

<p><b>1. CARP AIRPORT – AMENDMENTS TO THE TERMS AND CONDITIONS OF THE 2011 AGREEMENTS</b> <b>AÉROPORT DE CARP – MODIFICATION DES CLAUSES ET CONDITIONS DES ENTENTES DE 2011</b></p>
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**COMMITTEE RECOMMENDATIONS**

That City Council:

1. Approve an extension to April 12, 2021 of the deadline of the City's remaining three repurchase options with the Carp Airport Option to Purchase Agreement;
2. Agree to release the remaining three repurchase options with the Carp Airport Option to Purchase Agreement being:
  - The Option described in Clause 1.3 of the agreement is related to the Core Airport Lands;
  - The Option described in Clause 1.4 of the agreement is related to Block 293; and
  - The Option described in Clause 1.5 of the agreement is related to Blocks 297, 302, 305 and 319
3. Approve the proposed changes to the existing Municipal Capital Facility Agreement for the Carp Airport as described in this report; and
4. Delegate authority to the General Manager of Planning, Infrastructure and Economic Development to negotiate, conclude, execute and amend on behalf of the City, the final documents including the Municipal Capital Facility Agreement and Mortgage for the Carp Airport in accordance with the contractual and financial parameters outlined in this report.

### RECOMMANDATIONS DU COMITÉ

Que le Conseil :

1. **Approuve une prolongation jusqu'au 12 avril 2021 de la date limite des trois options restantes de rachat par la Ville prévues dans la convention d'option d'achat de l'aéroport de Carp;**
2. **Renonce aux trois options restantes de rachat de la convention d'option d'achat de l'aéroport de Carp, c'est-à-dire :**
  - **l'option décrite à la clause 1.3 de l'entente, qui concerne les terrains centraux de l'aéroport;**
  - **l'option décrite à la clause 1.4, qui concerne l'îlot 293;**
  - **l'option décrite à la clause 1.5, qui concerne les îlots 297, 302, 305 et 319.**
3. **Approuve les modifications proposées à l'entente sur les immobilisations municipales visant l'aéroport de Carp, décrites dans le présent rapport; et**
4. **Délègue au directeur général de la Planification, de l'Infrastructure et du Développement économique le pouvoir de négocier, de conclure, de signer et de modifier au nom de la Ville, les documents définitifs, notamment l'accord relatif aux immobilisations et hypothèques municipales concernant l'aéroport de Carp, conformément aux paramètres contractuels et financiers énoncés dans le présent rapport.**

### DOCUMENTATION/DOCUMENTATION

1. Director's Report, Corporate Real Estate Office, Planning, Infrastructure and Economic Development, dated January 22, 2021, 2020, (ACS2021-PIE-CRO-0001)

Rapport du Directeur, Bureau des biens immobiliers municipal, Services de la planification, de l'infrastructure et du développement économique daté le 22 janvier 2021, (ACS2021-PIE-CRO-0001)

2. Extract of draft Minutes, Finance and Economic Development Committee,  
2 February 2021

Extrait de l'ébauche du procès-verbal, Comité des finances et du  
développement économique, le 2 février 2021.

**Report to  
Rapport au:**

**Finance and Economic Development Committee / Comité des finances et du  
développement économique  
February 2, 2021 / 2 février 2021**

**and Council / et au Conseil  
February 10, 2021 / 10 février 2021**

**Submitted on January 22, 2021  
Soumis le 22 janvier 2021**

**Submitted by  
Soumis par:  
Derrick Moodie  
Director / Directeur**

**Corporate Real Estate Office / Bureau des biens immobiliers municipal, Planning,  
Infrastructure and Economic Development / Services de la planification, de  
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**Ward: WEST CARLETON-MARCH (5)**

**File Number: ACS2021-PIE-CRO-0001**

**SUBJECT: Carp Airport – Amendments to the Terms and Conditions of the 2011  
Agreements**

**OBJET: Aéroport de Carp – Modification des clauses et conditions des  
ententes de 2011**

## REPORT RECOMMENDATIONS

That the Finance and Economic Development Committee recommend that City Council:

