

Subject: Nepean Sailing Club Lease Renewal – 3259 Carling Avenue

File Number: ACS2025-SI-HSI-0021

Report to Finance and Corporate Services Committee on 14 October 2025

and Council 22 October 2025

Submitted on October 2, 2025 by Lily Xu, Interim Director, Housing Solutions and Investment Services

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Ward: Bay (7)

Objet : Renouvellement de bail du Club de voile de Nepean – 3259, avenue Carling

Numéro de dossier : ACS2025-SI-HSI-0021

Rapport présenté au Comité des finances et des services organisationnels

Rapport soumis le 14 octobre 2025

et au Conseil le 22 octobre 2025

Soumis le 2025-10-02 par Lily Xu, directrice par intérim, Solutions de logement et Investissements

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REPORT RECOMMENDATION(S)

That the Finance and Corporate Services Committee recommends that City Council:

1. Approve the base terms of a 15-year revenue lease agreement with the Nepean Sailing Club for their continued use of certain lands located at 3259 Carling Avenue as shown on the attached Document 1, for a total consideration of \$6,810,825.38 plus HST, commencing on November 1, 2025, and ending October 31, 2040
2. Delegate authority to the Interim Director, Housing Solutions and Investments Services (HSIS) to negotiate, enter into, conclude, execute, amend, and implement a Lease Agreement with the Nepean Sailing Club in accordance with the terms outlined in the Offer to Lease attached as Document 2 and
3. Authorize the General Manager, Recreation, Culture and Facility Services to vary the *Parks and Facilities By-Law No. 2025-251* to permit parking at 3259 Carling Avenue within the hours of 11:00pm and 5:00am, during the sailing season, exclusive to NSC members, subject to terms and conditions further outlined in this report.

RECOMMANDATIONS DU RAPPORT

Que le Comité des finances et des services organisationnels recommande ce qui suit au Conseil municipal :

1. Approuver les conditions de base d'un contrat de location à revenu d'une durée de 15 ans avec le Club de voile de Nepean, pour l'utilisation continue de certains terrains situés au 3259, avenue Carling, un bien-fonds illustré dans le document 1 ci-joint, pour un montant total de 6 810 825,38 \$, TVH en sus, pour une période commençant le 1^{er} novembre 2025 et se terminant le 31 octobre 2040
2. Déléguer à la directrice par intérim de Solutions de logement et Investissements le pouvoir de négocier et de conclure avec le Club de voile de Nepean, de signer, de modifier et de mettre en œuvre un contrat de location conformément aux modalités énoncées dans l'offre de location ci-jointe en tant que document 2 et

3. **Déléguer au directeur d'Exploitation des installations le pouvoir de modifier le Règlement n° 2025-251 de manière à permettre le stationnement au 3259, avenue Carling entre 23 h et 5 h, exclusivement à l'usage des membres du Club de voile de Nepean, sous réserve des modalités décrites dans le présent rapport.**

BACKGROUND

In 1978, the Nepean Sailing Club (NSC) was created as a not-for-profit organization dedicated to promoting sailing and recreational boating within the City of Ottawa. In 1979, NSC received approval from the City of Nepean and the federal government Small Craft Harbours division of Fisheries and Oceans Canada (Fisheries and Oceans) to construct a sailing marina within Grahams Bay of the Ottawa River. Construction of the sailing marina was completed in the late 1980s and comprised of Parcels 1, 2, 3, 4, 5, and 6 as shown in Document 1 (Lands), now known as Dick Bell Park.

The City of Nepean and Fisheries and Oceans entered into a lease dated December 18, 1980, permitting the Lands to be operated as a marina during construction.

In 1989, ownership of the Lands were transferred from Fisheries and Oceans to the City of Nepean, except the adjacent water lot/harbour area (Water Lot), shown as Parcel 3 in Document 1. The Water Lot remains owned by Fisheries and Oceans, which was leased to the City of Nepean (Harbour Lease), and in turn subleased to the NSC.

The following year, NSC completed construction of the current and permanent two-storey sailing club facility and on May 21, 1990, the sailing club facility officially opened as the Dick Bell Park Sailing Pavilion.

The City of Nepean, now the City of Ottawa (City), and NSC entered into a long-term lease agreement for the Lands, commencing April 15, 1990 (Original Lease). The Original Lease expired in 2005 but remained in overhold until 2010, when the City and NSC entered into a new long-term lease, commencing retroactively on January 1, 2009, for a further term of fourteen years and six months, allowing NSC to continue operating the sailing club facility (2010 Lease). The parties also entered into a separate licence of occupation for the same fourteen-year, six-month term, permitting NSC to use the Parcel 2 boat storage lands located east of the sailing facility, as approved under council report ACS2010-CMR-REP-0005.

