

**Report to
Rapport au:**

**Finance and Economic Development Committee / Comité des finances et du
développement économique
October 6, 2020 / 6 octobre 2020**

**Submitted on September 25, 2020
Soumis le 25 septembre 2020**

**Submitted by
Soumis par:
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Ward: WEST CARLETON-MARCH (5) File Number: ACS2020-PIE-CRO-0018

**SUBJECT: Update on the disposal of the Carp Airport following 10 years of
private ownership**

**OBJET: Mise à jour sur la cession de l'aéroport de Carp après dix années
d'exploitation privée**

REPORT RECOMMENDATIONS

**That the Finance and Economic Development Committee receive this update on
the history of the disposal of the Carp Airport and the current situation following
10 years of private ownership.**

RECOMMANDATIONS DU RAPPORT

Que le Comité des finances et du développement économique prenne connaissance de la mise à jour sur l'histoire entourant la cession de l'aéroport de Carp et la situation actuelle suite à dix années d'exploitation privée.

BACKGROUND

On March 14, 1997, the former Regional Municipality of Ottawa-Carleton formally acquired ownership of the Carp Airport for one dollar (\$1) from Transport Canada. In March 2011, the amalgamated City of Ottawa, through a number of reports outlined in the Project History attached as Document 1, transferred the property to a private sector owner: West Capital Development (WCD).

The Carp Airport project originally received Draft Plan of Subdivision and Draft Plan of Condominium Approval on August 16, 2007. Extensions to the Draft Approvals have been consistently granted. The original approved Draft Plan of Subdivision consisted of 270 single-family detached lots, four townhouse blocks (59 units), three park blocks, four stormwater pond blocks, nine industrial blocks, three conservation blocks, walkway blocks, taxiway blocks, street blocks and blocks for general aviation airport. A total of 329 residential units have been draft approved for development.

In December 2013, Council approved technical amendments to the [agreements](#). Since that time, the owner/developer has continued to manage the airport with relatively few complaints from its tenants, pilots or adjacent landowners. To date, the agreements have been followed with the exception of the construction of the required communal hangars.

There have been two registrations completed to date. Phase 1 of the Aerospace Business Park component was registered as 4M-1511 and 4M-1512 on May 5, 2014. Phase 1 of the Business Park created five blocks, a taxiway block, street blocks, and the main park block for the overall development (Block 1 on Plan 4M-1512).

Phase 1 of the Residential component was registered as, 4M-1593 on September 18, 2017. The first residential registration created 151 single detached residential lots, 13 blocks for private streets, one block for future communal hangers, two blocks for stormwater management, three blocks for conservation lands, six blocks for walkways and pathways and one block for a future community centre (to be relocated as part of the current proposed application).

The roads, services, drainage, stormwater management pond, sewage treatment plant, and water storage tanks for the lots on the west side of the creek in Phase 1 have been constructed (Lots 1 to 76 and Lot 151 on Plan 4M-1593).

The vision as set out since the City first considered the sale of the Airport is well underway with a future employment area, a residential area and a responsible private owner managing the airport facility.

DISCUSSION

Since the original inception of the Carp Airport development strategy, the current owner/developer of the lands, West Capital Development (WCD), has not received any interest from the public in having a “Fly-in” community as originally envisioned and is therefore asking to modify the existing agreements and Plans of Subdivision to potentially expand their subdivision development.

The owner (WCD) initiated discussions with the City’s Economic Development and Corporate Real Estate Office (CREO) staff in late 2019 and has requested that the City relinquish its remaining options of re-purchase and modify the existing Municipal Capital Facility Agreement (MCFA).

The City continues to hold three separate options of re-purchase as indicated in the Option to Purchase Agreement (dated March 11, 2011). WCD has requested that the City relinquish these in favour of an agreement whereby the City will participate in the sale of lots when they are sold in the future.

For the options under clause 1.4 and 1.5 to expire, the owner must register a subdivision within 10 years of the closing date (March 11, 2011). For both options under clauses 1.4 and 1.5, WCD can request an extension no later than three months prior to expiry to extend the date.

