

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

**Agenda 8**  
**Ordre du jour 8**

**Thursday, April 27, 2000 - 9:15 a.m.**  
**Le jeudi 27 avril 2000 - 9 h 15**

**Victoria Hall, First Level**  
**Bytown Pavilion, City Hall**

**Salle Victoria, niveau 1**  
**Pavillon Bytown, hôtel de ville**

**Confirmation of Minutes  
Ratification des procès-verbaux**

Minutes 7 (April 13, 2000)  
In-Camera Minutes 6 (April 13, 2000)

Procès-verbal 7 (Le 13 avril 2000)  
Procès-verbal 6 huis clos (Le 13 avril 2000)

## **Index**

### **Action Items**

#### **Articles pour exécution**

- |    |  |                  |
|----|--|------------------|
| 1. | <b>Uncollectible Taxes - Section 441(1) of the Municipal Act<br/>Impôts irrécouvrables - Paragraphe 441(1) de la Loi sur les municipalités</b> | <b>1</b>         |
|    | Ref.: ACS2000-FN-FLS-0004  | <b>City Wide</b> |
| 2. | <b>National Arts Centre Agreement<br/>Entente avec le Centre national des arts</b>   | <b>5</b>         |
|    | Ref.: ACS2000-FN-FLS-0006  | <b>City Wide</b> |
| 3. | <b>Access Canada Program - Feasibility Study<br/>Programme ACCÈS Canada - Étude de faisabilité</b>   | <b>25</b>        |
|    | Ref.: ACS2000-CO-HRE-0001  | <b>City Wide</b> |
| 4. | <b>Access Canada Program - Pilot Project<br/>Programme Accès Canada - Projet-pilote</b>  | <b>33</b>        |
|    | Ref.: ACS1999-CV-DIA-0004  | <b>City Wide</b> |

**Regional Matters  
Questions régionales**

**Municipal Government Reform  
Réforme du gouvernement municipal**

**External Relations Matters  
Questions de relations extérieures**

**Correspondence**  
**Correspondance**

**Members' Reports - Enquiries**  
**Rapports des membres - demandes de renseignements**

Councillor/Conseillère Diane Deans, Chairperson/Présidente

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

Councillor/Conseillère Inez Berg

Councillor/Conseiller Richard Cannings

Councillor/Conseiller Ron Kolbus

Councillor/Conseiller Brian Mackey  
SEF

April 19, 2000

ACS2000-FN-FLS-0004  
(File: FRW3000/1998)

Department of Finance

Ward/Quartier  
City Wide

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

Action/Exécution

**1. Uncollectible Taxes - Section 441(1) of the Municipal Act**  
**Impôts irrécouvrables - Paragraphe 441(1) de la *Loi sur les municipalités***

**Recommendation**

That in accordance with Section 441(1) of the Municipal Act, it is recommended to City Council that taxes totalling \$2,862,900.93 be struck from the collector's roll.



April 19, 2000 (11:24a)

Mona Monkman  
City Treasurer



April 19, 2000 (12:51p)

Approved by  
John S. Burke  
Chief Administrative Officer

KH:tsc

Contact: Ken Hughes - 244-5300 ext. 1-3485

## Financial Comment

The City's share of the uncollectible taxes totalling \$2,862,900.93 is estimated at \$515,322. A provision for the full amount of the City's share has previously been accounted for in the financial statements of the Corporation.

The share of uncollectible taxes for the Region and School Board tax rates is recovered in the same proportion as the taxes are levied in the year the account is determined to be uncollectible. Penalty and interest on uncollectible taxes, attributed 100% to the City, are written off against the city's penalty and interest income in the year the account is determined to be uncollectible.



April 19, 2000 (11:25a)

Mona Monkman

City Treasurer

KH:tsc

## Executive Report

### Reasons Behind Recommendation

In accordance with the provisions of Section 441 (1) of the Municipal Act RSO 1990 this report recommends outstanding taxes in the amount of \$2,862,900.93 which are deemed to be uncollectible be struck from the collectors roll. The majority of these taxes were levied in the years from 1995 through to 1998 and include taxes identified as uncollectible as at December 31, 1998.