5. Approve an extension to April 12, 2021 of the deadline of the City's remaining three repurchase options with the Carp Airport Option to Purchase Agreement;
6. Agree to release the remaining three repurchase options with the Carp Airport Option to Purchase Agreement being:
  - The Option described in Clause 1.3 of the agreement is related to the Core Airport Lands;
  - The Option described in Clause 1.4 of the agreement is related to Block 293; and
  - The Option described in Clause 1.5 of the agreement is related to Blocks 297, 302, 305 and 319
7. Approve the proposed changes to the existing Municipal Capital Facility Agreement for the Carp Airport as described in this report; and
8. Delegate authority to the General Manager of Planning, Infrastructure and Economic Development to negotiate, conclude, execute and amend on behalf of the City, the final documents including the Municipal Capital Facility Agreement and Mortgage for the Carp Airport in accordance with the contractual and financial parameters outlined in this report.

## RECOMMANDATIONS DU RAPPORT

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

5. Approuver une prolongation jusqu'au 12 avril 2021 de la date limite des trois options restantes de rachat par la Ville prévues dans la convention d'option d'achat de l'aéroport de Carp;
6. Renoncer aux trois options restantes de rachat de la convention d'option d'achat de l'aéroport de Carp, c'est-à-dire :
  - l'option décrite à la clause 1.3 de l'entente, qui concerne les terrains centraux de l'aéroport;

- l'option décrite à la clause 1.4, qui concerne l'îlot 293;
  - l'option décrite à la clause 1.5, qui concerne les îlots 297, 302, 305 et 319.
7. **Approuver les modifications proposées à l'entente sur les immobilisations municipales visant l'aéroport de Carp, décrites dans le présent rapport; et**
  8. **Déléguer au directeur général de la Planification, de l'Infrastructure et du Développement économique le pouvoir de négocier, de conclure, de signer et de modifier au nom de la Ville, les documents définitifs, notamment l'accord relatif aux immobilisations et hypothèques municipales concernant l'aéroport de Carp, conformément aux paramètres contractuels et financiers énoncés dans le présent rapport.**

### **Executive Summary**

In March 2011, the City of Ottawa and West Capital Development (WCD) entered into a Purchase and Sale Agreement for the disposal of the Carp Airport. As part of that agreement, the City retained a number of options of repurchase for certain development lands, should WCD not meet certain obligations related to those development lands by March 11, 2021. In the event that WCD did not meet the projected development timeline within ten years of the original transaction, the City could, at its discretion, exercise the options of repurchase of certain lands at a pre-designated amount. Also, part of the original Purchase and Sale Agreement was a Municipal Capital Facility Agreement (MCFA) that details the operation, maintenance and responsibility of the airport.

Since taking ownership of the Carp Airport, WCD has proven to be a good steward of this facility and their intention is to continue to operate the airport as an economic engine for the region. However, the existing MCFA hinders WCD from tapping into additional economic opportunities at the airport, and for that reason, WCD has approached the City to revise elements of the MCFA.

Given the approaching deadline of the City's option to repurchase certain development lands and WCD's request for changes to the existing MCFA, City staff have been negotiating with WCD since September 2019. Those negotiations have focused on finding an arrangement to release the remaining Options, which would be beneficial to both the City and the owner.

Negotiations have resulted in City staff now recommending that City Council waive the repurchase options and in turn accept a payment of \$4.408 million from WCD over a

specified time period. WCD will continue to implement the original strategy for the airport development lands, manage and maintain the airport facility, and the City will receive an influx of capital.

A revised MCFA is also recommended by City staff as part of this report. These changes will allow WCD to dispose of certain lands within the Core Airport, reduce airport hangar requirements for the adjacent residential development, and significantly increase the contributions of capital to be held in the lifecycle reserve account. Additionally, WCD has agreed to conditions to allow for continued operations of the airport for 40 years.

## **Résumé**

En mars 2011, la Ville d'Ottawa et West Capital Development (WCD) concluaient une convention d'achat et de vente pour la cession de l'aéroport de Carp. Dans ce cadre de cette entente, la Ville a retenu quelques options de rachat concernant certains terrains destinés à être aménagés, pour le cas où WCD ne respectait pas certaines obligations associées à ces terrains d'ici le 11 mars 2021. Si WCD ne respecte pas l'échéancier d'aménagement prévu dans les dix années suivant la transaction originale, la Ville se réserve la possibilité de racheter certains terrains pour un montant prédéterminé. De plus, la convention originale d'achat et de vente comprenait une entente sur les immobilisations municipales (EIM) qui fournissait des détails entourant l'exploitation, l'entretien et l'administration de l'aéroport.

