

Policy, Priorities and Budgeting Committee
Comité des politiques, des priorités et des budgets

Agenda 3
Ordre du jour 3

Thursday, January 27, 2000 - 9:15 a.m.
Le jeudi 27 janvier 2000 - 9 h 15

Victoria Hall, First Level
Bytown Pavilion, City Hall

Salle Victoria, niveau 1
Pavillon Bytown, hôtel de ville



Confirmation of Minutes
Ratification des procès-verbaux

Minutes 2 (January 13, 2000)
 In-Camera Minutes 2 (January 13, 2000)

Procès-verbal 2 (Le 13 janvier 2000)
 Procès-verbal 2 huis clos (Le 13 janvier 2000)

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Councillor/Conseillère Diane Deans, Chairperson/Présidente

Councillor/Conseiller Jim Bickford, Vice-Chairperson/Vice-président

Councillor/Conseillère Inez Berg

Councillor/Conseiller Richard Cannings

Councillor/Conseiller Ron Kolbus

Councillor/Conseiller Brian Mackey

SEF

January 18, 2000

ACS1999-CS-PTY-0021
(File: RHI2155/3000 & RHI3636/3000)

Department of Corporate Services

Ward/Quartier
OT6 - Somerset

- Policy, Priorities and Budgeting Committee / Comité des politiques, des priorités et des budgets
- City Council / Conseil municipal

Action/Exécution

**1. Property - Civic - Disposal - 150 Elgin Street and 31 Gloucester Street
Propriété municipale - Cession - 150 rue Elgin et 31 rue Gloucester**

Recommendations

1. That 150 Elgin Street and 31 Gloucester Street as outlined in Document 1, be declared surplus to City requirements in accordance with By-law 87-95.
2. That 150 Elgin Street and 31 Gloucester Street be sold to 888260 Ontario Inc., In Trust, and Agneta Gibson, In Trust, for the consideration of Three Million Four Hundred Thousand (\$3,400,000), in accordance with the Corporate policy on the Disposal of Real Surplus Property.
3. That should the sale proceeds not be required to achieve the \$1.7 million land sales revenue budgeted for 2000, Council provide direction regarding the allocation of the disposal proceeds with respect to the above recommendations.



January 19, 2000 (9:04a)

R.T. Leclair
Commissioner of Corporate Services



January 20, 2000 (9:52a)

Approved by
John S. Burke
Chief Administrative Officer

DR:dr

Contact: David Richardson - 244-5300 ext. 1-3736

Financial Comment

The 2000 budget approved January 17, 2000 has \$1.7 million budgeted in land sales as part of the Reserve for General Capital. City Council approved a motion whereby once the \$1.7 million in land sales revenues has been received and credited to the R.G.C., the disposition of

all other revenues from land sales will be determined by City Council.

Therefore, subject to City Council approval of Recommendation 1, net sales proceeds from the property once received will be credited to the Reserve for General Capital unless the \$1.7 million in land sales budget has been achieved.

In accordance with this approved motion, listed below are the capital projects that were originally to be funded in 2000 but were removed from the 2000 revised recommended budget.

Capital Projects	Amount Required
Plant Pool	\$6,638,000
Glebe Community Centre	2,843,000
Minor Park and Facility Improvement	75,000
New Sidewalks	150,000
Accessibility Retrofits to Fire Stations	50,000
Replacement of Waste Receptacles	80,000
Purchase of Poster Collars	60,000
Traffic Control Signal Upgrading	80,000
Roadway Modifications	100,000
Lane Rehabilitations	50,000
Retaining Wall Rehabilitation Program	50,000
Life Cycle Renewal - General Buildings	1,853,000
Life Cycle Renewal - Parks	750,000
Road Rehabilitation Program	2,368,000
Sidewalk Rehabilitation	200,000
Road Modifications with Road Rehabilitation	45,000
York Street Landing	130,000



