction to-date, and most of these options could include investment and ownership by the Town and/or private parties.

1. Preserve Exterior, to halt deterioration and hold at a safe state
2. Preserve Exterior and Renovate Commercial Space in the East End Building, for example into a brew pub, restaurant or retail space
3. Option 2 + add a top floor Commercial Space, for example a restaurant
4. Preserve Part of Exterior (for example, one or more silos), and Town ownership examples could include a park space and historical interpretive exhibits; whereas private or public/private ownership examples could include condos, an art gallery, a hotel or commercial spaces.
5. Preserve and re-use essentially all of structure, which is considered only viable in private or public/private ownership, and could include the same options as preserving part of the structure, as well as the potential use as a vertical farm.
6. Demolish and Leave as largely Green Space, with intent to create an outdoor space that celebrates Collingwoods marine, shipbuilding and grain terminals history.
7. Demolish and Re-Build a purpose-built structure on Site (or somewhere else on the spit), which is considered largely viable only in private or public/private ownership. Examples could include a brew pub/restaurant(s), condos, an arts campus with amphitheatre, hotel, and/or commercial spaces. A new building with Town/government input could include a tourism facility with washrooms.

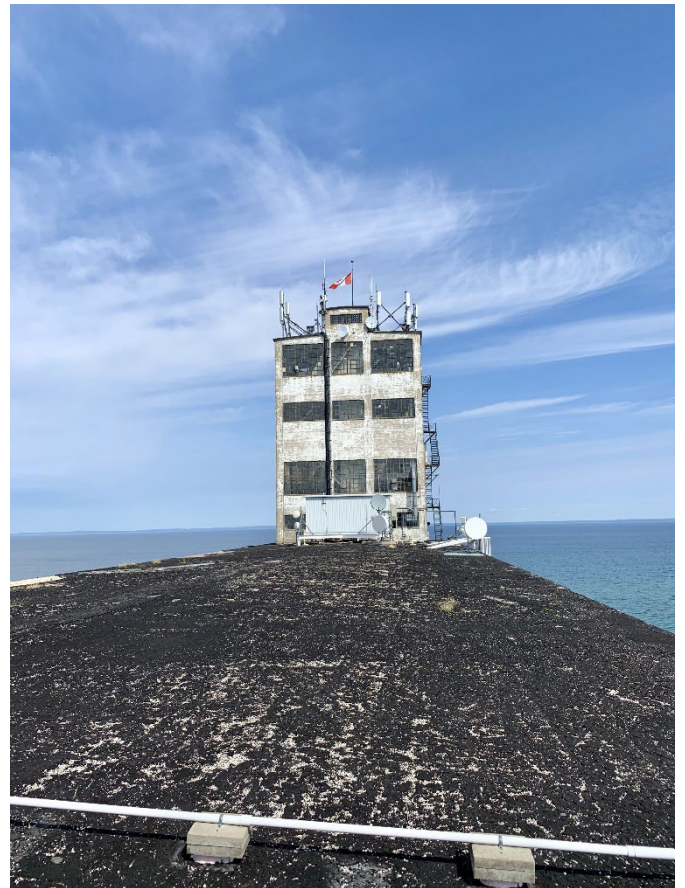
In the absence of this process determining other funded physical end states and uses, it is assumed that Option #6, to demolish, will be the path remaining open to Council.



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Pictures from the Terminals in 2019

Clockwise from right: On the roof looking east, from the tower looking west across the roof, looking west across the floor at the top of the silos





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Excerpt from the Waterfront Master Plan

The Collingwood Waterfront Master Plan includes plans for this area, though does not consider any changes to the Terminals. One rendering is shown below, and readers are encouraged to find the full plan on Collingwood.ca or directly at [this link](#)

3.6 THE COLLINGWOOD PIER

The Pier is Collingwood's landmark feature, with the Terminals and marina signaling arrival to the Town from land or water. Introduction of a range of destinations and activities will improve the walking experience for pedestrians and create functional and comfortable spaces for hosting Town events. New facilities to support local and visiting boaters will contribute to an increasingly active harbour.

