

**Subject: Request to Waive Market Value – 1325 Avenue L**

**File Number: ACS2023-PRE-CRO-0017**

**Report to Finance and Corporate Services Committee on 5 September 2023**

**and Council 13 September 2023**

**Submitted on August 24, 2023 by Peter Radke, Director, Corporate Real Estate Office, Planning, Real Estate and Economic Development Department**

**Contact Person: Kim Millar, Manager, Realty Initiatives and Development**

**613-580-2424 ext. 23416, kimberley.millar@ottawa.ca**

**Ward: Alta Vista (18)**

**Objet : Demande de renonciation à la valeur marchande – 1325, avenue L**

**Dossier : ACS2023-PRE-CRO-0017**

**Rapport au Comité des finances et des services organisationnels**

**le 5 septembre 2023**

**et au Conseil le 13 septembre 2023**

**Soumis le 24 août 2023 par Peter Radke, Directeur, Bureau des biens immobiliers municipal, Services de la planification, des biens immobiliers et du développement économique**

**Personne ressource: Kimberley Millar, Gestionnaire, Initiatives immobiliere et developpement, Bureau des biens immobiliers municipal**

**613-580-2424, 23416, kimberley.millar@ottawa.ca**

**Quartier : Alta Vista (18)**

## **REPORT RECOMMENDATION(S)**

**That the Finance and Corporate Services Committee recommend that Council waive the Corporate Real Estate Office’s Leasing Policy to grant a License of Occupation for market rent and approve a Temporary License of Occupation to 25 Pickering Holdings Inc. over 1325 Avenue L in consideration of One Dollar (\$1.00).**

## **RECOMMANDATION(S) DU RAPPORT**

**Que le Comité des finances et des services organisationnels recommande au Conseil de renoncer à la Politique sur la location à bail du Bureau des biens immobiliers municipaux afin d’accorder un permis d’occupation pour la location selon le marché et d’approuver un permis d’occupation temporaire à 25 Pickering Holdings Inc. pour le 1325, avenue L au tarif d’un dollar (1 \$).**

## **BACKGROUND**

The City of Ottawa is the registered owner of a parcel of land identified as 1325 Avenue L with a land area of 586.55 square metres as shown on Schedule A. The land was originally acquired by the City of Ottawa for Hydro Ottawa to install underground and overhead electrical service to the Ottawa Light Rail Transit Maintenance and Storage Facility located on Belfast Road. Hydro Ottawa has a permanent easement over a portion of this property described as Part 1 on Plan 4R-26737 and shown on Schedule B.

Colonnade BridgePort, now known as 25 Pickering Holding Inc. (hereinafter known as the “Applicant”), is the owner of 25 Pickering Place, a 1.98 hectare site immediately west of 1325 Avenue L, outlined in red on Schedule C. In 2020, the Applicant submitted a subdivision plan for a mixed-use development on 25 Pickering Place.

In the subdivision plans, the Applicant conducted engineering studies and established that the most efficient way to provide watermain servicing to the subdivision development is from Belfast Road, through the remainder of 1325 Avenue L that was not encumbered by Hydro Ottawa’s permanent easement. This direction was further corroborated in meetings with the City’s Development Review staff where the Applicant was directed to provide watermain looping to service 25 Pickering Place through 1325 Avenue L. The parcel has a land size of approximately 499.25 square metres and is shown with a dashed line on Plan 4R-26945, as noted on Schedule D below. City engineers in Development Review preferred this engineering solution as it would solve the vulnerable municipal watermain that spans approximately 22 metres on Tremblay

Road. After construction is complete, 25 Pickering Holding Inc. will then turn over ownership of the watermain to the City of Ottawa.