January 19, 2000 (2:05p)

for Mona Monkman
City Treasurer

RL:cds

Executive Report

Reasons Behind Recommendations

Recommendation 1

The property at 150 Elgin Street and 31 Gloucester Street is commonly referred to as “Friday’s Roast Beef House” and the Elgin/ Gloucester municipal parking lot, a site of approximately 39,600 square feet (3,690 square metres), on the north side of Gloucester Street at Elgin Street. The property is comprised of Lots 52 to 57, Plan 4556 as shown on Document 1. The land was acquired during the period between 1966 and 1968 for the purposes of a “downtown distributor”, which was to be a roadway to connect to the Queensway in a loop fashion. The plans to construct the roadway were subsequently abandoned thus negating the original municipal requirement for the land.

The only structure on the site is “Friday’s Roast Beef House” at 150 Elgin Street which is leased to Ken Dolan Incorporated. The lease expires on December 31, 2003. The building was designated heritage by By-law 21-82. The remainder of the site, 31 Gloucester Street, has been operating as an interim parking lot, firstly by a private operator, and since 1992, by the City of Ottawa while deliberations for the future development of the site were being considered by the City.

The Corporation has always viewed these two properties as surplus to its requirements and back in 1983 City Council directed the former Department of Economic Development to work towards an early proposal call on this site in view of its immediate development potential. However, the subject site was encumbered by a number of complicated first rights of refusal in the event that the City no longer had a requirement for the property and put it up for sale. As a result, the Corporation was prevented from proceeding with a proposal call at that time.

Subsequently, the Inventory of Vacant City-owned Lands and Buildings report approved by City Council on May 6, 1987, recommended that because of the high vacancy rate then being experienced in the downtown core of the City, development of the site should be delayed pending economic improvement. In order to address the need for short term parking in the area, the City’s parking lot operation was allowed to continue on a short term basis until the parking facilities in the Place Bell Canada building were reopened and the parking facilities in

the new Canlands project were completed. Also it was anticipated that additional parking would be supplied when the Regional Headquarters and Provincial Courthouse projects were completed.

The demand for development in the downtown core has improved over the past year and the City has received an unsolicited offer from 888260 Ontario Inc., In Trust, and Agneta Gibson, In Trust, to acquire the property at above the appraised market value for a proposed commercial residential development. Both the City of Ottawa and the Regional Official Plans have designated this property for a mix use of residential and commercial development. The proposed development by the purchaser will serve to meet the development capacity of the downtown core which in turn will significantly contribute to the vitality of the downtown core.

In accordance with By-law 87-95 it is necessary for City Council to declare 150 Elgin Street and 31 Gloucester Street surplus to Corporate requirements.

Declaring 31 Gloucester Street surplus and disposal of the property may cause some impact on the supply of affordable short term parking in the immediate area although the actual impact can not be determined at this time. Presently the City lot has 125 parking spaces available to the public which is free Saturdays and Sundays. It should be noted that on-street metered parking in this area is also free between the hours of 7:00 p.m. and 7a.m. (overnight) and twenty four hours on Saturdays and Sundays.

The peak period for the City's parking lot, Monday to Friday, is between 10:00 a.m. and 2:00 p.m. with an average occupancy of approximately 70%. The destination of the primary users of the City parking lot would appear to be Regional Headquarters, the Provincial Courthouse, Place Bell Canada and nearby solicitor offices.

The short term rate charge at the City parking lot is 50 cents per 15 minutes compared to other parking facilities in the vicinity which offer short term public parking, such as, Place Bell Canada - 800 spaces at \$1.50 per half hour; Regional Headquarters - 855 spaces at \$1.75 per half hour; and Shamrock Parking (Metcalfe Street) - 198 spaces at \$2.00 per half hour.

If the parking lot at 31 Gloucester Street is closed and an equal amount of parking spaces are not provided, this could result in a deficiency of approximately 85 parking spaces based on the average peak time occupancy of 70%.

