

EAMONS' BUILDING UTILIZATION

EXECUTIVE SUMMARY

The land purchase for the site with the Eamon's building was completed and title was transferred in 2012 July. The Eamon's building was removed and taken to a storage site in 2012 December; the Eamon's sign was removed in 2012 December for restoration and was returned to the Rocky Ridge Park and Ride site as part of the Tuscany LRT station construction. The Tuscany station was opened on 2014 August 25.

The opportunity for leasing the building was posted on Corporate Properties & Buildings' leasing web page starting 2013 February 12 and there is a 'For Lease' sign placed on site. There have been five interested parties who have contacted The City. Three of the parties have indicated they will not pursue the leasing opportunity any further due to cost to refurbish, desire to own rather than lease and no interest after obtained additional details. One party has indicated they are still interested but cannot enter into negotiations at this time as they are involved in another business venture which is preoccupying their time; the second has not submitted a proposal for City consideration.

Now that the station and Park and Ride are open, potential tenants can see the finished site, the location where the building will be returned to, and the increased activity in the station area. For these reasons, it is recommended to continue the leasing opportunity for a further one year to capture potential new interested parties.

If the building is not leased within this time it is recommended to dispose of the building by making it available for sale, and if no interested buyers come forward, then to demolish and dispose of the building.

ADMINISTRATION RECOMMENDATION(S)

That the SPC on Transportation & Transit recommend that Council:

1. Direct Administration to store the Eamon's building for an additional one year until 2015 October 31; and
2. Direct Administration to dispose (sell or demolish) the Eamon's building, if there is no interest in leasing the building in accordance with the special terms and conditions of the lease, from parties by 2015 October 31.

PREVIOUS COUNCIL DIRECTION / POLICY

At the 2013 July 29 Council Meeting, relative to report TT2013-0452, (Eamon's Building Utilization and Funding Update), Council adopted the following recommendations:

- "1. Approve the installation of building services for the possible future return of the Eamon's building to site;
2. Authorize Administration to continue to store the Eamon's building until NW LRT extension construction is completed (planned fall 2014). If not leased by this time, then Administration will return to Council for further direction on disposition.
3. Approve use of up to \$410,000 from the Reserve for Future Capital as funding source for building move to/from site, storage, design and servicing;

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4. Include any net operating rent (above actual operating expenses) be directed back to the Reserve for Future Capital until the entire amount drawn down from the Reserve for Future Capital is repaid.
5. Approve the Attachment to Report TT2013-0452 and direct that the Attachment and in camera discussions remain confidential pursuant to Section 24 of the *Freedom of Information and Protection of Privacy Act* until a new lease agreement has been finalized with a tenant."

At the 2013 April 08 Meeting of Council, Administration was directed:

"...to defer reporting back to Council by 2013 May, but rather, report back no later than to the 2013 June 19 Meeting of the SPC on Transportation and Transit as an Item of Urgent Business, with results of leasing interest, budget requirements and funding source."

At the 2012 December 03 Combined Meeting of Council, relative to TT2012-0699, Council directed Administration to:

- "1. Continue to pursue options for the next 120 days, to reuse the Eamon's building as part of the overall station including, but not limited to, those discussed in the attachment during the storage period, and report back through the SPC on Transportation and Transit no later than 2013 March; and
2. Return to Council through the SPC on Transportation and Transit by 2013 May:
 - (a) To determine funding source for \$500,000 previously approved by Council.
 - (b) Along with any additional associated budget requirements and outline recommendations for building use."

BACKGROUND

The land purchase for the site with Eamon's building was completed and title was transferred in 2012 July. The Eamon's building was removed and taken to a storage site in 2012 December. The Eamon's sign was removed in December 2012 for restoration and was returned to the Rocky Ridge Park and Ride site as part of the Tuscany LRT station construction. See Attachment

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The opportunity for leasing the building was posted on Corporate Properties & Buildings' leasing web page starting 2013 February 12. There have been five interested parties who have contacted The City. Three of the parties have indicated they will not pursue the leasing opportunity any further due to cost to refurbish, desire to own rather than lease and no interest after obtained additional details. One party has indicated they are still interested but cannot enter into negotiations at this time as they are involved in another business venture which is preoccupying their time; the second has not submitted a proposal for City consideration. The site has challenges for a development to be successful due to its location in the community, a new commercial development being constructed 0.5 km north of the site and the requirement to refurbish the building to heritage standards.

