

Report to/Rapport au:

**Corporate Services and Economic Development Committee
Comité des services organisationnels et du développement économique**

and Council / et au Conseil

10 August 2010 / le 10 août 2010

**Submitted by/Soumis par: Kent Kirkpatrick, City Manager / Directeur
municipal**

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Ward - College (8)

Ref N°: ACS2010-CMR-REP-0036

**SUBJECT: PROJECT IMPLEMENTATION - 25 ESQUIMAULT AVENUE
QUALICUM - GRAHAM PARK COMMUNITY BUILDING**

**OBJET : MISE EN ŒUVRE DU PROJET – 25, AVENUE ESQUIMAULT -
CENTRE COMMUNAUTAIRE DE QUALICUM-PARC GRAHAM**

REPORT RECOMMENDATIONS

**That the Corporate Services and Economic Development Committee recommend
that Council:**

- 1. Approve using a City initiated and managed project implementation process,
as outlined in this report, rather than a request for proposal process, for
undertaking the following work:**
 - a) The construction of a new community building to serve the Qualicum-
Graham Park area on the property municipally known as 48
Nanaimo Drive being Nanaimo Park and shown as Parcel “A” in
Document 1;**
 - b) The demolition of the existing building at 25 Esquimault Avenue
shown as Parcel “B” in Document 1;**
 - c) The remediation of the environmental contamination at 25
Esquimault Avenue shown as Parcel “B” in Document 1; and**
 - d) The redevelopment of the site at 25 Esquimault Avenue shown as
Parcel “B” in Document 1.**
- 2. Approve funding in the amount of \$1M to allow for the construction of the
new community building in Nanaimo Park prior to the proposed sale of
approximately 3.0 acres of the 25 Esquimault Avenue property as outlined in
this report.**

3. Upon completion of the remediation of the environmental contamination at the 25 Esquimault Avenue property, approve the transfer of approximately 3.0 acres of this property to the Ottawa Community Lands Development Corporation to initiate the redevelopment and sale of this property as described in this report.

RECOMMANDATIONS DU RAPPORT

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

1. d'approuver l'utilisation d'un processus de mise en œuvre de projet initié et géré par la Ville, comme le souligne le présent rapport, au lieu d'utiliser le processus de demande de propositions approuvé précédemment, pour les travaux suivants :
 - a) l'aménagement d'un nouveau bâtiment communautaire qui servirait le secteur Qualicum/parc Graham sur la propriété située au 48, promenade Nanaimo, qui constitue le parc Nanaimo et qui est présenté comme la parcelle « A » dans le document 1;
 - b) la démolition du bâtiment existant situé au 25, avenue Esquimault, présenté comme la parcelle « B » dans le document 1;
 - c) la décontamination environnementale de la propriété située au 25, avenue Esquimault, présentée comme la parcelle « B » dans le document 1;
 - d) le réaménagement de la propriété située au 25, avenue Esquimault, présentée comme la parcelle « B » dans le document 1.
- e) d'approuver l'octroi de crédits d'un montant de 1 M\$ en vue de permettre l'aménagement d'un nouveau bâtiment communautaire dans le parc Nanaimo avant que n'ait lieu la vente proposée d'environ 3,0 acres de la propriété située au 25, avenue Esquimault, comme l'explique le présent rapport.
- f) d'approuver, après la décontamination environnementale de la propriété située au 25, avenue Esquimault, le transfert d'environ 3,0 acres de cette propriété à la Société d'aménagement des terrains communautaires d'Ottawa afin de procéder au réaménagement et à la vente de cette propriété comme l'explique le présent rapport.

BACKGROUND

The subject property, municipally known as 25 Esquimault Avenue, is a 1.41 hectare (3.48 a) site with a one storey vacant school building that has an addition at the north end of the building currently being used as the Qualicum-Graham Park area Community Centre. The property is shown as Parcel "A" in Document 1. The property to the north, shown as Parcel "B" in Document 1, is Nanaimo Park, a City owned park known municipally as 48 Nanaimo Drive.

The City purchased the property at 25 Esquimault Avenue, as per a City Council directive approved on 23 April 2008 (Report Number ACS 2008-BTS-RPM-0016) following a long history of multiple issues involving a long-term lease and the contamination of the soil underneath the existing building from a leaking underground oil storage tank. At that time, Council approved the report recommendations to acquire the property in order to avoid potential litigation; to relocate the community building into Nanaimo Park in order to demolish the existing building at 25 Esquimault and remediate the contaminated land; and then to sell approximately 3.0 acres of the 25 Esquimault property for redevelopment purposes in order to ultimately reduce the total net project cost to \$2,356,000 as indicated in Table 1 below.