Approximately \$953,105 of these uncollectible taxes are business taxes, \$40,585 are realty taxes due from Crown tenants, \$229,102 are realty taxes resulting from payment settlements with the Business Development Bank, \$698,041 are realty taxes resulting from the sale of 207 MacLaren Street in August, 1997, which was approved by Council in 1997, and \$938,749 are realty taxes resulting from the vesting of properties registered for tax sales under the provisions of the Municipal Tax Sales Act.

These accounts have been referred to a collection agency or legal action has been taken, but this action has not resulted in payment. As all avenues of recovery are now exhausted, these accounts should be struck from the collectors roll. Council approval is required for these accounts deemed uncollectible under Section 441 (1) of the Municipal Act. Council approval is not required to write off accounts not collectible pursuant to decisions of the Bankruptcy Court.

The City's share of the uncollectible taxes totalling \$2,862,900.93 is estimated at \$515,322. A provision for the full amount of the City's share has previously been accounted for in the financial statements of the Corporation.

### **Disposition**

Department of Finance.

### **List of Supporting Documentation**

Document 1     Dated April 12, 2000, fifty-seven (57) pages listing applications being numbered No. 1 up to and including No. 715 totalling \$2,862,900.93 which is On File with the City Clerk

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April 19, 2000

ACS2000-FN-FLS-0006  
(File: LGA1100/0500)

Department of Finance

Ward/Quartier  
City Wide

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

Action/Exécution

## 2. National Arts Centre Agreement

### Entente avec le Centre national des arts

#### Recommendation

That City Council confirm the requirement for a payment of \$5 million from the National Arts Centre for the year 2000 subject to the property ownership having transferred to the National Arts Centre Corporation by May 15, 2000.



April 19, 2000 (10:52a)

Mona Monkman  
City Treasurer



April 19, 2000 (2:59p)

Approved by  
John S. Burke  
Chief Administrative Officer

MM:tc

Contact: Mona Monkman - 244-5300 ext. 1-3889

#### Financial Comment

The City's budget for the year 2000 has been prepared on the assumption that the property would transfer on January 1, 2000 and that the amount paid by the NACC during this calendar year would be \$5 million.

Since Council approved the agreement in December of 1999, it is staff's assessment that this does not require Transition Board approval. However, a copy of this report will be forwarded to the Board member responsible for financial matters, for the information of the board.



April 19, 2000 (10:53a)

Mona Monkman  
City Treasurer

MM:tsc

## **Executive Report**

### **Reasons Behind Recommendation**

In December of 1999, City Council approved a payment arrangement with the National Arts Centre Corporation whereby the NACC would pay the City of Ottawa \$5 million during 2000. This agreement was contemplated on the understanding that the National Arts Centre would be transferred from Federal Government ownership to the National Arts Centre Corporation effective January 1, 2000 or shortly thereafter.

The date of transfer is important in that the tax exemption for large theatres is dependent on the property being owned by a non profit corporation (the National Arts Centre Corporation). Until the date of transfer, the property is still taxable.

Staff were directed by the Council report to finalize the agreement with the National Arts Centre Corporation under the terms incorporated in the December 1, 1999 Council report. That report is attached as Document 4. Other relevant background materials are also attached to this report, including the draft agreement.

The property has not yet transferred from Federal Government ownership. It has taken some time to finalize legal aspects with respect to the property description and also to obtain Treasury Board and NCC approval.

The delay in the transfer of the property required us to address whether the payments for this year should be adjusted to take into account the portion of the year when the property remains taxable. Under the taxable scenario, the PILs on this property would amount to \$6,458,000 for a full calendar year in 2000. Unless otherwise agreed to, if the property were owned by the National Arts Centre Corporation, the property would be exempt from taxation/PILs and there would be no payment required by the NACC. The Council directive and NACC acceptance in December of 1999 was for a voluntary payment of \$5,000,000 this year. Given the delay in transfer of ownership, the difference between the \$6.458 million and the \$5 million is \$486,000 for the period January to April.