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The Tuscany station was opened on 2014 August 25. The tender for construction of the Park and Ride facilities included the installation of servicing for the Eamon's building (sanitary sewer, storm sewer, water services and utilities).

Now that the station and Park and Ride are open, potential tenants can see the finished site, the location for the building to return to, and the increased activity in the station area. It is therefore recommended to continue the leasing opportunity for a further one year to capture potential new interested parties.

If the building is not leased within this time it is recommended to dispose of the building by making it available for sale, and if no interested buyers then to demolish and dispose of the building.

Stakeholder Engagement, Research and Communication

External stakeholders have been informed of the project status through regular project updates on the project website, community newsletters, project newsletters, and at Community Consultation Committee meetings. The Calgary Heritage Authority and Calgary Heritage Initiative Society made presentations at the 2013 March 20 Meeting of SPC on Transportation and Transit in support of refurbishing the building and returning it to site.

Strategic Alignment

The temporary removal and storage of the building aligns with The City's Municipal Development Plan, "The City will identify and help protect and manage Calgary's historic resources" and The City's *Calgary Heritage Strategy* (2008) recommends that The City, "serve as a role model for the creative use and adaptive re-use of City-owned heritage buildings and excellence in maintenance and restoration."

Social, Environmental, Economic (External)

Historic resources connect us to our past, our future, and to each other. They provide places of learning and places of understanding for all Canadians. Historic resources are integral to the identity of our community and help to strengthen its distinctiveness. Historic resources add to the beauty, character and visual interest of our urban environment, which contributes to the city's liveability and are sources of community pride.

Financial Capacity

Current and Future Operating Budget:

If a tenant is found for the building there would be minimal operating budget impacts. If no tenant is found there will be ongoing costs to store the building offsite until 2015 October. Future funding will be required to fund the operations, maintenance and lifecycle costs associated with The City keeping this asset.

Current and Future Capital Budget:

An increase of \$410,000 dollars was approved by Council in 2013 June to fund the move, storage, Park and Ride redesign and servicing installation out of the Reserve for Future Capital. As of 2014 September, \$225,000 has been spent on the move, storage, redesign and servicing installation. The monthly storage costs are \$1100/month. Therefore there are sufficient funds

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remaining under the previous 2013 June Council authorization to cover the monthly storage costs for the requested extended storage period through to 2015 October 31.

Risk Assessment

During the design phase, the Community Consultation Committee (CCC) supported the original plan to demolish the building and retain the sign. In previous meetings, they have expressed concern about the costs of returning the building to the site and may oppose the return of the building.

Once the building location and orientation has been confirmed there will be additional rework of median islands, paving, etc., in the Park and Ride.

Keeping the building without a municipal purpose is not in keeping with the City Owned Historic Building Management Plan (LAS2011-46, LAS2014-25). An opportunity to lease or dispose of the building may not materialize leaving The City with an asset and no viable use to cover the cost to locate and maintain itself.

There is still a risk that there will not be any interested tenants due to costs, the land use, building location, etc. To minimize this risk, opportunities for the building reuse will continue to be investigated while the leasing opportunity is being posted.

There is also a risk that even if a tenant is found, the tenant may not be able to cover the cost to refurbish the building and/or maintain it. This building may continually have vacancy issues and thus will be a maintenance and liability risk for the City. To help mitigate this risk, the proposed lease terms ask for a longer term period.

There is a risk of losing this historic asset if a financially viable use cannot be determined. To minimize this risk The City needs to welcome private sector involvement and be flexible on uses.

REASON(S) FOR RECOMMENDATION(S):

In order to allow additional time for interested parties to respond to the posting on Corporate Properties and Buildings' website, Administration recommends keeping the posting open until 2015 October 31. This recommendation is made based on consultation with Urban Design and Heritage who requested to extend the planned 6 month timeframe to allow additional opportunity to find a business partner.

If no interested parties are found by this time, it will have been over two years that the leasing opportunity has been available with no interest. As a result, Administration is recommending disposal of the building after 2015 October 31.

ATTACHMENT(S)

Photographs of refurbished Eamon's sign and original building and sign