Depuis qu'elle est propriétaire de l'aéroport de Carp, la firme WCD a assuré une bonne entendance de l'installation et prévoit continuer de l'exploiter en tant que moteur économique pour la région. Toutefois, l'EIM actuelle empêche WCD d'exploiter de nouvelles possibilités économiques à l'aéroport et c'est la raison pour laquelle WCD a pris contact avec la Ville afin de réviser certains éléments de cette EIM.

Avec l'approche de la date limite de l'option dont dispose la Ville pour racheter certains terrains destinés à être aménagés et au regard de la demande de modification de l'EIM adressée par WCD, le personnel de la Ville négocie avec WCD depuis septembre 2019. Ces échanges ont essentiellement porté sur la recherche d'un accord en vue de renoncer aux options restantes, accord qui profiterait tant à la Ville qu'au propriétaire.

Par suite de ces négociations, le personnel de la Ville recommande à présent au Conseil municipal de renoncer aux options de rachat et, en contrepartie, d'accepter un versement de 4 408 000 \$ de WCD sur une période donnée. WCD continuera d'appliquer sur les terrains destinés à être aménagés la stratégie d'origine,

d'administrer et d'entretenir l'aéroport, et la Ville recevra pour sa part un afflux de capitaux.

Une EIM révisée est par ailleurs recommandée par le personnel de la Ville dans le cadre du présent rapport. Les modifications apportées permettront à WCD de se départir de certains terrains centraux de l'aéroport, de réduire les besoins en matière de hangars d'aéroport pour l'aménagement résidentiel adjacent et d'accroître considérablement les apports de capital conservés dans le compte de réserve du cycle de vie. WCD a en outre accepté les conditions permettant la poursuite de l'exploitation de l'aéroport pendant 40 ans.

## **BACKGROUND**

At the Finance and Economic Development Committee meeting of October 6, 2020, a report ([ACS2020-PIE-CRO-0018](#)) was presented describing the history of the disposal of the Carp Airport and the results of the disposal in regards to the developments being undertaken on the abutting lands, as well as the ongoing management and operation of the airport itself. The disposal centered around several agreements.

The first agreement entered in March of 2011 for the disposal of the Carp Airport was the Settlement Agreement, which set out some of the required main elements agreed to between the parties in order to enter into the Definitive Agreements. The Definitive Agreements are described as the Purchase and Sale Agreement and the Municipal Capital Facility Agreement (MCFA) as noted below:

- **The Purchase and Sale Agreement** (entered into in March 2011).

This agreement refers to the MCFA and the Option to Purchase Agreement.

- **The Option to Purchase Agreement** (entered into in March 2011).

This agreement relates to the various options of repurchase WCD granted the City at the time of disposal.

- **The Municipal Capital Facility Agreement** (MCFA – entered into March 2011).

This agreement provides for the operation, maintenance and responsibility of the airport. It also references the requirements for the future lots, the Airport Maintenance Charge (6.1q) and the requirement to follow the approved Draft Plan (7.1).



Since the original inception of the Carp Airport development strategy, the current owner/developer of the lands, WCD, has not received any interest from the public in having a “fly-in” community as originally envisioned. Therefore, WCD is asking to modify the existing agreements and the Draft Plan (2007) referred to in the MCFA 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. They requested that the City relinquish its remaining options of repurchase and modify the existing MCFA.

The City continues to hold three separate options of repurchase as indicated in the Option to Purchase Agreement (dated March 11, 2011). WCD has requested that the City relinquish these and enter into an amended MCFA whereby WCD will remunerate the City.

