TOWNSHIP OF
Elizabethtown-
Kitley

STAFF REPORT
Department: Finance

Report Number: F-26-05
Date: 2026-02-05

To: Mayor Burrow and Members of Council
From: Charles Dowdall, Director of Finance

Subject: CONFIDENTIAL – Potential Real Estate Transaction

RECOMMENDATION

THAT Council receive this Report F-26-04 – Potential Real Estate Transaction for information.

BACKGROUND:

Frankville Public School

The Upper Canada District School Board (UCDSB) declared the former Frankville Public School located on CR29 as surplus on June 18, 2025.

<u>Process for Disposition of Surplus Real Estate</u>

Past practice for the disposition of assets by a school board followed a prescribed process where the property to be disposed of is offered in a first round to other school boards or provincial ministries to submit an Expression of Interest.

If there are no submissions in the first round, the property is then offered in a second round to municipal governments and provincially funded government agencies to submit an Expression of Interest.

If there are no submissions in the second round, the property is then offered to non-profit and charitable organizations to submit an Expression of Interest. If there are no submissions in this final round, then the property is listed for public sale.

The property was listed for public sale on January 30, 2026, and the Township was never notified or invited to submit an Expression of Interest as per the process for disposition of surplus assets. Upon further investigation, it was found that the provincial regulation which outlines this process was amended in 2025 and the decision now rests with the Ministry solely if they wish to invite government agencies, municipal governments etc. to submit an Expression of Interest or go directly to a public sale. In this case, the Ministry made the decision to go directly to a public sale of the property.

DISCUSSION:

Purchase Price

The property is listed for sale at $325,000 and is being sold in an "As Is" condition.

Listing Details

The former Frankville Public School was built in the early 1960's and was subsequently changed to an Education Center for administrative offices and IT services in 2004 with the prior Frankville Public School being merged with Meadowvale Public School in Addison.

The building is 12,938 s.f. in floor area. Construction of the building consists of a concrete foundation and concrete floor with mostly brick and masonry walls, with built up roofing. Heating is by natural gas fired boiler and gas forced air heating systems. The building is partially air-conditioned. The ceiling throughout is mostly suspended tile and flooring is a mixed vinyl tile and VAT. The building contains 5 sets of washrooms including 2 universal washrooms which are AODA compliant.

The lot size is 4.03 acres with lot frontage of 299.8 feet and lot depth of 584.8 feet and is located directly on CR 29 (10 minutes from Toledo and 15 minutes from New Dublin).

Building Condition

On February 4, 2026, staff consisting of the Building Inspector/Facilities Manager, Chief Building Inspector and the Director of Finance completed an on-site inspection of the building with school board staff. Following this inspection and tour of the building, the following summarizes the observations of staff:

- The building overall is in good shape structurally with one caveat being the roof which is a flat roof. There is deterioration in one area of the roof that needs to be repaired. The consensus is that the roof would not need to be replaced but if repaired this would provide 3-5 years additional time before something more substantive would need to be undertaken. Further, the consensus is that rather than repairing the roof alone and then undertaking further work later it would be recommended that the roof repairs be completed and a truss installed on the existing roof to take any load off the roof in the winter months and prevent any deterioration of the roof moving forward.

- The estimated cost for repair of the roof and installation of a truss as recommended is $500,000. A building condition assessment completed in

August 2024 by Pinchin Engineering which was provided by the school board suggests the cost for roof repairs would be $278,000. This did not include the installation of a truss. Township staff estimate the installation of a truss structure on top of the existing roof would be approximately $225,000.

- Despite the roof repairs required, there was no evidence of water leakage or permeation of moisture into the building from the roof in any room in the building.

- There were no signs of mold or asbestos detected, and school board staff confirmed that there have been no lead-based paints used anywhere in the building. Again, the building condition assessment completed in August 2024 provided by Pinchin Engineering confirms from their testing that there was no asbestos present other than trace amounts of Chrysotile that was detected beneath the carpet in one isolated area of the building.

- The interior of the building is in very good condition. Many of the windows are newer and estimated to be 2-3 years old and appear to be energy efficient windows.

- The boiler was installed in 2002 and is in good shape with a regular maintenance log provided which showed monthly inspections and servicing having been maintained. Although, the boiler is in what appears to be good condition it would be recommended that the boiler be replaced.

- The flooring is in good condition with individual rooms having carpet tile. The carpet tile is estimated to be 15 years old, and it would be recommended that the carpet tile be replaced throughout with vinyl plank flooring to reduce the maintenance of the floor and provide better durability for high traffic areas.

- Interior lighting throughout the building is industrial lighting which would need to be replaced throughout for energy efficiency and improved lighting overall. There is considerable natural light throughout the building from the continual windows down both sides of the building from the front to back.

- Since the building was the IT Hub for the area schools, the building is fiber connected which provides for a smooth transition of IT requirements which results in a dramatic cost savings compared to if fiber connectivity would need to be installed from the start. Further, the interior of the building has all the required port cabling throughout all rooms to facilitate workstation and server installation/connections.

- The overall layout of the interior has a good flow, typical of an administrative environment with only minor modifications and customization recommended to the overall layout.

