



THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Subject: Property Insurance for the Paddy Walker House

Report Number: Treasury-2020-02

Meeting Date: Monday, March 9, 2020

Recommendation: THAT Council hereby receive report Treasury-2020-02; AND FURTHER THAT Council authorize the Treasurer/Director of Finance to enter into an agreement with the Paddy Walker Heritage Society to include the Walker House (235 Harbour Street) under its municipal property insurance policy under the terms and conditions contained within this report.

Date to be considered by Council: Monday, March 9, 2020

Report Summary:

The purpose of this report is to request Council's approval to authorize the Treasurer/Director of Finance to enter into an agreement with the Paddy Walker Heritage Society to include the Walker House, located at 235 Harbour Street, under the Municipality's property insurance policy in order to reduce the annual insurance costs for the Paddy Walker Heritage Society (the "Society"). The cost of the annual insurance premium would be reimbursed to the Municipality by the Society.

Origin: Request from the Paddy Walker Heritage Society

Existing Policy: By-law No. 2007 - 286; By-law No. 2012 - 134

Background/Analysis: Built in 1850, the Walker House is located at 235 Harbour Street and is considered the oldest building in the former Town of Kincardine and the oldest standing hotel in Bruce County. The building was severely damaged by fire on January 23, 1995, and to avoid demolition, the Paddy Walker Heritage Society (the "Society") purchased the property in 1998 and restored the heritage building. The Municipality granted an interest-free loan of \$100,000 to the Society (By-Law No. 2007 - 286) for the purpose of assisting with the restorations of the heritage building. The renovations were completed in 2008, and the Society has been operating the Walker House as a museum and heritage centre. In 2012, the remaining loan balance of \$90,000 was forgiven

(By-law No. 2012 - 134), subject to the condition that the Municipality be given a right of first refusal to purchase the property until 2032.

The Society has recently approached staff to request whether the Municipality could include the Walker House under its municipal property insurance policy, for the sole purpose of reducing the annual insurance premium paid by the Walker House. The Society is a non-profit charitable corporation comprised of volunteers and its funding comes from donations, facility rentals, summer tours, and fundraising dinners and events. The Society currently pays a property insurance premium of \$4,500, however under the Municipality's policy, the premium would be reduced to \$1,025 resulting in annual cost savings to the Society of \$3,475.

The Society agrees to reimburse the Municipality for the cost of the annual insurance premium, and in the event of an insurable loss, the Society will be responsible for paying any applicable deductible and will be entitled to any insurance proceeds whether it be to conduct repairs to the building or monies received from the insurer. The Society recognizes that their insurance deductible will increase from the current \$1,000 to \$5,000 under the municipal policy.

In the event that the Society defaults on payment of the insurance premium, the Municipality will have the right to terminate the agreement and remove the Walker House from its property insurance policy.

The Society will also continue to maintain its own liability insurance coverage under a separate policy.

Community Plan and Integrated Community Sustainability Plan (ICSP)

Considerations: The Walker House is a designated heritage property and is considered a valuable tourist attraction and is an important part of Kincardine's history.

Financial Implications: There are no financial implications to the Municipality resulting from the proposed agreement, as the Society will reimburse the Municipality for the insurance premium.

Attachments: None