In early 2023, the parties began discussions for a new long-term lease agreement. City staff recognized that further internal planning and dialogue was needed to ensure the

new lease is in line with City policy. Both the 2010 Lease and licence expired on June 30, 2023, with no further renewal options.

Pursuant to the City of Ottawa Leasing Policy, Realty Initiatives is permitted to renew lease agreements with existing tenants who are in good standing with the City. NSC was confirmed to be in good standing and the parties agreed to extend the 2010 Lease and licence of occupation generally on the same terms and conditions for a further 2-year term under delegated authority, which expired on June 30, 2025. With that end date, the agreement is now in overhold status pending the execution of the proposed new lease. For the year ending 2024, the NSC paid to the City a total of \$171,161.04 plus HST, representing base rent of the sailing club facility only, plus additional operating expenses either paid directly or recoverable. In return for the rents paid, the City has remained responsible for base building lifecycle expenses of the sailing facility. Historically, the NSC benefited from a special realty tax exemption that treated the sailing facility as a municipal capital facility.

The NSC continues to operate the sailing club facility as a first-class organization, which is largely volunteer based. NSC membership has grown to approximately 2,000 members and houses close to nine hundred boats annually, making it one of the largest sailboat racing clubs in Canada. Additionally, the NSC provides training for all level of sailors and organizes events such as the Bring on the Bay charity swim, Canada's largest open-water swimming event featuring over 1000 participants, with all proceeds going Easter Seals Ontario to support children with physical disabilities in the Ottawa area. NSC also operates one of Canada's largest Able Sail programs, launched in 1994, which is an adaptive sailing program for individuals with disabilities.

Since the parties entered into the 2010 lease and licence, two major shifts in City policy related to NSC's lease of the Lands have occurred: the first being approval of the *Parks and Recreation Facilities Master Plan* by Council on October 13, 2021 (ACS2021-RCF-GEN-0018) which reclassified sailing activities as falling outside of base citywide recreational provisions levels, and second, the *City of Ottawa Leasing Policy* (Leasing Policy) passed by Council on July 6, 2022 (ACS2022-PIE-CRO-0007), which established a framework for approval and execution of lease agreements.

Following extensive internal consultations with key internal stakeholders—including Recreation, Cultural and Facility Services, Public Works, Parking Services, and the Asset Management Branch—Realty Initiatives has negotiated key terms in the form of an Offer to Lease with the NSC for a new 15-year lease agreement. This report provides an overview of the negotiated base terms of the Offer to Lease signed by both

parties on September 19, 2025, and attached as Document 2. The terms of the Offer to Lease are conditional upon Council approval of the base terms of a new 15-year lease with a total consideration of \$6,810,825.38 plus HST over the initial term and delegating the authority to the Interim Director, Housing Solutions and Investments Services to negotiate, enter into, conclude, execute, amend, and implement a Lease Agreement with the Nepean Sailing Club in accordance with the terms outlined in the Offer to Lease.

DISCUSSION

Offer to Lease Terms and Consideration

Realty Initiatives initially proposed a 10-year term with a 10-year renewal option. NSC requested a 50-year term, citing significant capital investment required to replace aging docks and other ancillary infrastructure. The parties compromised and agreed on a 15-year term (Initial Term), consistent with previous agreements, commencing November 1, 2025, and ending October 31, 2040. A further 15-year renewal option (Renewal Term) is included, with market rent to be renegotiated at that time. Total rent consideration over the Initial Term is \$6,810,825.38 plus HST, combined for Parcels 1, 2 and 5, as further discussed and identified on Document 1.

Parcel 1 – Facility and Associated Lands

The Facility and Associated lands (Facility) is comprised of a two-story 7,477 square foot building purpose built in 1990 to house sailing club activities, noted as Parcel 1 on Document 1. It is proposed that the NSC continue exclusive use of this Facility over the duration of the Initial and Renewal Term. The Lease of the Facility is to remain fully net to the City, with the NSC remaining responsible for all utilities, interior repairs and maintenance, operating costs, and realty taxes, excluding base building lifecycle renewal elements which, in return for the base rent received, will remain the City's responsibility. The City's responsibilities regarding base building elements for the Facility will be updated to reflect Asset Management's Building and Park Asset mandate and Tangible Capital Asset policy.

The City and the NSC have agreed to a proposed first year annual base rent of \$178,250 plus HST, escalating at a rate of 2% per annum for a total of \$4,331,015.89 over the Initial Term. The proposed rent is supported by internal and external valuations and is consistent with rents received historically for the Facility.

