

**FOR PUBLIC RELEASE**



*Final Report:*  
**Assessment of Options  
Killam Brothers Building**



*Prepared For:*  
**The Town of Yarmouth**



**Cantwell** Real Estate  
Planning  
Project Management  
& COMPANY  
February 2015

# **1. INTRODUCTION**

The Killam Wharf property is located at 90 Water Street on the Yarmouth Waterfront. The 1.2 acre property was purchased by the Town in 1997 and renovated later that year. The building has three levels and is currently occupied by a waterfront gallery (Main floor, seasonal), Yarmouth County Museum (Main Floor), and Waterfront Antiques (2nd and 3rd floor). There is a wharf behind the building that is used for marine activity and the parking lot is also used for community festivals.

While the building is generally seen as a successful part of the revitalization of the Yarmouth Waterfront, from a financial perspective, it is not meeting its original expectations. Currently, the building is fully occupied, however the rent being generated is not enough to cover the cost of operations. In order to break even, the Town is contributing the shortfall and therefore is subsidizing the operation of the building (and therefore is subsidizing the tenants). Town council has debated this situation and many councillors believe that the town should not be in the business of subsidizing commercial rentals with taxpayer's dollars.

## **1.1 PURPOSE OF THIS REPORT AND REPORT OBJECTIVES**

The goal of this proposal is provide Town Council with the information they need in order to make an informed decision about the future of the Killam Wharf building. For example:

1. What are the market rates for similar commercial properties in downtown Yarmouth? What rates should the Town charge the tenants?
2. The Town does not have a good understanding of the current operating costs for the building, as the NSPI meters are used for both marina and building services. Estimates should be developed for operating costs so that the leases can include an allowance to recover these costs. As the town owns the building, it does not pay property taxes – this should be considered when setting rental rates.
3. The Museum does not pay any rent at the present time. Should the town charge rent, or ask them to relocate to another facility?
4. As the rear of the property has value to the public (marina, festivals, etc.), it is unlikely that the Town can sell this space. If the building is to be sold, what mechanisms are available so that the Town can continue to control the rear portion of the property?
5. Should the Town sell the building and property, and just maintain some rights to public use on the back yard, or should the property be subdivided so that the town can retain control over the marina?

## **1.2 ORGANIZATION OF THIS REPORT**

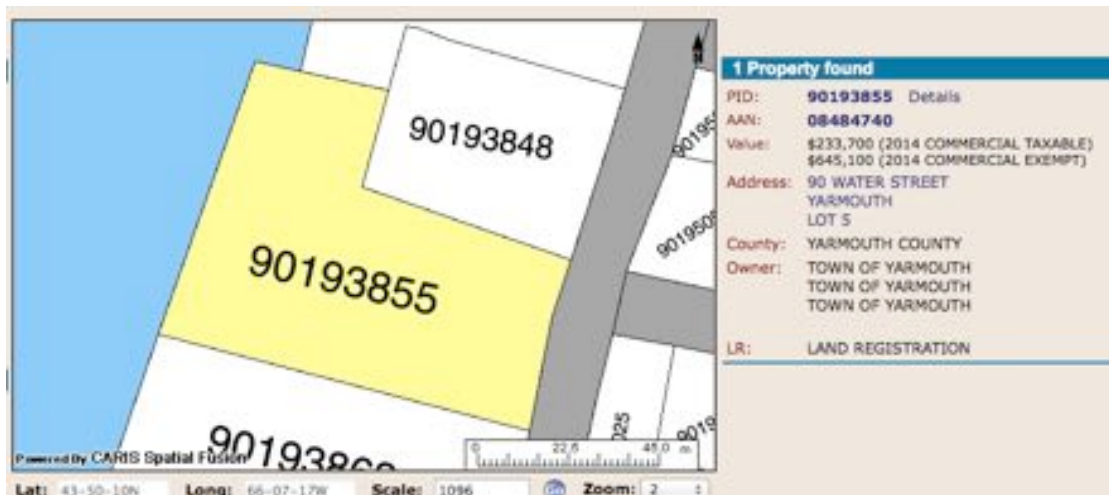
This report is organized as follows. Chapter Two presents background data that is useful to the reader, including a description of the building, and a market assessment of the need for real estate downtown. Chapter Three provides an analysis of three options for the property, including financial estimates and the pros and cons of each, and a recommendation is provided for Council's consideration.

## 2.0 BUILDING ASSESSMENT & REAL ESTATE MARKET ANALYSIS

This section provides a description of the Killam Brothers building, its current tenants and most recent financial performance, and provides a summary of the local real estate market.

### 2.1 BUILDING AND SITE DESCRIPTION

|                           |   |
|---------------------------|---|
| <b>Municipal Address:</b> | 90 Water Street, Yarmouth, NS   |
| <b>Legal Description</b>  | PID 90193855  |
| <b>Ownership</b>          | The property is owned by the Town of Yarmouth. There is an easement across the driveway to provide access to the adjacent property (Rudders Restaurant and Pub)   |
| <b>Frontage</b>           | Approximately 140 to 150 feet on Water Street   |
| <b>Site Area</b>          | 53,586 SF (1.23 Acres)  |
| <b>Services</b>           | Full municipal services (sewer, water, power)   |
| <b>Zoning</b>             | Waterfront Commercial Industrial (WCI-5)  |
| <b>Access</b>             | Pedestrian vehicle access via Water Street. Pedestrian access also via waterfront boardwalk.  |
| <b>Topography</b>         | Slightly sloping towards the harbour.   |
| <b>Soil Conditions</b>    | Cantwell & Company has no specific information about the suitability of the site with respect to drainage or its load bearing capacity. We are also not qualified to comment on soil or building conditions, and assume that there are no environmental contaminants that will affect the site or building. |



The building appears to have been built in the 19<sup>th</sup> century and is of wood frame construction. The Town of Yarmouth purchased it in 1997 and substantially renovated as part of a \$1.6M Phase III of the Yarmouth Waterfront Development. Major improvements included: the installation of an

elevator, major sprinkler system, new electrical service, water supply, etc. Many of the windows appear to be original (or quite old) and the building does not appear to be very energy efficient. The roof is covered with asphalt shingles that are in reasonable shape although shingles on the back-side facing the harbour have been stained by bird droppings and doesn't look very attractive. The interior retains a lot of its original character, including plank wood floors and exposed wood beams.