KEY PRIORITIES

- Complete off-road pedestrian / cycling connections as close to the shoreline as possible
- Encourage safer access to the water
- Provide infrastructure to expand and improve marina services
- Provide infrastructure to facilitate events and activities in Millennium Park
- Animate the walking journey along the Pier
- Activate Pier with public uses year-round
- Maximize public park space while providing adequate supply of parking



Lighting Terminals & Re-purposing Support Buildings
eg. Brew Pub



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6. Town Context

6.1. Town's Fiscal Situation

Council has been successful over the last several years to reduce the Town's debt burden. To continue on this trajectory without impacting on services will require continued vigilance on how public resources are expended.

There are many unknowns, however the 2014 asset management report recommendations say that the Town is under-investing about \$2M annually in capital reserves, and the 2018 Capital Forecast and Financing Plan indicated that the Town's capital reserves are tracking at between 19 and 38% of what they would need to be to cover the accumulated amortization, indicating that less than half of the annual value of depreciation is being re-invested or saved each year. This is being rectified in the rate-supported services (for example the infrastructure supported by water charges), where the contribution is about 125% of the annual depreciation. However, in tax-supported areas the reserve contributions remain well under 60% of the annual depreciation value.

In addition, the Town has created a well-accepted and visionary Waterfront Master Plan, which sets out a \$50M, 15 year vision, of which Phase 1 to 2022 has over \$15M of unfunded needs, and unveiled a cycling plan that while budget-decision dependent sets out about \$10M of cycling infrastructure over the next 10 years.

While there is \$18M available in one-time income from the sale of the airport and power utility, and while its use has not been confirmed, it is less than the Town's current \$24M in debt (debentures).

The Town also has "Reserves" and "Reserve Funds" that provide funding for planned future needs. In the 2019 Budget, the predicted year-end balances for 2019 were \$2.96M and almost \$41M. However, these are earmarked for specific projects or types of work (such as development charges supporting specified infrastructure related to development), and often can't be legally used for a project such as the Terminals.

To help put these amounts in context with Collingwood's relative fiscal capacity, the total operating and capital 2019 budget was about \$93M, which was made up of income from sources including

- Land Taxes – Residential,
- Land Taxes – Businesses,
- Grants income,
- Non-tax income (user rates, user fees and fines), and
- Development Charges.

A 1% increase in the Town's land tax levy would add about \$310K, and could start to fund the capital needs gaps, however would still fall well short of the target amounts unless a currently-unreasonable increases were set and combined with significant spending restraints that would be difficult to implement in the current climate of unprecedented growth and demand for Town services in Collingwood (for example meeting current assets depreciation would cost 5% more in land taxes, and the waterfront investment over 50 years would add over 3% more).



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6.2. Collingwood is Open for Business

Collingwood's Community-based Strategic Plan, as well as ongoing investments in the Business Development Centre, initiation of an update to the Economic Development Plan, support for concept development of a business accelerator facility and more are indications of the commitment of Council and Staff to support existing business and attract new businesses to the Town, with intent to provide high quality jobs that support the cost of living in Collingwood and diversify the tax base supporting municipal services.

7. What we Know about the Terminals

7.1. Site Characteristics and Confined Disposal Facility

The site is on a constructed spit, with the north end (12m beyond the grain terminals) containing a confined disposal facility filled with buried sludge from harbour dredging.

The terminal buildings (and a small surrounding area) occupy 0.75 hectares (1.85 acres). The envelope of space potentially available is about 9.44 Ha (23.32 ac)

High lake levels have caused some erosion and sink-holes, and lake level is currently above the ground floor of the terminals (by which all access is currently provided), requiring ongoing pumping and if continued into winter could put the structure at risk of damage from ice.

There is little to protect the site, and it is subject to winds and weather, making it not desirable for uses including an open air amphitheatre.

There is limited space and the single-road access is also the corridor for the Town Marina, the current location of the Collingwood Dragon Boat and Canoe Club (as well as the heritage-designated artifact in which they reside, the Watts Boat Building), the Collingwood Yacht Club, and Millennium Park.

7.2. Recent Engineering Report

The Town is carrying an \$8M financial liability, which represents a realistic cost to demolish the Grain Terminal building, which is presented as \$5M in a recent engineering report. This report also estimates that cost to preserve the roof and façade (not including renovating the space for use) has been estimated at \$10M, and there are immediate needs including improving safety for staff, upon which Council approved a 2019 budget of \$135K.

Staff believe that the costs presented are a rough estimate and could be further refined.