**The land under option within the Option to Purchase Agreement 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 1), 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 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 have oversight in the operation of the airport; however, in reality the City’s involvement in day-to-day operations is limited. Furthermore, the owner argues that it restricts their ability to develop within the Core Airport lands and the ability to take advantage of economic 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 1), 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 892,089.02 square metres in size (220.44 acres), representing an approximate land value 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 2), 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 208,453.57 square metres in size (51.51 acres), representing an approximate land value 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 March 2021. The lands as described within 1.4 and 1.5 would then revert to City ownership.

Alternatively, if the City does nothing and declines to exercise its Options (Clauses 1.4, and 1.5), those options will expire with no recourse from the City and the lands will vest with the owner (WCD).

The third alternative is the one being contemplated by both the City and WCD, wherein an amended MCFA will be entered into and the Option to Purchase Agreement will be extinguished with the City releasing not only Options 1.4 and 1.5 but also Option 1.3.

The discussions between the City and WCD have been focused on finding an arrangement where the result of releasing all three remaining Options would essentially be beneficial to both the City and the owner.

The result of extinguishing Option 1.3 (Core Airport) and revising the MCFA will be additional future benefits in terms of revenue to the City, in addition to the City no longer having approval of any kind (limited as it is today) over airport operations. It would also result in WCD's ability to create new economic opportunities benefitting both the owner and the City. The benefit to the City would arise from increased development and employment, as well as an expanded tax base producing increased revenues.

WCD believes a revised MCFA would remove the restrictions currently hampering development and would effectively clarify the City's interest in ensuring the airport's continued operations rather than being involved in day-to-day operations. Such revisions would allow the private owner to act as such without further restriction, although subject to the revised and amended MCFA.

In addition to the discussion involving the Options, WCD is also requesting a change to the planning approvals regarding the current draft approved subdivision. They wish to remove the larger "hangar" lots in Phase 2 and replace them with smaller lot configurations, keeping with a more traditional subdivision, which consists of numerous

smaller lots. 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 a success.

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.

## **DISCUSSION**

The City's motivation for negotiating the elements discussed in the Background section of this report relates to the fact that the City's options to repurchase the development lands expire in March 2021. Given that deadline, the City requested, and WCD accepted, to an extension of the deadline to April 12, 2021. City staff have identified two directions for City Council to consider:

1. Release the options as requested in return for a monetary sum and other assurances described in this report; or,
2. Exercise the Options 1.4 and 1.5 and repurchase those lands for future sale.

City staff are recommending that Council approve the release of the options in return for the monetary sum and other assurances described in this report. The first direction is the most advantageous, as the current owner would remain in place to continue with the original plan while providing additional revenue to the City in both a financial return and an expanded tax base over time. The release of option 1.3 (Core Airport) would remove the City from future liability and risk, while providing WCD with maneuverability in decision making currently not available to them. The result being a facility with a financial framework that provides both an incentive to the private owner to drive development, but also a healthy reserve required to maximize the potential of the airport and the surrounding lands.

The main elements to the negotiations centered around the release of the City's options included within the Option to Purchase Agreement, namely Clauses 1.3, 1.4 and 1.5, as well as some amendments to the MFCA.

### **Option to Purchase Agreement Clause 1.3 – Core Airport**

As indicated in the Background section above, Clause 1.3 pertains to the City's ability to repurchase the Core Airport lands for a nominal value in the event of a default under the terms and conditions set forth within the MCFA (Municipal Capital Facility Agreement). The current owner, WCD, has requested the City release this option so that WCD can have more control and ability to run the airport as the private business it is deemed to be. One of the main points of discussion for WCD is the inability to sever and sell land within the Core Airport without the consent of the City, which is not to be withheld unreasonably. Another important discussion point for WCD is the inability to seek private financing due to the City's option, thereby constricting its potential to invest in the future of airport operations and generate additional economic activity.

WCD is currently working with an aviation consultant as how best to configure the airport to ensure the asset will be well maintained and planned to endure for 20 plus years. To that end, WCD is investigating the severance and sale of approximately five to six acres along Thomas Argue Road. In addition, WCD is also investigating the closure of runway 04/22 (see Document 3), its secondary gravel runway. This would allow for additional land severance and sale adjacent to the business park, which is currently being developed. The scenario being contemplated would require the construction of a new taxiway servicing the main runway.

