

**Report to  
Rapport au:**

**Finance and Economic Development Committee  
Comité des finances et du développement économique  
1 December 2020 / 1er décembre 2020**

**and Council  
et au Conseil  
9 December 2020 / 9 décembre 2020**

**Submitted on November 20, 2020  
Soumis le 20 novembre 2020**

**Submitted by  
Soumis par:  
Dan Chenier, General Manager / Directeur général, Recreation, Cultural and  
Facility Services Department / Direction général des loisirs, de la culture et des  
installations**

**Contact Person  
Personne ressource:  
Kevin Wherry, Manager, Parks and Facilities Planning / Gestionnaire, Planification  
des installations et des parcs, Recreation, Cultural and Facility Services /  
Direction générale des loisirs, de la culture et des installations  
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**Ward: CAPITAL (17) / CAPITALE (17)      File Number: ACS2020-RCF-GEN-0016**

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

**OBJET: Édifice Deschâtelets (205, promenade Scholastic)**

## **REPORT RECOMMENDATIONS**

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

- 1) Confirm the City of Ottawa's interest in a partnership to develop community recreation space at 205 Scholastic Drive (formerly known as 175 Main St.) and direct the General Manager of Recreation, Cultural and**

Facility Services to execute the attached Memorandum of Understanding between the City of Ottawa and the École-Catholique Centre Est which outlines the agreed upon roles and responsibilities relating to this partnership project

- 2) Delegate authority to the General Manager, Recreation, Cultural and Facility Services in consultation with the Director, Corporate Real Estate Office to negotiate agreements, including a detailed financial plan for the City's contribution, with École-Catholique Centre Est for the construction and operation of a community recreation component in the Deschâtelets Building at 205 Scholastic Drive for City Council approval; and
- 3) Approve a one-time City of Ottawa contribution of \$50,000 from existing Recreation, Cultural and Facility Services budgets to produce, in partnership with École-Catholique Centre Est, a Class C cost estimate to effectively determine the detailed design costs and construction value of including a community recreation component in the Deschâtelets Building and Greystone Village development

#### **RECOMMANDATIONS DU RAPPORT**

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

- 1) Confirmer l'intérêt de la Ville d'Ottawa pour un partenariat visant à créer un espace récréatif au 205, promenade Scholastic (anciennement le 175, rue Main) et demander au directeur général des Loisirs, de la Culture et des Installations de signer le protocole d'entente entre la Ville d'Ottawa et le Conseil des écoles catholiques du Centre-Est ci-joint, qui présente les rôles et responsabilités convenus relativement à ce projet de partenariat; et
- 2) Déléguer au directeur général des Loisirs, de la Culture et des Installations le pouvoir de négocier, en consultation avec le directeur, Bureau des biens immobiliers municipaux, des ententes, notamment un plan financier détaillé pour la contribution de la Ville, avec le Conseil des écoles catholiques du Centre-Est en vue de la construction et de l'exploitation d'un espace récréatif communautaire dans l'édifice Deschâtelets situé au 205, promenade Scholastic, ententes qui seront soumises à l'approbation du Conseil municipal; et

- 3) Approuver une contribution ponctuelle de 50 000 \$ de la Ville d'Ottawa tirée des budgets existants de la Direction générale des loisirs, de la culture et des installations en vue de préparer, en collaboration avec le Conseil des écoles catholiques du Centre-Est, une estimation des coûts de catégorie C pour déterminer efficacement le coût de la conception détaillée et la valeur des travaux d'aménagement d'un espace récréatif communautaire dans l'édifice Deschâtelets et le Greystone Village.**

## **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 community recreation component.

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

This report provides information on the results of the discussions / negotiations between City Staff and The Regional Group and its partners regarding potential inclusion of a City of Ottawa community recreation component in the redevelopment plans for the Deschâtelets Building. These preliminary discussions have led to the development of the non-binding Memorandum of Understanding recommended in this report.

In May 2019 the Development Charge By-law was updated to include new capital funding for a Community Center in Old Ottawa East within the 2020-2025 horizon.

## **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. The Regional Group and the City of Ottawa have been discussing the opportunity for a community recreation facility at the Deschâtelets Building, which is

part of The Regional Group's Greystone Village development (Greystone Village Inc.) in Old Ottawa East.

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 interest, and no other locations identified as a result of this Expression of Interest.

