

**Report to  
Rapport au:**

**Finance and Economic Development Committee  
Comité des finances et du développement économique  
28 June 2022 / 28 juin 2022**

**and Council  
et au Conseil  
6 July 2022 / 6 juillet 2022**

**Submitted on June 6, 2022  
Soumis le 6 juin 2022**

**Submitted by  
Soumis par:**

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**Ward: CAPITAL (17) / CAPITALE (17)**

**File Number: ACS2022-RCF-GEN-0005**

**SUBJECT: Deschâtelets Building (205 Scholastic Drive) - Update**

**OBJET: Édifice Deschâtelets (205, promenade Scholastic) - Mettre à Jour**

## REPORT RECOMMENDATIONS

**That the Finance and Economic Development Committee recommend Council:**

- 1) Approve moving forward with the development of a municipal community recreation component at the Deschâtelets Building (205 Scholastic Drive) with Conseil des écoles Catholique Centre-Est (CECCE) and the approach recommended in this report; and**
- 2) Direct the General Manager of Recreation, Cultural and Facility Services (RCFS) in consultation with the Director, Corporate Real Estate Office (CREO) to negotiate a lease and associated agreements within the framework of the attached Offer to Lease with CECCE, for the inclusion of a municipal community recreation component at the Deschâtelets Building; and**
- 3) Delegate authority to the General Manager, Planning, Real Estate and Economic Development, General Manager, Infrastructure and Water Services department, the Chief Financial Officer/Treasurer, and General Manager, RCFS to enter into, conclude, execute, amend and implement, on behalf of the City, a Lease Agreement and associated agreements within the framework of the attached Offer to Lease with CECCE, for the inclusion of a municipal community recreation component at the Deschâtelets Building; and**
- 4) Designate all eligible portions as Municipal Capital Facilities as further described in this report and delegate authority to the General Manager of RCFS and Chief Financial Officer/Treasurer, in consultation with the City Solicitor, to execute required agreements and place the associated bylaw on the appropriate agenda of council for enactment; and**
- 5) Authorize staff the funding of the project to a value of ten million five hundred thousand dollars (\$10,500,000) dollars as identified in the 2019 Citywide development charges Background Study for the Community Centre- Central (Old Ottawa East) comprised of eight million nine hundred seventy-seven thousand five hundred dollars (\$8,977,500) from development charges and one million five hundred twenty-two thousand five hundred dollars (\$1,522,500) from cash-in-lieu of parkland accounts; and**

- 6) **Direct staff to develop and bring forward an annual operating budget and Full Time Equivalent requirement for the operation and maintenance of the new municipal community recreation component as part of the 2023 budget process as described in this report.**

## **RECOMMANDATIONS DU RAPPORT**

**Que le Comité des finances et du développement économique recommande au Conseil ce qui suit :**

- 1) **Approuver l'élaboration d'un volet de loisirs communautaires municipaux au 205, promenade Scholastic, avec le Conseil des écoles catholiques Centre-Est (CECCE) et en adoptant l'approche recommandée dans le présent rapport; et**
- 2) **Demander au directeur général de la Direction générale des loisirs, de la culture et des installations (DGLCI), en consultation avec le directeur du Bureau des biens immobiliers municipaux (BBIM), de négocier un contrat de location et des ententes connexes dans le cadre de l'offre de location ci-jointe avec le CECCE, pour l'inclusion d'un volet de loisirs communautaires municipaux à l'édifice Deschâtelets (205, promenade Scholastic); et**
- 3) **Déléguer au directeur général de Planification, Immobilier et Développement économique, à la directrice générale des Services d'infrastructure et d'eau, à la cheffe des finances de la Direction générale des services des finances et au directeur général de Loisirs, Culture et Installations le pouvoir de conclure, de signer, de modifier et de mettre en œuvre, au nom de la Ville, un contrat de location et des ententes connexes dans le cadre de l'offre de location au CECCE ci-jointe, pour l'inclusion d'un volet de loisirs communautaires municipaux à l'édifice Deschâtelets; et**
- 4) **Désigner toutes les parties admissibles en tant qu'immobilisations municipales tel que décrit dans ce rapport et déléguer au directeur général de Loisirs, Culture et Installations le pouvoir de signer les ententes requises et d'inscrire le règlement connexe à l'ordre du jour approprié du Conseil pour adoption, en consultation avec l'avocat général; et**