The immediate financial impact to the City would be a reduced contribution to the Parking Reserve Fund. For example, in 1998, the contribution from this parking lot was \$112,000.

In order to address any potential impacts, staff will continue to monitor the parking demand in the immediate area, and report back if required. Staff will also be pro-active in finding means to minimize the impact such as:

- Exploring opportunities to negotiate additional parking areas in the vicinity.
- Entering into discussions with the Region to bring its short term parking rate structure more in line with the City's, thus promoting short term parking as well as supporting both the City's and the Region's Official Plan objectives. It is timely to open discussions with the Region now as the management contract for the operation of the Regional Headquarters parking lot expires at the end of January 2000.

Recommendation 2

The Corporate Policy on Disposal of Surplus Real Property approved by City Council on May 3, 1995, establishes a number of methods to dispose of surplus properties including direct sale, land exchange and purchaser initiated disposals.

When a purchaser initiated offer is submitted which meets or exceeds the market value of the property, the City's Disposal Policy establishes that "Upon determination of such property being surplus to Corporate requirements, the Property Services Branch will submit a report to Committee(s) and City Council, or its delegated authority, recommending the property be declared surplus as well as the method of disposal".

In July 1999, a purchaser initiated offer was received by the Department of Corporate Services from 888260 Ontario Inc., In Trust, and Agneta Gibson, In Trust, for 150 Elgin Street and 31 Gloucester Street.

In order to assess this offer, the Department of Corporate Services commissioned an independent appraisal which determined the market value of the properties.

The market value figure was premised on fee simple interest. However, it is important to note that the City's title on these properties was encumbered by a number of complicated first rights of refusal. Since receiving the unsolicited offer to purchase the property the City Solicitor's Office has taken the necessary action to extinguish the first rights of refusal thus allowing the Corporation to dispose of the property free of the encumbrances of the first rights of refusal.

In keeping with the City's Disposal Policy, negotiations of the purchaser initiated offer by 888260 Ontario Inc., In Trust, and Agneta Gibson, In Trust, resulted in a final sale price of \$3,400,000 for the combined site, subject to Council approval. Upon City Council approval of the disposal, the final Agreement of Purchase and Sale will contain the following conditions:

- a heritage easement in favour of the City of Ottawa thus ensuring the continued heritage upkeep of the premises at 150 Elgin Street;
- that final design control will rest with Planning Committee in order to ensure development is compatible with the existing heritage character of the immediate

vicinity; and

- should the purchaser elect to develop the property for office accommodation only, that the development shall include a provision to provide dedicated short term parking spaces as determined by the Commissioner of Urban Planning and Public Works and that these spaces be at the City's current short term parking rate.

The proposed closing date of the sale is September 30th, 2000, subject to all development conditions being met.

Staff are recommending the sale of 150 Elgin Street and 31 Gloucester Street to 888260 Ontario Inc., In Trust, and Agnetta Gibson, In Trust , for the following reasons:

1. The cost to maintain the heritage building at 150 Elgin Street is escalating due to its age. For example they totalled approximately \$95,000 in 1999 and the Asset Management Branch has estimated that an additional \$190,000 of work will be required in the next two years. The cost and liability of ownership which cannot be recovered within the current market value rental rates will soon exceed the benefits of ownership.
2. The sale and redevelopment of the site will not only provide for a more vibrant community in the immediate area but also will greatly contribute to the vitality of the downtown core in general.

Disposal of the property to 888260 Ontario Inc, In Trust, and Agnetta Gibson, In Trust, is in accordance with the Corporate Policy on Disposal of Surplus Real Property and would be the most effective means of disposal.

Recommendation 3

At its meeting of January 17th, 2000, during the budget deliberations, City Council approved the following motion:

Whereas surplus lands will be disposed of by the City of Ottawa during 2000, and

Whereas many items proposed in the original 2000 Budget had to be deleted due to the suspension of restructuring of Ottawa Hydro,

Be it therefore resolved that any revenue from surplus land disposed of in 2000 beyond the \$1.7 million in land sales already budgeted, be brought to Council during the year for decision on allocation of such funds,

And be it further resolved that the budget items deleted in the revised 2000 Budget be brought forward for information at the time the allocation of these funds is debated by Council.