In order for the Applicant to install the watermain, the Corporate Real Estate Office (CREO) was prepared to issue a temporary License of Occupation over the unencumbered portion of 1325 Avenue L. In 2020, CREO undertook an internal and utility circulation of the subject property to determine if there were any objections in granting 25 Pickering Holding Inc. a temporary License of Occupation. The following are comments provided from the circulation and CREO's responses:

- a) Senior engineering staff in Infrastructure Renewal Branch requested that the proposed watermain be retained in public ownership after construction. CREO staff confirmed that the watermain would be dedicated to the City after construction but a temporary License of Occupation was still required for use of City lands.
- b) The Natural Systems and Rural Affairs team did not object to the proposed License of Occupation but highlighted the existence of at least two City-owned trees on the site. They had requested the trees be appropriately protected or compensated for to Forestry Services' satisfaction, in accordance with the Tree Protection By-law (which will replace the current Municipal Trees and Natural Areas Protection By-law effective January 1, 2021). This requirement will be incorporated as a condition in the License of Occupation.
- c) The City's Environmental Remediation Unit (ERU) had commissioned Phase I and II Environmental Site Assessments (ESAs) for 1325 Avenue L in 2013 prior to acquiring for use as a hydro easement in support of the LRT project. Exceedances for PAH (polycyclic aromatic hydrocarbons) and PHC (petroleum hydrocarbons) were identified in the upper 1.5 metres per cent of soil. ERU has recommended that all soil excavated at this site should be assumed to be contaminated with PAH and/or PHC parameters unless proven otherwise by evidence in additional laboratory analysis. All soil that is excavated and/or removed must be handled, transported and disposed of in accordance with all applicable regulations/legislation, and at the project's expense. Workers should be aware of the conditions and wear appropriate personal protective equipment as necessary. ERU would appreciate receiving documentation pertaining to the location and volume of all excess soil removed from this property as part of this project. This documentation will also be made a condition in the License of Occupation.

- d) Transportation Engineering Services had no objections with the proposed watermain but requested that in addition to allowing the use of City lands for a watermain, the developer provide a multi-use pathway (MUP) connection from Avenue L to the existing MUP on the west side of Belfast Road. This new MUP connection would reduce walking and cycling distance from the 25 Pickering Place development to the Trainyards commercial area by approximately 200 metres, which would improve the likelihood that the sustainable mode share targets set for the subdivision by the developer and the City will be achieved. The applicant has agreed to provide the MUP connection.

All comments from the circulation were addressed and in 2021, CREO staff presented 25 Pickering Holding Inc. with a Temporary License of Occupation with a one-time fee of \$287,000.00. This fee was based on the rationale that the watermain would be benefitting the developer in perpetuity and was only required for the subdivision to proceed. Despite the developer's intent to dedicate the watermain infrastructure to the City after construction, CREO had taken the position that allowing the developer to install of a watermain, albeit for a temporary duration, would still encumber the lands permanently and would still constitute a "disposal" of City lands.

## **DISCUSSION**

In July 2023, CREO staff undertook an updated internal and utility circulation and it was determined that there were no objections to granting a temporary License of Occupation to the Applicant. The same comments and requests were reiterated from City staff from the 2020 circulation.

1. In 2021 CREO staff had presented the Applicant with a temporary License of Occupation with the one-time fee of \$287,000.00 for use of City lands. However, the Applicant disagrees with this approach and authored a memo requesting the License of Occupation fee be waived for the following reasons:
2. The Applicant is willing to remove and upgrade the 22 metres of vulnerable un-looped watermain along the frontage of 294 Tremblay Road which is not currently planned for an upgrade by the City's Asset Management group;
3. The Applicant, through this application, would be responsible for all costs and infrastructure upgrades made between Pickering Place and Belfast Road as indicated on the detailed engineering design drawings, which would be subsequently conveyed back to the City as public services inclusive of the new municipal right-of-way (Bannermount Avenue).

Staff do not have the authority to license or dispose of the land for free. As per CREO's Leasing Policy, approved by Council on July 6, 2022, CREO is obliged to dispose of City owned lands at market rent unless otherwise permitted by law and authorized by

Council. Likewise, CREO's Disposal of Real Property Policy, approved by Council on February 26, 2018, also states that Real Property shall be disposed of at current Market Value unless Council authorizes the disposal at less than Market Value.

CREO has consulted with Asset Management staff who have confirmed the Applicant proposed watermain infrastructure would address an existing Vulnerable Service Area (VSA) in the City of Ottawa - the proposed works through parcel 1325 Avenue L would provide a redundant public water supply to the proposed development on 25 Pickering Place and all properties on Avenue L, Avenue K, Pickering Place and Tremblay Road west of an existing 305mm watermain connection. In addition to having this redundant supply and thereby eliminating a VSA, available fire flows would be improved as well. Asset Management staff have also estimated that the proposed watermain works cost approximately \$300,000.00.