**5) Autoriser le personnel à financer le projet pour une valeur de dix millions cinq cent mille dollars (10 500 000 \$), comme indiqué dans l'étude préliminaire 2019 sur les redevances d'aménagement à l'échelle de la Ville pour le Centre communautaire – Secteur central (Vieil Ottawa-Est), un montant se composant de huit millions neuf cent soixante-dix-sept mille cinq cents dollars (8 977 500 \$) provenant des redevances d'aménagement et d'un million cinq cent vingt-deux mille cinq cents dollars (1 522 500 \$) provenant des comptes de règlement financier des frais relatifs aux terrains à vocation de parc; et**

**6) Demander au personnel d'élaborer et de présenter un budget de fonctionnement annuel et les besoins en équivalents temps plein nécessaires au fonctionnement et à l'entretien du nouveau volet de loisirs communautaires municipaux dans le cadre du processus budgétaire de 2023 tel que décrit dans le rapport présent.**

## **BACKGROUND**

In June 2014, The Regional Group, a commercial real estate company, bought the parcel of land that includes the Deschâtelets Building and is currently developing the property as the Greystone Village community in Old Ottawa East.

In 2016, The Regional Group approached staff from the Recreation, Cultural and Facility Services (RCFS) department with a proposal to redevelop the Deschâtelets Building for public use, including a recreation component.

On May 10, 2017 ([ACS2017-RCF-GEN-0002](#)) City Council delegated authority to the General Manager, RCFS to enter into non-binding confidential discussions / negotiations with The Regional Group and its partners regarding potential inclusion of a City of Ottawa recreation component in the redevelopment plans for the Deschâtelets Building now addressed as 205 Scholastic Drive.

In 2019, in consultation with Supply Branch, RCFS conducted a Request for Expression of Interest (RFEOI) to determine if there were any other competing interests or opportunities in the area. There were no responses, no indication of interest, and no other locations identified as a result of this Expression of Interest.

In late 2019, The Regional Group introduced RCFS to Conseil des écoles Catholique Centre-Est (CECCE) as their desired party for an Agreement of Purchase and Sale for

the purchase of the Deschâtelets Building from Greystone Village Inc. CECCE is planning to use the Deschâtelets Building for an elementary school.

City of Ottawa discussions with The Regional Group shifted to discussions with their partner, CECCE, although all three parties are acting together to see the development come to fruition. CECCE expressed interest in having a City community recreation component as part of the redevelopment of the existing building, as well as the development of a new gymnasium on a vacant parcel of land adjacent to the Deschâtelets Building.

On December 9, 2020 ([ACS2020-RCF-GEN-0016](#)) City Council confirmed the City of Ottawa's interest in a partnership to develop recreation space at 205 Scholastic Drive and delegated authority to the General Manager of RCFS in consultation with the Director, CREO to negotiate agreements with CECCE.

A Memorandum of Understanding (MOU) between the City and CECCE included with the December 9, 2020, report was also approved by City Council. The MOU detailed the parameters of the discussion / negotiation including, negotiating a long-term agreement, renewal of lease conditions, as well as some high-level details regarding construction and City operation of a potential gymnasium and community centre and how such a facility can be incorporated into the school development project. The MOU also addressed a rental rate that CECCE would charge the City for the facility, and the location of a community recreation facility in the building.

This report contains an Offer to Lease, which is the result of the discussions / negotiations that took place with CECCE after the MOU was approved, as well as a financial recommendation for the development of a municipal community recreation component within the Deschâtelets Building. This report also contains a summary of what was learned during public consultation that was held in September 2021 and April 2022 about the City of Ottawa recreation component in the redevelopment plans for the Deschâtelets Building.

## **DISCUSSION**

Old Ottawa East is an intensifying urban community that would benefit from a new facility to support the recreation and community programming needs generated by significant growth.

As per the 2020 MOU, CECCE and the City of Ottawa have been discussing the opportunity for a recreation facility at the Deschâtelets Building.