While the Federal Government is responsible for the Payments In Lieu on this property until the transfer date, they are also the funding arm for the NAC. If the City requires the additional payment of \$486,000 to be paid, the amount required will ultimately erode the funds available by the NAC to pursue capital development plans. To date, the Federal Government has not advanced any PIL payment on this property in the year 2000 pending the imminent transfer.

In staff's opinion, the delay in the transfer of the property is reasonable given the myriad of approvals from various government bodies required to affect the transaction. Consequently, staff are recommending that the amount required in payments on the National Arts Centre Corporation during the year 2000 be maintained at the originally agreed amount of \$5 million. It is our understanding that the transfer of the property is imminent. Should the transfer not be completed by May 15<sup>th</sup>, this agreement will need to be revisited.

## **Disposition**

The Department of Finance.

## **List of Supporting Documentation**

- |            |   |
|------------|---|
| Document 1 | Draft agreement - National Arts Centre Corporation                        |
| Document 2 | Letter dated December 13, 1999 to Deputy Minister of Finance              |
| Document 3 | Letter dated December 6, 1999 to Executive Director, National Arts Centre |
| Document 4 | Report to City Council, December 1, 1999 on National Arts Centre Taxation |

## Part II - Supporting Documentation

Draft Agreement - National Arts Centre Corporation

Document 1

**THIS AGREEMENT made in triplicate as of this                      day of December, 1999.**

**BETWEEN:**

**NATIONAL ARTS CENTRE CORPORATION**

a body politic incorporated pursuant to the *National Arts Centre Act*, R.S.C. 1985, N-3  
as amended  
[hereinafter referred to as the "Payor"]

**- and -**

**THE CORPORATION OF THE CITY OF OTTAWA**

a municipality incorporated pursuant to the *Municipal Act*, R.S.O., 1990, c. M.45,  
and to be re-structured under the *City of Ottawa Act*, 1999,  
[hereinafter referred to as the "Payee"]

**WHEREAS** the Payor has acquired from Her Majesty in Right of Canada, represented by the Minister of Supply and Services and of Public Works, legal title to and rights in the land as described in Schedule "A" and illustrated on the map on Schedule "B," both of which are hereto attached to and form part of this Agreement and, at this time, is finalizing the acquisition of the title and or rights in and to the other lands illustrated in Schedule "C", hereto attached and forming part of this Agreement (together herein as now and when acquired called the "Lands").

**AND WHEREAS** previous to the transfer of title of Lands, the Payee received from Her Majesty in Right of Canada annual grants-in- lieu of taxes pursuant to the *Municipal Grants Act*, R.S.C., 1985, M-13 as amended.

**AND WHEREAS** the Payor having obtained title and rights in and to the Lands and premises, such Lands and the Payor are respectively exempt from the burden and payment of municipal taxes as assessed pursuant to the *Assessment Act*, R.S.O. 1990, c. A.31.

**AND WHEREAS** the Payor and the Payee wish to enter into an agreement to establish an ex gratia payment arrangement which will lessen the financial impact to the Payee as a result of the transfer of title of the Lands, to recognize the related incidental rental, restaurant and parking activities carried out on the Lands and contribute to the services provided by the Payee and local taxpayers to the Payor.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the mutual covenants and agreements herein and subject to the terms and conditions set out in this Agreement, the parties agree as follows:

1. The Payor represents that the Lands are exempt from municipal taxes pursuant to Section 3(1) 27 of the *Assessment Act* as confirmed by the Ontario Property Assessment Corporation in its letter dated December 13, 1999 addressed to The Corporation of the City of Ottawa. The Payee acknowledges that it shall not initiate or support any action to repeal or amend the exemption from municipal taxation of the Lands owned by the Payor pursuant to the *Assessment Act*.
2. Provided that the Payor and the Lands are exempt from all forms of municipal taxation in the applicable calendar year, the Payor agrees to pay to the Payee the annual payment (“Annual Payment”) as set out in the *Schedule of Payments* attached hereto as Schedule “D” to this Agreement. The Annual Payment shall be paid on or before the installment dates and in such installment amounts that correspond to the Payee’s generally applicable municipal tax collection scheme.
3. In the event that the Payor is overdue in making the Annual Payment or installment on account thereof as provided for in this Agreement, in addition to being liable for the payment of the full amount, the Payor shall be liable for any interest that may be charged by the Payee at the rate of interest determined as the equivalent to the most current rate of interest that is payable to Her Majesty the Queen, in right of Canada, as determined by Section 155.1 of Part XI of the federal *Financial Administration Act* R.S.C. 1985, F-11, as amended, and the regulations thereunder.
4. Upon default by the Payor under any terms of this Agreement, and at any time after the default, if the Payor does not remedy the default within 60 days of receipt of written notice of the particulars of the default, the Payee shall then have all rights and remedies provided by law and by this Agreement. No delay or omission by the Payee in exercising any right or remedy shall operate as a waiver of them or of any other right or remedy, and no single or partial exercise of a right or remedy shall preclude any other or further exercise of them or the exercise of any other right or remedy. Furthermore, the Payee may remedy any default by Payor in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by the Payor. All rights and remedies of the Payee granted or recognized in this Agreement are cumulative and may, subject to the Payee’s right to remedy, be exercised at any time and from time to time independently or in combination.
5. The initial term of this Agreement is ten (10) years and may be extended for a further term of ten (10) years. The initial ten year term of this Agreement may be extended by either party giving written notice on or before January 31, 2008 to the other of the exercise of its right to extend the term and thereupon this Agreement shall be automatically extended for a further term of ten (10) years with all terms and conditions

of this Agreement to remain, save and except Schedule “D” which will be revised as follows:

- i. Until an agreement by the parties acting reasonably and in good faith is reached as to the amount(s) of the Annual Payment in the extended term, the amount of the Annual Payment provided for in calendar 2009 in Schedule “B” shall continue for subsequent calendar years.
  - ii. The Parties acting reasonably and in good faith will negotiate the ex gratia amount of the Annual Payments to be paid pursuant to Schedule “D” in the extended term on the basis of the spirit of this Agreement as expressed in its recitals.
6. Subject to Clause 8 below, this Agreement shall not be modified, varied or amended except by an instrument in writing signed by the parties hereto.
7. The Payor shall notify, in writing, the Payee immediately upon any of the following acts occurring:
  - a. any change in the Payor’s exempt status under the *Assessment Act*;
  - b. any change in the Payor’s status under the *National Arts Centre Act*.
8. This Agreement is the entire agreement between the parties with regard to the matters dealt with in it, and there are no understandings or agreements, representations, warranties, conditions or collateral terms, verbal or otherwise, existing between the parties except as expressly set out in this Agreement. The consideration stated herein is the sole consideration and inducement for the execution of this Agreement.
9. Any notice herein required or permitted to be given under this Agreement shall be delivered personally, by facsimile, or by prepaid registered mail to:
  - i. to the Payor at:  
Director General and Chief Executive Officer  
PO Box 1534, Stn. B.  
Ottawa, Ontario  
K1P 5W1  
Facsimile Number: (612) 238-4556  
cc--Secretary

- ii. to the Payee at:  
 The City of Ottawa  
 Attention: City Treasurer  
 Department of Finance  
 111 Sussex Drive  
 Ottawa, Ontario  
 K1N 5A1  
 Facsimile Number: (613) 244-5457

Any notice given personally or by facsimile shall be deemed to have been given on the date of delivery, if a business day, if not, then the next business day. Notice given by prepaid registered mail shall be deemed to have been given on the fifth business day following the date on which such notice is given. In the event of a postal strike, notice shall only be given personally or by fax.

Either party to this Agreement may, at any time, give notice under this clause to the other of a change of address and thereafter such changed address shall be substituted for the previous address set out in above.

10. This Agreement shall enure to the benefit of and be binding upon the respective successors and assigns of the parties. The terms of this Agreement will continue in force notwithstanding the municipal amalgamation to come into effect on January 1, 2001 pursuant to the *City of Ottawa Act, 1999*.