The License of Occupation fee is valued at \$287,000.00 while the cost of the watermain works is estimated to be \$300,000.00. Through the subdivision application, the costs to construct the watermain will be borne by the Applicant. The Applicant has also committed to building a multi-use pathway (MUP) over the watermain to connect the future development and existing neighbourhood to Belfast Road. The Applicant's investment in infrastructure and subsequent dedication of said infrastructure to the City exceeds the License of Occupation fee and ultimately results in an arrangement that is beneficial to all parties. Therefore, CREO staff with the support of Asset Management and Water Services, is recommending Council waive the License of Occupation fee of \$287,000.00.

## **FINANCIAL IMPLICATIONS**

If approved the City will waive the License of Occupation fee valued at \$287,000 and all costs to construct the watermain will be borne by the Applicant, estimated at \$300,000.

## **LEGAL IMPLICATIONS**

There are no legal impediments to the adoption of the recommendation in this report. Given that the City will not have to incur the \$300,000 cost of replacing the watermain, it is Legal Service's opinion that the waiver of the Temporary Occupancy amount does not contravene the anti-bonusing provisions of the Municipal Act, section 106.

## **COMMENTS BY THE WARD COUNCILLOR(S)**

The Ward Councillor is aware and concurs with the recommendations in this report.

## **CONSULTATION**

In accordance with policies approved by City Council on 17 April 2020, the License of Occupation on the subject property was circulated on November 24, 2020 and August

2, 2023 to all City Departments, including the Housing Services Branch and the Ward Councillor to determine if the property was required for City mandated program. There were no objections.

### **ACCESSIBILITY IMPACT**

There are no accessibility impacts associated with the recommendations.

### **ENVIRONMENTAL IMPLICATIONS**

The Environmental Remediation Unit commissioned Phase I and Phase II Environmental Site Assessments in 2013 prior to the City's purchase of the property. The Phase II indicated shallow soils were impacted in excess of the relevant Ministry of Environment, Conservation and Parks site standards. The environmental conditions of the property since the time of the report and subsequent Hydro Ottawa installations on the property are unknown. All soil that is excavated by the Licensee must be managed in accordance with Ontario Regulation 406/19 On-Site and Excess Soil Management.

### **ASSET MANAGEMENT IMPLICATIONS**

There are no asset management implications resulting from this report.

### **RISK MANAGEMENT IMPLICATIONS**

There are no risk implications associated with the report recommendation.

### **RURAL IMPLICATIONS**

There are no rural implications associated with the recommendations.

### **SUPPORTING DOCUMENTATION**

Document 1 - Schedule A – Location Map

Document 2 - Schedule B – Hydro Ottawa Easement

Document 3 - Schedule C – 25 Pickering Place

Document 4 - Schedule D – Proposed Area for License of Occupation

### **DISPOSITION**

Following Council's approval, CREO staff will issue a Temporary License of Occupation for nominal value.