7.3. Yacht Club Lease

The Yacht Club leases the basin just south of the grain terminals, for about \$15,000 per year plus utilities. The current agreement is in place until 2048. Staff suggest that all scenarios must maintain the Yacht Club in Town ownership until at least the end of the lease, and maintain a publicly-accessible



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yacht club facility beyond that, for which the town is considering several leasing, partnership or other development and management scenarios.

7.4. Zoning and Process for Changes

The Official Plan designation is RECREATION – REC which generally provides that:

Within the Recreation designation, the predominant land use shall be for public recreation.

Additional details are set out within the Official Plan Section 4.2 RECREATION.

The Zoning Bylaw provides more specific information on the spit area and designates these lands as RECREATION EXCEPTION SEVEN – REC-7 ZONE, stating:

These lands are an inactive waste disposal site. Permitted uses shall be limited to those recreational uses that are passive in nature and open to the natural environment. Uses shall be serviced with a municipal water supply system. The construction of a building may require the completion and acceptance of a D4 study. This study will be completed pursuant to the D4 Guidelines of the Ministry of the Environment or any additional or replacement guidelines instituted by the Ministry for such lands and an agreement with the appropriate authority to assure the implementation of any recommendations in the study.

If it is the will of Council to change the use of all or a part of the subject lands, an application to amend both the Official Plan and the Zoning Bylaw would be required. The requirements would follow the provisions of the Planning Act and be the same as those applicable to any other similar applications.

Any decision of Council is subject to appeal (subject to the rights of appeal set out in the Planning Act) within 20 days of their decision.

Using this approach, and depending upon the complexity of any proposal it could take 12-18 months for a decision of Council to be rendered. This would exclude any time required to formulate the necessary studies in advance of filing the related Official Plan and Zoning Bylaw amendment applications. If a decision of Council was appealed the timing of resolution of any appeals would be dependent entirely on the caseload and procedures of the Local Planning Appeal Tribunal and would be influenced by the dynamics and details of those appeals. As such an estimate on the timeframe of the appeal process cannot be provided at this time.

7.5. Heritage District Status and Process for Change Approvals

The grain terminal building appears to be designated by a Part V designation, and this means that Council, if it made a decision to demolish or partially demolish the Terminals, would follow the *Demolition and Removal of a Structure* process shown in the Designating Heritage Properties published by Ontario Heritage.



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7.6. Ongoing Bare Minimum Maintenance and Operations

Maintenance and utility costs in recent years have been about \$46K annually, not including the staff time to procure resources and manage the work, which would bring the total closer to \$100,000. Given the deteriorating condition, without renovation the maintenance costs will likely rise.

8. What we Don't Know about the Terminals

8.1. Status of the Foundation Timber Piles and West Wharf

Historical construction photos indicate that there are over 4000 timber piles forming the foundation, and the recent engineering report did not include a review of them. The report did conclude that the building is not sinking. It is unknown whether an appropriately-skilled diver or a drone would have access to the piles underwater from the harbour, and this is expected to be less than \$10K, plus the cost of the engineering assessment of the pictures, videos and samples obtained.

Additional costs will be encountered if access would have to be attempted through a hole cut in the concrete floor.

8.2. Hydro, Water and Sewer Services

Currently the site is serviced only by a 1" water line that goes to the marina just before the Terminals, and there is a 100 Amp electrical service. There is no sewer service on the spit.

There are challenges to provide services, including that the spit was constructed from fill that is difficult to dig in, and that raising the road to cover services may involve retaining walls as to not encroach on the lake. Overall the costs are unknown, and have an order of magnitude estimate to be \$3M.

8.3. Opportunities to Enhance or Move Telecommunications Equipment on top of Terminals

There are six service providers with telecommunication towers or equipment located on top of the Collingwood Terminals, and these all have a lease with the Town. The total revenue for 2018 was \$37,042, which was applied against maintenance and hydro costs.

This telecommunications equipment provides cellular services for portions of the Town, which is assumed to be an essential service desired by residents and visitors. If this site was closed, the telecommunications companies would have to find and develop other tower(s) to cover the area. This may raise some issues with respect to finding sites and/or the visual appearance of the tower(s).

If in an end state scenario the Town retains ownership of the Terminals, there may be the potential for additional income from existing or new telecommunications carriers, especially considering the large costs to these companies of constructing and/or going to an alternate site.

The roof also contains telecommunications equipment for the OPP and the Electricity (Electra) and water (Town of Collingwood) smart meters data collection (SCADA) system. The costs and potential locations



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for the relocation of this equipment are unknown, and the water tower has been suggested as a potential option.