Table 1	Acquisition & Redevelopment
Acquisition Cost (3.5 acres)	\$ 2,500,000.00
Demolition Cost (bldg is 30,900 sq.ft.)	\$ 650,000.00
Remediation Costs	\$ 600,000.00
Temporary relocation of community building facilities	\$ 55,000.00
*Construction of New Community Building (3,000 sq.ft.)	\$ 1,000,000.00
Restore property tax base	(\$ 575,000.00)
**Potential Resale Value (3.0 acres)	(\$2,000,000.00)
Outstanding payment of rent	\$ 126,000.00
TOTAL NET COST	\$2,356,000.00

** This assumes a basic design with details to be finalized through the public consultation process as part of the redevelopment proposal*

***This assumes that 0.50 acres of the original 3.5 acres would be retained to offset the requirement for a new Community Building while the balance of the land would be redeveloped for low / medium density housing.*

Funds in the total amount of \$3,805,000 for the acquisition of the 25 Esquimault property (\$2.5M), demolition of the building (\$650K), remediation of the environmental contamination (\$600K), and temporary relocation of the community facilities (\$55K), as indicated in Table 1 above, were then made available from within the existing capital budget for the Realty Services environmental remediation program and a new capital project account was established accordingly.

Staff were also directed by Council to prepare a redevelopment proposal for the lands, which is to include a Community Building (at an estimated cost of \$1M) and the sale of 3.0 acres of land at 25 Esquimault for residential development (with estimated sales revenue of \$2M) and report back to Council in 2008-2009.

A Qualicum-Graham Park Community Building Working Committee, comprised of local residents, was established in 2008 to provide input for the proposed use, design and basic criteria of the new community building. This Committee held four meetings between September 2008 and January 2009, and, facilitated by Parks, Recreation and

Culture staff, prepared the room data sheets and blocking plan for the building, shown in Document 2 of this report, to accommodate the various programs to be offered in the new facility.

The Committee also studied various locations for the new building and determined that, if practical, the preferred location was an area close to the southerly boundary of Nanaimo Park with vehicular access and servicing being accommodated via an internal roadway through the proposed new infill development on the 3.0 acres to the south at 25 Esquimault Avenue. The Committee also indicated strong support for low profile residential development on the remainder of the 25 Esquimault property and, in particular, for “adult style bungalow” development.

A presentation of the Committee’s findings was made to the Qualicum - Graham Park Community Association Annual General Meeting held on 22 October 2009. The more than 100 persons attending the meeting indicated unanimous support for the Committee’s recommendations.

In December 2009, Council approved a staff report (Report Number ACS2009-CMR-REP-0054) recommending the initiation of a Request for Proposal (RFP) process. That report included provisions for redevelopment of 25 Esquimault Avenue that would be respectful of the development concepts approved by the community and subject to a development agreement -that would include conditions for the proponent constructing a new community centre on the Nanaimo Park property first, then demolishing the existing building and remediating the contamination before redeveloping the remainder of the 25 Esquimault property. -The proposed RFP process would allow community activities to remain in the existing building until the new facility was constructed and for the existing funding provision to be used without having to provide additional up-front funding by the City for the community building in the amount of \$1.0M.

Staff has since been preparing the RFP package which was to be released in September 2010 for a proponent to construct a new community centre, demolish the building, remediate the site and subsequently construct a new development on the lands.

However, in preparing the RFP package staff has been required to take into account, among a number of factors, the Ontario Ministry of Environment’s (MOE) new Regulation 511/09, which amends the existing Record of Site Condition (RSC) Regulation 153/04, that comes into effect on 1 July 2011. This new regulation could seriously affect the remediation plan for 25 Esquimault Avenue if the City does not advise the Ministry by 31 December 2010, of its intention to undertake the remediation of the property based on the 2004 Regulation and associated environmental criteria, and to have the remedial work and associated follow-up monitoring completed, with the record of Site Condition submitted to the MOE by 31 December 2012, as provided for in the “grandfathering” provisions of the new Regulation. If the City cannot meet the 31 December 2012 deadline, and is required to meet the criteria of the new regulation, there will be significantly increased costs to undertake the remedial work as well as substantial additional time required to submit and have a RSC approved by the MOE.