The land under option to the City is as follows:

- The Option described in clause 1.3 of the agreement is related to the Core Airport (shown in white on the Site Plan attached as Document 2), which is located in the middle of the remaining land and is considered the operational lands for the functioning of the airport. The City has the option to purchase these lands at nominal cost if WCD is in default of any of the terms or provisions in the MCFA which have not been cured under the provisions in the MCFA. This option was conceived to allow the City to act as a “watchdog” in the operation of the airport, however in today’s atmosphere this option is viewed by the owner as an impediment. The owner argues that it restricts his ability to develop within the core airport lands and the ability to take advantage of opportunities as would any private owner. The removal of the option would allow for WCD to obtain private financing through mortgages, add or remove certain lands within the core airport

and re-define those existing improvements (i.e. the current Fixed Base Operations (FBO) building).

- The option described in clause 1.4 of the agreement is related to Block 293 (shown in yellow on the Site Plan attached as Document 2), which is located in the southwest quadrant of the airport and is considered longer term future development land with a development horizon of between 10 to 20 years. The City has the option to purchase these lands as of March 11, 2021 at a price of \$2,176.91 per acre. The site is described as being 892,089.02 square metres in size (220.44 acres) representing an approximate cost of \$480,000 depending on the final size calculation.
- The option described in clause 1.5 of the agreement is related to Blocks 297, 302, 305 and 319 (shown on the Site Plan attached as Document 3), which are lands located along the eastern edge of the airport, zoned as industrial land, and will be developed with industrial park airside uses as the preferred use. The City has the option to purchase these lands as of March 11, 2021 at a price of \$2,173.91 per acre. The site is described as being 208,453.57 square metres in size (51.51 acres) representing an approximate cost of \$112,000 depending on the final size calculation.

If the City exercises its options to acquire these future development lands, an expenditure of approximately \$592,000 would be required in 2021.

Alternatively, if the City declines to exercise its Options (clauses 1.3, 1.4, and 1.5) and enters into a revised agreement with WCD, the return to the City would be a future benefit.

The discussion between the City and the owner, West Capital Developments (WCD), have been focused on finding an arrangement where the result of not exercising Options 1.4 and 1.5 would essentially be beneficial to both the City and the owner. Such an arrangement has not yet been reached, but discussions are ongoing.

The result of extinguishing Option 1.3 (Core Airport) and negotiating a revised MCFA could result in additional future benefits in terms of revenue to the City, but would also result in WCD's ability to create new opportunities and the City no longer having oversight of any kind (limited as it is today) over the airport.

WCD believes a revised MCFA would remove the restrictions currently hampering development and would effectively remove the City in the role of "watchdog."

In addition to the discussion involving the Options, WCD is also requesting a change to the Planning approvals in regard to the current draft approved subdivision by removing

the larger “hangar” lots in Phase 2 and replacing these with a more traditional subdivision with a smaller and more numerous lot configuration. They are also asking to remove or change the requirements of the communal hangar construction as demand for this type of amenity has not been realized in their development.

From the outset of the City acquiring the airport and surrounding lands, the intention was to safeguard the airport as an economic driver for the Carp area, but within private control and operation. Overall, the plan as set out in the various reports has been seen as a success.

As noted above, WCD has constructed the roads, services, drainage, a stormwater management pond, a sewage treatment plant, and water storage tanks for the lots on the west side of the creek in Phase 1.

WCD has provided assurances that under a new arrangement, the airport will continue to be an economic driver for the area and the goals of the city will be met. The owner has also provided assurances that the airport operation will continue for a minimum of 20 years.

Discussions about modifying the existing Municipal Capital Facility Agreement (if possible and agreeable) are ongoing with WCD at this time and Committee and Council can expect a further report in the near future outlining staff recommendations as a result of these discussions and negotiations.

RURAL IMPLICATIONS

The recommendation and information in this report is based on ensuring that any proposed development supports the relevant Official Plan policies for the rural area and the objectives of the rural community, including protecting and adding to the employment base in this location, and is compatible with, and supports the Community Design Plans for the Village of Carp and the Carp Road Corridor.

CONSULTATION

The recommendation in this report is based on consultations amongst Corporate Real Estate Office and Economic Development staff and subsequent negotiations and discussions with West Capital Developments’ representatives and their consultants and legal counsel.

COMMENTS BY THE WARD COUNCILLOR

The subject property is in Ward 5 – West-Carleton-March. The Ward Councillor, Eli El-Chantiry, has received a copy of this report and is in support of the staff recommendation.