8.4. The Results of the Public Engagement on the Asset Sale Proceeds

A recent public engagement on the best use of the \$18M from the recent sale of the airport and public utility has closed, however the results analysis is not yet complete.

8.5. Regulatory Requirements

Depending upon the proposed demolition and/or the new uses of the site, and in particular if there is any impact upon the water or fisheries, approvals may be required from regulators such as the Provincial Ministries of Environment, Conservation and Parks and Natural Resources and Forestry, and the Federal Department of Fisheries and Oceans, including any Environmental Assessment requirements.

8.6. Likelihood of Permits from Nottawasaga Valley Conservation Authority (NVCA)

In the absence of a specific proposal, NVCA has provide the following general information:

“The lands are partially regulated due to shoreline hazards associated with Georgian Bay with Heritage Drive is entirely regulated. Shoreline hazards include but are not limited to wave uprush, wave spray and lake ice effects during high lake levels.

The current shoreline hazard mapping available to staff is based on a 2017 shoreline hazards study prepared by ShorePlan confirmed the 100-year flood level (shoreline flood hazard) plus a 15m buffer. However the NVCA would need a more comprehensive shoreline hazards assessment to determine wave uprush.

To contemplate any type of redevelopment concept, the biggest determining factor would be if Heritage Drive can meet NVCA safe access as it relates to the Georgian Bay high lake level (178.0m) and the wave uprush on the existing single road access. Until that has been outlined it would be difficult for staff to provide a fulsome response to the potential three scenarios.

From a provincial policy perspective development should generally be directed to areas outside of hazardous lands adjacent to the shorelines of the Great Lakes which are impacted by flooding and/or erosion. However, the NVCA may grant permission to develop within these areas if in its opinion, the control of flooding and safe access are not impacted by the development.

NVCA Planning & Regulations Guidelines provide for several ‘scenarios’ of what may be permitted or prohibited within and adjacent to Shoreline Flood Hazards. Generally speaking, non-habitable (non-residential) structures are supported provided they are **not** the following:

- a) an institutional use associated with hospitals, nursing homes, preschool, school nurseries, day care and schools, where there is a threat to the safe evacuation of the sick, the elderly, persons with disabilities or the young during an emergency as a result of flooding and/or failure of flood proofing measures or protection works, or



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- b) An essential emergency service such as that provided by fire, police and ambulance stations and electrical substations which would be impaired during an emergency as result of erosion, the failure of flood proofing measures and/or protection works, or
- c) Uses associated with the disposal, manufacture, treatment or storage of hazardous substances;

Given the scenarios presented, the NVCA would consider re-development of the existing structures to be the most feasible scenario for altering the use of the Collingwood Grain Terminals. Provincial land use policy on natural hazards contains more provisions for alterations to existing structures and established uses. An example of a feasible scenario would be to renovate the interior of the existing structure to facilitate a new use.

It should be noted that the NVCA would not be supportive of utilizing the demolished structures as fill to extend the site without considerable technical study to demonstrate no impact to the shoreline hazard.”

Town staff note that while broad provincial land use policy is more supportive of alterations to existing structures, this situation is quite different from a house or business renovation, and may merit studies or an appeal for alternate policy decisions by the Conservation Authority Board, depending upon the Town’s intended end state.

8.7. Duty to Consult with Indigenous Groups

It is expected that proposed changes will trigger a Duty to Consult process and the associated costs. The potential timeframe, costs and outcomes are unknown.

8.8. Public Opinion

There has not been a statistically significant and well-designed survey of taxpayers to determine their opinions.

The active Save the Terminals group has presented to council a petition with 8000 signatories who indicate that they wish to save the terminals. This provides an opportunity to work with a passionate group dedicated to this purpose.

It is not known how many signatories are voters or residents, and if their sentiments align with a willingness to pay more through their taxes, donations, etc. or give up or delay other Town work or services (for example the remainder of the Waterfront Master Plan, investments in arts and culture or cycling infrastructure) to accomplish this objective.

Some people have expressed concern about the potential costs, desires for other uses at the site, and that other priorities such as Town infrastructure are more important to them.

Staff have the unverified perception that taxpayers believe investment in the Terminals is for their own benefit, in contrast to some investments that are perceived as their taxes supporting free services for visitors.