- The building does have an interior security system however it is recommended that a new security system throughout the building be installed.

- Front and side entrances to the building require moderate modifications to doors for AODA compliance. Both entrances have elevated walkways to the entrances however a further minor elevation would be required at the doors for both entrances for AODA compliance.

Township's Intended Purpose for the Building

The intended purpose for the building if purchased by the Township would be to move all administration for the Township (New Dublin and Toledo) to one location (Clerk Administrator's Office, Finance, IT, Building Inspection, Planning & Zoning, Archival Document Storage). In addition, the proposed location would include Council chambers where all Council related activities would take place.

A brief summary of both locations for comparison is provided as follows:

	Current Location 6544 New Dublin Road	**Proposed Location 231 County Rd 29**
Interior Area Size	6,140 s.f.	12,938 s.f.
Year of construction	1830's (original)	1960's
Number of Floors	3	1
Storage Area Size	860 s.f.	1,500 – 2,000 s.f.
Exterior Property Size	0.84 acres	4.03 acres
Sewer System	Septic	Septic
Zoning	Institutional	Institutional
Heating Fuel	Propane	Natural Gas
Heating Type	Electric Baseboard and Electric Heat Pump– 2^{nd} Floor 2 Propane Forced Air – Lower/Main Level	Hot Water Radiator
Air Conditioned	Yes	Partially
Self contained offices	No	Yes
AODA Compliant	No – Modifications Required	Yes – with some minor modifications

Further, if the decision of Council was to proceed with the purchase of the Frankville school for the purpose intended, the recommendation would be that since all administration would be located in one building, the Toledo office location would become a central Public Works outlet with all Public Works administration to include Parks and Recreation relocated to the current Toledo office. This in turn would scale down the requirements of the New Dublin garage and potential cost as Public Works office space at this location would no longer be required for inclusion in the renovations and/or construction of the New Dublin garage currently under consideration.

Financial Discussion

As indicated in the report, the purchase price of the former Frankville school property is $325,000. If it is the decision of Council to proceed with the purchase of the property, the Township has the surplus cashflow available to submit an Offer to Purchase without reliance on debt financing. For information purposes, the proposed property has a tax assessment (2016) of $1,100,000.

If the property was purchased, staff estimate that a project budget of $2,000,000 would need to be established excluding the purchase price of $325,000. The project budget is based on the following estimated costs upon completion of the inspection of the property by staff on February 4, 2025:

Item	Estimated Cost
Repair of roof and installation of a truss.	$500,000
Interior renovations, painting, flooring, lighting, AODA compliance, minor layout modifications, new boiler, new security system	$1,000,000
Moving costs, computer transfer, server installation, office equipment installations, office equipment purchases	$250,000
Contingency	$250,000
Estimated Cost	**$2,000,000**

Financing of the Purchase and Project Costs

To facilitate the purchase of the property and the estimated costs for renovations etc. the Township would need to undertake debt financing of $2,325,000 to include the purchase facilitated by surplus cashflow. Assuming a 20-year amortization and a WAIR (Weighted Average Interest Rate) of 3.01% through Infrastructure Ontario, this would result in a monthly debt payment of $15,631 or $187,572 annually. This would increase the Township's ARL (Annual Repayment Limit) to 8.42%, well below the 15% ARL directive given by Council.

However, the impact of debt financing would be negated to a considerable extent by the sale of the existing Township building. The current Township building has a tax assessment (2016) of $409,000; however, staff are of the opinion that in the open market the tax assessment for comparison is very understated. Staff suggest that the sale of the current Township building would render a sale price of $850,000. The proceeds of the sale of the existing Township building would then be applied to the debt financing of $2,325,000 thereby reducing the net debt outstanding on this project to $1,475,000. By the same token, the original 20-year amortization on which the financing is based would be reduced to 9 years 4 months saving the municipality approximately $438,000 in interest costs over the life of the financing. If the decision of Council was to proceed, when securing the debt financing it will be incumbent on staff to ensure that the debt financing is completely “open” for pre-payment without any interest penalty to facility the lump sum payment from the proceeds of the sale of the existing Township building if that was to take place as outlined.

FINANCIAL IMPLICATIONS

The financial implications if the proposed purchase was to proceed are summarized as follows:

1. Cashflow would be temporarily reduced $325,000 until long-term financing is secured.

2. Long-term debt of $2,325,000 would be assumed resulting in annual debt payments of $187,572 and an increase to the ARL to 8.42%. Savings in interest of approximately $438,000 would be realized upon sale proceeds of the existing building being applied.

3. If the property was purchased and it was found after further due diligence that the project is not viable, staff are very confident that the Township could either sell the property and recoup its full investment of $325,000 or consider an alternate use of the property strategically for example the construction of affordable rental housing for the Township under the CMHC Accelerator Funding Program as a generation of revenue for the property.

LINK TO STRATEGIC PLAN

We will strive to be fiscally sustainable through prudent and future focused financial management.

OTHERS CONSULTED

- Mayor Brant Burrow
- CAO
- Facilities Manager
- Chief Building Inspector
- UCDSB Facilities Management