

6. **DESIGNATE 8,718 SQUARE FEET AT 580 TERRY FOX DRIVE AS A MUNICIPAL CAPITAL FACILITY**
- DÉSIGNATION DES 8 718 PIEDS CARRÉS DU 580, PROMENADE TERRY FOX EN TANT QU'IMMOBILISATION MUNICIPALE**

## COMMITTEE RECOMMENDATIONS

That Council:

1. Designate a portion of 580 Terry Fox Drive, comprising of 8,718 square feet of office space, as Municipal Capital Facilities for the purpose of general administration of the Municipality as further outlined in this report and as permitted under Section 110(6) of the *Municipal Act, 2001* and as defined in Ontario Regulation 603/06, as amended;
2. Implement the Municipal Capital Facility designation by way of a Municipal Capital Facility Agreement between the City of Ottawa and 1457722 ONTARIO INC. and enact a By-law in accordance with the requirements of the *Municipal Act, 2001*, as outlined in this report; and
3. Authorize the Acting Director, Corporate Real Estate Office, in consultation with the City Clerk and Solicitor, to finalize and execute the Municipal Capital Facility Agreement.

## RECOMMANDATIONS DU COMITÉ

Que le Conseil :

1. désigne immobilisation municipale une partie du 580, promenade Terry Fox, comprenant 8 718 pieds carrés d'espace de bureau, aux fins de l'administration générale de la municipalité, comme le décrit davantage le présent rapport et le permet le paragraphe 110(6) de la *Loi de 2001 sur les municipalités*, et comme le définit le Règlement de l'Ontario 603/06, dans sa version modifiée;

2. applique la désignation d'immobilisation municipale, dans le cadre d'un accord relatif aux immobilisations municipale entre la Ville d'Ottawa et 1457722 ONTARIO INC., et de promulguer un règlement en vertu des exigences de la *Loi de 2001 sur les municipalités* et comme le précise le présent rapport;
3. autorise le directeur du Bureau des services immobiliers municipaux, en consultation avec le greffier municipal et avocat général, à conclure et à signer l'accord relatif aux immobilisation municipales.

#### DOCUMENTATION/DOCUMENTATION

1. Acting Director's report, Corporate Real Estate Office, dated 29 August 2019 (ACS2019-PIE-CRO-0002).

Rapport du Directeur par intérim, Bureau des biens immobiliers municipal, daté le 29 août 2019 (ACS2019-PIE-CRO-0002).

**Report to  
Rapport au:**

**Finance and Economic Development Committee  
Comité des finances et du développement économique  
10 September 2019 / 10 septembre 2019**

**and Council  
et au Conseil  
25 September 2019 / 25 septembre 2019**

**Submitted on August 29, 2019  
Soumis le 29 août 2019**

**Submitted by  
Soumis par:**

**Peter Radke, Acting Director, Corporate Real Estate Office, Planning,  
Infrastructure and Economic Development / Directeur par intérim, Bureau des  
biens immobiliers municipal, Services de la planification, de l'infrastructure et du  
développement économique**

**Contact Person  
Personne ressource:**

**Nicolas Delahousse, Program Manager, Realty Services Branch, Leasing Unit /  
gestionnaire de programme, services immobilier, unité de location  
613-580-2424, 16169, Nicolas.Delahousse @ottawa.ca**

**Ward: KANATA SOUTH (23) / KANATA-  
SUD (23)**

**File Number: ACS2019-PIE-CRO-0002**

**SUBJECT: Designate 8,718 square feet at 580 Terry Fox Drive as a Municipal  
Capital Facility**

**OBJET: Désignation des 8 718 pieds carrés du 580, promenade Terry Fox en  
tant qu'immobilisation municipale**

## REPORT RECOMMENDATIONS

That the Finance and Economic Development Committee recommend Council:

1. Designate a portion of 580 Terry Fox Drive, comprising of 8,718 square feet of office space, as Municipal Capital Facilities for the purpose of general administration of the Municipality as further outlined in this report and as permitted under Section 110(6) of the *Municipal Act, 2001* and as defined in Ontario Regulation 603/06, as amended;
2. Implement the Municipal Capital Facility designation by way of a Municipal Capital Facility Agreement between the City of Ottawa and 1457722 ONTARIO INC. and enact a By-law in accordance with the requirements of the *Municipal Act, 2001*, as outlined in this report; and
3. Authorize the Acting Director, Corporate Real Estate Office, in consultation with the City Clerk and Solicitor, to finalize and execute the Municipal Capital Facility Agreement.