**IN WITNESS WHEREOF** The Corporation of the City of Ottawa has hereunto affixed its seal by the hands of its proper officer this        day of March, 2000, the National Arts Centre Corporation has hereto affixed its seal by the hands of its proper officers this        day of March, 2000.

SIGNED, SEALED, AND DELIVERED

**THE NATIONAL ARTS CENTRE CORPORATION**

---

(I have authority to bind the corporation)

Per:(Name & Office)

---

(I have authority to bind the corporation)

Per:(Name & Office)

**THE CORPORATION OF THE CITY OF OTTAWA**

---

Mayor  
(I have authority to bind the corporation)

---

City Clerk  
(I have authority to bind the corporation)

**SCHEDULE “A”**

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14, Plan 1615, Canal Street, Plan 1615, closed by By-law CR200764, except Parts 4 and 23, Plan 5R-6023; Part Lot C, Concession C, Rideau Front, Part Lots 31 and 32, Plan 3922, North side Queen Street (numbering east); Part Lot parallelogram Lot, Plan 3922, marked ordinance on Plan 3922; Part Lot strip of land, Plan 3922, lying East of Lot 30, South side Sparks Street (numbering east) and Lot 32, North side Queen Street (numbering east); Part Queen Street, Plan 3922, closed by By-law CR200764; Part Lot 31 and Lots 32 and 33, Plan 3922, South side Queen Street numbering east; Part Lot 31 and Lots 32, 33 and 34, Plan 3922, North side Albert Street numbering east; Street allowance, Plan 3922, between Lots 32 and 33, South side Queen Street (numbering east) to North side Albert Street; Part Albert Street, Plan 3922, closed by By-law CR502630; Part Lots 61, 62, 63, 64, 65 and 66, Plan 3922, South side Albert Street; Part Lots 61, 62, 63, 64, 65 and 66, Plan 3922, North side Slater Street; Part Slater Street, Plan 3922, closed by By-law CR502629, all being Parts 1 to 17, 23 to 30, 37 to 40, 42 to 45, all inclusive, Plan 4R-2254; Part Lot C, Concession C, Rideau Front, Part 22, Plan 5R-6023, being part of unnamed Street commonly called Canal Street, closed by By-law CR200764; subject to N749350; subject to the interest in CR491793; subject to N749357, Ottawa/Nepean.

Note: Legal Description to be verified

**SCHEDULE “B”****SCHEDULE “C”****SCHEDULE “D”**

Schedule of Payments  
 To be made by NACC to the City of Ottawa  
 2000 through 2009

<b>Calendar Year</b>	<b>Amount</b>
April 1, 2000	\$2,500,000.00
May 31, 2000	\$1,250,000.00
June 28, 2000	\$1,250,000.00
2001	\$1,250,000.00
2002	\$1,250,000.00
2003	\$2,000,000.00
2004	\$2,000,000.00
2005	\$2,000,000.00
2006	\$2,000,000.00
2007	\$2,000,000.00
2008	\$2,000,000.00
2009	\$2,000,000.00

Letter dated December 13, 1999 to Deputy Minister of Finance

Document 2

December 13, 1999

Dr. Bryne Purchase  
Deputy Minister  
Ministry of Finance  
7<sup>th</sup> Floor, Frost Building South  
7 Queen's Park Crescent  
Toronto ON M7A 1Y7

Dear Mr. Purchase:

**Subject: National Arts Centre Taxation**

I would like to bring you up to date on the discussions between the City and the National Arts Centre regarding the large theatre tax exemption. Copies of the Council report have already been provided to staff in both Ministries.

City and Region of Ottawa-Carleton staff have had several discussions with representatives from the Ministry of Finance and Municipal Affairs on this topic. In the spring of this year, Ministry of Finance representatives had encouraged us to attempt to reach an agreement with the National Arts Centre. We are pleased to report that this has now been accomplished. The attached Council report outlines briefly the elements of the agreement.