The purpose of this report is to outline and recommend a project delivery approach that will ensure the 25 Esquimault site is remediated as quickly as is now possible under the 2004 MOE Regulation, and that the overall project is completed within the financial objective set by Council in April 2008 that the total net cost for the project be reduced to \$2.35M once the 3.0 acres of land at 25 Esquimault is sold.

DISCUSSION

Consequently, staff has reevaluated the RFP process approach previously recommended to implement this project.

Staff has now estimated that:

- Securing a private sector partner for this project using the RFP process will take approximately 3 months;
- The design, tendering and construction of a new 3,200 sq. ft. community building, ready for occupancy, will take a total time frame of approximately 9-12 months;
- Preparing the specifications, tendering, and removing the designated substances (e.g. asbestos) in the existing building and then mechanically demolishing the building will require a time frame of approximately 4-6 months; and
- Preparing the specifications, tendering and remediating the environmental contamination will take 2-4 months. The subsequent monitoring cannot start until 3 months after the remediation work is complete and the monitoring must last for a period of at least 6 months before an RCS can be submitted to the MOE (i.e. a total time frame of approximately 1 year to complete the remediation and obtain an RCS before redevelopment at 25 Esquimault can occur.

If the City uses an RFP process based on the successful proponent designing and building the Community Building before the existing building is demolished and the environmental contamination remediated, it is estimated that the overall time frame to submit an RSC will be in the range of 27 to 34 months from the start of the RFP process. This means that it is highly unlikely that an RSC can be submitted before the 31 December 2012 deadline. This is likely to cause uncertainty for the proponents with respect to both redevelopment timing and costs and, therefore, potential significantly lower sales revenue to the City.

In addition, staff has determined that constructing a new Community Building in the community's preferred location, with vehicular access and servicing accommodated via an internal roadway through the proposed new infill development on the 3.0 acres to the south, before the overall 25 Esquimault site is fully remediated and serviced, will most likely create interim access problems for the new facility and increased construction coordination problems and cost.

As a result, it is now proposed that the City not proceed with an RFP process, but instead proceed immediately to have staff initiate and manage the project components using the City's normal procurement processes for the building demolition,

environmental remediation and new building construction work. It is also proposed that the community activities in the existing building be relocated to a temporary location until the new Community Building is constructed and that this new building be constructed concurrently with the demolition and environmental remediation components of the project to minimize the impact of temporary facilities on the community activities. Staff is currently investigating both public and private sector opportunities for providing temporary accommodation for community activities while the new building is being constructed. Staff will ensure that the community representatives involved in the current program activities are consulted before leasing a temporary facility.

In order for the City to proceed with the construction of the new community building that meets the local community requirements as set out in Document 2, within a budgetary framework of \$1M, as established by Council in April 2008, staff has reviewed recent community projects. In this regard, it was determined that a facility similar to the recently built 3,000 sq. ft. McKellar Park facility (as shown in Document 3) with some small interior and exterior modifications, would likely meet the community's requirements and fit well architecturally within the Nanaimo park neighbourhood. Utilizing the same architects and basic building design and specifications that were used for the McKellar Park facility for the proposed Nanaimo Park facility will provide more certainty for both the time and cost to construct the new building.

As a test fit, the building footprint for the McKellar Park community building was superimposed on the aerial plan for Nanaimo Park. It was then determined that a location in the northwest corner of the park adjacent to Nanaimo Drive, as illustrated in Document 4, could accommodate a similar community building that can be readily accessed and serviced from Nanaimo Drive with minimal impact on existing park activities and landscaping. In addition, this building location will ensure that the provision of an approximately 0.5 acre strip of land, from the north side of the 25 Esquimalt property, for inclusion as part of Nanaimo Park, will have more utility for park purposes.

It is also proposed that staff initiate the planning approvals process for the redevelopment of the 25 Esquimalt site, including a rezoning of the property to provide for "adult style bungalow development" in November 2010 to ensure that the site can be sold as soon as the RSC for the property is obtained in the summer/fall of 2012. Once the 25 Esquimalt site has been fully remediated, and the environmental monitoring completed, it is proposed that the sales process for the 3.0 acre parcel be initiated. To ensure that the development will be carried out strictly in accordance with the City's development requirements, it is proposed that the 3.0 acre parcel be transferred to the Ottawa Community Lands Development Corporation once the environmental remediation work is complete, subject to the specific provisions of the transfer being approved by Council, and based on a further report.