Between 2017 and 2020, RCFS, in consultation with Corporate Real Estate Office (CREO) staff, investigated many options for potential inclusion of a community center on this property in combination with multiple other uses. The Regional Group, in consultation with RCFS, developed concept plans to demonstrate the addition of community center space, as well as various additional opportunities such as residential components, private daycare and community health. By mid 2019 both Regional Group and City staff determined that the significant complexity of multiple potential partners on site required reconsideration of the approach since ownership of the property and the projects in a final redevelopment model remained unclear. Although RCFS maintained its desire for a community center space, the concept plans demonstrated a recreation need for a maximum of only 20% of the floor space available. Considering this space requirement, The Regional Group was asked to investigate potential partner opportunities for ownership of the remaining 80% of the building.

In late 2019, The Regional Group introduced RCFS to École-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.

RCFS welcomed the proposal of sharing space with a school as both parties have complimentary mandates and operational models. CECCE is a public organization that would normally use a facility during weekday, daytime hours when community recreation facilities are less busy, while the City has peak demand for community recreation during evening and weekend hours when schools are not operating.

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.

In discussions with CECCE, the School Board has expressed interest in the inclusion of a City community recreation component as well as the development of a new sports facility (gymnasium) on a vacant parcel of land adjacent to the Deschâtelets Building.

CECCE is also expressing interest in negotiating and entering into a long-term agreement with the City of Ottawa for the shared use of the community recreation and sports facility components in the Deschâtelets Building and at the Greystone Village development.

The attached Memorandum of Understanding (MOU) (Document 1) between the City and CECCE details the conditions for 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 outlines how a potential agreement for use of the Deschâtelets Building could look, including the development of a rental rate, and about the location of a community recreation facility on the first and second of five floors in the northern half of the building. To further develop this project, City staff are recommending that City Council approve the attached MOU and direct the General Manager, RCFS to execute said document.

Following execution of the MOU by both parties, City staff will investigate the financial parameters of constructing and operating a community recreation component in the Deschâtelets Building and report those findings to City Council with a recommendation. Additionally, City staff will negotiate agreements with CECCE for the construction and operation of a community recreation component in the Deschâtelets Building and present said agreements to City Council for approval - these agreements may include a Design and Construction Agreement, Shared Use Agreement and a Lease Agreement. A recommended financial model as well as the results of the continued discussions / negotiations will be reported back to Council in Q2 2021.

As detailed in the MOU, in order to support continued discussions with CECCE and to effectively determine the detailed design costs and construction value of the inclusion of a community recreation component at the Deschâtelets Building, approval is sought from City Council to allow RCFS to make a one-time contribution of \$50,000, from existing Recreation, Cultural and Facility Services budgets, towards a Class C cost estimate. The amount represents a proportional share of the cost of the estimate, which CECCE will also contribute to, based upon the likely square footage use of the Deschâtelets Building.

In summary, should City Council approve the attached MOU, City staff will continue discussions / negotiations with CECCE for a community recreation component at the Deschâtelets Building and the Greystone Village development. RCFS will report back

to City Council in Q2 2021 on the results of the continued discussions, as well as with a recommended financial model.

### **RURAL IMPLICATIONS**

There are no rural implications related to this report.

### **CONSULTATION**

Consultations will occur in the future if the project is recommended to proceed.

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

We would like to thank city staff and all of the partners contributing towards this project. This MOU is a demonstration of the commitment we all have in moving forward with a new community center and recreational facility in Old Ottawa East. We have been in discussion with stakeholders including the Community Association, the Community Activities Group of Old Ottawa East, le Conseil des écoles catholiques du Centre-Est and Regional Group for over two years exploring the possibility of a repurposed space in the Deschatelets building that would meet community needs. There has been exemplary partnership in this project, with complimentary needs and opportunities in respect to a recreational space. While many important elements of this project are still to be determined, this MOU provides a basis to move forward for a badly needed future community center space as the population of OOE doubles, and exploring details of an ownership /leasing structure to benefit students, the public and local residents.

### **LEGAL IMPLICATIONS**

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

### **RISK MANAGEMENT IMPLICATIONS**

There are no significant risks associated with this report.

### **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**

There are sufficient funds available in the Recreation, Cultural and Facility Services professional services operating budget to address the recommendations in this report.

