



STAFF REPORT

SUBMITTED BY: Chris Frotten

DATE: August 10, 2020

SUBJECT: Sale of VIC Building

ORIGIN

In January, Council approved to cease operations of its current VIC located at 2517, Highway 3 and sell or lease, long-term, the building. This report outlines the next steps in selling or leasing the building and planning for how we will serve our visitors in the future.

BACKGROUND

The Visitor Information Centre is a 1,000 square foot, two-storey timber-framed structure built in the likeness of the original Seal Island Light Keeper's home. It houses display areas, meeting rooms, offices, a kitchenette, and washrooms. It shares a 1.65-acre piece of municipal property with a municipal playground and ballfield. The structure was built in 2003 and the grand opening was May 20, 2004.

As mentioned in the previous report, the VIC, which usually operates from May-September, has seen a consistent decline in visits. In 2009, the VIC had 3,238 visitors during the season - last year, it only had 1,555. In addition, 215 of those visits were from residents of the Municipality and 241 were only for the use of the washrooms. Therefore, in reality, the VIC only served 1,116 visitors last year.

In addition to declining visitation, the operating and building maintenance costs have increased over the years. In fiscal 15/16, the VIC had an operating deficit of \$22,484 – this year, we are in line for an approximate \$35,000 deficit. Almost 60% of the operating budget is salaries but that has been consistent over the past 5 years. The second and third largest expenses are for the power/cable and property maintenance, and these have both increased over the past 5 years.

DISCUSSION

The two options for consideration are to sell the building outright or retain ownership and lease it long-term. Both options will attract a different type of interest and will affect the Municipality's future involvement.

Option 1 – Sell the Building Outright

The first option would be to sell the building outright. This option would evidently relinquish the municipality's ownership of the building but would relieve our responsibility of any future maintenance or repairs. Surrendering ownership of the building may cause concern but there are tools that can be used to protect the municipality's interest and vision for the location. Our solicitor has made two recommendations to address this concern.

Request for Proposal Process

A Request for Proposal (RFP) is the process of documentation and solicitation that communicates an organization's need or availability for a certain service and invites various vendors to submit proposals in consideration for the opportunity.

RFP's are a mutually beneficial process. For the stakeholders, they create an atmosphere of competition where hopeful candidates can put their best feet forward in an attempt to win attractive opportunities. RFPs tell invited bidders, "Our door is open, come and make your best case."

For vendors, RFP's are a rare chance to look at clients and their project descriptions before any contracts are signed. This gives a vendor greater independence in choosing who to serve. Additionally, having expectations ironed out from the start helps organizations determine if they're really a good fit.

In the case of the sale of this property, an RFP would allow us to get a sense of the purchaser's vision/intention of the property and compare it to our priorities.

Restrictive Covenants

A restrictive covenant is any type of agreement that requires the buyer to either take or abstain from a specific action. In real estate transactions, restrictive covenants are binding legal obligations written into the deed of a property by the seller. These covenants can be either simple or complex and can levy penalties against buyers who fail to obey them.

Restrictive covenants can include such reasonable provisions as adequate maintenance of property and limitations pertaining to paint and decoration. They can also place more-onerous restrictions on buyers, such as the number of tenants who can live in a property or even the timing of holiday decoration setup and removal.

In the case of the sale of this property, a restrictive covenant would allow us to hold the purchaser accountable for their intended use of the property and building.

Option 2 – Lease the Building Long-Term

The option to lease the building on a long-term basis would allow us to maintain ownership of the building but secure a long-term tenant which would help generate revenue to offset some of the future maintenance and repair costs. Although this option could achieve our desired goal, there is no guarantee that a tenant would remain in place for the entire length of the lease and not only would we still be responsible for the maintenance and repairs but we would also have added responsibilities as a landlord.

As for future VIC services, the current VIC Manager and our Director of Marketing and Tourism Development firmly believe that there is still a need for in-person, one-on-one visitor information services in the Municipality.

There are many ways in which we could provide this service. In our last report, we elaborated on two options: to partner with a location organization to house a VIC at their location and create a “pop-up” or “mobile” VIC. Although these options would provide a cost-effective approach and allow us to adapt our service to better serve our visitors, it would not accomplish this to the best of our ability.

For this reason, we are exploring the idea of building a set of small buildings similar to what you would find at fisherman’s cove in Eastern Passage and use the funds generated from the sale of the current VIC to help offset the costs of the construction. We could then house our VIC in one of those buildings and the others could be rented to individuals interested in providing a service (i.e. sea kayaking) or selling products (i.e. handcrafts).