\$1.7 million land sales has been budgeted for 2000. This recommendation requests that direction be provided with respect to the allocation of the disposal revenues for the properties being declared surplus and recommended for disposal, should the sales revenue not be required to achieve the land sales budget.

Consultation

The Department of Urban Planning and Public Works has been consulted and their comments have been incorporated in the report.

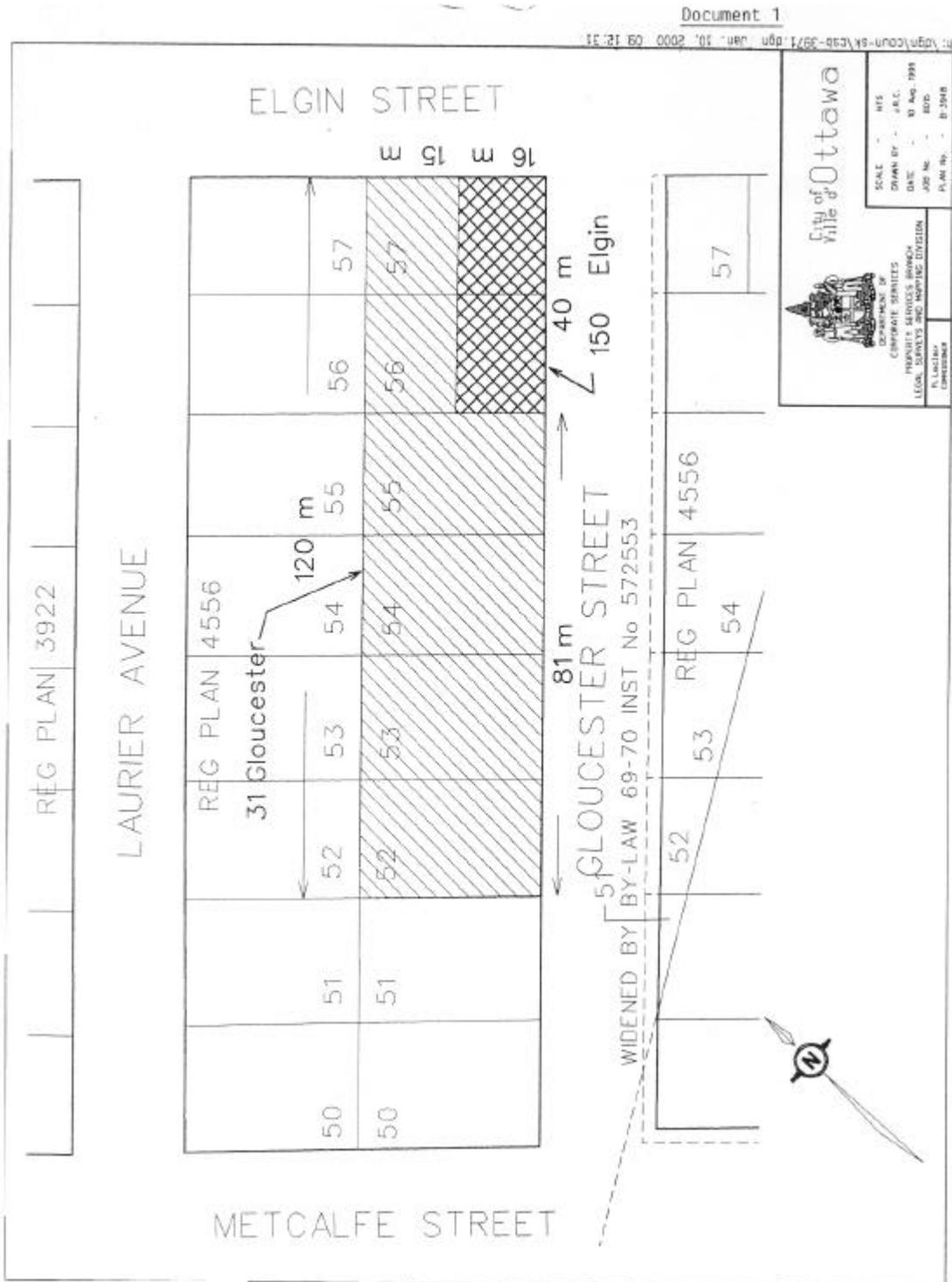
Disposition

Originating Department

List of Supporting Documentation

Document 1 Sketch to illustrate property to be declared surplus.

Part II - Supporting Documentation



January 18, 2000

ACS2000-CS-PTY-0001
(File: RHI2112/6000)

Department of Corporate Services

Ward/Quartier
OT7 - Kitchissippi

- Policy, Priorities and Budgeting
Committee / Comité des politiques, des
priorités et des budgets
- City Council / Conseil municipal

Action/Exécution

2. Property - Civic - Disposal - 428 Churchill Avenue North Propriété municipale - Cession - l'avenue Churchill Nord

Recommendations

1. That City Council approve the sale of the City owned surplus property known municipally as 428 Churchill avenue North (Document 1), comprising a land area of approximately 605± m² (6,517± sq. ft.), to Mounir (Moe) Atallah, for the consideration of Seventy Thousand Dollars (\$70,000) and that it be disposed of in accordance with the Corporate Policy on the Disposal of Surplus Real Property.
2. That should the sale proceeds not be required to achieve the \$1.7 million land sales revenue budgeted for 2000, Council provide direction regarding the allocation of the disposal proceeds with respect to the above recommendation.



January 19, 2000 (9:36a)

R.T. Leclair
Commissioner of Corporate Services



January 20, 2000 (1:21p)

Approved by
John S. Burke
Chief Administrative Officer

