

DOWNTOWN ACTIVITY CENTRE



School District No. 83 (North Okanagan-Shuswap)

Downtown Activity Centre Site View



Downtown Activity Centre Facts

- ▶ Address: 451 Shuswap Street SW, Salmon Arm, BC
- ▶ Site Area Size: 44,562 sq. ft. / 1.023 acres
- ▶ Zoning: C-2 – Town Centre Commercial Zone
- ▶ Current Market Value: \$1,500,000 (May 12, 2017)

Downtown Activity Centre

History

- ▶ Originally constructed as a two storey brick school in 1921
- ▶ Four additions to building – 1936,1967,1970,1982
- ▶ School closed – 2003 (Former Salmon Arm Elementary)
- ▶ Ministerial Approval received to dispose of (sell) property – October 2015
- ▶ 5 year lease expires June 30, 2018 (extended to December 31, 2018)

Downtown Activity Centre

- ▶ 95% leased to Salmon Arm Partners in Community Leadership Association (SAPCLA)
- ▶ 5% owner occupied by The Board of Education of School District No. 83

Clause 12.05 in the final 5 year lease agreement with SAPCLA states that:

"The Tenant shall ensure that all sub-lessees associated with this lease are advised as the terms of this lease, and specifically the term of the lease, the non renewal of the lease, and the need to have completely vacated the property prior to the end date of the lease."

Downtown Activity Centre Issues

- ▶ Environmental
 - ▶ Some of the construction materials in the building contain asbestos – will require remediation if and when there are any renovations or repairs
- ▶ Building Functionality
 - ▶ Variety of construction materials and styles incorporated over time have resulted in functional obsolescence – mainly due to building's adverse configuration
 - ▶ Lack of handicap access
 - ▶ No air conditioning
- ▶ End of life
 - ▶ Finishes (paint, flooring, ceiling tiles, washrooms and windows) located in older sections of building are nearing end of economic life
 - ▶ Mechanical systems are dated and not suited for multi-tenant configuration

Downtown Activity Centre Issues

Overall, the building is deemed
below average condition.

The effective age is estimated to be
40 years, and remaining economic life
is estimated at **less than 10 years.**

Downtown Activity Centre Issues

- ▶ Annual rent is \$1 – below market value
- ▶ Cost to district - time and resources to manage lease and building
Ex. Administrative time, district resources (operations/facilities staff)
- ▶ Cost to district - district has taken on annual cost of building depreciation
 - Roof and boiler depreciation has not been included in the last 5 years of the lease
- ▶ Imminent costs to district in near to mid-future
 - Fire alarm system, back flow valve, flooring repairs, fire valve, roof repairs, HVAC system.

Downtown Activity Centre

Option 1

Keep building and continue to lease

- ▶ In the short to mid-term future the district will be required to utilize district funds to make significant repairs (mechanical and building systems including roofs, water backflow, etc.)
 - Fire alarm system - \$30,000
 - Back flow valve - \$25,000
 - Flooring repairs - \$50,000-\$100,000
 - Fire valve - \$10,000
 - Roof repairs - \$100,000-\$200,000
 - HVAC system installation - \$2,400,000
- ▶ District does not make any money from lease
- ▶ District resources are being redirected from core educational services

Downtown Activity Centre

Option 2

Keep building and renovate/rebuild elementary school

- ▶ Current building is not adequate as an elementary school
- ▶ Renovation costs to upgrade facility is cost prohibitive (over \$8M)

Downtown Activity Centre

Option 3

Sell building

- ▶ Proceeds from sale can be used to initiate other capital projects needed for students in the district, including a contribution toward the building of a new downtown Salmon Arm elementary school

Process for School Districts to Dispose of Property

The Ministry of Education (through Ministerial Order) requires that a Board of Education must obtain **ministerial approval** prior to pursuing the disposal of a board owned property.

The Ministry requires the **submission** of particular information in support of a board of education's request for approval.

Process for School Districts to Dispose of Property

1. Confirmation that property is surplus to the current needs of the school district and will not be required by the board of education for a future purpose.
2. Public consultation (education community, general public, local government, community organizations)
3. Property disposal bylaw must be passed at a public board meeting
4. Ministerial Approval

QUESTIONS

What does the tenant pay each month for rent?

Where does that money go?

QUESTIONS

What actual costs does the district have over and above what is covered by rent?

QUESTIONS

If the tenant pays for all of the operating costs, how can the district say that the building costs money?

QUESTIONS

What are the owner costs projected to be in the short to mid-term future?

QUESTIONS

Where did you get the \$8M figure to renovate the Downtown Activity Centre as an elementary school?

QUESTIONS

How much will it cost to house the Storefront School at the District Education Support Center?

QUESTIONS

Why don't you just extend the lease for another 5 years?

QUESTIONS

If the property is sold,
where will the money go?

QUESTIONS

What will the district do to support all of the displaced tenants if the building is sold to a company that won't house them?

QUESTIONS

What are the steps that the district has to take in order to sell the property?

QUESTIONS

Who came up with the \$1.5M property value?

QUESTIONS

Does the district have to take the highest bid or can it sell to the right purchaser for a lower price?

QUESTIONS

Is it true that you have rejected an offer from the current tenant?

QUESTIONS

Why doesn't the City of Salmon Arm
take over the site?

QUESTIONS

Would a small cost renovation (rather than a major one) extend the life of the building?

Who would pay for the renovations?

QUESTIONS

How likely is it that we can get an elementary school built for the downtown core?