Section 3(27) of the Assessment Act, which was introduced in 1998, saw a new exemption for theatres over 1,000 seats which were owned by a non-profit corporation. With that new legislation, the National Arts Centre and Public Works and Government Services Canada determined that the NAC would be exempt entirely from property taxes. Since this would mean a loss of some \$6 million annually in Payments In Lieu of taxes/taxes to both local levels of government, we were interested in discussing with the interested parties how this loss could be mitigated.

The agreement sees that determining the National Arts Centre Corporation will continue to make a stream of payments to the City of \$2 million per year range. The Federal Government continued to pay full PILs in 1998 and 1999 of \$6 million/year while these discussions were ongoing. The decreased payments will be phased in starting in the year 2000. The new stream of payments are being made because the Federal Government and NAC recognized that there continued to be commercial operations in the facility (restaurant, catering, parking etc.). They also recognized that it would be inappropriate to have the local taxpayer take the full brunt of the revenue loss. The Federal Government has committed to return the savings from the elimination of PILs to the NAC so that the funds can be used toward a capital improvement program for the National Arts Centre.

We see the agreement as a win-win for all. The local taxpayer will not lose the entire revenue source. The Province's initiatives toward supporting the large theatre industry which were embodied in new legislation are achieved. The National Arts Centre will finally have some funding to begin capital improvements to the facility. These expenditures will provide construction activity and employment in the local community.

Should you require further information on this transaction, please do not hesitate to contact either myself or Mona Monkman.

Yours truly,

A handwritten signature in black ink, appearing to read "J.S. Burke". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

John S. Burke  
Chief Administrative Officer

MM:tsc

c.c. Mr. Michael Fenn  
Deputy Minister  
Ministry of Municipal Affairs and Housing  
17<sup>th</sup> Floor, 777 Bay Street  
Toronto ON M5G 2E5

Attach.

December 6, 1999

Mr. Peter Herrndorf  
Executive Director  
National Arts Centre  
53 Elgin  
P.O. Box 1534  
Stn. B  
Ottawa ON K1P 5W1

Dear Mr. Herrndorf:

**Subject: Payments in Lieu of Taxes - National Arts Centre**

I acknowledge receipt of your letter dated November 30<sup>th</sup>, 1999 to which was attached a document entitled "Letter and Payment Agreement". I have the following comments thereon.

1. The payment schedule contained in the "Letter and Payment Agreement" was approved by City Council on December 1, 1999. A copy of the Council report is attached.
2. Your document (paragraph 2) refers to "... any amounts that may be requested by the City of Ottawa or any future taxing authority that may come about as a result of the governance review". The provincial government has now indicated its intent to bring into effect legislation that will result in the amalgamation of the City of Ottawa with the area municipalities and the Regional Municipality of Ottawa-Carleton effective January 1, 2001. The draft legislation contains provisions that all existing agreements and contracts with the pre-amalgamation municipalities will continue in full force and effect. This agreement with the National Arts Centre would therefore be covered by such provisions.
3. The Ottawa-Carleton Assessment Office has confirmed to me that the National Arts Centre would be exempted from taxation pursuant to paragraph 3. 27 if the property were registered in the name of a non-profit corporation.

Subject to these comments, your Schedule of Payment is acceptable to the City of Ottawa as a settlement of the taxes/payment in lieu of taxes issue that we have discussing over the past few months.

**18**

A formal agreement will follow.

Yours truly,

A handwritten signature in black ink that reads "Mona Monkman". The signature is written in a cursive style with a prominent flourish at the end.

Mona Monkman  
City Treasurer  
MM:tsc



City of  
Ville d' **Ottawa**

November 25, 1999

ACS1999-FN-COM-001  
(File: ACS1300)

Department of Finance

Ward/Quartier  
City Wide

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

Action/Exécution

**5. National Arts Centre Taxation  
Imposition - Centre national des arts**

**Recommendations**

1. That the City Solicitor, in consultation with the City Treasurer, be given the authority to finalize an agreement with the National Arts Centre Corporation for execution by the City, under the terms incorporated in this report, together with the necessary non-monetary terms to conclude a legally enforceable agreement.
2. That the City distribute to the Region of Ottawa-Carleton a share of payments made by the National Arts Centre Corporation, based on the proportionate distribution rates of Payment in Lieu revenues to the Region, to the extent that similar arrangements will be put in place and continue for any similar transactions, including the Government Conference Centre.