LEGAL IMPLICATIONS

There is no legal impediment to receiving this report. As stated in the Disposition, a further report to Council will be submitted in respect of any recommendations the relevant agreements.

RISK MANAGEMENT IMPLICATIONS

There are risk implications. These risks have been identified and explained in the report and are being managed by the appropriate staff.

ASSET MANAGEMENT IMPLICATIONS

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

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

ACCESSIBILITY IMPACTS

There are no accessibility implications associated with the recommendation of this report.

ENVIRONMENTAL IMPLICATIONS

ERU recommends that Legal Services carefully review the terms of any future agreements, particularly with a focus to ensure that the City does not assume any liability with respect to the environmental condition of the site.

Currently, the City does not have any responsibility for the environmental condition of the land as follows:

Under the terms of the “Carp Airport Municipal Capital Facility and Development Agreement” between the City of Ottawa and West Capital Developments dated March 11, 2011, the City provided copies of all available environmental reports for the airport property and WCD assumed responsibility for the environmental condition of the lands following finalization of the sale of the property. The City subsequently discontinued its groundwater monitoring program at the site in 2015 and decommissioned all monitoring wells in 2016-2017.

The City currently retains an option to repurchase the Core Airport Area under the Option to Repurchase Agreement and, in the event that the City exercises its Option, that Agreement provides for WCD to deliver the Core Airport Area to the City in

essentially the same environmental condition that existed on the closing date as substantiated by further environmental investigations/reports to be provided by WCD or additional investigations/reports that the City, in its discretion, may decide to carry out.

If the City no longer has the option to repurchase the core airport lands, the clause described in the paragraph above would no longer be relevant. Any further environmental assessment or remediation work completed for due diligence or regulatory requirements as part of future sale and/or redevelopment of the airport lands would be the responsibility of WCD or future land-owners.

TERM OF COUNCIL PRIORITIES

The recommendation in this report supports City Council's priorities of Governance, Planning and Decision Making; and Financial Sustainability.

SUPPORTING DOCUMENTATION

Document 1: Project History

Document 2: Location Plan (Core Airport and Block 293)

Document 3: Site Plan (Block 297, 302, 305, and 319)

DISPOSITION

As this is an information report, there is no action required to implement the recommendation for Committee and Council to receive this report.

Economic Development and Corporate Real Estate Office staff will continue to negotiate with the owner with regard to modifying the existing the Municipal Capital Facility Agreement. Once negotiations are complete, staff recommendations will be the subject of a further report to Committee and Council.

Document 1 – Project History

Acquisition of Carp Airport Property by West Capital Developments (WCD) from City

July 11, 2001 - City Council provided authority to staff to initiate an [expression of interest process](#) for the planning, development, management, operation, and future ownership of the Carp Airport.

July 2002 to October 2002 - Request for expressions of interest process undertaken.

October 11, 2002 - West Capital Developments (WCD) submitted an expression of interest document (1 of 4 received) for an aviation community with approximately 150 residential lots and an aviation business park including the airport facility with development to be served by communal water and wastewater systems.

May 14, 2003 - City Council authorized an [agreement with WCD for the preparation, by WCD, of a Business Plan](#), by November 1, 2003, for the planning, development, management, operation and future ownership of the Carp Airport.

October 31, 2003 - WCD submitted a business plan and further documentation dated November 2003, all under confidential cover, to the City for consideration by City Council at a meeting before the end of February 2004. The Plan provided for development of 750 residential lots, a 181 acre (73 hectare) aerospace business park based on ground leases and on 120 acres (49 hectares) being developed in first nine years (approximately 500,000 to 800,000 square foot or 46,450 to 74,322 square metre total building floor area), and an expanded airport runway of 6000 feet (1,828 metre) (ILS controlled) with the development to be served by full municipal services extended from the Village of Carp.

February 25, 2004 - City Council did not approve the [business plan](#) as submitted by WCD and instead directed staff to finalize negotiations with WCD to conclude an option to purchase agreement including conditions for the planning, redevelopment, expansion, future management, operation and ownership of the Carp Airport based on modifications to WCD's Business Plan.

May 12, 2004 – City Council approved terms and [conditions for an Option to Purchase Agreement](#) for the Carp Airport between the City and WCD.

May 31, 2004 - The City and WCD, based on the City Council authority of May 12, 2004, entered into an Option to Purchase Agreement for the Carp Airport dated May 31, 2004 (Option Period June 1, 2004 to May 31, 2005).