CECCE is planning to use the Deschâtelets Building for an elementary school, with the potential for affordable housing on the upper levels of the building in the future. Discussions have reinforced that a new recreation facility within a portion of the lower levels of the Deschâtelets Building, and an adjacent new building, housing a gym, would be a suitable use of the building and result in a complimentary fit with the school use.

Ongoing discussions have resulted in the development of the draft Old Ottawa East Community Centre (OOECC) concept plans (Document 1). As can be viewed in the OOECC concept plans, a recreation facility would be located within the ground level floor of the Deschâtelets Building, as well as in the basement, ground and second floor levels of a new addition to be constructed to the north of the Deschâtelets Building.

The OOECC concept plans also suggest potential locations for shared spaces between the City and CECCE and some potential uses of areas within the community centre. These potential uses are based upon what we learned during a public consultation which was held via an online survey in August and September of 2021 and via a series of Zoom webinar public consultations held on April 26, 27 and 28 of 2022. Additional details on what the City learned during these public consultations are included with this report (Document 2).

Ongoing discussions between the City and CECCE have also resulted in the attached Offer to Lease (Document 3). The Offer to Lease details the terms and conditions upon which CECCE proposes to lease space within the Deschâtelets Building and the new addition to the City for the use a municipal community recreation component.

The terms and conditions in the Offer to Lease describe the parameters under which a lease can be finalized. These parameters include details on use of shared spaces, including a gymnasium, the lease term, prepaid base rent costs, operating and lifecycle costs, tenant and landlord responsibilities, parking, third party usage, a construction agreement, environmental considerations, and force majeure considerations.

City staff are recommending that City Council direct the General Manager of RCFS, in consultation with the Director of CREO to negotiate a lease and any associated agreements within the framework of the attached Offer to Lease with CECCE, for the inclusion of a municipal community recreation component at the Deschâtelets Building. City staff are also recommending that City Council delegate authority to the General Manager of Planning, Real Estate and Economic Development to execute the final lease agreement and to other General Managers to execute agreements with the School Board required to move this project to completion.

As described in the Offer to Lease it is anticipated that the lease term will be a minimum of 35 years and that the prepaid base rent will be in the amount of nine million (\$9,000,000) dollars. This prepaid rent represents the cost to construct the gymnasium and community center space. Adding amounts for Furniture, Fixtures and Equipment (FF&E), soft costs and contingencies, it is estimated the total project cost will be in the amount of ten million five hundred thousand (\$10,500,000) dollars.

In May 2019 the Citywide Development Charges By-law was updated to include new capital funding for a Community Center in Old Ottawa East within the 2020-2024 horizon.

Staff are recommending that City Council authorize staff to fund the project using ten million five hundred thousand dollars (\$10,500,000) dollars as identified in the 2019 development charge background study for the Community Centre - Central (Old Ottawa East). The fund is comprised of eight million nine hundred seventy-seven thousand five hundred dollars (\$8,977,500) in development charges and one million five hundred twenty-two thousand five hundred dollars (\$1,522,500) from cash-in-lieu (CIL) of parkland accounts (seven hundred and ninety-nine thousand (\$799,000) from Ward 17 CIL and seven hundred twenty-three thousand five hundred (\$723,500) from city wide CIL).

City wide cash-in-lieu of parkland is recommended for a portion of this project's funding to reflect the intent to have a new gymnasium constructed as part of this project to serve the broader core and inner and outer urban transects of the City and address the significant shortage of municipal gym space in these areas. It would be the City's intent to directly program and allocate the new gym in a manner that balances local needs with broader sports needs of the urban core areas.

Also as described in the Offer to Lease, city staff are recommending that all eligible portions of the Deschâtelets Building and the new addition are designated as Municipal Capital Facilities and that City Council delegate authority to the General Manager of RCFS, and Chief Financial Officer/Treasurer, Financial Services, in consultation with the City Solicitor, to execute required agreements with the building owner, Conseil scolaire de district catholique du Centre-Est de l'Ontario, and place the associated bylaw on the appropriate agenda of council for enactment. Municipal recreational facilities that are for the purposes of the municipality and for public use are eligible for such designation. Facilities used as municipal community centers as also eligible as well as any ancillary parking facilities. The designation will allow for the eligible portions

of the municipal facilities to be exempt from taxation while they are used or intended for use as municipal facilities.