## RECOMMANDATIONS DU RAPPORT

Que le Comité des finances et du développement économique recommande au Conseil :

1. de désigner immobilisation municipale une partie du 580, promenade Terry Fox, comprenant 8 718 pieds carrés d'espace de bureau, aux fins de l'administration générale de la municipalité, comme le décrit davantage le présent rapport et le permet le paragraphe 110(6) de la *Loi de 2001 sur les municipalités*, et comme le définit le Règlement de l'Ontario 603/06, dans sa version modifiée;
2. d'appliquer la désignation d'immobilisation municipale, dans le cadre d'un accord relatif aux immobilisations municipale entre la Ville d'Ottawa et 1457722 ONTARIO INC., et de promulguer un règlement en vertu des exigences de la *Loi de 2001 sur les municipalités* et comme le précise le présent rapport;

- 3. d'autoriser le directeur du Bureau des services immobiliers municipaux, en consultation avec le greffier municipal et avocat général, à conclure et à signer l'accord relatif aux immobilisation municipales.**

## **BACKGROUND**

In October 2004, the City of Ottawa sold the four-storey building located at 580 Terry Fox Drive in Kanata and leased back approximately 8,718 square feet of office space to continue to house the City's west end Client Service Centre. Lease Extensions and Amending Agreements have extended the lease term until October 31, 2024. The last extension was approved under Delegated Authority – DEL2019-CREO-0048 on July 12, 2019. The Lease allows the City the opportunity to register the property as a Municipal Capital Facility (MCF). This report is seeking the approval to proceed with the MCF designation.

## **DISCUSSION**

The property located at 580 Terry Fox Drive consists of approximately 38,670 square feet. The City of Ottawa's Service Ottawa Client Services and Building Code Services occupies a portion of the property for the purpose of providing client services to Ottawa West communities. This report recommends an MCF designation and an exemption of the taxes levied for the municipal and school purposes for only the City's leased portion of the property being 8,718 square feet designated for City use.

An MCF designation will allow for an exemption on the City's leased portion of the property on taxes levied for municipal and school purposes. Section 110(6) of the *Municipal Act, 2001*, permits the Council of a municipality to exempt taxes levied for municipal and school purposes on which the municipal capital facilities are located. Those property tax components are typically applicable to a commercial lease. The annual property tax cost savings for the Client Service Centre and Building Code Services lease, based on 2018 actuals, is approximately \$34,632.12 plus HST. The total estimated savings for the remaining term of the lease is \$173,160.60 plus HST.

## **RURAL IMPLICATIONS**

There are no rural implications associated with the recommendations within this report.

## **CONSULTATION**

The Corporate Real Estate Office have consulted with the City Clerk and Solicitor's Office as well as the Finance Department in preparing this report. No public consultation was undertaken.

## **COMMENTS BY THE WARD COUNCILLOR**

Councillor Hubley concurs with the recommendations in this report.

## **LEGAL IMPLICATIONS**

There are no legal impediments with approving the recommendations in this report.

## **RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications associated with this report.

## **ASSET MANAGEMENT IMPLICATIONS**

There are no risk management implications associated with the recommendations of this report.

## **FINANCIAL IMPLICATIONS**

The Client Service Centre will be responsible to pay for the municipal taxes until the date the MCF Bylaw is enacted. The total estimated savings for the remaining term of the lease is approximately \$175,000. However, City general tax revenues will be reduced as the property will now be exempt from municipal taxes.

## **ACCESSIBILITY IMPACTS**

There are no accessibility implications to implementing the recommendations set out in this report.