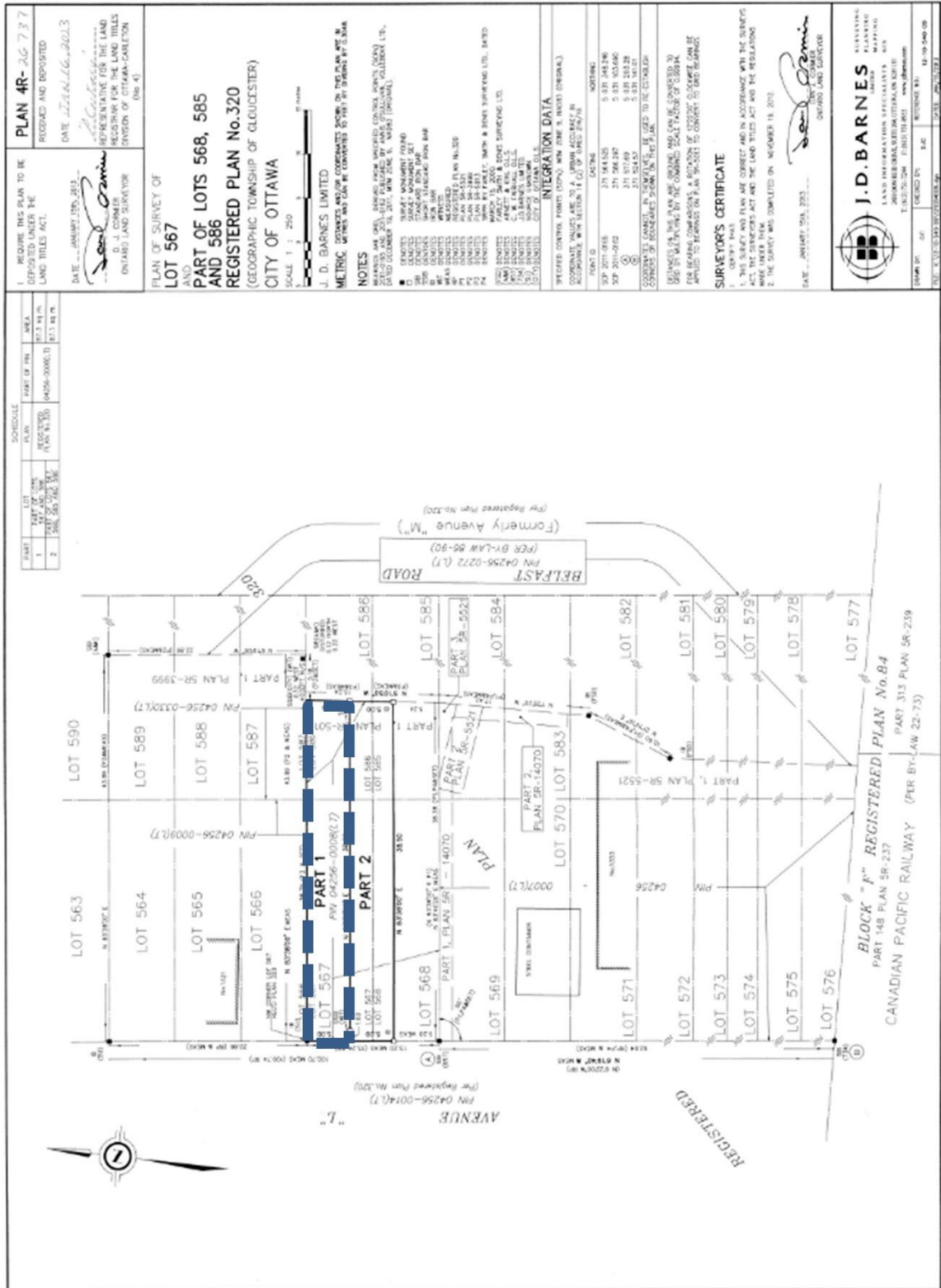
**Document 1 - Schedule A – Location Map**