December 10, 2004 - WCD submitted a request to the City for an extension of the Option Period to February 28, 2006 and for amendments to the terms and conditions of the Option to Purchase Agreement dated May 31, 2004 based on modifications to the WCD's Business Plan as set out in a Business Plan Summary dated, December 10, 2004 that provided for 280 residential units, a 187 acre (76 hectare) aerospace business park (approximately 800,000 square foot or 74,322 square metre total building floor area), maintaining the existing 4000 foot runway and construction of a new airport terminal building and Fixed Base Operations (FBO) with the development being served by private water and wastewater services.

March 9, 2005 - City Council approved the amendments to the [Option to Purchase and Development Agreement](#) and Council also approved conveying 0.3 metre reserves outside, and abutting, the Core Airport area to the Carp Airport Authority (CAA) with the reserves to be held in trust by the CAA in order to establish separate parcels for the Core Airport Area, Airport Accessory Residential Community, and Aerospace Business Park parts of the property.

March 18, 2005 - The City and WCD, based on the City Council authority of March 9, 2005, entered into an amended Option to Purchase and Development Agreement for the Carp Airport (Option period extended to February 28, 2006).

December 23, 2005 - WCD submitted applications, on the December 23, 2005, to the City for planning and infrastructure approvals for WCD's proposed development, and WCD also provided a letter to the City requesting a further extension of the Option Period until March 31, 2007. Note: The Option Agreement, as approved by City Council, provided for an extension of the Option Period if WCD makes a written request to the City no later than sixty (60) days before the Option Period expires subject to the mutual agreement of the City and WCD with respect to the terms and conditions of any resulting extension.

December 31, 2005 - Option Agreement amended by City and WCD extending the Option period to the December 31, 2006 and providing for the City to grant to WCD a further extension of the Option Period until March 31, 2007 subject to the City and WCD establishing an operating budget for the Carp Airport for the period from January 1, 2007 until December 31, 2007 (the "2007 Airport Operating Budget") in accordance with the provisions of the Management and Option Agreements and WCD agreeing to provide, and providing by December 31, 2006, to the City a further payment in an amount equal to the City's net costs, if any, as established by the 2007 Airport Operating Budget for the period from January 1, 2007 to March 31, 2007.

August 24, 2006 - Public consultation meeting held to outline subdivision plan and identify servicing options under integrated subdivision / class environmental assessment approvals process.

December 22, 2006 - Airport operating budget established for 2007 and no net City cost identified for period from January 1, 2007 to March 31, 2007 and Option Agreement then amended by City and WCD to extend the Option until March 31, 2007.

February 6, 2007 - Community information and consultation session held to outline refinements to development plan and identify preferred servicing option plan for 329 residential units, 1,600,000 square feet (148,645 square metres) of aerospace business park building floor space with the residential units and 800,000 square feet (74,322 square metres) of business park floor space being developed on communal water and wastewater services and 800,000 square feet of business park floor space on private water and wastewater services.

March 28, 2007 - Option Agreement then amended by City and WCD to extend the Option Period from March 31, 2007 to June 30, 2007 on the basis that the planning approvals process for the proposed development was nearing completion but might not be completed before the June 30, 2007.

March to May 2007 - Draft Plan of Subdivision and Common Elements Condominium approval conditions drafted by City's Planning Branch based on preferred servicing option plan.

June 27, 2007 - City Council approves [Zoning amendments for Carp Airport](#) based on draft plan and common elements conditions for WCD proposed development.

June 29, 2007 – WCD notified the City that as a result of appeals to the Ontario Municipal Board (the “OMB”) being filed by abutting property owners with respect to the planning approvals granted by the City for the WCD's proposed development, WCD was electing to unilaterally extend the Option Period until the OMB rendered a decision as provided for in the Option Agreement.

July 31, 2007- December 20, 2007 - WCD advised the City that it had entered into an agreement with the appellants to withdraw the appeals to the OMB and the that the appeal matter would likely be settled by the OMB on, or before, August 31, 2007 (Note: formal notification received from OMB on August 27, 2007 that appeals withdrawn as of August 16, 2007 and, as a result, Draft Plan of Subdivision and Common Elements Condominium approvals/conditions were then in effect as of August 16, 2007) and approval letter issued by City on December 20, 2007.