DR:dr

Contact: David Richardson - 244-5300 ext. 1-3736

Financial Comment

The 2000 budget approved January 17, 2000 has \$1.7 million budgeted in land sales as part of the Reserve for General Capital. City Council approved a motion whereby once the \$1.7 million in land sales revenues has been received and credited to the R.G.C., the disposition of

all other revenues from land sales will be determined by City Council.

Therefore, subject to City Council approval of recommendation 1, net sales proceeds from the property once received will be credited to the Reserve for General capital unless the \$1.7 million in land sales budget has been achieved.

In accordance with this approved motion, listed below are the capital projects that were originally to be funded in 2000 but were removed from the 2000 revised recommended budget.

Capital Projects	Amount
Plant Pool	\$6,638,000
Glebe Community Centre	2,843,000
Minor Park and facility Improvement	75,000
New Sidewalks	150,000
Accessibility Retrofits to Fire Stations	50,000
Replacement of Waste Receptacles	80,000
Purchase of Poster Collars	60,000
Traffic Control Signal Upgrading	80,000
Roadway Modifications	100,000
Lane Rehabilitations	50,000
Retaining Wall Rehabilitation Program	50,000
Life Cycle Renewal - General Buildings	1,853,000
Life Cycle Renewal - Parks	750,000
Road Rehabilitation Program	2,368,000
Sidewalk Rehabilitation	200,000
Road Modifications with Road Rehabilitation	45,000
York Street Landing	130,000



January 19, 2000 (4:04p)

for Mona Monkman
City Treasurer

RL:cds

Executive Report

Reasons Behind Recommendations

Recommendation 1

The City-owned property located at 428 Churchill Avenue North was acquired by the City of Ottawa through the annexation of part of the Township of Nepean in 1949. The Township of Nepean had acquired the property through a tax deed in 1940.