Based on the above approach, staff estimate that the project components can be undertaken based on a milestone schedule as follows:

- Council Approval - 25 August 2010
- Relocate Community Activities - by 1 November 2010

- Design of New Community Building - by 30 November 2010
- Tender for New Building Construction - by 1 February 2011
- Designated Substances Removal - by 1 February 2011
- Obtain Approvals and Commence New Building Construction - by 1 April 2011
- Demolition of Existing Building - by 1 May 2011
- Environmental Remediation of Site - by 1 August 2011
- Complete Community Building Construction and Occupy - by 1 September 2011
- Environmental Monitoring - 1 November 2011 to 1 May 2012
- Submit Record of Site Condition for Approval - June 2012
- Redevelopment Approvals Process - November 2010 to April 2012
- Sales Process for 3-acre Parcel - 1 May 2012 to 1 September 2012

In order to initiate the construction of the new Community Building before the 3.0 acre parcel is sold, it will be necessary for Council to approve the establishment of a new Capital project account for this purpose and for the \$1M cost of this project to be debt financed.

ENVIRONMENTAL IMPLICATIONS

The process outlined in this report for the construction of the new community centre, demolition of existing building followed by the remediation and redevelopment of the property at 25 Esquimaux Avenue will facilitate the remediation of the site and filing of a Record of Site Condition in accordance with Ontario Ministry of the Environment Regulation 153/04.

RURAL IMPLICATIONS

There are no rural implications resulting from the sale of the subject property.

CONSULTATION

Extensive consultation with the community was undertaken in 2009 with Parks, Recreation and Culture staff facilitating the working committee meetings that were held to develop the criteria for the new community building. A presentation was made to the Qualicum - Graham Park Community Association Annual General Meeting held on 22 October 2009 and the more than 100 persons attending the meeting indicated unanimous support for the Committee's recommendations.

A further public meeting, chaired by Councillor Chiarelli, was held on 5 August 2010 to provide information on the implementation process being recommended in this report. Approximately 100 persons attended this meeting and indicated unanimous support for the proposed process.

Individuals did express concerns about the traffic and parking impact of a new community building on Nanaimo Drive and also about ensuring the temporary facility for accommodating community activities would be sufficiently suitable so as to not require existing programs to be cancelled. Staff indicated that both these concerns

would be addressed if the project implementation process is approved by Council on 25 August 2010.

HOUSING FIRST POLICY

The Official Plan policy directs that the City make land available for affordable housing and give priority for the sale or lease of surplus City-owned property for this purpose.

The Housing First Policy, approved by Council on 13 July 2005, establishes priority consideration to the Affordable Housing Division in the identification of potentially surplus City-owned property, to be used in achieving the City's affordable housing program targets. The policy also requires that the Official Plan target of 25% affordable housing, be met on any City-owned property sold for residential development. Where viable, residential properties are disposed of without a condition requiring an affordable housing component, 25% of the proceeds from the sale are to be credited to a housing fund, to be used for the development of affordable housing elsewhere in the City.

While the proposed redevelopment of the 25 Esquimault property will be for "adult style bungalow" residential development, the sale of the property is being undertaken to reduce the City's total net cost for this environmental remediation project to approximately \$2.35M and, therefore, there will be no net revenue available from the sale of the lands to contribute to the housing fund.

COMMENTS BY THE WARD COUNCILLOR

Councillor Chiarelli is aware of the recommendations of this report and, in this respect, held a public meeting on 5 August 2010 to inform, and receive feedback from, local residents on the proposed changes in the implementation of the project. At the end of the meeting, the Councillor indicated his support for the report recommendations and requested a show of hands which resulted in the approximately 100 persons who attended indicating unanimous support for the proposed changes.

CITY STRATEGIC PLAN

The City originally purchased this property to facilitate, and reduce the long term costs associated with remediating of the fuel oil contamination on the 25 Esquimault property. As a result of implementing the recommendations of this report, the local community will also continue to benefit from the use of a community building that meets its activity needs and be assured of a residential development compatible with the neighbourhood.

LEGAL/RISK MANAGEMENT IMPLICATIONS

There are no legal/risk management impediments to implementing any of the Recommendations arising from this report.