**1325 Avenue L owned by the City of Ottawa (586.55 square metres)**



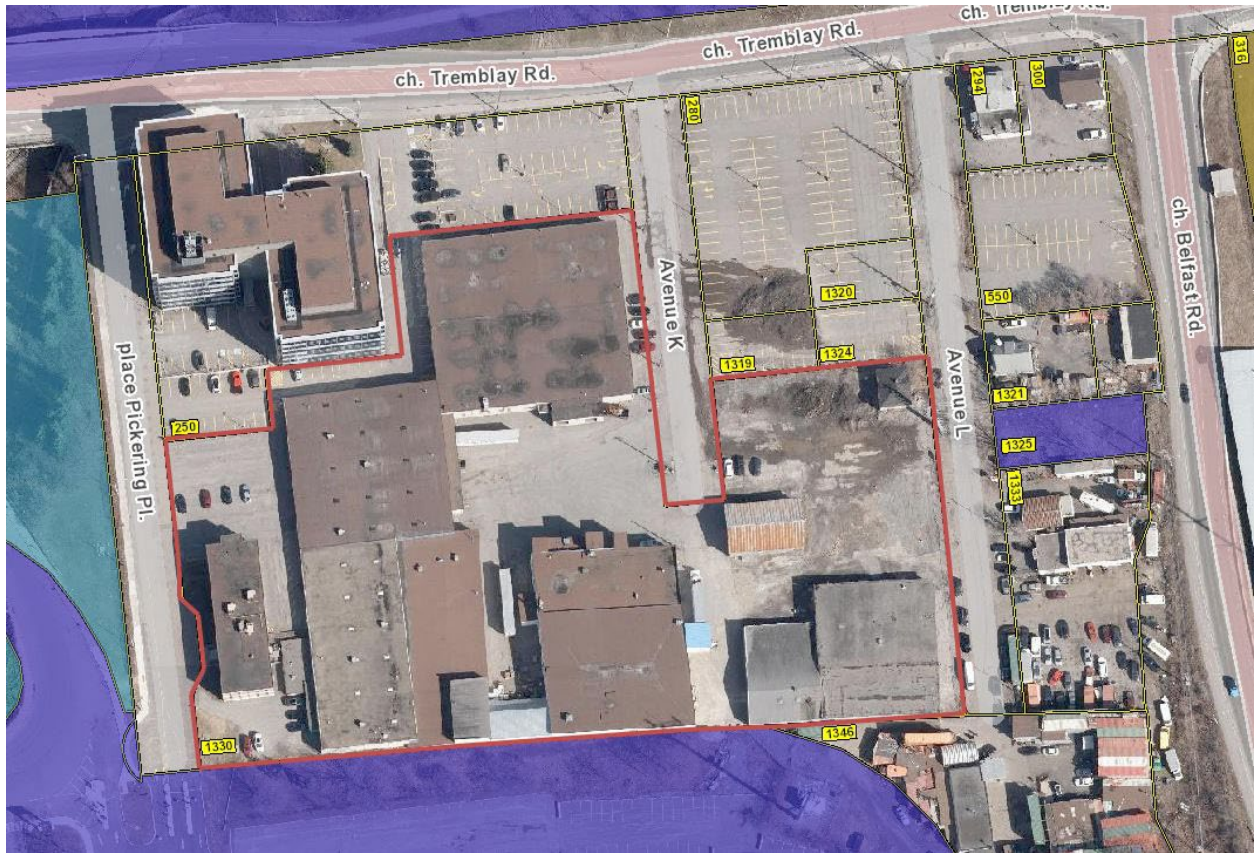
Document 2 - Schedule B – Hydro Ottawa Easement

Part 1 on Plan 4R-26737 (87.3 square metres)