We have decided to pursue this option as it addresses several different priorities. First, it would help promote and support the tourism industry in our municipality by developing amenities at our beaches. Northeast Point Beach and its boardwalk is at the heart of our Municipality and is known to be one of the most visited locations. Having our VIC at this location would draw visitors to the heart of our Municipality while providing them with things to do. Second, it would provide a cost-effective location to serve our visitors as the building would have minimal operating expenses and could be used year-round. Finally, the additional buildings that we would rent would generate revenue to help off-set the remaining upfront construction cost and also provide an opportunity to students, crafters and entrepreneurs with an opportunity to start a business and maximize employment opportunities.

At this point, we are only exploring this option and more information is to come but we would welcome any and all feedback relating to the concept.

BUDGET IMPLICATIONS

We have typically invested approximately \$31,000 in the VIC and visitor servicing in the past 5 years. This year, we only provided minimal visitor services out of our Administrative Centre due to COVID-19 but still budgeted approximately \$10,000 to cover the expenses (i.e. power, maintenance) of the building.

LEGAL IMPLICATIONS

N/A

PUBLIC CONSULTATION/COMMUNICATIONS

This staff report was shared with the Director of Marketing and Tourism Development, Suzy Atwood, who oversees the VIC operations.

RECOMMENDATION

As we have established, our current centre no longer meets our needs and the operating costs continue to rise. For this reason, we are recommending selling the building and a portion of the property at 2517 Highway 3 in Barrington.

To have the most input in the sale of the property, we recommend following the advice of our solicitor and issue a Request for Proposals which outlines our objectives for the sale and the evaluation criteria (i.e. vision for the site, benefit to community, purchase price, etc.).

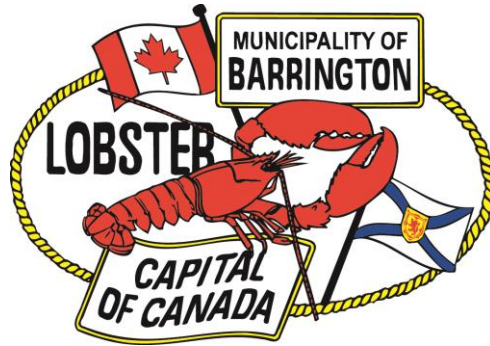
In addition to the RFP process, we recommend, on the advice of our solicitor, that we attach a restrictive covenant to the property which would allow us to legally hold the purchaser to their intended vision and also follows the property in the event the property is resold.

SUGGESTED MOTION

Move to recommend to Council to sell the VIC building located at 2517, Highway 3 in Barrington by way of an RFP.

ATTACHMENTS

- Sample RFP



MUNICIPALITY OF THE DISTRICT OF BARRINGTON

REQUEST FOR PROPOSALS

FOR

*MoDB RFP-1706 – Purchase and Use of
Robertson Building
3533 Highway 3, Barrington Passage*

September, 2017

**The Municipality of the District of Barrington
Request for Proposal Number MoDB RFP-1706
Purchase and Use of Robertson Building**

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Submission Form

**The Municipality of the District of Barrington
Request for Proposal Number MoDB-1706
Purchase and Use of Robertson Building**

Sealed Request for Proposals addressed to:

Rob Frost
Chief Administrative Officer
Municipality of the District of Barrington
PO Box 100
2447 Hwy 3
Barrington, NS
B0W 1E0

Marked MoDB RFP-1706 "RFP – Robertson Building" will be received until
2:00 pm on October 4, 2017.

Proposals will be opened publicly at 2:15 pm on October 4, 2017, in the Conference Room, in
the Administrative Centre located at 2447 Highway No. 3, Barrington NS

**The Municipality of the District of Barrington
Request for Proposal Number MoDB-1706**

Purchase and Use of Robertson Building

1. GENERAL

- 1.1 The Municipality of the District of Barrington (MoDB) has declared the Robertson Building located at 3533 Highway 3, Barrington Passage surplus and will consider proposals from proponents for the purchase of the Robertson Building. MoDB will dispose of the property in accordance with the Municipal Government Act.

MoDB is issuing this call for “Request for Proposals” for the purchase and use of the Robertson Building. MoDB’s objective is to attract a non-profit organization, or a private business that will develop the building for the greatest benefit of the community.

The preferred project will be consistent with current Commercial General (C-G) Development Zone, with preference given to commercial activity.