A report was commissioned by the City to determine the continuing maintenance, repair and lifecycle requirements for the airport moving forward. This report further substantiates the costs to the City, should the repurchase option be exercised. The report was also shared with WCD to help in its future planning regarding the items referred to within the report. The lifecycle costs for the airport have been estimated to be in the range of \$5 million. In order to address this funding gap and ensure the longevity of the airport, it was agreed that 50 per cent of the proceeds (up to \$4 million) from sale of lands projected to be severed from the Core Airport, as well as any profit from the sale of new hangars, be deposited into the reserve account (in addition to the current requirement of the original \$800,000), which should provide for a well maintained and operational airport well into the future.

It should be noted that WCD is looking at closing runway 04/22, a small and secondary gravel runway, which would provide the bulk of the severed land sales (see Document 3), enabling this infusion of dollars into the reserve account. WCD's statistics for runway usage indicate that 10,169 movements were recorded at the airport in 2020, and that only 100 of those movements are attributed to runway 04/22, representing less than one per cent of the use of the airport. From that data, WCD has indicated that

closing that secondary runway will not have an impact on its operations, and that reallocating the land for runway 04/22 towards a business park or hanger use, the funds would allow for the continued preservation of the main runway (10/28), as well as provide for further economic opportunities in terms of employment and tax revenue generation for the City.

The \$4 million figure is supported by an independent appraisal commissioned by the City to determine the value of the potential severances along both Thomas Argue Road and the lands currently occupied by runway 04/22.

Regarding the FBO, WCD will ensure that access to the current FBO be available at all times to all airport users until the new proposed FBO is constructed, in order to provide those amenities currently being enjoyed by users of the airport. WCD will construct at their cost the new FBO building in the location provided (former Westair location – see Document 3) prior to any severances of land from within the Core Airport Lands.

**Option to Purchase Agreement Clause 1.4 (Block 293) and Clause 1.5 (Blocks 297, 302, 305 and 319)**

As indicated in the Background section above, these two clauses pertain to the City's ability to repurchase these development lands for a pre-determined price of approximately \$592,000, should the owner not meet its development obligations within 10 years of the original sale. WCD has indicated to the City that it will not meet the requirements as stipulated within the Option to Purchase Agreement, therefore the date for the City to exercise the options is March 11, 2021.

For these options, the City has three distinct directions it can follow:

1. Take no action and let the options expire;
2. Exercise the options and repurchase the lands at a cost of approximately \$592,000; or
3. Extract the current market value of the lands as revenue for the City.

The City has been exploring this third direction to maintain the original vision of the Carp Airport economic development on track. As negotiations with WCD progressed from the fall of 2019 through the summer of 2020, the Valuations Unit within CREO provided the first indication of value of the option lands. The initial internal appraisal based upon the development lands within the options outlined as Clauses 1.4 and 1.5 provided an initial range of value for these properties. WCD was then notified of the City's preliminary

expectations in terms of financial return subject to an external appraisal. The City's expectations were to have WCD increase its offer for release of the purchase options.

The first appraisal, being an internal appraisal of the lands within Options 1.4 and 1.5, resulted with a value conclusion of \$5 million. The external appraisal commissioned for the lands within Option 1.4 and 1.5 also resulted in a value determination of \$5 million. This value was then discounted by \$592,000, which is the cost of re-acquiring the lands within Options 1.4 and 1.5 (considered to be owner equity), with the remainder amount of \$4.408 million inserted within the amended agreement.

By choosing the third direction, the City will receive \$4.408 million for the development lands. The terms of the payment will be \$700,000 upon signing the agreement, with an additional \$3.708 million established as a mortgage on both the Core Airport land and Block 293. The mortgage would be a 10-year term, with a three per cent interest rate and no penalty pay downs. Principal and interest due no later than 10 years, or at the time of registration of remaining 329 Draft Plan Approved lots.

### **Municipal Capital Facility Agreement (MCFA)**

This agreement is to be amended in order to reflect the release of the options and the end to the Option to Purchase Agreement. Changes will also be made to the MCFA to reflect the private ownership of the airport and WCD's ability to operate as such. The City's role would be amended to ensuring the commitments within the MCFA are adhered to, including the potential that the airport remain operational for a minimum of 40 years. To this end, the City would no longer be required to "review and approve" operational matters, allowing WCD to operate the facility like any other private operation, while maintaining guarantees of continuance of airport operations well into the future.