### **2.1.1 Photographs of the Building**

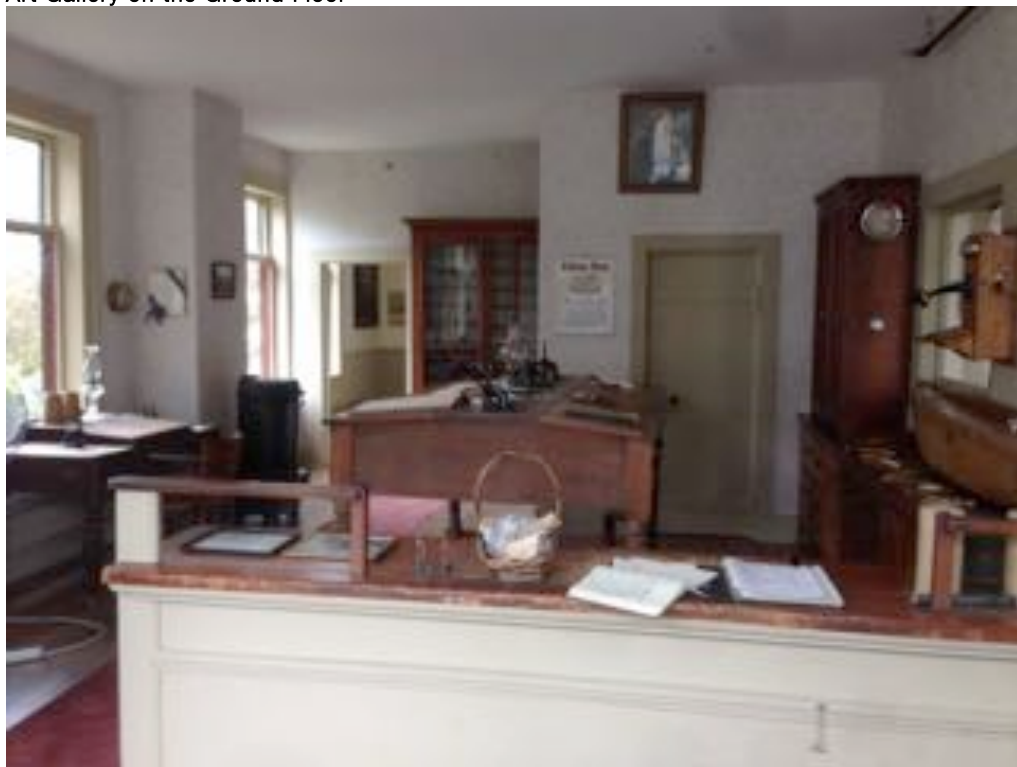
The following photos illustrate the current condition of the building, which is good.



**Front of Building from Water Street**



Art Gallery on the Ground Floor



Museum / Shipping Office Space on the Ground Floor



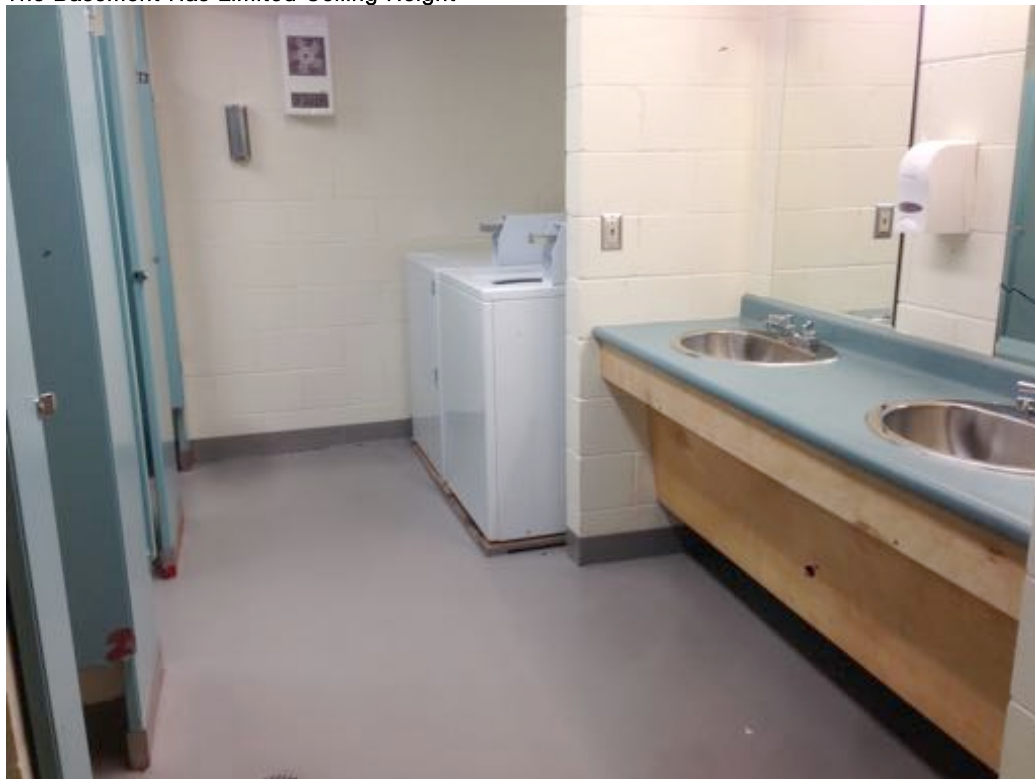
2<sup>nd</sup> Floor Antique Shop



3<sup>rd</sup> Floor Antique Shop



The Basement Has Limited Ceiling Height



The Washrooms Include Washing Machines for the Marina



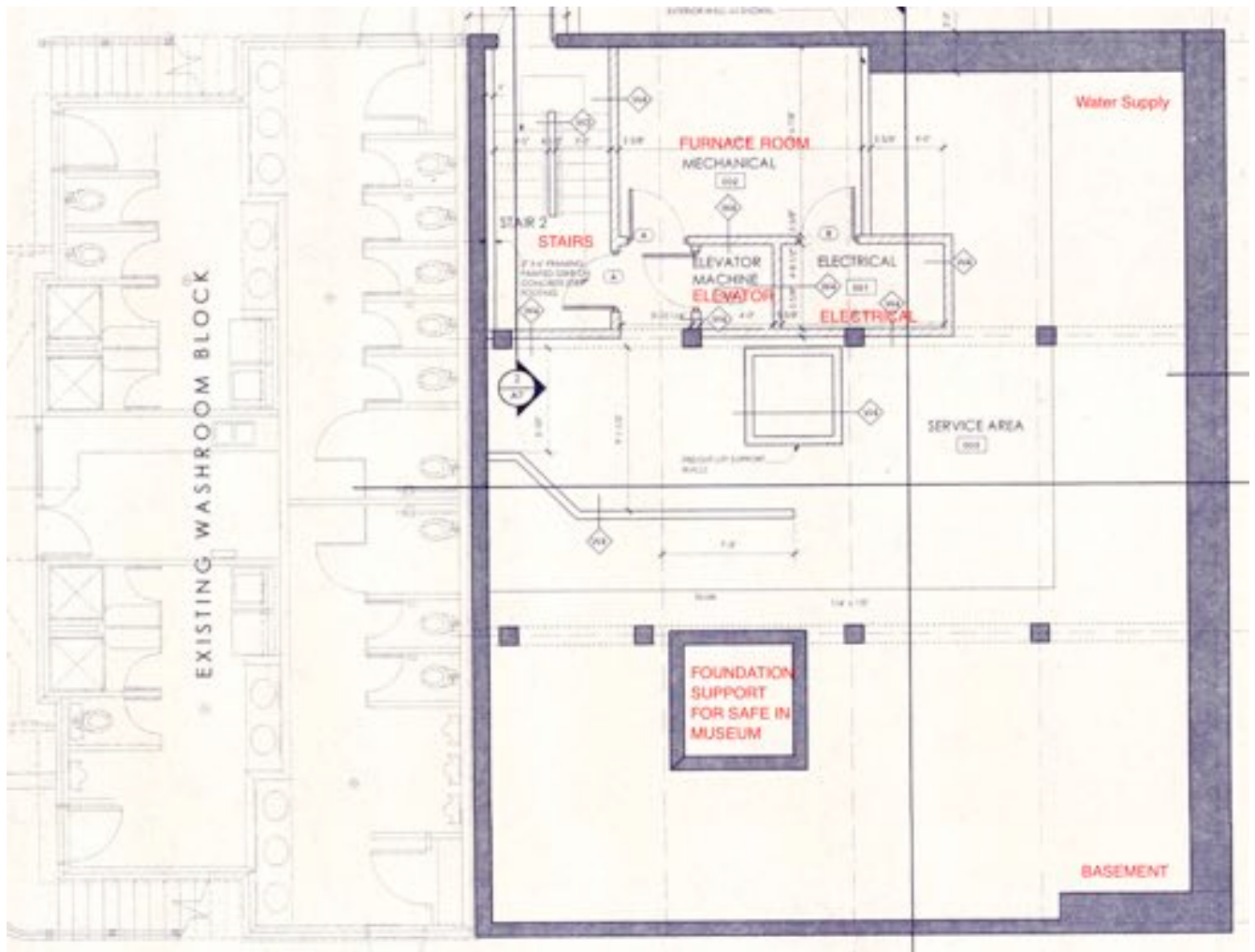
Parking Lot facing the Boardwalk and Marina