**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 - Memorandum of Understanding between the City and CECCE

**DISPOSITION**

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

**Document 1**

**MEMORANDUM OF UNDERSTANDING  
(herein referred to as the “MOU”)**

**BETWEEN**

**CONSEIL SCOLAIRE DE DISTRICT CATHOLIQUE DU CENTRE-EST DE  
L’ONTARIO  
(herein referred to as “CECCE”  
ON THE FIRST PART**

**and**

**CITY OF OTTAWA  
(herein referred to as the “City”)  
ON THE SECOND PART**

**WHEREAS** CECCE is party to an Agreement of Purchase and Sale (“APS”) for the purchase of the Deschâtelets Building, municipally known as 205 Scholastic Drive and further described in Schedule A, in the Old Ottawa East Neighbourhood, from its current owner and developer, Greystone Village Inc; and

**WHEREAS** in order to add a community component to its school development project for the Deschâtelets Building, CECCE wishes to enter into a mutually beneficial agreement with the City on two items: (a) the construction of a new Sports Facility on a vacant parcel of land adjacent to the Deschâtelets Building and (b) the establishment of a Community Centre through renovating a portion of the Deschâtelets Building; and

**WHEREAS** on May 10, 2017 Ottawa City Council delegated authority to the General Manager Recreation, Cultural and Facility Services to engage in non-binding discussions and negotiations regarding the potential inclusion of a City community recreation component, described above as a new Sports Facility and Community Centre in the redevelopment plans for the Deschâtelets Building; and

**WHEREAS** CECCE and the City (collectively, the “Parties”) are expressing an interest in negotiating and entering into a long-term Agreement for the shared use of a new Sports Facility and Community Centre within the Greystone Village development (the “Project”) and;

**WHEREAS** City staff must report to Ottawa City Council on the results of negotiations regarding the Project, described in this non-binding MOU; and

**WHEREAS** the following conditions broadly set forth the roles and responsibilities of each party as they relate to the Project;



**THEREFORE**, in consideration of the MOU hereinafter expressed, the Parties agree as follows:

### **1. The Project**

- (a) The Project has two components: first, the proposed construction of a new Sports Facility on land described as Block 1 on the sketch prepared by Barry Hobin, architect (the “Hobin Sketch”), and, second, the renovation of a portion of the Deschâtelets Building located on Block 2 of the Hobin Sketch. The Hobin Sketch is attached to this MOU as Schedule “B”.
- (b) Greystone Village Inc. owns all of the real property shown on the Hobin Sketch, whose legal description is described in Schedule A.
- (c) Although at a preliminary design stage, the Sports Facility will be comprised of a gymnasium, change rooms, washrooms, storage and other ancillary spaces. CECCE will acquire the land (Block 1) from Greystone Village Inc, then construct the Sports Facility. CECCE is not currently a party to any agreement for the acquisition of Block 1 and the Parties understand that advancing the Project is conditional on CECCE acquiring Block 1 and Block 2.
- (d) The Community Centre will be established within a fully renovated Deschâtelets Building, at ground level and will include office spaces, meeting rooms, a lobby, washrooms and multipurpose rooms. Independent of the Sports Facility and Community Centre, CECCE will renovate the remainder of the ground floor, the upper floors for a school use, and for a third occupant on the top floors. CECCE is currently a party to an APS for the acquisition of Block 2.
- (e) Together, the Sports Facility and Community Centre would be comprised of an area of approximately 21,420 square feet.
- (f) CECCE will assume responsibility to design, build, own and operate both the Sports Facility and the renovated area of the Deschâtelets building for a Community Centre. The City will finance upfront the construction of both spaces by way of a long-term lease and will consider the timing and manner of payments through further discussions with CECCE. The City will be responsible for furniture, fixtures and equipment in both facilities. Maintenance and operating costs will flow through to the City as monthly rent and all programming of activities for both facilities will fall under the sole responsibility of the City.

### **2. The New School Site/Community Centre and Sports Facility**

- (a) The Deschâtelets Building will be the new home of L’École élémentaire catholique “Au Coeur d’Ottawa”, situated at 205 Scholastic Drive in the City of Ottawa (Old Ottawa East). The school will share in the use of the Sports Facility, the details of which will be determined through future Shared Use Agreements between the Parties. The City will

likewise have access to and share in the use of the school space during CECCE's off-hours.

- (b) The lands sketched as Blocks 1 and 2 on the Hobin Sketch have yet to be subdivided. The information on the Hobin Sketch sets out a "Gym and Parking Site Area", outlined in red, as well as a "Deschâtelets Footprint Area", on a sketch entitled "Proposed Deschâtelets Site Area – Greystone Village – Phase 3", dated June 21, 2018. It is understood that CECCE will be required to obtain approvals under both the *Planning Act*, R.S.O. 1990, c. P.13 and the *Ontario Heritage Act*, R.S.O. 1990, c. O.18 in order to proceed with the development of the Project.
- (c) Access to the Sports Facility and Community Centre shall remain open and available to the City, independent of CECCE's hours of operation. Further details as to access between the school site and Sports Facility and Community Centre, as well as access from the main road to the school site shall be specified in future agreements.
- (d) The Project requires that CECCE conduct a major renovation and retrofit of the Deschâtelets Building to meet all required life safety components, servicing, heating, electrical, structural, accessibility and finishes for the main purpose of a school and a Community Centre in a portion of the building.