Other changes include the reduction and location of the requirement to build communal hangars in relation to the residential development. Under the current agreement, which reflects the 2007 Draft Plan Approval, communal hangars were to be built on the development land at a ratio of one hangar for every four homes (1:4). Based on the market reaction to the current offerings for hangars, WCD has concluded the existing ratio is not sustainable or realistic as it does not provide any advantage to the airport or the community. Although WCD sought and proposed a much lower ratio, following negotiations, City staff recommend that the ratio be reduced to a 1:15 ratio, and said hangars will be built by WCD on airport land. Under this amended arrangement, the location of the hangars on airport land will provide further revenue through land leases and Airport Maintenance Charge (AMC), which will go towards the operating and lifecycle budgets, further solidifying the economic foundation of the airport itself.

Finally, the owner (WCD) has agreed to provisions that allow for the continued operations of the airport for a period of 40 years. To this end, WCD has agreed to provide a \$1 million performance bond for the initial 20 years. This performance bond would offset the operating costs for up to two years, enabling the City to determine how it would wish to proceed at that time. They have also agreed to a clause for 40 years (initial 20 + 20), whereby should the owner (WCD or other) decide to close the airport due to financial constraints, the City will have the ability to step in and continue the operation of the airport if it so chooses or find another suitable operator. Should the City decide either not to exercise this clause, or does and later decides it cannot continue, the land and all assets will revert to the owner.

The proposed amendments to the MCFA would include the summarized following points:

1. An amendment to reflect that the airport is privately owned, with no ties to the City other than the MCFA providing property tax relief for the operational portion of the Core Airport Land portion of the airport.
2. An amendment to clear up the fact that WCD is to be held to the standards of Transport Canada and the requirements to maintain a valid operating certificate for an airport use with all references to the City removed.
3. The removal of the City's option of repurchase would allow WCD to access private financing, as well as sever and sell those lands currently within the Core Airport which are not required for core operations.
4. An amendment to require all lots being developed within the Carp Airport lands to pay into the Airport Maintenance Charge (AMC) on an annual basis, as indicated within the MCFA.
5. An amendment to require WCD to ensure that notice is on title for all development lots advising of the proximity to the airport and its operations.
6. An amendment to require WCD to provide access to the current FBO (Fixed Base Operation) to all airport users at all times until the new proposed FBO is constructed and operational, and provide those amenities currently being enjoyed by users of the airport. WCD will construct at their cost the new FBO building in the location provided (former Westair location) prior to any severances of land from within the Core Airport Lands.
7. An amendment that WCD continue with the payments per lot sold to the Airport Reserve Fund as originally agreed to, up to the maximum of \$800,000. In

addition, upon severance and sale of lands within the Core Airport, 50 per cent of the proceeds will be directed to the Airport Reserve Fund to a maximum of \$4 million over and above the original \$800,000.

8. An amendment to indicate that should the owner of the airport request to cease airport operations, the City (through a management company) would have the ability to take ownership of the land and then operate and manage the airport until such a time as no longer economically viable, and the land would then revert back to the owner. This clause will be in effect for 40 years. The owner of the airport would provide the airport to the City at no cost, along with all records, assets, equipment and access to the operating funds, including the Airport Reserve Fund.
9. An amendment to require WCD, or subsequent owner, to maintain a performance bond in the amount of \$1 million (representing approximately two years of operating costs for the airport) to demonstrate assurance of commitment to the operation of the airport for the next 20 years.
10. An amendment to reduce the provision of communal hangars from a ratio of one communal hangar for every four residential lots to a ratio of 1:15, with those communal hangars to be built on land within the Core Airport area.
11. An amendment to require WCD to pay the City the sum of \$5 million, payable with a down payment of \$1.292 million (\$700,000 in cash; \$592,000 in equity value) with the remainder \$3.708 million as a mortgage on both the Core Airport land and Block 293. The mortgage would be a 10-year term, with a three per cent interest rate with no penalty pay downs. Principal and interest due no later than 10 years, or at the time of registration of remaining 329 Draft Plan Approved lots.