Rear of Killam Wharf Building: note washrooms below and deck above it

### 2.1.2 Building Floor Plans

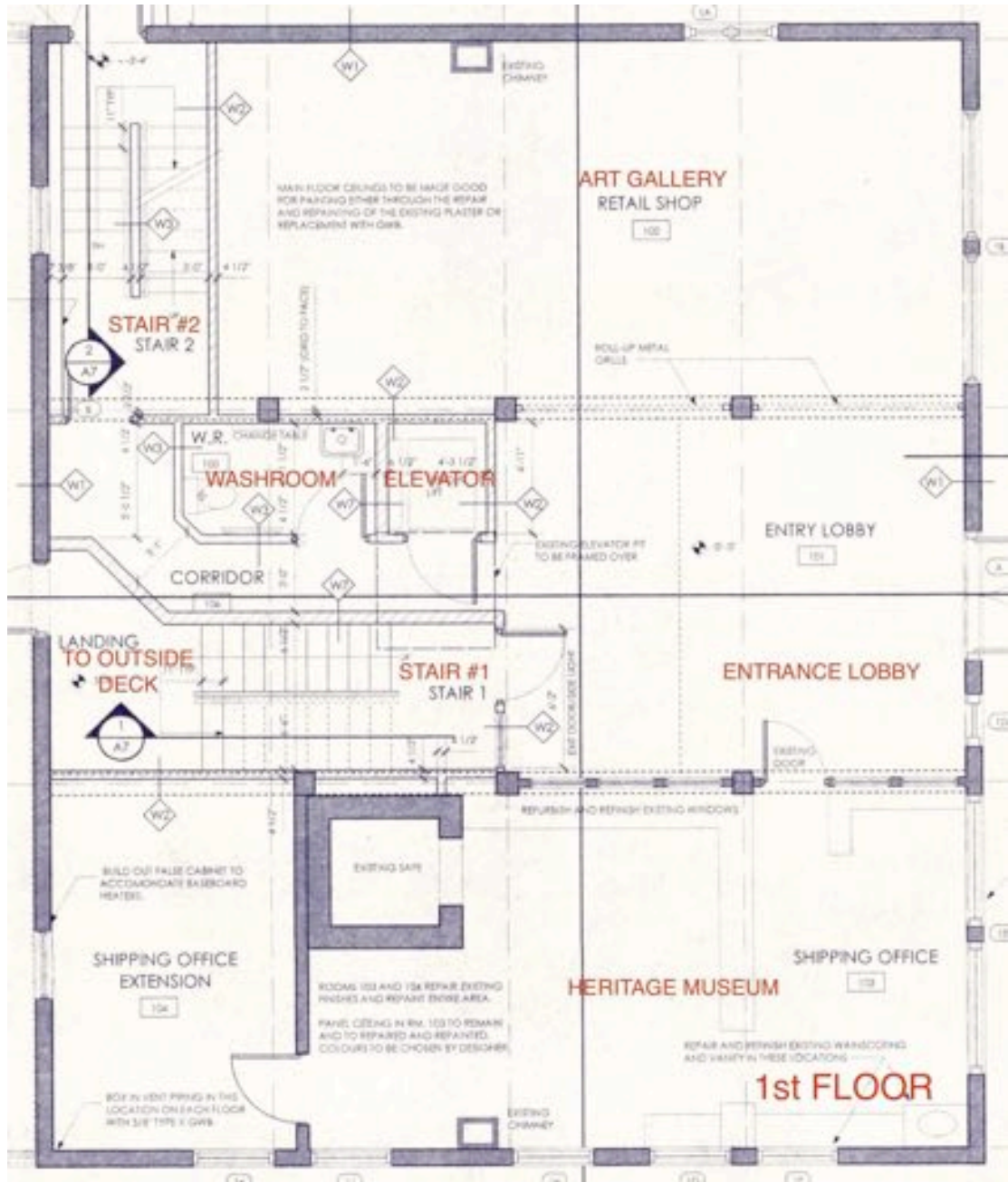
The following floor plans were prepared as part of the 1997 renovation to the building, which included: structural reinforcements to support increased use of the third floor, the installation of a second set of stairs, washrooms, an elevator, and new sprinkler system. Comments in red were added as part of this report. The building is approximately 40 feet deep by 50 feet wide (2,000 SF per floor).



