



Working together with our community

Council-In-Committee Meeting – April 14, 2026

Subject: Port Rowan Medical Centre Disposition
Report Number: CDS-26-046
Division: Community & Development Services
Department: Administration
Purpose: For Decision

Recommendation(s):

That staff report CDS-26-016 Port Rowan Medical Centre Disposition be received as information; and

That Council approve the staff recommendation to proceed with Option 2, as presented in this report;

That Council declare surplus to municipal needs the parcel outlined in Option 2 containing the Port Rowan Medical Centre and direct staff to list the parcel to the open market; and further

That staff be directed to remove the redundant projects in Table 1 from the Draft 2027-2036 Levy Capital Plan, totaling a decrease of \$361,000.

Executive Summary:

This report presents two disposition options for the Port Rowan Medical Centre located at 1035 Bay Street, Port Rowan. Staff are recommending Option 2, the sale of the building without the adjacent parking lot. Retaining the parking lot as a municipal asset and continuing to offer it as public parking maintains flexibility for future municipal use and supports ongoing downtown activity, while still providing convenient parking access for the purchaser. With all building tenants now vacated and remaining lease obligations ending in May 2026, the property is ready for disposition.

As outlined in Report CAO-26-002 – Facilities Master Plan Implementation Report and Update, staff committed to bringing forward individual divestment reports for facilities scheduled for disposition and this report fulfills that commitment for the Port Rowan Medical Centre.

Discussions:

Norfolk County owns the Port Rowan Medical Centre at 1035 Bay Street, a facility that previously operated as an EMS base and has been leased for medical and dental services since 2008. The Norfolk Family Health Team leased the southeast portion of the building between 2008 and 2023. Dr. Peter Gunn currently leases the northeast portion of the building. The lease expires in May 2026 and the property is now well positioned for disposition in alignment with the County's asset management and divestment strategy. Operating medical centres and serving as a commercial landlord for health care uses are not core municipal functions, and divesting the property supports a more focused approach to service delivery. For context, the Port Dover County Medical Building was sold in August 2021, leaving the Port Rowan Medical Centre as the County's only remaining medical facility.

Recent market activity has been mixed over the past 12-18 months, with improving signs in late 2025 and early 2026. Considering location, zoning, physical characteristics, and the timing of vacancy, the Broker Opinion of Value estimates fair market value in the range of \$350,000-\$400,000 on an "As Is, Where Is" basis. While earlier analysis suggested that including a row of on-site parking could enhance marketability, the property benefits from immediate proximity to an existing municipal public parking lot, which sufficiently supports future commercial or office use without requiring the County to transfer additional land.

As outlined in Report CAO-26-002; Facilities Master Plan Implementation Report and Update, staff committed to bringing forward individual divestment reports for facilities identified for disposition as implementation of the Master Plan progresses. The Port Rowan Medical Centre property is one of the sites scheduled for divestment in the approved implementation timeline, and this report fulfills that commitment by presenting Council with the required analysis and disposition options. Consistent with the approach described in CAO-26-002, staff have evaluated several potential configurations for the sale, retention, or subdivision of the property. Maps illustrating each option, including parcel configurations, are provided in Attachments A & B.

Property Disposition Options

Option 1- Sale of Building with Parking Lot

Under this option, the County would convey the building together with the full on-site parking lot as one complete parcel. This would provide the purchaser with full control over both the structure and the parking area, offering maximum flexibility for redevelopment or commercial use. However, transferring the entire parking lot would permanently remove a municipally owned public parking resource that currently

supports downtown activity and offers convenient access for residents, visitors, and nearby businesses.

Option 2- Sale of Building with No On-Site Parking (Recommended)

Option 2 proposes selling only the building footprint, with the adjacent parking lot retained in County ownership and continuing to operate as municipal public parking. Because the existing CBD zoning does not require dedicated on-site parking, prospective buyers would still benefit from ample, conveniently located municipal parking without the County needing to divest additional land. Retaining the lot preserves an important public asset, maintains flexibility for future municipal use, and supports ongoing economic activity in the downtown area.

Staff recommend Option 2, as it achieves the divestment of the non-core building asset while maintaining the strategic and community value of the municipally owned parking lot. Should Council approve one of these options, Staff will move forward with listing the property with one of the brokers listed on the County's roster.