### **3. Project Phases, Costs and Contributions**

- (a) CECCE will undertake the necessary studies for feasibility and due diligence prior to closing transaction(s) for the land acquisition of Block 1 and Block 2.
- (b) CECCE's acquisition of Block 1 and Block 2 is conditional upon it entering into a long-term Agreement with the City to address construction, maintenance and use of the Sports Facility and Community Centre. CECCE shall lease the two facilities to the City for an initial term of not less than twenty-one (21) years, with two (2) renewal options of ten (10) years each to be determined subject to further discussion and market conditions.
- (c) The City will provide CECCE with its building program requirements for both the Sports Facility and the Community Centre to inform CECCE's design process, including requirements for the buildings' traditional uses as well as other required uses, such as emergency and shelter use.
- (d) CECCE will prepare a financial forecast and Class C cost estimate (the "Budget") for construction and renovation of each of the Sports Facility, the Community Centre and the Project. Subject to Council approval, the City will commit \$50,000 (non-refundable) towards the Class C cost estimate which will include a feasibility analysis for preliminary servicing, access and site design, and preliminary building designs of the Facilities
- (e) The Budget will detail the financial forecast for the Project phases and will set out for the Parties their respective capital contributions and projections of operational costs for the facilities.

- (f) Subject to obtaining the necessary Council and/or delegated approvals of the Budget that would permit funding of the Project by the City, and if the Parties agree that the Project is deemed feasible, the parties will advance to negotiating further agreements. CECCE will subsequently design in consultation with the City, and construct both the Sports Facility and the Community Centre, including obtaining all planning approvals, permits, hiring of consultants and contractors.

#### **4. Further Agreements**

- (a) The Parties agree, through reasonable commercial efforts and in good faith, to negotiate a Design and Construction Agreement (“DCA”) and a Lease Agreement for this Project.
- (b) The DCA will address the selection of an architect to design the facilities, construction tenders and contract award (processes and approvals), bonding forms and coverage, timelines and any other issues relevant to the Project design and construction.
- (c) The Lease will include the following:
  - i. a lease term that will be calculated based on the project cost (building construction costs) and an agreed upon market rental rate. Said lease term will be the greater of 21 years or the quotient of dividing the project cost into the market rental rate. The City will retain a right to extend for two additional periods of 10 years each, subject to market conditions;
  - ii. a third-party appraiser, agreed to by both parties will be utilized to identify a market rental rate for a Sports Facility and Community Centre;
  - iii. provisions for use of the Sports Facility by CECCE during the school year;
  - iv. provisions for use of the CECCE facility by the City of Ottawa;
  - v. a monthly rental fee to be determined, to cover maintenance and operating costs (not to exceed the City’s operating costs for similar spaces);
  - vi. scheduling or time of day usage of common areas and other shared spaces.

#### **5. Municipal and Governmental Approvals**

- (a) CECCE shall be responsible for obtaining building permits, all necessary planning and heritage approvals, including zoning amendments, consents and approvals for the Project, including prior approval from CECCE’s Trustees.
- (b) The City’s participation in the Project is conditional on receiving Council approval of the Project, key business terms of any DCA and Lease Agreements, and all funding for the Project. Council approval is required prior to the City entering into any binding agreements with CECCE for the Project.

#### **6. Confidentiality and Costs**

The Parties agree and/or acknowledge as follows:

- (a) That the City is subject to the *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O., 1990, c.M.56, as amended (“MFIPPA”) with respect to information under its custody and control. Accordingly, all documents and information provided to the City by CECCE pursuant to this MOU may be available to the public unless CECCE requests that it be treated as confidential. CECCE acknowledges that all information provided to the City is subject to MFIPPA and may be released under MFIPPA, notwithstanding CECCE’s request to keep the information confidential. CECCE acknowledges that the City is not liable to CECCE for any loss, injury, or damages suffered by CECCE as a result of the City’s obligations to abide by MFIPPA.
- (b) To cooperate regarding all public statements or announcements that either party may wish to make about the Project, their negotiations and agreements. Neither party shall make any public release without the prior written consent of the other.
- (c) Each party shall bear its own costs for the preparation of their negotiations and settlement of all agreements between them.