**Basement floor plan**

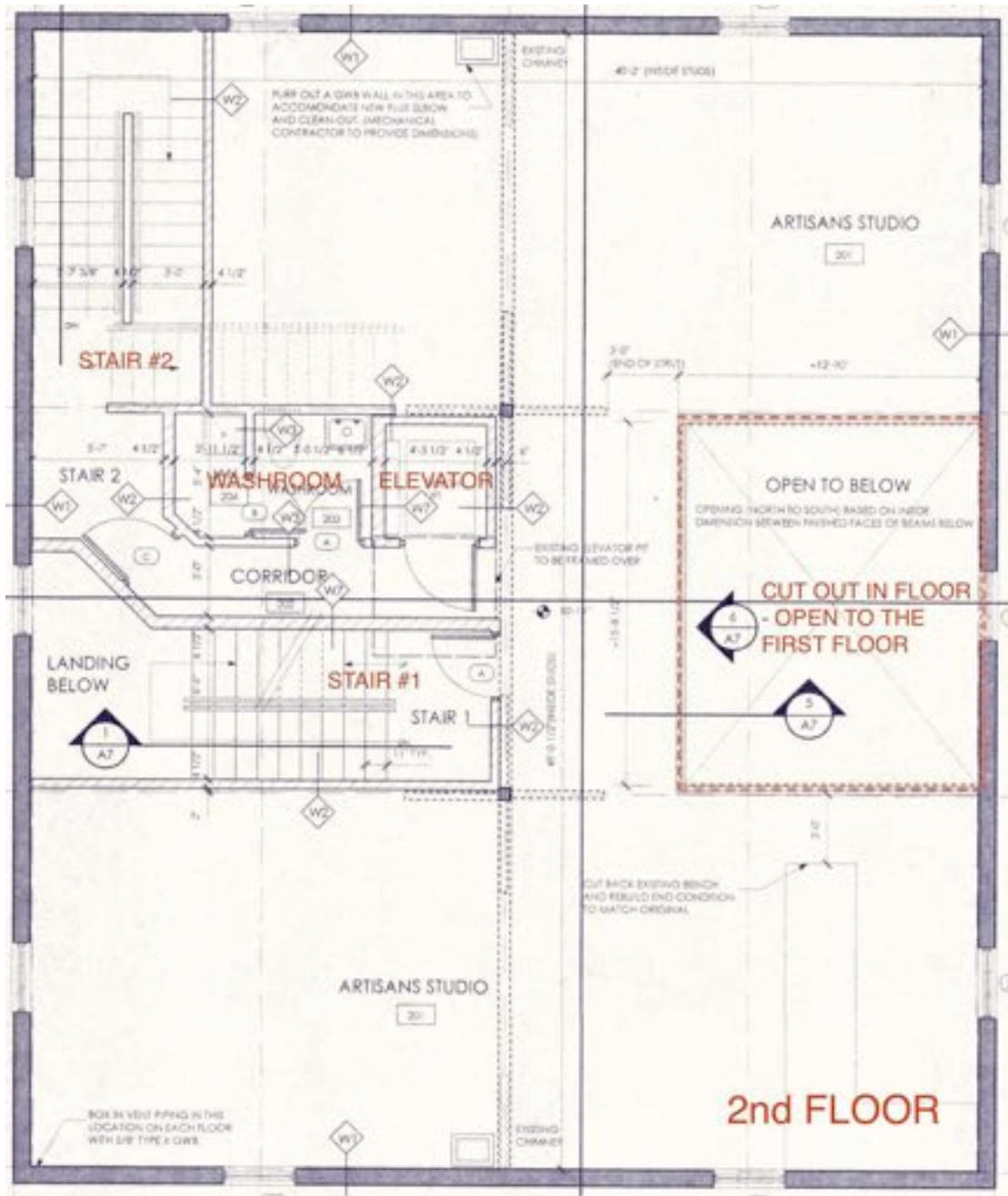
The basement provides access to the furnace room, electrical room and elevator service area. The furnace room has some water infiltration and as a result, the furnace appears to be rusting pre-maturely; this is common in waterfront locations. The furnace will need to be replaced in the near future.

Attached to the basement is a 1,100 SF addition that includes 12 toilets, showers and washing machines to support local festivals and the marina. The roof is a deck for the first floor.



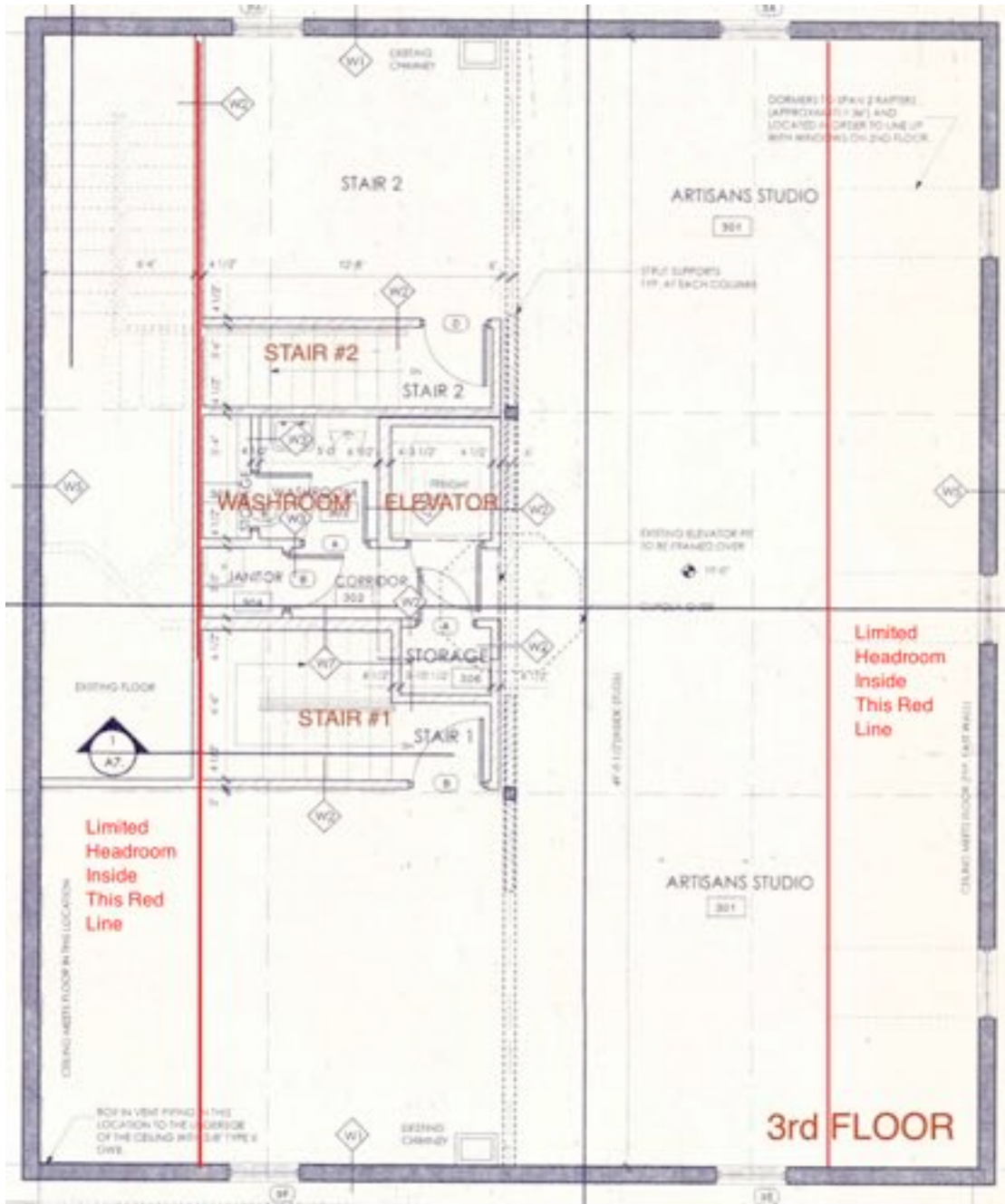
First floor plan

The main entrance to the building is from Water Street, although there is a side entrance from the laneway. Once inside the foyer there is a leasable space on the right (currently an art gallery) and another on the left (currently a heritage Museum). In the centre are two sets of stairs as well as a washroom and elevator.