The City retained the vacant land in case it was required for the realignment of Byron Avenue. The realignment of Byron Avenue west of Churchill Avenue North is now complete and the property was declared surplus by City Council on October 20, 1993. Since that time the City has tried to dispose of the property by way of Public Auction and Invitation to Tender but without success.

In September 1999 an offer was received by the Department of Corporate Services from Mounir (Moe) Atallah. Negotiations of the offer by Mr. Atallah resulted in a final sale price of \$70,000 for the site, subject to Council approval. The proposed closing date of the sale is May 31st, 2000, subject to all development conditions being met.

In January 1990 an appraisal of the property established the highest and best use of the property to be commercial development and placed the market value at \$117,000 or \$20 a square foot. However, the appraisal report also noted that due to the low demand for commercial development coupled with the high volume of commercial space already available in the area, that disposal and development of the property would probably not be feasible for 3 to 5 years.

A subsequent appraisal completed in February 1998 placed the market value of the property at a substantially lower value of \$93,600 or \$16.00 a square foot. While the demand for commercial development is slowly improving, there is still a glut on the market of commercial properties in that area of the City.

In keeping with the City's Disposal Policy, City staff endeavor to dispose of City property at market value. Appraisal reports provide professional opinions of market value, based on the highest and best use in order to maximize the return to the vendor. However, it is important

to remember that actual market value, as defined by industry standards, is the amount that the property is sold at, at arms length by a willing seller to a willing buyer.

There are and always will be, extenuating factors that impact on market value. In the case of the subject property, the extenuating factors pertain to the prevailing sluggish market conditions for commercial development in the area. While the demand for commercial development is beginning to improve, depressed sales and decreased market values have offset any potential gains.

Based on a review of recent comparable sales for light commercial properties, the current market value range for the subject property is approximately \$9.50 to \$12.50 a square foot. The proposed Offer to Purchase by Mounir (Moe) Atallah, at \$10.74 a square foot is considered to be a fair representation of the current market value for commercial properties in the Westboro Community area.

Disposal of the property to Mounir (Moe) Atallah is in accordance with the Corporate Policy on Disposal of Surplus Real Property.

Recommendation 2

At its meeting of January 17th, 2000, during the budget deliberations, City Council approved the following motion:

Whereas surplus lands will be disposed of by the City of Ottawa during 2000, and

Whereas many items proposed in the original 2000 Budget had to be deleted due to the suspension of restructuring of Ottawa Hydro,

Be it therefore resolved that any revenue from surplus land disposed of in 2000 beyond the \$1.7 million in land sales already budgeted, be brought to Council during the year for decision on allocation of such funds,

And be it further resolved that the budget items deleted in the revised 2000 Budget be brought forward for information at the time the allocation of these funds is debated by Council.

\$1.7 million land sales has been budgeted for 2000. This recommendation request that direction be provided with respect to the allocation of the disposal revenues for the property being recommended for disposal, should the sales revenue not be required to achieve the land sales budget.