## **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications associated with the recommendations within this report.

## **TERM OF COUNCIL PRIORITIES**

The report recommendations support City Council's Financial Sustainability priorities.

## **SUPPORTING DOCUMENTATION**

Document 1 Building Measurements and City Leased Space to be designated as  
Municipal Capital Facility

Document 2 Draft Municipal Capital Facility Agreement

Document 3 Draft By-Law

## **DISPOSITION**

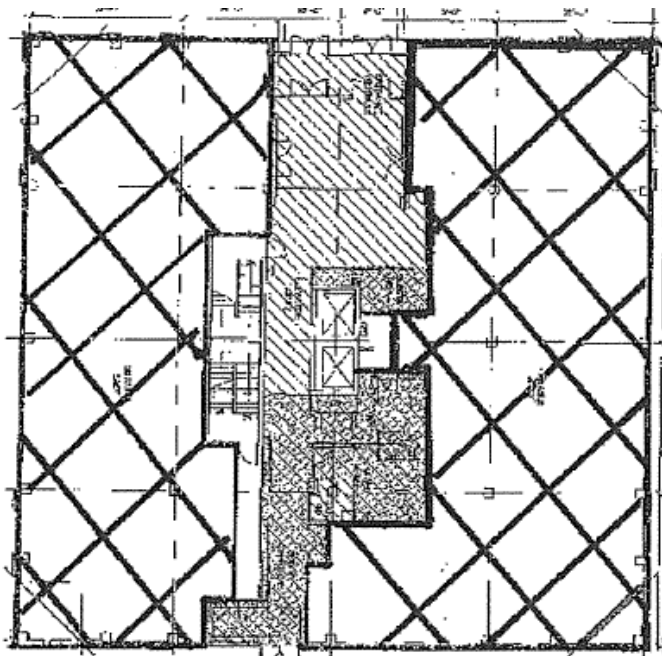
The Corporate Real Estate Office in consultation with the City Clerk and Solicitor, will finalize the Municipal Capital Facility Agreement. The City Clerk and Solicitor will place the associated By-Law on the agenda of Council for enactment. CREO will work with the Landlord to have the MCFA signed. Pursuant to Sections 110(5) and 110(6) of the *Municipal Act*, 2001, the City Clerk and Solicitor will give notice of the by-law to the Minister of Education, the Municipal Property Assessment Corporation and the local school boards. The Finance Department (Revenue Branch) will process the required tax adjustments to be reflected on the tax account.

**Document 1 – Building Measurements and City Leased Space to be designated as  
Municipal Capital Facility**

Figure 1: 580 Terry Fox Drive - Building 38,960 square feet



Figure 2: 580 Terry Fox Drive - City Leased Space – 8,718 square feet





**Document 2 – Draft Municipal Capital Facility Agreement**

THIS AGREEMENT dated the \_\_\_\_\_ day of \_\_\_\_\_, 2019

BETWEEN:

CITY OF OTTAWA

(hereinafter referred to as the “City”)

AND:

1457722 ONTARIO INC.

(hereafter referred to as the “Landlord”)

WHEREAS:

A. The Landlord is the owner of 580 Terry Fox Drive (the ‘subject property’), more particularly described in Annex “A” hereto (the “Annex “A” Lands”);

B. The City entered into a Lease Agreement with the Landlord dated November 4, 2004, and subsequent extensions, providing for a term up to October 31, 2024 for a portion of the subject property (the “Lease Agreement”), more particularly described in Annex “A” hereto (the “Annex “A” Lands”);

C. The Landlord wishes, pursuant to Section 110 of the *Municipal Act, 2001*, to enter into a municipal capital facilities agreement with the City for the use of the portions of Annex “A” Lands leased by the City and all present and future improvements thereto as municipal capital facilities;

D. The City wishes, pursuant to Section 110 of the *Municipal Act, 2001*, to exempt from taxation for municipal and school purposes the portions of the Annex “A” Lands, which are leased by the City shown ;

E. The portion of the Lands leased by the City of Ottawa are facilities used for the general administration of the municipality, thus qualifying those portions of the Lands as classes of municipal capital facilities described in subsection 2.(1)(2) and 2.(1)(13) of Ontario Regulation 603/06 as amended;

THEREFORE, in consideration of the making of this Agreement and the mutual covenants contained herein, the parties undertake, covenant and agree as follows:

## DESIGNATION

1. The City will by by-law, substantially in the form attached as Annex “B”, designate relevant portions of the Annex “A” Lands as municipal capital facilities and exempt the Lands from taxation for municipal and school purposes.