Second Floor Plan.

Access to the second floor is possible either from one of two stairwells or the elevator. Note that a 100 to 150 SF portion of the floor was removed as part of the 1997 renovations in order to create a dramatic effect as you entered the building. Unfortunately this reduced the leasable area and functionality of the second floor. Future plans would likely include filling in this space to restore the building to its original configuration and to make it more efficient to operate.



Third Floor Plan.

Although the footprint of the third floor is the same as the second floor, there is less useable space due to the sloping roof on the front and back of the building. As such, occupants of the 3<sup>rd</sup> floor do not get full access to all of the space on this level (the area behind the red lines has limited head space). Although a substantial amount of money was spent renovating the building in 1997, it still has single pane windows and appears to have very little insulation. As a result, the building is consuming significantly more heating oil that it otherwise should. This is certainly

a constraint in terms of trying to use the building 12 months of the year, but can be remedied in future renovation work.

### 2.1.3 Calculation of Total Building Space

No specific space measurements were made available to the consultants. We have measured and calculated the space within the building to the best of our ability, and believe it is at least 95% accurate.

#### **Killam Brothers Building, Yarmouth, NS Reconciliation of Space**

| <b>Description</b> | <b>Gross SF</b> | <b>Less Stairs</b> | <b>Less Cutouts<br/>(2nd) &amp; Knee<br/>Walls (3rd)</b> | <b>Net Useable<br/>Space</b> |
|--------------------|-----------------|--------------------|--|------------------------------|
| Basement           |                 |                    |  |                              |
| Washroom Facility  | 1,100           | (60)               | -  | 1,040                        |
| First Floor        | 2,000           | (280)              | -  | 1,720                        |
| Second Floor       | 2,000           | (280)              | (192)  | 1,528                        |
| Third Floor        | 2,000           | (85)               | (588)  | 1,327                        |
| <b>Total</b>       | <b>7,100</b>    | <b>(705)</b>       | <b>(780)</b>   | <b>5,615</b>                 |

**Note:** Useable Space Includes Washrooms and Elevator

The calculations start from gross floor area and then deduct amounts for stairwells and cut outs or unusable space. For example, there is a 16 foot by 12 foot area cut out of the second floor directly above the vestibule; the building would be much more efficient if this floor was re-installed. On the top floor, the angled roof limits the usefulness of the last 5 to 6 feet, and while a person cannot stand up in this space, beds or storage furniture can be placed in these areas. We have deducted 588 SF from the third floor to exclude this semi-useable space. Although we have made a deduction for stairs, we have not deducted the space occupied by each floors washroom or elevator, as this space is useable to the tenant.

In total, the building has 7,100 gross SF of space, and approximately 5,615 SF of useable space – this is 80% efficient net to gross space ratio.

## 2.2 MUNICIPAL PLANNING & LEGAL CONSTRAINTS

There are a number of planning regulations and/or legal restrictions that can impact the re-use or redevelopment of a property. This section provides a summary of these documents.

### 2.2.1 Municipal Planning Documents

The property is zoned WCI-5 (Waterfront Commercial – Industrial). Within the Waterfront Commercial Industrial (WCI-5) zone, no development permit shall be issued except for one or more of the following uses:

- Retail Shops;
- Community Markets;
- Convenience Stores and Grocery Stores;
- Wholesale Shops;
- Light Service Shops;
- Personal Service Shops;
- Heavy Service Shops;
- Business Offices;
- Professional Offices;
- Internet Web Site Development;
- Call Centers;
- Institutional uses;
- Hotels, Motel and Hostels;
- Residential dwelling units up to a maximum of eight (8) units per lot;
- Restaurants;
- Taverns, Lounges and Cabarets;
- Places of Entertainment, Recreation, Fitness and Assembly (indoor or outdoor);
- Parking Lots and Parking Structures;
- Public Marinas and Wharves (excluding open storage or outdoor displays);
- Private Marinas and Wharves (excluding open storage or outdoor displays);
- Marine Fuelling Facilities (excluding bulk petroleum plants);
- Ferry Terminals;
- Light Industries;
- Light Service Industries;
- Fishing and Marine-Related Industries excluding new Fish or Food Processing;
- Existing Fish or Food Processing;
- Any Manufacturing or Industrial Assembly operations conducted and contained within wholly-enclosed buildings and which are not obnoxious by reason of sound, odor, dust, fumes or smoke or other obnoxious emissions or refuse matters or water-carried wastes or by reason of unsightly open storage.

For the purposes of this analysis, there appears to be a large amount of flexibility within the existing land use bylaw to allow most types of development on this property, including retail, office, a small inn, residential or industrial. As such, land use will not constrain the market value of the property.

The minimum lot area requirement in the WCI-5 zone is 10,000 SF of land, with a minimum of 80 feet of street frontage. Killam's Wharf is known as 90 Water Street and is situated on PID 90193855, which includes 53,586 SF of land. This implies the Town can subdivide off the building for sale, while retaining the ownership of the parking lot and marina behind it. One

problem with this approach is that the bylaw requires 80 feet of street frontage for both resulting parcels. Although the existing parcel does not have 160 feet of frontage, this could be achieved by consolidating the Killam Wharf building with the adjacent town parking lot, and then re-subdividing into a configuration that met the criteria of the subdivision by-law.

According to the land use bylaw, the maximum building height within the zone is 35 feet, approximately the height of the current building.

Section 20.5 protects certain street views of the Yarmouth Harbour, including a 50 foot right of way down Central Street. This does not appear to be an issue for the subject property.

### 2.2.2 Deed Restrictions and Right of Ways

The Town of Yarmouth acquired the Killam Brothers building in 1997 from local businessman Robert Newell (owner of Killam's Wharf Limited). As part of the agreement to deed the property to the town, a deed restriction was put in place to prohibit any commercial business that directly competes with the restaurant and/or associated food and beverage business of Killam's on their adjoining property (today known as Rudder's Seafood Restaurant and Brew Pub)

In addition to the deed restriction, there is also a right of way over the Town's property that benefits Killam's Wharf Limited, and provides them with access to Rudders Restaurant.

## 2.3 STRENGTHS AND WEAKNESSES

### 2.3.1 Strengths

This section outlines some of the strengths associated with the building and the site.

- **Waterfront Location Enhances Most Uses.** The location of the building is ideal for many uses, as it has water frontage on a marina with close proximity to restaurants and pubs. This proximity adds value to most land uses including: retail, office, hotel and residential.
- **Last Renovation Executed Well.** The last renovation to the building was done in a manner that was sensitive to the historic nature of the building. As a result, the building still has an authentic heritage image, although it doesn't appear to be very energy efficient.
- **Many Building Systems Are Oversized.** The building has a many amenities that are not required for the use of the building, but are there to support the larger site. This includes oversized municipal water, sprinkler systems and electrical service. There are two sets of stairs (which in conjunction with the elevator take up a large amount of the 2,000 SF floor plate). There is also a large public washroom and marina office on the back of the building, and a permanent outdoors performance stage in the rear yard.
- **Nice Outdoors Deck on the Ground Floor.** There is a large outdoor deck on the rear of the building that can be accessed from the first floor. Although not currently used, this deck would be ideal for a restaurant or other hospitality type use.