Parcel 2 – Storage Lands

Parcel 2 is used exclusively by NSC for year-round boat storage, maintenance, and Able-Sail facility, comprised of approximately 5.8 acres of land. Parcel 2 is proposed to be a land lease, where the NSC retains full responsibility of all improvements, and all associated costs located thereon over the duration of the Initial Term. Previously licensed at nominal rent, Parcel 2 will now be leased at market land rent in accordance with the City's Leasing Policy. The initial year one rent is negotiated at \$51,000, escalating at 2% thereafter for the remainder of the initial term. This rent is supported by internal and external appraisals. The NSC expressed difficulties achieving this initial increase and pursuant to Leasing Policy, the City agreed to a one-time graduated rent phase in over the first 5 years, beginning at \$11,040.81 in Year 1, escalating to \$55,204.04 in Year 5, a continued 2% annual escalations thereafter for the remainder of the Initial Term.

The total consideration for Parcel 2 over the Initial Term is \$1,139,371.93 plus HST.

Parcel 5 – Public Lands and Parking Area

The City will retain full public access, use and responsibility of the public parkland and the parking area at Dick Bell Park, identified as Parcel 5 on Document 1. Historically, the parking area was not addressed in the lease and therefore the City has assumed all costs associated with its maintenance, repair, and replacement. The proposed lease permits the NSC and its members to utilize the existing public parking area on a first come first serve basis, with the City retaining the ability to change rules and responsibilities of its use, acting reasonably. As a primary user of the parking area, the NSC has agreed to pay the city \$50,000 per annum, escalating at 2% per annum over the initial term, representing its share of the cost for the city to maintain the parking area on behalf of the NSC, including repairs, snow clearing and amortized life-cycle renewal. Realty Initiatives conversed with Parking Services, Asset Management, and Public Works to establish the proposed cost recovery. Similar to the Parcel 2 storage lands, this is a new expense for the NSC, and in accordance with the Leasing Policy, the City proposes to phase in this expense over the first five years of the Initial Term. The graduated rent structure commences at \$12,989.19 in Year 1, escalating to \$64,945.93 in Year 5, with 2% annual increases thereafter for the remainder of the Initial Term. The total consideration for Parcel 5 over the term is \$1,340,437.57 plus HST.

Within Parcel 5 are nineteen boat trailer dedicated parking stalls which provide the public with access to the Ottawa River at Dick Bell Park. Historically, the NSC has

administered daily/weekly/monthly public boat launch parking permits for the users of these parking stalls.

In the proposed lease, the NSC will no longer be responsible for issuing public boat launch permits, rather, Parking Services will take control of these designated spots and install a paid parking system (e.g., pay-and-display or pay-by-plate) to automate the permit process. Parking rates will be determined by Parking Services with the current proposal being \$2/hour, \$10 daily max, which will be monitored by By-Law & Regulatory Services. All other non-designated trailer parking spots will remain free of charge during the day for the public.

During the sailing season, NSC members often use their boats overnight or for multi-day trips. With such activities, NSC members leave their vehicles parked within P5 between the hours of 11:00pm and 5:00am, contrary to the *Parks and Facilities By-Law No. 2025-251*. Realty Initiatives recognizes this use is unique to NSC's membership and proposes, with the support of Recreation, Cultural and Facility Services, and By-Law & Regulatory Services, that Council approve a variance to By-Law No. 2025-251, permitting overnight parking exclusive to NSC membership under certain conditions.

NSC will be responsible for permitting and tracking overnight users and will create a visual permit acceptable to By-Law & Regulatory Services. Overnight parking will only be available during the boating season, from May 1 to October 31, and will only be permitted for unoccupied member's vehicles on site. The parties will negotiate a maximum number of annual passes available to NSC membership as part of the Lease and the City reserves the right to terminate this overnight parking permit at its sole discretion.

Parcel 4 – Public Boat Launch

NSC has been responsible for operating, supervising, and administering access to the public boat launch area, which has included installing and removing floating docks within Parcel 4 on a seasonal basis.

The implementation of a paid parking system for the boat trailer parking stalls will eliminate the need for NSC to supervise and administer access to the public boat launch area. NSC has agreed to continue the seasonal installation and removal of the floating docks within Parcel 4, while the City will retain the maintenance and liability associated with their use.

Parcel 6 – Overflow Parking

Historically, Parcel 6 was used by NSC for seasonal boat and trailer swing space. The parties propose that Parcel 6 be included in the new lease on a non-exclusive basis with the City retaining the right to use this land for municipal events with a minimum of 30 days' notice. No additional rent will be charged by the City, however in return for a nominal rent, the NSC has agreed to continue allowing the public to use the washroom facilities located in Parcel 1 during NSC business hours, to take on the full maintenance and reinstatement obligations of the grass area of Parcel 6, and continue the seasonal installation and removal of the floating docks within Parcel 4.