August 15, 2007 to May 2010 - WCD and the City agreed that, before exercising its Option, WCD must incorporate all requirements resulting from the planning approvals process and related appeal resolution process for the WCD's proposed development into a Modified Business Plan as required by the Option Agreement and the City and WCD then executed a series of further amendments to allow WCD to complete draft plan approvals process (up to November 2007) and then to obtain feedback from Ministry of the Environment on Certificate of Approval requirements (to August 2009 first because of the involvement of Corix 2008 and then iDM in 2009 regarding communal wastewater system) and subsequently for due diligence to obtain financial commitment (to end of May 2010 - Slokker/Ballantry).

May 28, 2010 -WCD purported to exercise its option to purchase the Carp Airport under the Option Agreement and subsequently tendered to close on June 25, 2010. However, the City's legal counsel refused to accept this tender because the tender documents were, in the City's opinion, deficient. As such, the City returned the original tender documentation to WCD's legal counsel and also returned the original deposit cheque along with the original option exercise.

June 24, 2010 - September 28, 2010 – Corporate Real Estate Office staff and WCD representatives met on a number of occasions, on a “without prejudice” basis to seek common ground to allow WCD to acquire the Carp Airport property and move forward with its proposed draft plan approved development based on a proposed settlement between the parties that would be in keeping with the intent of the original agreements. On September 28, 2010 the parties agreed on "Basic Principles" for settling the matter.

October 6, 2010 - Council approved the [Carp Airport – WCD – Agreement report](#), which recommended that Council:

1. Authorize the City Manager to finalize and execute a settlement agreement with West Capital Developments (WCD) for the purchase and development of the Carp Airport as set out in this report;
2. Upon execution of the settlement agreement that the City Manager negotiate and execute an Agreement of Purchase and Sale with WCD based on the provisions as set out in the settlement agreement; and
3. Authorize the City Manager to negotiate and execute a Municipal Capital Facility Agreement as described in this report.

March 8, 2011- City and WCD execute Settlement Agreement.

March 11, 2011 - City and WCD execute Agreement of Purchase and Sale, Option to Purchase Agreement, and Municipal Capital Facility and Development Agreement.

March 24, 2011 - Purchase of Carp Airport by WCD from City completed and Agreements with City registered on title.

December 20, 2012 - As a result of a request dated December 19, 2012, from the solicitor for 3140440 Canada Inc., the majority shareholder of WCD, Corporate Real Estate Office provided, in accordance with the provisions of the Municipal Capital Facility and Development Agreement, the City's consent to the disposition of 3140440 Canada Inc.'s shareholder interests in WCD to 2353503 Ontario Ltd., a company which was indicated to be wholly owned by Wild Gray Capital Management Group Inc., and in turn managed and controlled by Andrew Wildeboer. The City's consent to the shareholder transaction was subject to the following conditions:

1. The principals of 2353503 Ontario Inc. being fully aware of, and acknowledging, WCD's obligations and responsibilities under the provisions of the existing agreements between the City and WCD.
2. Upon disposition of 3140440 Canada Inc.'s shareholder interests in WCD to 2353503 Ontario Ltd., 2353503 Ontario Ltd., as the major shareholder in WCD undertaking to provide the City with the details of all then current shareholder interests in WCD.

May 23, 2013 - Beneficial title to the securities of WCD owned by 3140440 Canada Inc. was transferred to 2353503 Ontario Ltd. on January 23, 2013 and the transfer of the registered and legal title to these securities to 2353503 Ontario Ltd. was then completed on May 23, 2013.