MoDB in no way warrants the suitability of the property for any particular use, past or current and irrespective of past or current zoning, whether or not the intended use is disclosed.

- 1.2 MoDB’s intention is to either grant the property to a non-profit entity, or sell the property to a private entity as per the Municipal Government Act requirements, thereby eliminating all ownership and operating costs associated with the building.

In this RFP, the successful Proponent shall be referred to as “the proponent”.

The successful proponent(s) will be responsible for obtaining any and all permits from all relevant authorities that may be a requirement for any proposed changes. The proponent is responsible for making themselves aware of all relevant zoning, building, and permit requirements and ensuring compliance with regulations.

A site visit will be conducted at the Robertson Building on September 21, 2017 at 3:30 pm.

1.3 The Community

The Municipality of the District of Barrington is located in Shelburne County, Nova Scotia. The Municipality covers an area of approximately 632 square kilometers, ranging from the communities of Clyde River in the North East to Charlesville in the South West.

The population of MoDB is approximately 7000 residents.

1.4 The Property

The Robertson Building is located at 3533 Highway 3, Barrington Passage, Shelburne County, Nova Scotia. AA# 04563387, PID# 80051865.

The building was built in 1909 and is constructed of brick and wood with wooden framed single pane windows. It has three (3) stories including a full basement with a total square footage of 2,878.

The main level of the building is heated with a hot air oil furnace and the top floor is heated using two heat pumps and electric heat.

Any wells located on the Property at time of purchase are in no way represented or warranted to be suitable for use, including but not only residential, agricultural, commercial or industrial. It is recommended that proponents carry out their own investigation to determine suitability of water supply to meet the needs of their proposed project.

The Property is offered for proposals for purchase strictly in "as is" condition. Proponents are also solely responsible to satisfy themselves as to the suitability of the property for their intended or potential future use.

MoDB makes no representation or warranties with regard to the condition of the property or its suitability for any particular purpose. In particular, but not limited to, MoDB makes no representation with regard to the environmental condition of the property or the existence of any hazardous materials that might be located on or about the property. The successful proponent and purchaser of the Property will be deemed to accept any and all risks of ownership, including any limitations for future use.

The Municipality does not accept any liability for any costs, expenses or losses occasioned by condition or use of the Property after sale, however arising.

1.5 The Building

MoDB makes no representation or warranties with regard to the condition of the building or suitability for any particular purpose. In particular, but not limited to, MoDB makes no representation with regard to the environmental condition of the building or the existence of any hazardous materials that might be located in or about the building. It shall be the sole responsibility of the proponent to satisfy itself with regard to the condition of the building and MoDB will endeavour to accommodate any request from the proponent for access to the property to inspect the building.

The proponent shall satisfy themselves as to National Building Code requirements for any proposed use.

1.6 Zoning

The current zoning on the property is Commercial General (C-G).

2.0 Submission Guidelines

Proponents are expected to respond to all of the components in the following Submission Components section and to include, in the submission, the response instructions/questions as provided in that section.

If a given question is not applicable to your proposal, simply enter “not applicable” as your response.

MoDB reserves the right to reject any proposal according to its sole and unfettered discretion including any proposal that is incomplete and/or does not follow the format outlined.

2.1 Submission Components

Proponent information

- a) Name, mailing address, phone number, and email address of organization submitting Proposal.
- b) Name and title of contact person for organization, including phone number(s) and email address.

Proposed Use. All proposals should include:

- a) A business plan or at a minimum plan of use statement
- b) Demonstrated financial stability
- c) Positive economic and/or social impact on the municipality must be indicated
- d) The project must add value to the community
- e) Performance and time milestones must be indicated
- f) Any conditions on which the purchase would be subject to.

3.0 General Evaluation Process

Based on the evaluation of submissions received, a short list may be determined and those proponents selected may be invited to present their proposal to MoDB. The purpose of the presentation would be to clarify, confirm and reinforce the written proposal and may result in adjustment to the initial evaluation scores.

Based on a review of the submissions and/or presentations, MoDB may select a preferred proponent with whom MoDB may enter into negotiations to further refine a development and operation proposal and/or negotiate a purchase and sale agreement.

MoDB may define a fixed period of time to negotiate a final selling price. If agreements are not reached within this period, negotiations may be terminated at the Municipality's sole option in writing and MoDB may elect to negotiate with other proponents in the order of their evaluation scores.