## 7. Non-Binding

This MOU is intended as an expression of interest and outlines some of the basic terms under which CECCE and the City may negotiate a written definitive agreement(s), settled on terms acceptable to the City and approved by Ottawa City Council or the assigned delegated authority. No binding agreement or obligation arises unless and until such approvals are obtained and definitive written agreements are executed by CECCE and the City.

## 8. Project Timelines

The Project is expected to progress according to the timelines set out below. The Parties understand that the deadlines are not hard deadlines and may be subject to change.

	<b>DESCRIPTION</b>	<b>DEADLINE</b>
1.	Project Approval – CECCE’s Trustees	September 2019
2.	Hire Consultant/Architect (community centre and Sports facility) – extension of current mandate to Hobin architect	December 7, 2020
3.	Pre-consultation with City of Ottawa	January 18, 2021
4.	Preliminary Design and Construction Plans	January 29, 2021
5.	Conclude DAC and Lease Agreement	March, 2021
6.	Public Consultation by CECCE	n/a
7.	Perform due diligence and study feasibility	April 23, 2021
8.	Final Design and Construction Plans	May 30, 2021

9.	Zoning Amendment	n/a
10.	N.B. Condition for AGREEMENT with City of Ottawa deadline	June 25, 2021
11.	Site Plan Approval and Building Permit	July 23, 2021
12.	Closing of Land Acquisition(s)	July 30, 2021
13.	Construction Tender and Contract	July 30, 2021
14.	Commencement of Construction	August 27, 2021
15.	Completion of Construction	July, 2022
16.	Facility Open for Operation (occupancy permit)	October 2022
17.		

\* Based on APS for Block 2 (Deschâtelets Building).

### 9. Parties' Representatives

For the purposes of this MOU, the contact persons for each of the parties, including for communications and notices are the following:

For CECCE:

Luc Poulin  
 Tel.: 613-746-3686  
 E-mail: [pouliil@ecolecatholique.ca](mailto:pouliil@ecolecatholique.ca)

For City of Ottawa:

Kevin Wherry  
 Tel.: 613-580-2424  
 E-mail: [Kevin.Wherry@ottawa.ca](mailto:Kevin.Wherry@ottawa.ca)

### 10. Termination

Either party may withdraw from this MOU by giving to the other fifteen (15) days prior notice in writing, acting in good faith, and at the expiration of the said notice period, all agreement flowing from this MOU shall be terminated. Any obligation undertaken prior to termination of the MOU shall remain in full force and effect, and any accounts to be settled or sums to be paid, shall be settled and paid unless the parties expressly agree otherwise in writing.

**11. Absence of Enforceable Agreement**

Once final and definitive agreements as mentioned in paragraph 4 are prepared and have been duly executed by the parties, it is intended that such definitive agreements shall supersede this MOU.

**Counterparts**

This Agreement may be signed in counterparts, either with the original signature or electronic/digital signature, and the signed copies may be sent by facsimile, digital or electronic transmission. The signed copy that is transmitted to the other party shall be considered binding as the original signature. Each counterpart shall be deemed an original and together constitute one and the same Agreement.

**12. Schedules**

(a) It is agreed by and between the parties that any schedules referred to herein, which are annexed hereto, shall form part of this MOU.

**13. Governing Law**

(a) This MOU shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario. All actions or applications brought before the courts relating to this MOU must be commenced in the City of Ottawa.

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The undersigned hereby accepts the foregoing as our understanding and agreement regarding the Project.

DATED this \_\_\_\_\_ day of December 2020

**Conseil scolaire de district catholique  
du Centre-Est de l'Ontario**

Per:

Name: Réjean Sirois

Title: Directeur de l'éducation et secrétaire-trésorier

*I have the authority to bind the Conseil Scolaire de District Catholique du Centre-Est de l'Ontario*

**City of Ottawa.**

Per:

Name: Dan Chenier

Title: General Manager, Recreation, Cultural, and Facility Services

*I have full authority to bind the City of Ottawa.*

**SCHEDULE "A"**

P.I.N. 04203-0977 (LT), described as BLOCK 32, PLAN 4M1596; SUBJECT TO AN EASEMENT AS IN OC1966646; SUBJECT TO AN EASEMENT AS IN OC1966647; SUBJECT TO AN EASEMENT AS IN OC1966705; SUBJECT TO AN EASEMENT OVER PARTS 4, 12 & 13 4R30796 AS IN OC1966753; CITY OF OTTAWA

**SCHEDULE "B"**