Finance Comments:

Revenues from Disposition

Staff estimate one-time proceeds in excess of \$0.35 million could be generated from disposition. Under Option 1, proceeds would likely be slightly higher due to consideration received for the parking lot. As part of the larger strategy, proceeds generated from divestment recommendations will be directed to the Facilities Reserve and recycled into funding for future Facilities capital projects to reduce the use of less sustainable funding sources like debt to implement the strategy and maintain the County's remaining complement of facilities.

The Port Rowan Medical Centre, currently classed as a commercial property, generates approximately \$9,800 property taxes annually, however the County as the owner has to cover these costs in its annual operating budget. Following disposition, if approved, the property would continue to generate property taxes, which the County would collect from the new owner, rather than fund itself.

If the property were to undergo redevelopment following a sale, the County would likely collect development fees for any Planning approvals that would be required, and development charges (DCs) as well. DCs would be charged in accordance with the DC By-Law in effect at that time, and collected at the time of occupancy per revised Provincial legislation introduced through Bill 17 in 2025. Any DCs charged would be subject to redevelopment credits which may mitigate the amount of revenue collected by the County, depending on the future uses of the property.

Costs of Disposition

No material costs are expected to arise in the course of this disposition, if approved. A portion of proceeds may be used to offset any legal costs associated with disposing of

the property, resulting in the net sale being slightly lower, but that is expected to be negligible compared to the potential proceeds of the disposition.

Savings from Disposition

The Adopted 2026 Levy Operating Budget includes an allocation of \$10,900 before interdepartmental allocations, for the operation of the Port Rowan Medical Centre for costs such as utilities, waste disposal and alarm testing, in addition to property taxes as discussed above. If the property were to be divested, these costs would be avoided in future annual operating budgets.

The Adopted 2026-2035 Levy Capital Plan also included six projects scheduled at the Port Rowan Medical Centre, all of which are listed in Table 1 below.

Table 1 – 10-Year Capital Plan Projects to be Removed

Port Rowan Medical Centre Projects	Start Year	Budget
5332738 Foundation Repairs	2027	\$25,000
5332736 HVAC Replacement	2027	\$36,000
5332920 Window Replacements	2029	\$65,000
5333219 Interior Renovations	2032	\$120,000
5333316 Tower Decommissioning	2033	\$15,000
5333417 Roof Replacements	2034	\$100,000
Total		\$361,000

If either Option 1 or 2 are approved as recommended, the six projects could be cancelled, resulting in capital avoidance of \$361,000 over the next 10 years. Staff will remove the applicable projects in the Draft 2027-2026 Levy Capital Plan, all of which are currently recommended to be funded by the Facilities Reserve, freeing up funding for other priorities in the Facilities Master Plan or asset replacement needs.

Although only \$361,000 is currently in the 10-Year Forecast, the consultant that prepared the Facilities Master Plan estimated a more appropriate renewal cost of approximately \$48,500 annually. This indicates another benefit of divestment, as it relates to the County’s infrastructure funding shortfall; if the property were to be divested, it would decrease the County’s lifecycle costs, as Norfolk would no longer be responsible for maintaining the infrastructure in a state of good repair in perpetuity.

Consultation(s):

Internal consultations occurred among Facilities, Planning and Realty Services to confirm parcel configurations, zoning compliance and disposition pathways consistent with the Facilities Master Plan Implementation.

Strategic Plan Linkage:

Sustaining Norfolk - Creating a sustainable community and a positive legacy

This report supports the strategic priority of Sustaining Norfolk by advancing a non-core asset divestment, reducing future liabilities, and enabling reinvestment in priority facilities. Evaluating multiple disposition configurations and recommending the option that supports community benefit, while respecting zoning and operational advances a more sustainable, resilient community.

Attachment(s):

- Attachment A- Option 1 (Sale of building with parking lot)
- Attachment B- Option 2 (Sale of building with no on-site parking)

Approval:

Approved By:
Al Meneses, Chief Administrative Officer

Reviewed By:
Michael Simoes, Director of Fleet and Facilities

Reviewed By:
Bill Cridland, General Manager, Community and Development Services

Prepared By:
Marie Steiner, Divisional Coordinator, Office of the CAO