Also, there is a remnant MCFA dealing with the Airport Terminal, which will be ended as there is no need for such a document, considering the amended MCFA will cover those areas of the Core Airport considered operational in nature.

The agreement, as proposed, is designed to help both the City and WCD continue with much of the original Council-approved plan and achieve the respective goals. The City currently has nominal interest and control of the airport, with the only “real” mechanism at its disposal for action being the use of the repurchase option of the Core Airport. The consequence of which carries a high cost both in terms of financial liability and one of environmental and operational risk. Understanding that the City has finite resources, the operation of an airport was, and continues to be, best left to the private sector.



Recommendation 3 of this report is requesting that City Council approve the above noted changes to the existing MCFA for the Carp Airport. Recommendation 4 is requesting City Council delegate to finalize and execute the amended agreement. Should final negotiations with WCD produce any substantial changes to the terms noted in this report, City staff will report those changes to City Council and seek any approvals needed at that time.

### **Annual Advisory Committee Meeting**

On November 19, 2020, City staff attended the annual Advisory Committee meeting held at the airport, along with representatives from WCD (Andrew Wildeboer, Carrie Antolos, Josh Blokhuis and airport manager Pat Fagnano), Helicopter Transport Services (Gary Connelly and Noel Aucoin), local resident (Greg Leblanc) and Hangar owner/tenants (Dave McIver, Chris Adams and Thom Van Eeghen). Under discussion was a review of the annual budget, the five-year capital budget and an update on the advancement of the work planned in 2021 for the airport. The work in 2021 will include the runway/taxiway and apron line painting, hangar area paving, runway and taxiway lighting, crack sealing on runway 10/28, vehicle replacement and security camera installation. The response from those present was positive and congratulatory as to the direction in which the airport is headed.

The airport has been well managed and operated these past 10 years under the current ownership, demonstrating that both City and private interest can be achieved.

### **WCD requests for Planning approvals**

Other than the reduction in ratio of the requirement for communal hangars, all other requests (additional entrance from Carp Road, water allocation and expedited planning approvals) are not within this agreement, and the owner has been instructed to follow the proper planning process. The City will however commit to giving due consideration to the owner with its development wherever and whenever possible, subject to the constraints of the legislation in place.

A circulation was undertaken throughout the City to determine if any department had comments regarding the release of the three options. No department indicated any issue.

It is also important to note that at the time of disposal (2011), the City and the purchaser (WCD) entered into the transfer agreement for not only the development land and the core operational airport land, but also the underlying environmental contamination. This responsibility now resides with the current owner and was a consideration at the time of the disposal, lessening the risk to the City. Further comment as to the known

environmental condition within the Core Airport can be found in the environmental section.

### **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 WCDs' 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, is aware of the report.

### **LEGAL IMPLICATIONS**

There are no legal impediments to adopting the recommendations in this report. Should the recommendations not be adopted, Council would need to either direct staff to exercise one or more of the options, with a funding source identified, or direct staff to permit the options to lapse. In respect of the option for the Core Airport (1.3), there are provisions in the MCFA which allow for a period to cure any breach.

### **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**

The Asset Management Branch (AMB) – Building and Park Assets (BPA) has no objection to releasing our options in respect to re-purchasing assets associated with the Carp Airport.

## **FINANCIAL IMPLICATIONS**

The financial implications have been identified and explained in the body of the report.

## **ACCESSIBILITY IMPACTS**

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

## **ENVIRONMENTAL IMPLICATIONS**

Under the terms of the “Carp Airport Municipal Capital Facility and Development Agreement” between the City of Ottawa (the “City”) and West Capital Developments (WCD) 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. Environmental considerations for future private development of the airport lands would need to comply with the requirements of the City’s Official Plan and Ontario Regulation 153/04.