## TERM

2. The term of this Agreement and the designation of the Lands as municipal capital facilities shall be from \_\_\_\_\_, 2019 to the earliest of:

- (a) the day the Lease Agreement and any renewal thereof expires, is surrendered or  
terminates for any reason whatsoever;
- (b) the day that the *Municipal Act, 2001* or such other applicable or successor legislation is repealed or amended such that the designation of the Lands as a municipal capital facility is no longer available to be made or applicable; or
- (c) the day the Lands cease to be used as municipal capital facilities  
as that term is described in Ontario Regulation 603/06 as amended or amendments thereto.

## TAX EXEMPTION

3. The City shall, pursuant to subsection 110(6) of the *Municipal Act, 2001*, exempt the Lands from property taxation for municipal and school purposes.

## ZONING

4. For the purposes of clarity, the City acknowledges and agrees that neither this Agreement nor the by-law shall in any way affect the zoning of the Lands or the permitted uses of the Lands under applicable laws.

## **REGISTRATION**

5. The by-law referred to in section 1 of this Agreement may be registered by the City on title of the Lands.

## **OBLIGATIONS AS COVENANTS**

6. Each obligation expressed in this Agreement, even though not expressed as a covenant, is considered to be a covenant for all purposes.

## **ENTIRE AGREEMENT**

7. This Agreement contains all the covenants, Agreements and understandings between the parties concerning its subject matter.

## **ENUREMENT**

8. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

## **PARTIAL INVALIDITY**

9. If any provision of this Agreement or the application of it to any person or circumstances is held to any extent invalid or unenforceable, the remainder of this Agreement or the application of the provisions to persons or circumstances other than those as to which it is held invalid or unenforceable is not affected.

## **FURTHER ASSURANCES**

10. The parties shall do and execute all such further acts, deeds, instruments or things as may be necessary or desirable for the purpose of carrying out the intent of this Agreement.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement.

**CITY OF OTTAWA**

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Acting Director, Corporate Real Estate Office

**1457722 ONTARIO INC.**

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Name:

I have authority to bind the Corporation

**ANNEX "A"**

**DESCRIPTION OF THE LANDS**

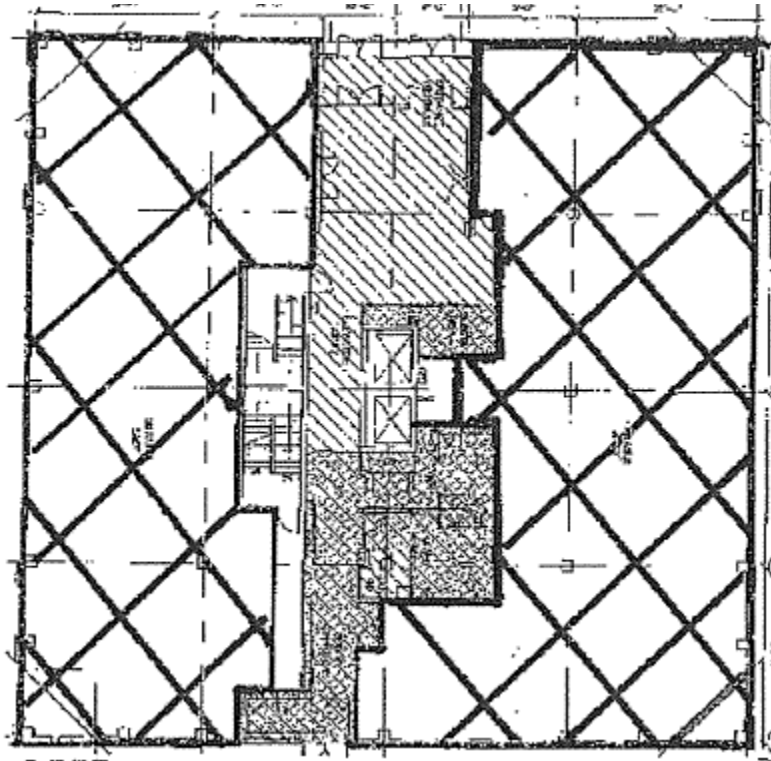
The legal description of the property municipally known as 580 Terry Fox Drive, City of Ottawa is as follows:

PIN 045090042

PCL 1-33, SEC MH-2; PT LT 1, CON 2, PTS 1, 2 & 3, 4R7282, S/T LT658718,  
LT711841, T/W LT706327 ; S/T LT644349 KANATA/MARCH

580 Terry Fox Drive – City Leased Space – being a portion of the ground floor with a total net leased area of 7,140 square feet.

Ground Floor gross area 8,718 square feet



**Document 3 – Draft Municipal Capital Facilities By-law**

BY-LAW NO. 2019 -

A by-law of the City of Ottawa to designate a portion of 580 Terry Fox Drive as municipal capital facilities.

WHEREAS Section 110 of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended (the “*Municipal Act, 2001*”) permits a municipality to enter into agreements for the provision of municipal capital facilities;

AND WHEREAS Section 110 of the *Municipal Act, 2001* permits a Council of a municipality to designate lands within the classes of lands described in Ontario Regulation 603/06, as amended, as municipal capital facilities and to exempt such facilities from taxation for municipal and school purposes;

AND WHEREAS a portion of the land located at 580 Terry Fox Drive owned by 1457722 ONTARIO INC. which are leased to the City of Ottawa and are more particularly described in Schedule “A” to this by-law (“the Lands”), are facilities used for the general administration of the municipality and parking facilities ancillary to that facility, being permitted classes under Ontario Regulation 603/06 as amended (the “Lease Agreement”);

AND WHEREAS, in accordance with the authorization of the Council on \_\_\_\_\_, 2019 the City and 1457722 ONTARIO INC., will enter into a municipal capital facilities agreement, conditional on the passage of this by-law, in the form attached as Schedule “B,” that provides for the use the Lands as a municipal capital facilities (the “Municipal Capital Facilities Agreement”);

THEREFORE the Council of the City of Ottawa enacts as follows:

1. The Council hereby designates as municipal capital facilities the portion of the Lands leased by the City of Ottawa and used as facilities for the general administration of the municipality, and parking facilities ancillary to those facilities, and all present and future improvements thereto, and the implementation of such designation by way of the attached Municipal Capital Facilities Agreement, a copy of which is hereto as Schedule "B".
2. The Lands and all present and future related improvements thereto are hereby exempt from the payment of taxation for municipal and school purposes and shall be so exempt until the earliest of:
  - (a) the day the Lease Agreement and any renewal thereof expires, is surrendered or terminates for any reason whatsoever;
  - (b) the day that the *Municipal Act, 2001* or such other applicable or successor legislation is repealed or amended such that the designation of the Lands as a municipal capital facility is no longer available to be made or applicable; or
  - (c) the day the lands cease to be used as municipal capital facilities as that term is described in Ontario Regulation 603/06 or amendments thereto.
3. The City shall cause its Clerk to give written notice of the by-law permitting the City to enter into this agreement to the Minister of Education as provided for in subsection 110(5) of the *Municipal Act, 2001*.
4. The City shall cause its Clerk to give written notice of the contents of this by-law to the Municipal Property Assessment Corporation and the secretary of any school board if the area of jurisdiction of any such board included the land that is exempted by this by-law, as required under section 110(8) of the *Municipal Act, 2001*.
5. This by-law shall be effective as of the date of passing.

ENACTED AND PASSED this     day of     , 2019.

CITY CLERK

MAYOR