Disposition

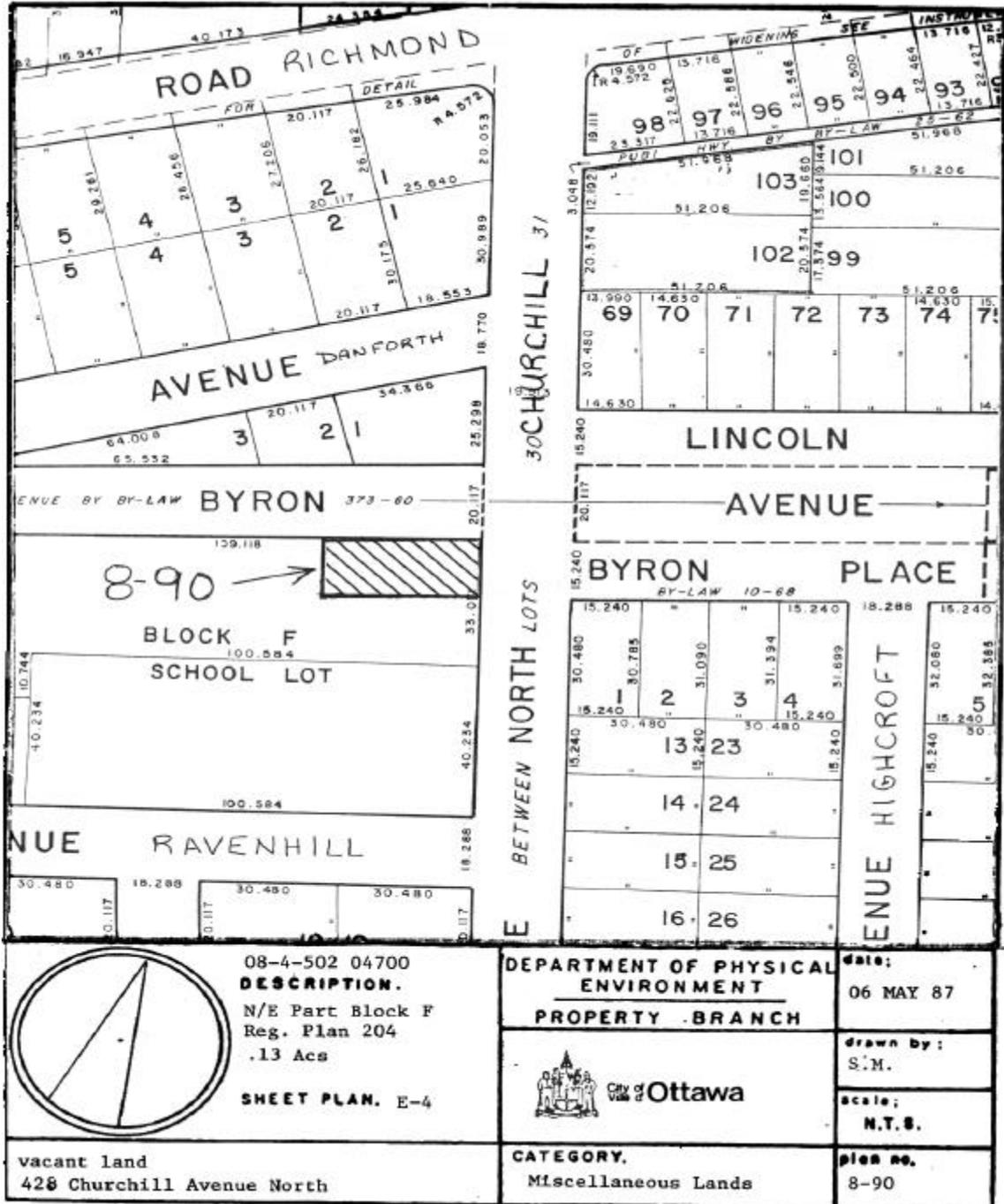
Originating Department

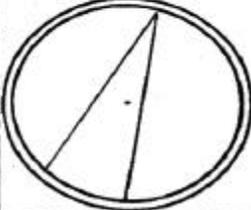
List of Supporting Documentation

Document 1 Sketch to illustrate property to be conveyed.

List of Supporting Documentation

Document 1



 <p>08-4-502 04700 DESCRIPTION. N/E Part Block F Reg. Plan 204 .13 Acs SHEET PLAN. E-4</p>	<p>DEPARTMENT OF PHYSICAL ENVIRONMENT</p> <p>PROPERTY BRANCH</p>  <p>City of Ottawa</p>	<p>Date: 06 MAY 87</p>
	<p>CATEGORY. Miscellaneous Lands</p>	<p>drawn by: S.M.</p> <p>Scale: N.T.S.</p>
<p>vacant land 428 Churchill Avenue North</p>		<p>plan no. 8-90</p>

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January 20, 2000

ACS2000-FN-FLM-0002
(File: ZZF284/01)