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8.9. Risks of Public Private Partnerships

While attracting private partnership (P3) or other investors for a mutually-beneficial solution is desired, there are many challenges and risks. For example:

- There are a limited number of investors who will wish to take on a project of this size, with this many unknowns.
- Despite a careful writing of the contract, it will be unique and many items will come up that will require a steering/management group to work out, including extra costs.
- Despite financial due diligence, there is no guarantee that a company will remain financially viable over time, and may during or after the construction go out of business or change the direction of their business at the Terminals location.

There are significant costs to running a call for interest and a Request for Proposal process, and these have not been validated. Including the hiring of P3 and fairness consultants, advertising and other expertise. At starting guess is that the process will cost \$300,000 or more, and after these expenditures there is no guarantee of a positive outcome.

8.10. Allowable Uses

The Town must determine if all types of live, work and play uses are acceptable, including options such as private condos and a casino which have been controversial in other jurisdictions.

If there is housing, the Town must also determine if affordable options be desired or required?

Opportunities when considering the entire spit, as this was not explicitly done in the Waterfront Master Plan – for example with a viable marina, considering expanded size and options for the marina services building or other options.

8.11. Potential of Provincial and Federal Contributions

It is unknown what the interest in and capability of other levels of government may be to support the Terminals preservation, a change in use, or an alternate use.

8.12. Transportation and Traffic

Given the single road providing access to the site, some uses may not be viable due to their traffic or transportation needs.



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9. Potential Process Options to Seek Optimal End State

The following process options, or a hybridization of them, can be used to support Council's decision on the optimal physical end state and the type(s) of use going forward.

The full execution may take several years to complete & meanwhile Council will need to maintain the minimum maintenance and operations to ensure the Health and Safety of staff, contractors & the limited building users.

9.1. Option A: Seek Funded Proposals for Evaluation and Decision

It is important that when seeking proposals for the site that the Town move beyond brainstorming and seek partners or buyers who can bring assets to the table that will enhance the outcomes for the Town, including for the people who live, work and play here.

This option involves a two-step process, to first step is to seek interested and qualified parties with viable ideas. At this stage, proponents will be required to provide their proposed approaches and end states confidentially to a panel and third party advisor for a fair and consistent evaluation against Collingwood's policy objectives, and to provide proof of their financial or other qualifications to proceed with a Proposal.

A range of physical end state and use ideas can be submitted, including those from commercial business parties & non-profit entities such community groups or social enterprises, as long as they are able to fund their ideas or propose a viable idea within the Town's requirements.

As in the absence of a private buyer or partner the Town would have a minimum investment of \$5M for demolition, it is recommended that the Town's parameters allow the proposal of some Town investment or Town services in kind. The use of the potential Town funding will be part of the evaluation, with ideas that do not use Town support receiving higher scores, and that if the Town is to invest the outcome must show high probability of achieving Town policy objectives and strategic goals. Ideally 2-3 proponents will be short-listed for a Proposal stage.

While this appears to be a 'procurement' it is a proposal of funded ideas for the Town's consideration. Council would retain the final decision on whether to proceed, and if so with what option.

A conceptual flow chart is provided to show the potential steps in this recommended approach.

Several types of expert advice are prudent, including:

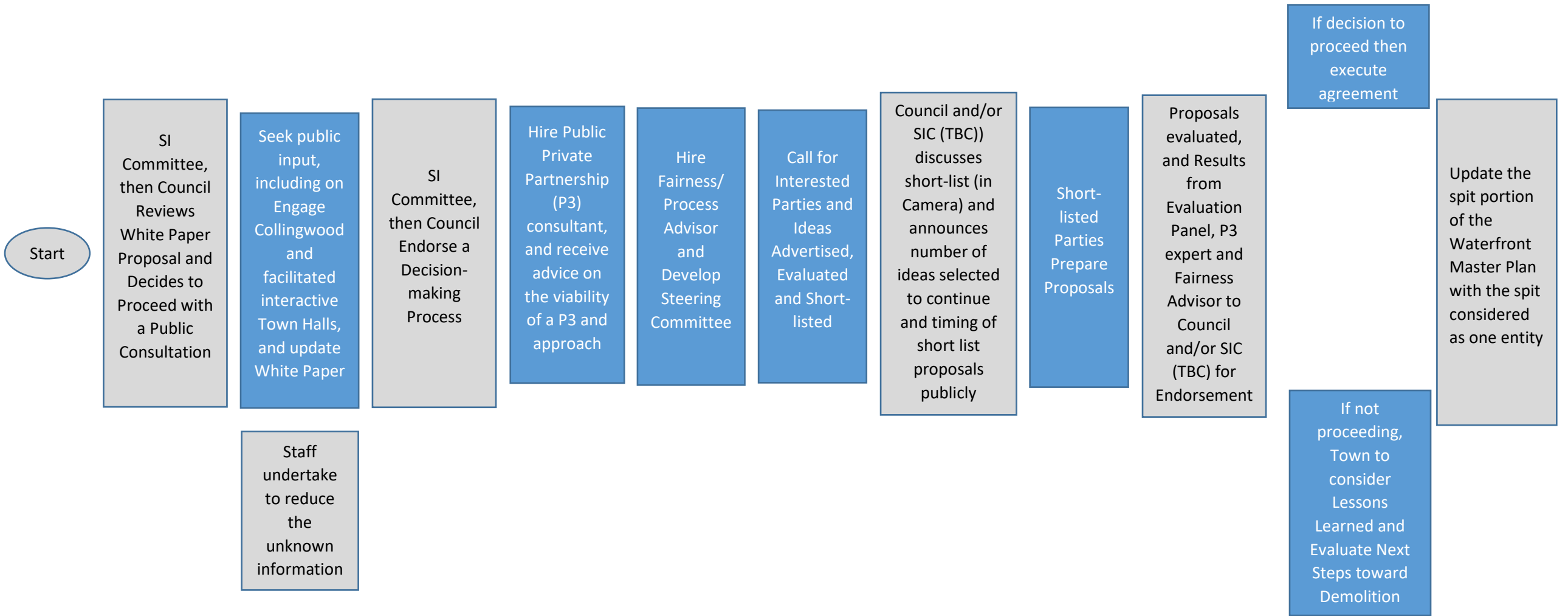
- A Public Private Partnership (P3) consultant, who can periodically provide advice on the viability of the site to become a P3, international similar comparators, how effective steering committees have been set up on other projects, and how to structure a P3 request for ideas, ensure the financial and technical qualifications of a proponent, and provide advice and content for a legal agreement.
- A third party fairness consultant and process advisor to provide guidance and to attest to Council that the approach is well designed and executed.



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Potential Steps if Option A is Selected

Continue with Bare Minimum Maintenance and Operations





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9.2. Option B Environmental Remediation of the Marine Tower, with Steering Committee review of Additional Investigation of Unknowns and Opportunities

As the remediation of the marine tower has to happen, one option is to proceed with this estimated \$2M of work immediately.

During the remediation of the marine tower other actions could occur, such as the creation of the Terms of Reference for and selection of a steering committee, further consultation on the community's and potential partners' needs and ideas.

It is unknown whether the future partners or uses will provide any options to enable the Town to recover the costs of the remediation.

9.3. Option C Seek Business Opportunities for the East End (Sailing School) Building, Top Floor above Silos and Towers

As a thought experiment, staff undertook a very rough order of magnitude estimation of whether a commercial venture in the east end building¹, the two towers, the top floor above the silos, or even the space around the terminals for a period of years that would make the leasees' building improvements viable (say 25 years) could potentially be viable to fund the \$10M preservation of the exterior and ongoing maintenance and operations.

The scenario considered is that:

- The \$10M loan for the initial investment is paid back over 20 years at an interest rate of 4 percent.
- It will cost at least \$3M to bring utilities to the site and raise the roadway to enable four season use and provide cover for the utilities.
- Every 20 years from year 20 onward the exterior will need a major renovation, estimated at \$6M in 2019 dollars, which would require putting aside approximately \$200,000 per year.
- The Town will need ½ of a staff person to manage the \$10M renovation, leasing and ongoing liaison with leasees and other broader site uses at about \$40,000 per year (including benefits, etc.).
- There is about \$100K per year in bare minimum operations and maintenance (increased from current expenditures due to the enhanced requirements with the public inside the building).
- Any renovation cost to create a restaurant or commercial space, offices, living spaces, elevators, etc. would be the responsibility of the lessee(s).
- The town would receive about \$40,000 per year from the telecom equipment leases.

Using these assumptions, to balance the financial equation in this preliminary thought experiment an annual stream of cash flow from the additional leases of about \$800,000 is required from the users of these spaces, plus any required contingency, insurance, etc.

¹ The Town Sailing School and heritage sailboats would lose their current space and need a new location.