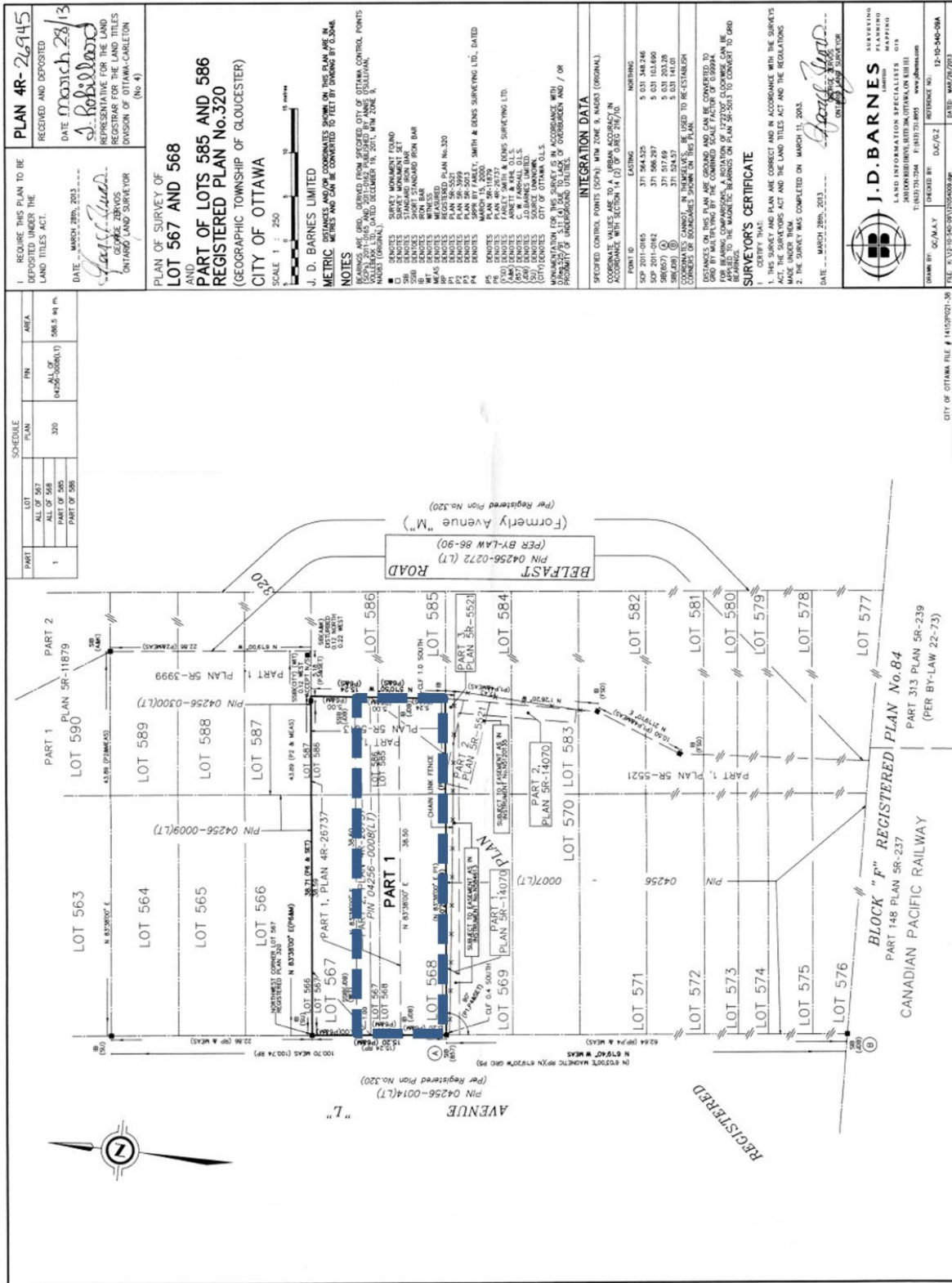




Document 3 - Schedule C – 25 Pickering Place



Document 4 - Schedule D - Proposed Area for License of Occupation (499.25 square metres)



1. REQUIRE THIS PLAN TO BE DEPOSITED UNDER THE LAND TITLES ACT.  
 DATE: MARCH 28th, 2013  
 J. D. BARNES  
 REGISTERED PROFESSIONAL LAND SURVEYOR  
 DIVISION OF OTTAWA-CARLETON (No. 4)

PLAN OF SURVEY OF  
**LOT 567 AND 568**  
 AND  
**PART OF LOTS 585 AND 586**  
 REGISTERED PLAN No.320  
 (GEOGRAPHIC TOWNSHIP OF GLOUCESTER)  
 CITY OF OTTAWA

SCALE 1 : 250  
 J. D. BARNES LIMITED  
 METRIC METERS AND CAN BE CONVERTED TO FEET BY DIVIDING BY 0.3048  
 NOTES:  
 BEARINGS AND DISTANCES DERIVED FROM SPECIFIED OTTAWA CONTROL POINTS  
 COLLATED BY J.D. BARNES LIMITED, DATED DECEMBER 19, 2011, MIN. ZONE 8.  
 HORIZONTAL DISTANCES AND BEARINGS SHOWN ON THIS PLAN ARE IN METRIC METERS AND CAN BE CONVERTED TO FEET BY DIVIDING BY 0.3048.

INTEGRATION DATA  
 SPOTTED CONTROL POINTS (SOP), MIN. ZONE 8, MARKS (ORIGINAL)  
 COORDINATE VALUES ARE TO A URBAN ACCURACY IN ACCORDANCE WITH SECTION 14 (2) OF OREG 28/70.  
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CONFORMS TO THE REQUIREMENTS OF THE SURVEY ACT AND THE REGULATIONS  
 MADE UNDER THEM.  
 DATE: MARCH 28th, 2013  
 J. D. BARNES LIMITED  
 REGISTERED PROFESSIONAL LAND SURVEYOR

J. D. BARNES LIMITED  
 REGISTERED PROFESSIONAL LAND SURVEYOR  
 1400 BROADVIEW AVENUE, SUITE 101  
 OTTAWA, ONTARIO K1K 1R1  
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 WWW.JDBARNES.COM

CITY OF OTTAWA FILE # 14103/021-36  
 DATE: MAR 28/2013  
 PLAN: 4R-26945  
 SHEET: 3/28/2013