Proponent will be required to enter into a subsequent Purchase and Sale Agreement upon award of the Proposal by Council.

3.1 Evaluation of Proposals

In submitting the proposal, the proponent recognizes MoDB has the right to reject any or all proposals or to accept any proposal, or portion thereof, deemed to be in its best interest.

All responses will be evaluated by staff with a recommendation being made to Council. Municipal Council shall have sole and final authority over selection of the successful proponent.

The transfer of this property is subject to requirements of the Municipal Government Act and where Council proposes to sell the property at a price less than market value to a non profit organization that Council considers to be carrying on an activity that is beneficial to the Municipality, then Council shall first hold a public hearing respecting the sale.

3.2 Representations & Advice

MoDB, its' employees, agents and officials cannot counsel, advise or inform any proponent about the Property, nor the content of any proposal, except as provided by these instructions. No information, instruction or representation, except as provided within or in accordance with these instructions shall be binding on the Municipality.

4.0 Conditions

It is the responsibility of the proponent to review this document and any attachments included regarding this property that have been made available for background purposes only and on an Without Prejudice basis. No representation is made or implied for any reports or materials as to their accuracy, completeness or thoroughness. The proponent shall be responsible to inspect the property, its contents and systems, and to accept the property and building contained thereon "as is". In submitting a response to the RFP, the proponents acknowledge that they are not relying on MoDB about the condition of the property and will make their own investigations on the condition of the property or its suitability for development. As a condition of submitting a proposal, the proponent specifically acknowledges that they have no claim against the MoDB, or its employees as a result of the condition of the property.

An agreement of purchase and sale will be presented to the successful proponent to confirm the accepted terms of sale. The successful proponent will be obligated to execute a written agreement prior to proceeding with the sale. Unless otherwise agreed by both parties, the proponent's "Mandatory Submissions" shall be and become terms of the sale along with the terms and conditions of this Request For Proposals .

MoDB reserves the right to:

- Accept or reject any proposal whatsoever on whatever basis the MoDB deems fit in its complete and unfettered discretion and regardless of the aforementioned criteria;
- To consider proposals whatsoever including non-conforming proposals and to give additional time to any individual proponent if MoDB deems it to be in MoDB's best interest to do so;
- To terminate the Call for Request for Proposals process without choosing a proponent;
- To negotiate with any proponent that the Municipality wishes to in its unfettered discretion; and
- To cancel this Call for Request for Proposals at any time, before or after the Deadline for Submissions

MoDB reserves the right to request further information from any, or all, proponents.

5.0 Scoring Criteria

5.1 Proposals will be evaluated based on the following criteria:

| | | |
|----------------------|---|------------|
| Minimum Standard | - | 10% |
| Benefit to Community | - | 25% |
| Inclusion | - | 25% |
| Quality of Service | - | 15% |
| Other Considerations | - | 10% |
| Cost/Price | - | <u>15%</u> |

100% total weighted score

The proposals will be evaluated by representatives of the Municipality of the District of Barrington in their sole discretion. All responses will be evaluated by staff with a recommendation being made to Council. Municipal Council shall have sole and final authority over selection of the successful proponent.

5.2 Definitions of Criteria

Minimum Standard – has the proposal provided all requested information

Benefit to Community – how will the proposal provide a service to the MoDB citizens

Inclusion – what percentage of the population of the MoDB will benefit from the proposal (ie. Youth, seniors, special interest groups, etc...)

Quality of Service – has the proponent successfully completed similar projects, or has the proponent provided similar proposed service to the community in the past

Other considerations – this will include the validity of the plan, understanding of the property in question, and other considerations

Cost/ Price – the amount being offered for the property, as well as the direct affect to MoDB from future potential tax revenue

REQUEST FOR PROPOSALS SUBMISSION FORM

**The Municipality of the District of Barrington
Request for Proposal Number MoDB RFP-1706
Purchase and Use of Robertson Building**

BUSINESS NAME: _____

BUSINESS ADDRESS: _____

MAILING ADDRESS: _____

TELEPHONE NUMBER: _____

FAX NUMBER: _____

EMAIL ADDRESS: _____

CONTACT PERSON: _____

SIGNATURE OF PROPONENT: _____

Checklist:

- Completed Submission Form
- Business plan, or plan of intended use
- Demonstrated financial stability/ability
- Demonstrated positive economic and/or social impact on MoDB
- Demonstrated additional value for the community
- Demonstrated performance and time milestones
- Any conditions on purchase and sale as requested by proponent