FINANCIAL IMPLICATIONS

As outlined in this report and set out in Document 2, funds in the amount of \$3,805,000 were approved by Council on 23 April 2008 for the acquisition of the 25 Esquimault property, the demolition of the existing building, remediation of the environmental contamination, and temporary relocation of the community facilities. Funding in the amount of \$1.28M remains in the capital project account to undertake the demolition of the existing building and the environmental remediation work at 25 Esquimault.

The recommendations of this report, to proceed with the construction of a new community building on Nanaimo Park, at a net cost of \$1M, concurrently with the demolition of the existing building and remediation of the on-site contamination before the 3.0 acres of land designated for redevelopment at 25 Esquimault is sold, will require the establishment of a new Capital project account for this purpose and for the \$1M cost of this project to be debt financed.

SUPPORTING DOCUMENTATION

Document 1: Property Sketch

Document 2: Proposed Qualicum - Graham Park Community Building - Blocking Plan and Room Data

Document 3: Example of Similar Building - McKellar Park Community Centre

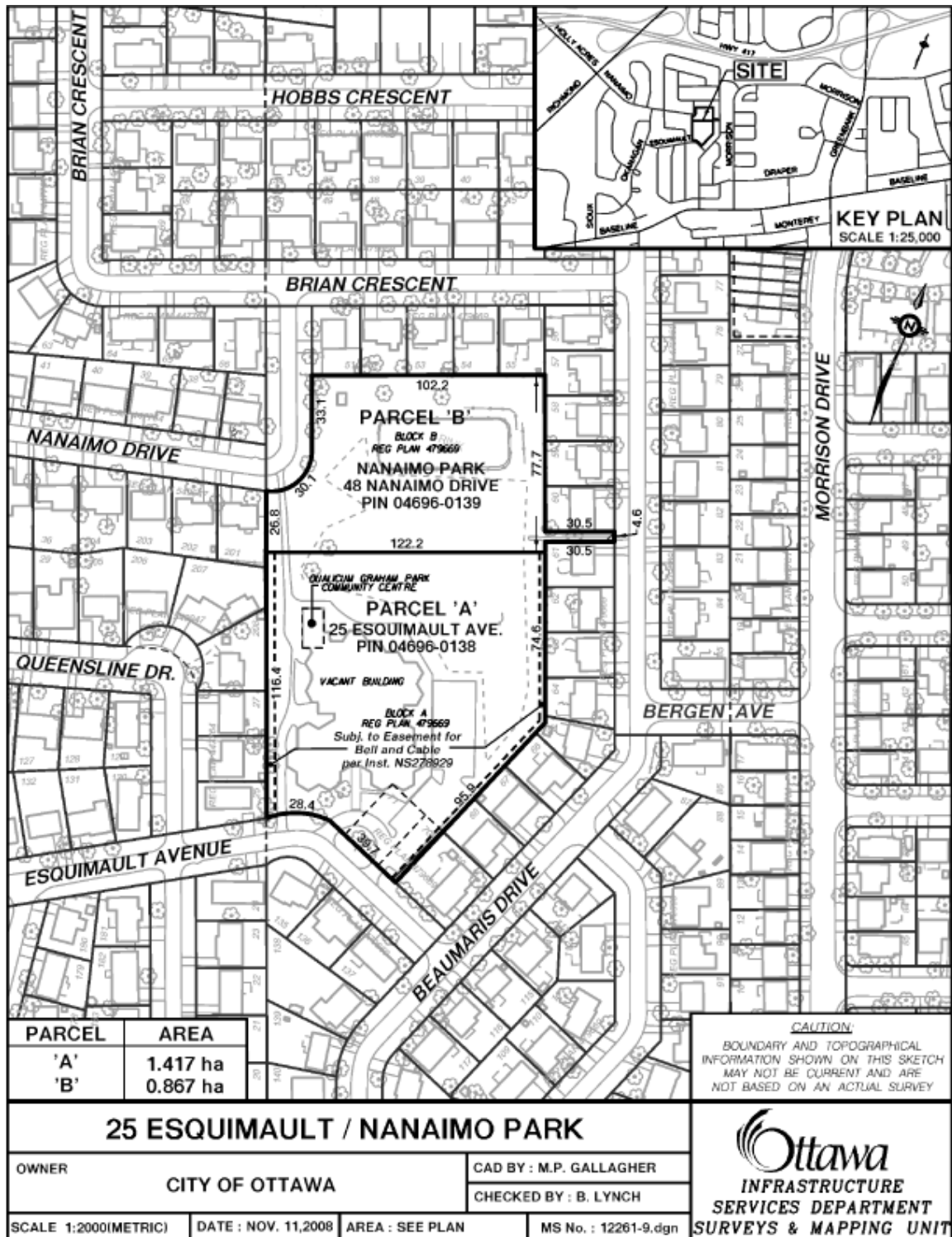
Document 4: Proposed Community Building Location