## **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      Location Plan (Core Airport and Block 293)
- Document 2      Site Plan (Block 297, 302, 305, and 319)
- Document 3      Proposed severance within Core Airport following closure of  
runway 04/22 as well as location of proposed hangars and new FBO  
building

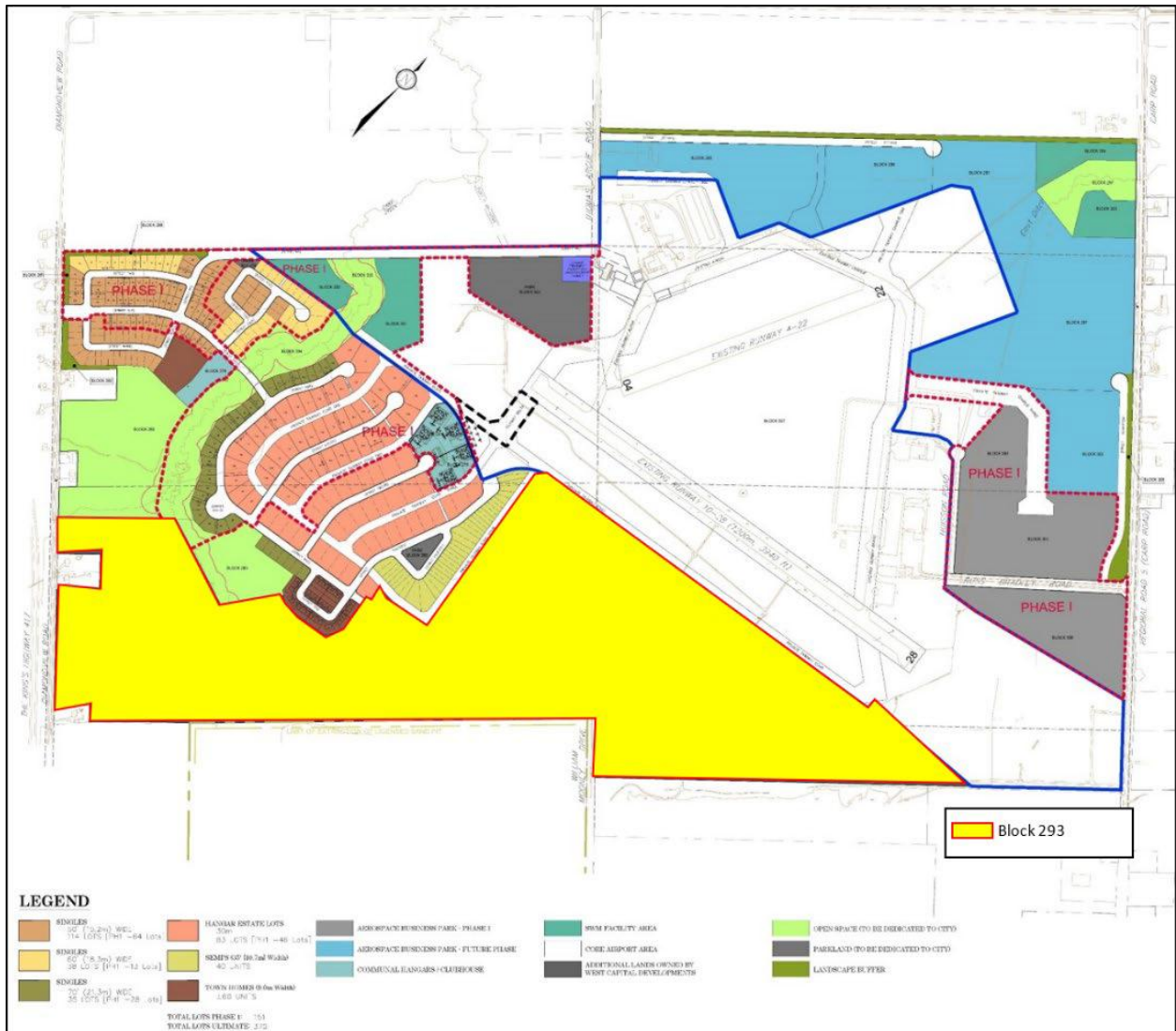
**DISPOSITION**

CREO staff will work with City Legal staff to finalize the amended MCFA and to complete execution of said document by both parties.

**Document 1 – 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 2 – Site Plan (Block 297, 302, 305, and 319)**

**Note:**

Orange area is Option described in Clause 1.5 of agreement - Blocks 297, 302, 305, 319



Document 3 – Proposed severance within Core Airport following closure of runway 04/22 as well as location of proposed hangars and new FBO building