- **The Building Has a Large Parking Lot.** In order to accommodate festivals and events, there is a large parking lot at the rear of the building. Although the use of this parking lot would be compromised during major events, it provides more than adequate parking for the building during the rest of the year.

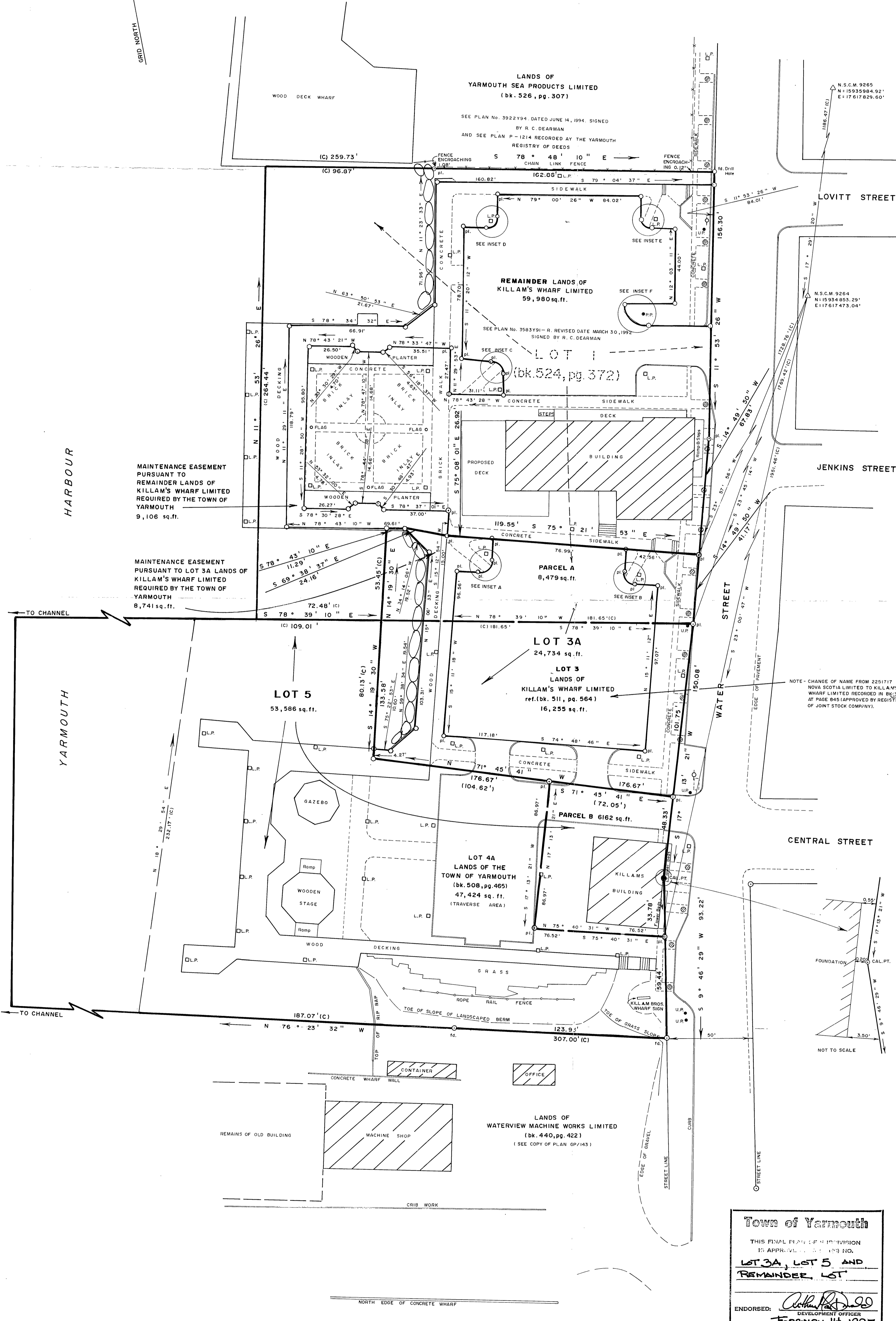