Parcel 3 – Water Lot

NSC will negotiate directly with Fisheries and Oceans for a new agreement regarding the Water Lot, and the existing lease and sublease will be terminated upon execution of the new lease. Should the new agreement between NSC and Fisheries and Oceans be terminated or expire, NSC may terminate its lease with the City with 12 months' notice.

Municipal Capital Facility Designation

By-law No. 039-2000, passed by the former City of Nepean, designated the Facility as a municipal capital facility (MCF), exempting it from municipal taxes. Under the current Parks and Recreation Facilities Master Plan (ACS2021-RCF-GEN-0018), sailing is classified as a specialized sport beyond the City's base provision level. As such, the MCF designation is no longer applicable.

Upon execution of the new lease, the municipal capital facility designation will be terminated effective November 1, 2025. The lease will be forwarded to MPAC for assessment and the City will recover from NSC any and all municipal taxes, charges or assessments resulting from their occupancy of the premises.

FINANCIAL IMPLICATIONS

The lease agreement represents revenue to the City in the amount of \$6,810,825.38.

LEGAL IMPLICATIONS

There are no legal impediments to adopting the recommendations in this report.

COMMENTS BY THE WARD COUNCILLOR(S)

The Ward Councillor is aware of the report.

CONSULTATION

Pursuant to the Leasing Policy, Leasing may negotiate directly with an existing Tenant who is in good standing with the City. As the Nepean Sailing Club is an existing Tenant in good standing with the City, public notification was not required for the proposed lease.

An internal circulation was completed on August 25, 2025, and no concerns with this proposed lease were raised.

ACCESSIBILITY IMPACTS

There are no accessibility impacts associated with the report recommendation.

ASSET MANAGEMENT IMPLICATIONS

The implementation of the Comprehensive Asset Management program enables the City to effectively manage existing and new infrastructure to maximize benefits, reduce risk, and provide safe and reliable levels of service to community users. This is done by establishing clear and consistent levels of service, such as those established in the report.

As detailed in the report to Committee, Asset Management Services has remained responsible for the lifecycle capital expenditures of base building elements for the sailing facility and associated lands. Responsibilities for base building elements will be subject to covenants outlined in the lease agreement and updated accordingly to reflect Asset Management's processes and policies. This property will remain in the City's inventory and associated financial forecasts will be reflected in Recreation and Cultural Services Asset Management Plan.

CLIMATE IMPLICATIONS

There are no climate implications resulting from the recommendations in this report.

DELEGATION OF AUTHORITY IMPLICATIONS

Upon Council's approval of the base terms of a 15-year revenue lease agreement with the Nepean Sailing Club, Recommendation 2, in this report proposes that the Interim Director, Housing Solutions and Investments Services (HSIS) be delegated authority to negotiate, enter into, conclude, execute, amend, and implement a Lease Agreement in accordance with the terms outlined in Document 2. Leasing will negotiate according to

business parameters identified in Document 2 and should there be a material change to any of the business terms outlined in this report, staff will report back to Council with those changes. Approval of Recommendation 3 will authorize the General Manager, Recreation, Culture and Facility Services to vary the Parks and Facilities By-Law No. 2025-251 to permit parking at 3259 Carling Avenue within the hours of 11:00pm and 5:00am exclusive to NSC members, subject to terms and conditions further outlined in this report.

ECONOMIC IMPLICATIONS

There are no economic development implications associated with this report.

ENVIRONMENTAL IMPLICATIONS

The appropriate environmental protection clauses will be included in the proposed lease.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications resulting from the recommendations in this report.

TERM OF COUNCIL PRIORITIES

There are no specific impacts on the Term of Council Priorities.

SUPPORTING DOCUMENTATION

Document 1 – The Lands – Sketch of 3259 Carling Avenue / Dick Bell Park, separated into six unique parcels.

Document 2 – Offer to Lease – copy of the duly executed Offer to Lease (Attached)

DISPOSITION

Following approval by Council, Housing Solutions and Investment Services will finalize lease negotiations, with support from Legal Services, and within the authority delegated pursuant to this Report. Finance and Corporate Services will assist HSIS staff with removal of the MCFA designation from the Facility. Recreation, Culture and Facility Services will vary the *Parks and Facilities By-Law No. 2025-251* to permit parking at 3259 Carling Avenue within the hours of 11:00pm and 5:00am, during the sailing season, exclusive to NSC members.

Document 1 – The Lands