Department of Finance

Ward/Quartier
City Wide

- Policy, Priorities and Budgeting Committee / Comité des politiques, des priorités et des budgets
 - City Council / Conseil municipal
- Action/Exécution

3. 2000 Interim Property Tax Rates and Due Dates

Taux d'imposition foncière provisoires pour 2000 et échéances

Recommendations

1. That the 2000 interim property tax rate for assessment in the residential class be set at 0.9389% and in the pipeline class at 1.7944%.
2. That the amount the capped classes are billed on the interim be set at the maximum percent of last years' adjusted taxation, as permitted by legislation.
3. That the following interim tax due dates be approved for 2000 unchanged from 1999:
Interim: First Installment February 29, 2000
Second installment March 29, 2000
4. That the penalty and interest percentage charge on overdue and unpaid tax arrears remain at the rate of 1.25% per month (15% per year) unchanged from 1999.



January 20, 2000 (9:00a)

Mona Monkman
City Treasurer



January 20, 2000 (9:57a)

Approved by
John S. Burke
Chief Administrative Officer

MS:cds

Contact: Mona Monkman - 244-5300 ext. 1-3889
Marian Simulik - 244-5300 ext. 1-3052

Financial Comment

There is no impact on the budget if the recommendations in this report are accepted. If City Council were to delay the interim dates, the impact is \$370,000 per month.



January 20, 2000 (9:03a)

Mona Monkman
City Treasurer

KH:cds

Executive Report

Reasons Behind Recommendations

Section 399 of Municipal Act requires that tax due dates and penalty, service charge and discount rates be approved by City Council.

Recommendation 1

Section 370 of the Municipal Act requires Council to establish a by-law which sets interim tax rates for uncapped classes (residential and pipeline). The amount raised by the interim bill can not exceed 50% of the amount raised for all purposes last year but Council has the authority to adjust the interim taxes if they are either too high or too low in relation to the taxes that will be collected in the current year. The rate recommended is one-half of the total 1999 rate including Region, School, City and the Provincial Download Adjustment.

Recommendation 2

Section 447.30 of the Municipal Act as it applies under section 447.54 of the Municipal Act sets out the process for setting interim taxes on capped properties. For capped classes, the legislation provides that interim taxes be set at no more than 50% of the 1999 tax bill for a property. Council has the authority to establish a percentage lower than 50% of 1999's taxation for the interim levy on capped classes. The recommendation is to go with 50% of last year's taxes in order to be consistent with how the residential and pipeline classes are being taxed on the interim.

The actual application of the 50% interim levy will be done by setting the tax rates at half of the 1999 rates and by adding in half of the 1999 capping adjustment. These rates will be applied against the assessments provided on the 2000 collector's roll. While properties or assessment added to the roll in 1999 will be interim taxed above the 50% allowed, Ontario Regulation 602/99 allows for assessment added to the collector's roll during the year to be interim levied as they would if they had been levied for an a full year in 1999. This methodology is consistent with the intent of the legislation.

Recommendation 3

The interim billing dates for taxpayers have been the same since 1993, but because of tax reform the interim bill for capped properties was delayed in 1999 until August. This year we should be able to return to our normal interim billing patterns. Due to the requirement of tax capping calculations, final billing dates which are normally May/June, may again be delayed for those classes. A future report will establish final billing dates.

Recommendation 4

No change to the penalty and interest percentage charge rates on tax arrears is proposed for 2000. The recommended rate of 1.25% is the maximum allowed under the Municipal Act. The rate of 1.25% per month while higher than the bank prime rate is significantly less than interest rates on major bank and retail store credit card accounts which range anywhere from 19% to 30%. Experience indicates that tax arrears are reduced when interest and penalty rates are high in relation to alternate sources of funds.

The penalty for non-payment of taxes, and interest on tax arrears are authorized under Sections 399(3) and 419(1) respectively of the Municipal Act.

Consultation

Not required. Due dates will be advertised

Disposition

Originating Department to take appropriate action.