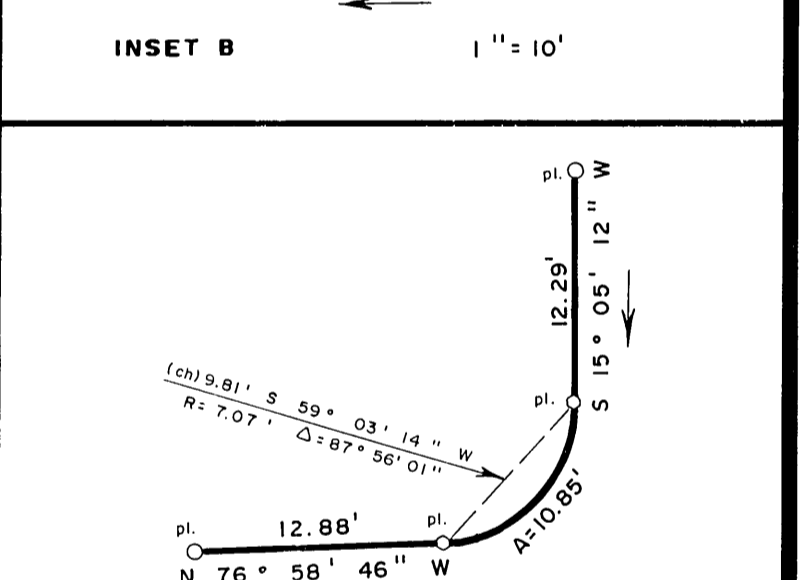
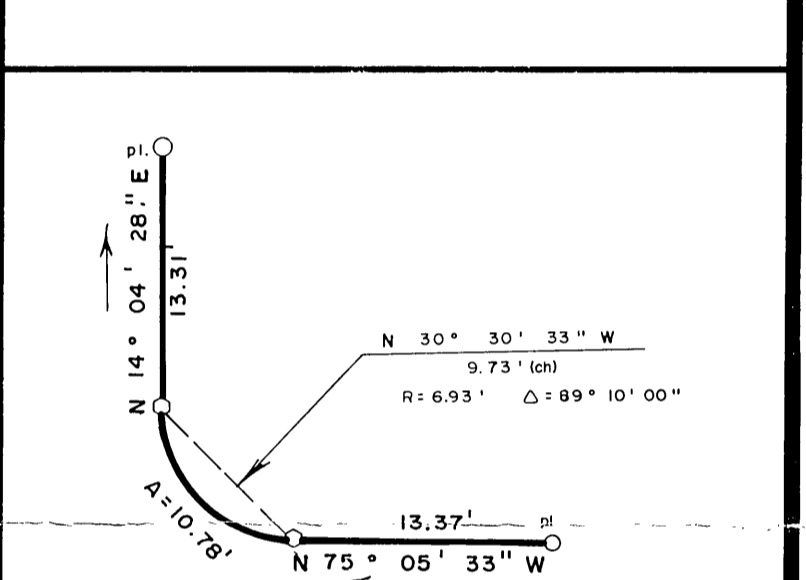
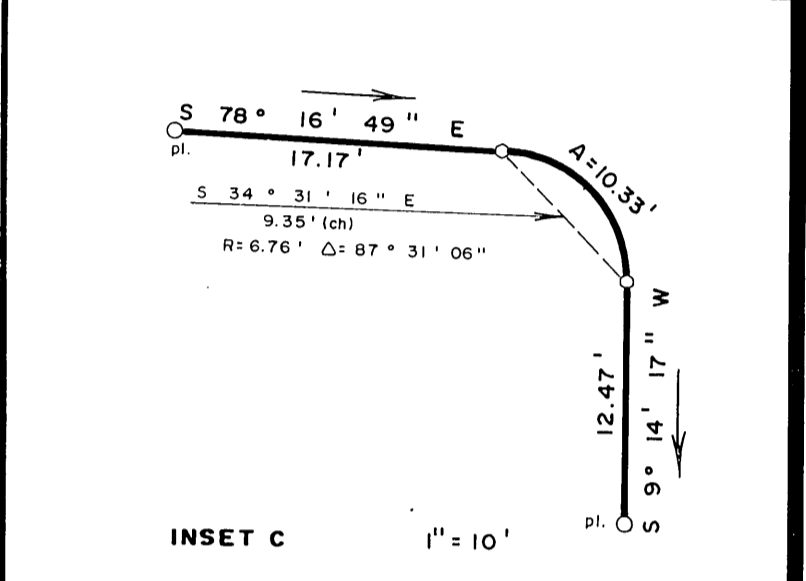
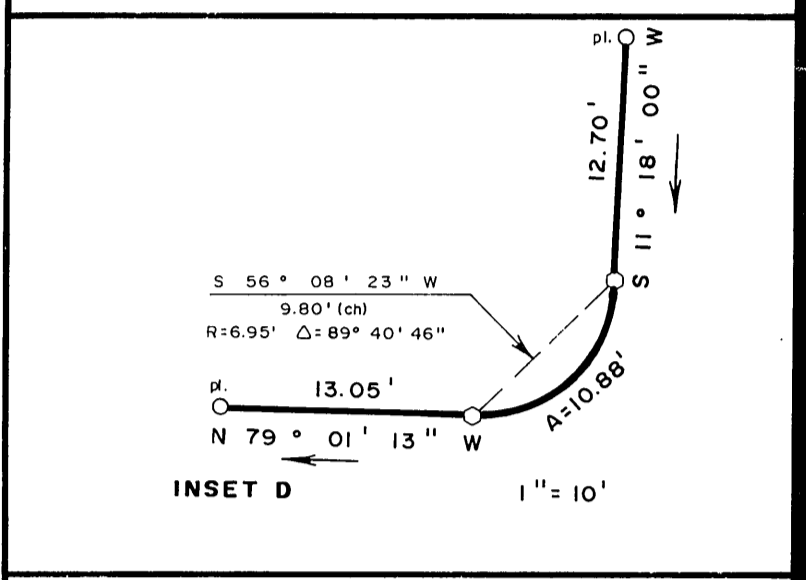
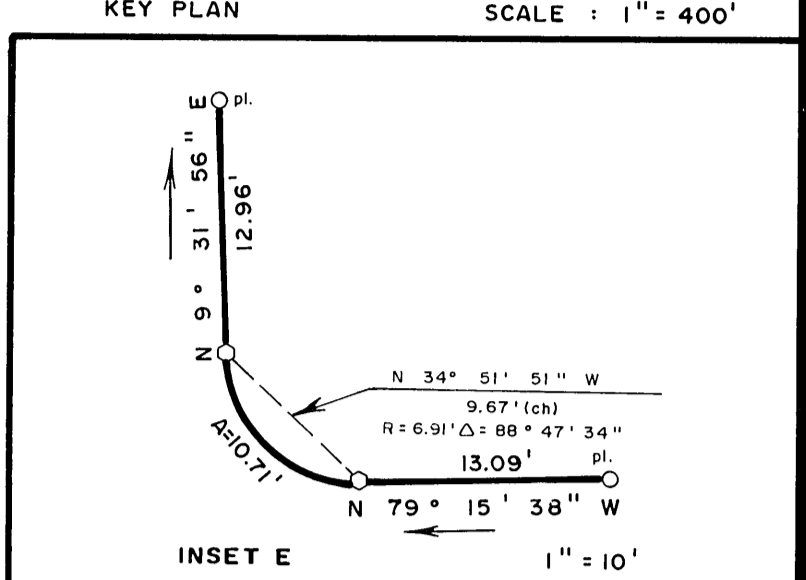
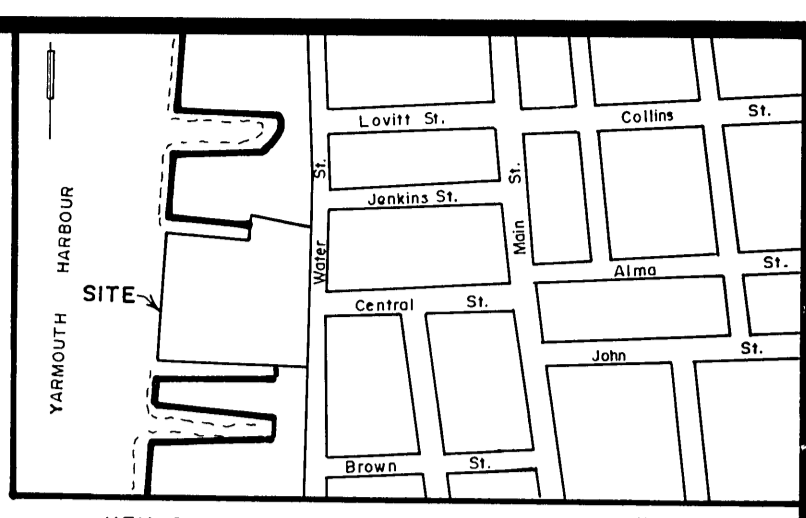
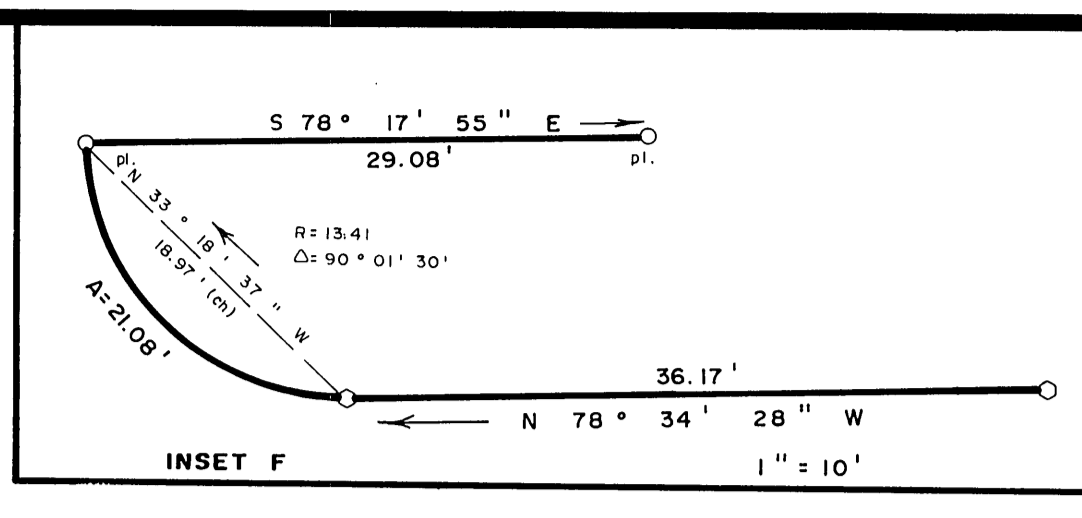
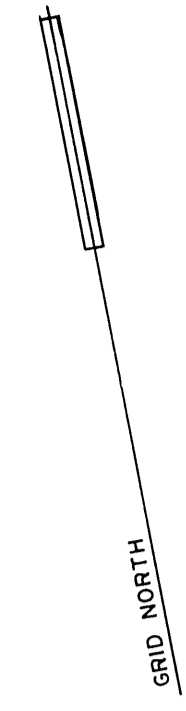
### 2.3.2 Weaknesses