It is recommended that City Council direct staff to develop and bring forward an annual operating budget, including the Full Time Equivalent (FTE requirements for the operation and maintenance of the new municipal community recreation component as part of the 2023 budget process. The net operating costs for this facility has been estimated at \$900,000, which includes recreation programming and maintenance costs. There is a projected FTE complement of 19.5 which includes both full and part time employees. These initial estimates have been calculated based on a facility with comparable square footage and programming capabilities. Given the likelihood that the new facility will only be completed later in 2023, the budget request will be modified later this year to pro-rate the actual requirement.

In summary, should City Council approve the attached Offer to Lease and the recommended financial model, City staff will finalize discussions / negotiations with CECCE for a municipal community recreation component at the Deschâtelets Building and work towards executing a lease.

## **RURAL IMPLICATIONS**

There are no rural implications related to this report.

## **CONSULTATION**

Public consultation was held via an online survey in August and September of 2021 and via a series of Zoom webinar public consultations held on April 26, 27 and 28 of 2022. Additional details on what the City learned during these public consultations are included with this report (Document 2).

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

Our office is gratified to see this project move forward. We commend the community groups, including the Old Ottawa East Community Association and Communities Activities Group, who have been pushing for a new recreation center and affordable housing component in the community for a number of years. We have worked collaboratively with the CECCE French Catholic School Board and the City of Ottawa who have creatively sorted through the challenges of shared space, ownership, timing, and heritage components to arrive at this proposal which will provide residents in this rapidly densifying community a place to gather, learn, and play. We are excited about the possibilities of this multi-generation space. This process must also acknowledge,



recognize, and reconcile the history of the Order of the Oblates and their implication in residential schools in Canada. This report outlines a starting point for these conversations and represents a pivotal step toward a more vibrant, connected community with student space, park space, community space and affordable housing space in Old Ottawa East.

## **LEGAL IMPLICATIONS**

There are no legal impediments to approving the recommendations in this report. Section 110 of the *Municipal Act, 2001* authorizes the municipality to enter into agreements for municipal capital facilities where the facilities are used or intended for use for a service or function that may be provided by a municipality. Regulation 603/06 as amended authorizes the designation for municipal facilities used as municipal community centers and municipal recreational facilities that the municipality declares are for the purposes of the municipality and for public use. The designation will allow for the eligible portions of the municipal facilities to be exempt from taxation.

## **RISK MANAGEMENT IMPLICATIONS**

There are no significant risks associated with this report.

## **INDIGENOUS GENDER AND EQUITY IMPLICATION**

Research and consultation on Indigenous recognition is taking place.

## **ASSET MANAGEMENT IMPLICATIONS**

There are currently no asset management implications associated with this report. Asset management implications will be brought forward in future reports as required.

## **FINANCIAL IMPLICATIONS**

The funding of the project is \$10,500,000 dollars as identified in the 2019 development charge background study for the Community Centre - Central (Old Ottawa East). The fund is comprised of \$8,977,500 in development charges and \$1,522,500 from cash-in-lieu (CIL) of parkland accounts (\$799,000 from Ward 17 CIL and \$723,500 from city wide CIL). The projected operational budget will be further discussed should City Council approve the attached Offer to Lease. There is no financial risk associated with the project.

**ACCESSIBILITY IMPACTS**

There are no accessibility impacts associated with this report. Accessibility impacts will be brought forward in future reports, as required.

**TERM OF COUNCIL PRIORITIES**

This report has a direct impact on the Term of Council Priority *Thriving Communities - Invest in recreation infrastructure and improve selected parks and facilities across all City wards* and will assist in providing access to affordable recreation facilities and programs, and attractive signature public spaces.

**SUPPORTING DOCUMENTATION**

Document 1 - Draft Old Ottawa East Community Centre (OOECC) Concept

Document 2 – Public Consultation What We Learned 2021 2022

Document 3 – Offer to Lease

**DISPOSITION**

The Recreation, Cultural and Facility Services Department will implement the recommendations as outlined in the report.