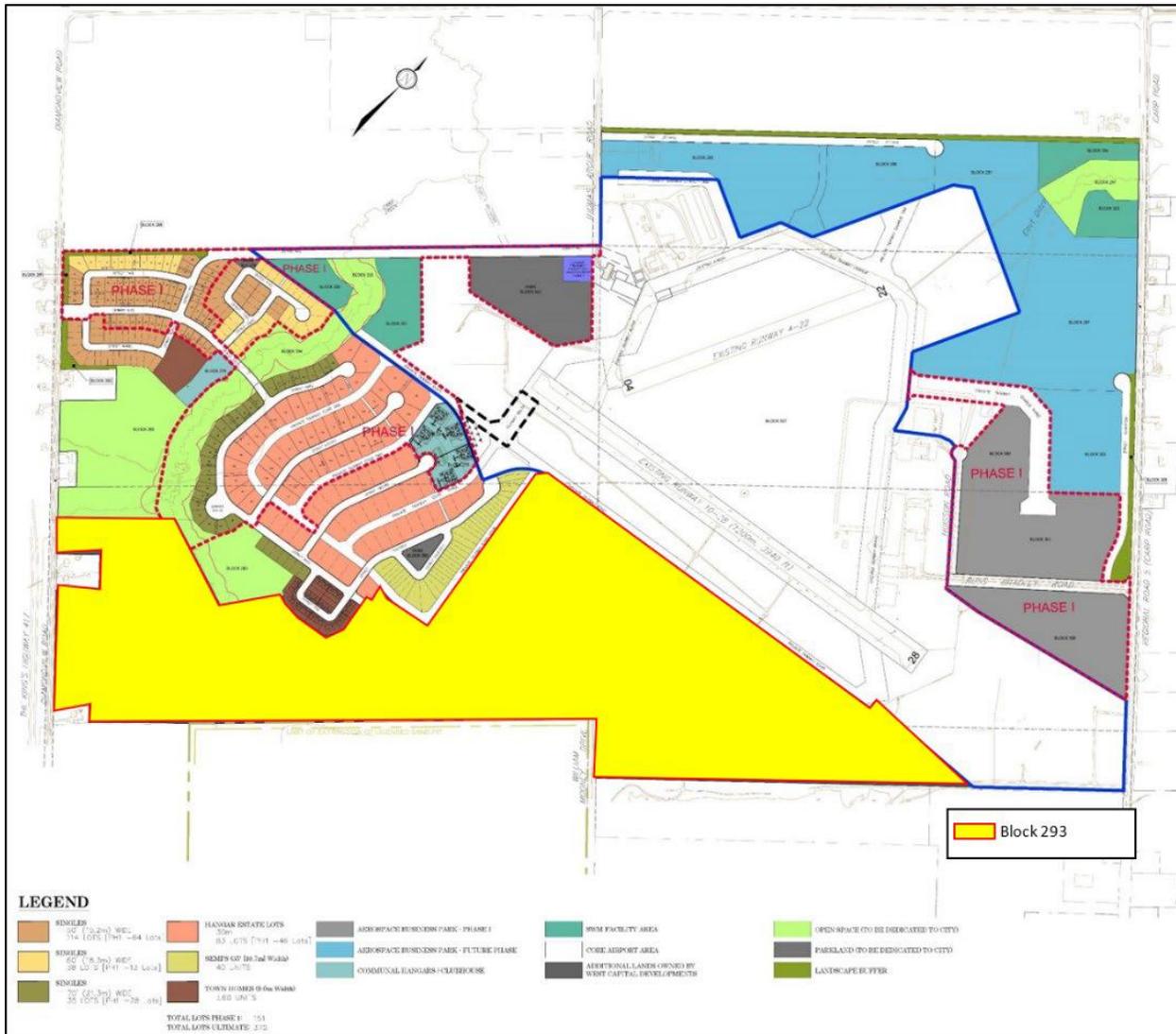
June 10, 2013 - The respective solicitors for 3140440 Canada Inc. and 2353503 Ontario Ltd. formally advised Corporate Real Estate Office that the share transaction had been completed and provided information indicating the compliance by 2353503 Ontario Ltd. (the "new WCD ownership") to the City's conditions for the share transfer.

December 11, 2013 - Council approved technical amendments to the Option to Purchase and Municipal Capital Facility and Development Agreements between the City and West Capital Developments to address certain issues raised by the new WCD ownership to permit a revised implementation plan for the development of the Aerospace Business Park section of the Carp Airport. The link to this report is at: <https://app05.ottawa.ca/sirepub/mtgviewer.aspx?meetid=2462&doctype=AGENDA> (Please scroll down to item Q).

Document 2 – Location Plan (Core Airport and Block 293)

Note:

- White area is Core Airport (Option described in clause 1.3 of agreement); and
- Yellow area is Block 293 (Option described in clause 1.4 of agreement)



Document 3 – Site Plan (Block 297, 302, 305, and 319)

Note:

Yellow area is Option described in clause 1.5 of agreement - Blocks 297, 302, 305, 319