This section outlines some of the weaknesses associated with the building and the site.

- **Deed restriction on land use limits value to most users.** In consideration for selling/deeding the property back to the Town of Yarmouth, the previous owner implemented a deed restriction on the title that prohibits the use of the building for any food and beverage uses that would compete with Rudders Seafood Restaurant and Brew Pub. This could be a major impediment to the redevelopment of the building as food and beverage uses would be one of the highest and best uses for the property.
- **Existing Tenant Mix is Seasonable and Pays Little Money.** The current tenants all operate on a seasonable basis (e.g., 6 months of the year), thus artificially restricting the amount of rent that can be collected from the building. As the building is not energy efficient, this short leasing season makes it virtually impossible to cover the cost of operating the building.
- **The Building Does Not Appear to be Energy Efficient.** The building appears to have a limited amount of insulation and its old windows decrease its energy efficiency. This additional cost
- **Water Street is Not as Vibrant as Main Street.** Although the building has a fairly prominent location on the waterfront, Water Street is not as vibrant as Main Street, thus the market appeal for some users will be diminished.
- **It May Be Difficult to Allocate the Cost of Some Municipal Services.** Several building services cannot be individually metered (e.g., electrical and water service) which makes it difficult to make all tenants accountable for their energy or water consumption. Although a semi-gross lease can be used to include water and power in the base rental rate (with property taxes charged back at actual costs), the Town will have to estimate these costs.
- **In Order to Occupy the Space Year Round, Additional Renovations Are Required.** Although extensively renovated, there does not appear to be a large amount of insulation in the building, and many of the windows are old and in need of replacement in order to improve the energy efficiency of the building.

## 2.4 SUMMARY OF EXISTING LEASES

The building is demised into three distinct areas, with the ground floor rented to two separate tenants (the Historical Society and Yarmouth County Museum), while the upper two floors are rented for a antique sales business. There are also public washrooms and a marina on the lower level, but the consultants were not provided with any lease information for this space.



- LEGEND**
- THE DISTANCES AND BEARINGS ON THIS PLAN ARE MEASURED VALUES
- BEARINGS ARE GRID, DERIVED FROM THE NOVA SCOTIA COORDINATE SURVEY SYSTEM, CENTRAL MERIDIAN 64° 30' WEST, JAN. 1984 VALUES.
- SPIKE
  - SURVEY MARKER
  - IRON BAR
  - WOODEN POST
  - CALCULATED POINT
  - TRAVESSE HUB
  - NOVA SCOTIA CONTROL MONUMENT
  - STONE WALL
  - FENCE
  - FOUND
  - PLACED
  - CALCULATED
  - UTILITY POLE, POWER POLE
  - TREE
  - LIGHT POLE
  - HYDRANT

**FINAL PLAN OF SUBDIVISION SHOWING**

- ① LOT 1 SUBDIVIDING PARCEL A TO CREATE NEW LOT - REMAINDER LANDS OF KILLAM'S WHARF LIMITED.
- ② LOT 3 SUBDIVIDING PARCEL B AND THEN CONSOLIDATING REMAINDER OF LOT 3 WITH PARCEL A TO CREATE NEW LOT - LOT 3A LANDS OF KILLAM'S WHARF LIMITED.
- ③ LOT 4A CONSOLIDATED WITH PARCEL B TO CREATE NEW LOT - LOT 5 LANDS OF THE TOWN OF YARMOUTH.

ALL LANDS LOCATED AT WATER STREET, TOWN OF YARMOUTH COUNTY OF YARMOUTH PROVINCE OF NOVA SCOTIA

**Town of Yarmouth**

THIS FINAL PLAN OF SUBDIVISION IS APPROVED BY THE TOWN OF YARMOUTH.

**LOT 3A, LOT 5 AND REMAINDER LOT**

ENDORSED: *[Signature]*  
DEVELOPMENT OFFICER

DATE: **FEBRUARY 14, 1997**

**Surveyor's Certificate**

I, DAVID S. THORNE, Nova Scotia Land Surveyor, hereby certify that the survey represented by this plan was conducted under my supervision, and that the survey and plan were made in accordance with the Nova Scotia Land Surveyors Act and the regulations made thereunder.

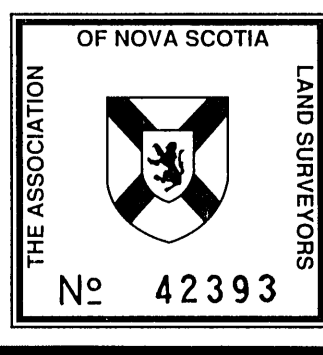
Dated this 7th day of FEBRUARY 1997

*[Signature]* N.S.L.S.

THIS SURVEY WAS EXECUTED DURING THE PERIOD OF OCT. 25, NOV. 14, 25, 1996 & JAN. 6, 29, FEB. 6, 1997

NOTE - 1) FOR PREVIOUS SURVEY OF LOT 4A, SEE PLAN No. 1102DTY93, DATED MAR. 1, 1993, SIGNED BY DAVID S. THORNE.

2) FOR PREVIOUS SURVEY OF LOT 3, SEE PLAN No. 1061DTY92, DATED FEB. 5, 1992, SIGNED BY DAVID S. THORNE. ALSO SEE PLAN No. 1048DTY91, DATED DEC. 4, 1991, SIGNED BY DAVID S. THORNE.



**D. S. THORNE**  
SURVEY ASSOCIATES LIMITED

SHELburne N.S.

DRAWN BY B.C.D. DATE FEB. 7, 1997  
SCALE 1" = 30' DWG NO 1411DTY97