DISPOSITION

Subject to Committee and Council approval, staff will implement the recommendations as outlined in the report.

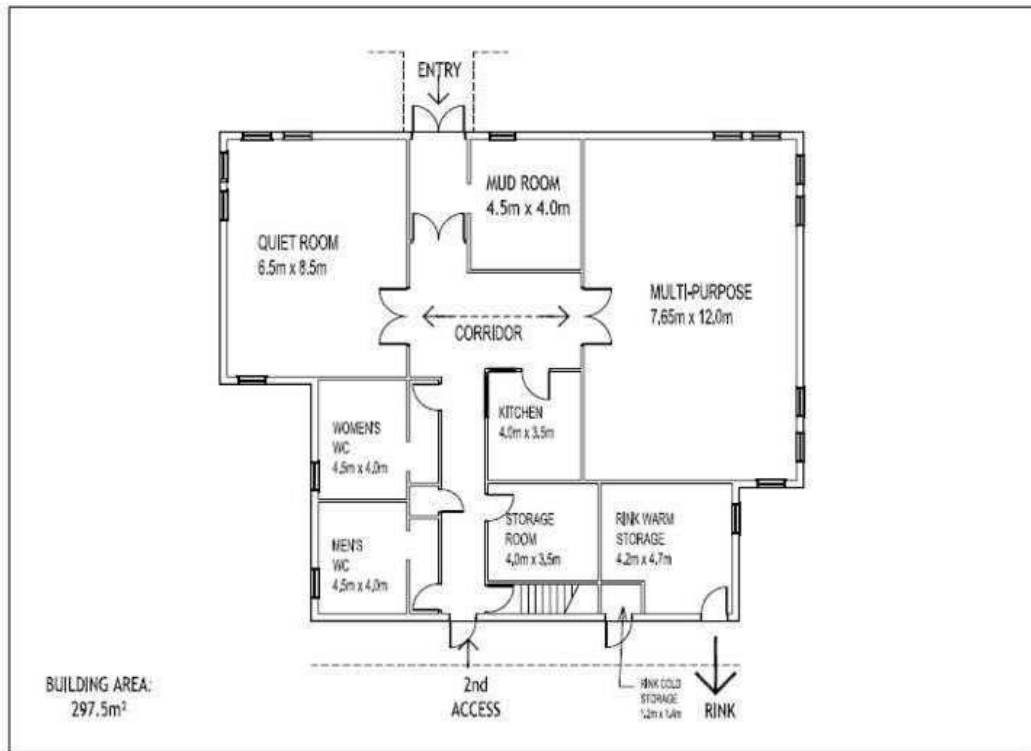
DOCUMENT 1

PROPERTY SKETCH



DOCUMENT 2

PROPOSED QUALICUM - GRAHAM PARK COMMUNITY BUILDING
BLOCKING PLAN AND ROOM DATA

QUALICOM / GRAHAM PARK COMMUNITY CENTRE

OPTION 'B' BLOCKING

SCALE: 1:100

NOV. 2008

<u>Room</u>	<u>SF Area Size</u>	<u>SM Area Size</u>
• Multi-Purpose	1000	92.9
• Quiet Room	600	55.7
• Kitchen	150	13.9
• Coat Room/Mud Room	200	18.6
• Rink Warm Storage	200	18.6
• Rink Cold Storage	15	1.4
• Main Floor Storage	150	13.9
• Janitorial	10	0.9
• Men's WC	200	18.6
• Women's WC	200	18.6
• Circulation Space (20%)	502	46.6
Total	3227	299.8

DOCUMENT 3

EXAMPLE OF SIMILAR BUILDING –
MCKELLAR PARK COMMUNITY CENTRE



DOCUMENT 4

PROPOSED COMMUNITY BUILDING LOCATION