*Mona Monkman*

November 24, 1999 (2:56p)

Mona Monkman  
City Treasurer

*John S. Burke*

November 25, 1999 (8:55a)

Approved by  
John S. Burke  
Chief Administrative Officer

MM:tsc

Contact: Mona Monkman, 244-5300 ext. 3889

***Policy, Priorities and Budgeting Committee Recommendation - November 25, 1999***

- *The Committee concurs and so recommends.*

Policy, Priorities and Budgeting Committee (Report 19 - December 1, 1999)  
Comité des politiques, des priorités et des budgets (Rapport 19 - Le 1 décembre 1999)

06

## Financial Comment

The recommended year 2000 budget was prepared on the assumption that payments would continue to be made on the National Arts Centre property. The proposed payment from the National Arts Centre Corporation will be sufficient to achieve the revenue projections which are incorporated in the draft 2000 budget.

*Mona Monkman*

November 24, 1999 (2:56p)

Mona Monkman  
City Treasurer

MM:tsc

## Executive Report

### Reasons Behind Recommendations

#### Background:

In 1998, the Province of Ontario introduced new tax legislation that would exempt from taxation large theatres in Ontario when they are owned and operated by non-profit corporations. The specific text of the exemption is as follows:

*"Land used as a theatre that contains 1,000 seats or more and that is used to present, on a total of at least 183 days in the taxation year, live performances of drama, comedy, music or dance, including opera or ballet, that are not presented with the intention of generating profit. This paragraph applies only if the theatre is owned and operated by a non-profit corporation without share capital. ..."* (Assessment Act Sec. 3(27)).

The National Arts Centre is presently owned by the Federal Government. The Federal Government has signified its intention to transfer ownership of the property to the National Arts Centre Corporation effective January 1, 2000.

The effects of the new tax exemption and the transfer of the property means that the National Arts Centre would be exempt from taxation.

Since becoming aware of the changes in taxation rules for large theatres in 1998, City staff have been discussing the issue of taxation with Public Works and Government Services Canada and with staff at the National Arts Centre Corporation.

Policy, Priorities and Budgeting Committee (Report 19 - December 1, 1999)  
Comité des politiques, des priorités et des budgets (Rapport 19 - Le 1 décembre 1999)

After two years of discussion, the Federal Government would like to proceed with the transfer of the property.

In order to ensure that the City can mitigate the Payment in Lieu revenue loss from this transaction, and the application of Section 3(27) of the Assessment Act, City staff have negotiated with the National Arts Centre Corporation to have a payment arrangement continue with the National Arts Centre Corporation.

The "privatization" of the National Arts Centre through the transfer out of Federal ownership would cause a loss of half of the City's payments in lieu whether or not the large theatre exemption existed.

The payment arrangement will ensure that the National Arts Centre Corporation continues to pay amounts to local governments which are consistent with the taxation of the commercial portions of the operation.

The discussion under Recommendation shows the terms of this arrangement.

The following table shows the Payments In Lieu receivable on the National Arts Centre and the relative shares for the City and the Region of Ottawa-Carleton.

	City share	Region of Ottawa- Carleton share	Total Payment
1997	2,683,368 (64.8%)	1,457,632 (35.2%)	4,141,000
1998	3,641,857 (61.1%)	2,314,518 (38.9%)	5,956,375
1999	3,792,097 (61.5%)	2,369,909 (38.5%)	6,162,006
2000 with large theatre exemption	0	0	0

The PIL increased significantly with Property Tax reform instituted in 1998. The total payment with the tax capping provisions of Bill 79 rose from \$4.1 million in 1997 to \$6.2 million in 1999. In an uncapped property tax scenario, the total PIL were the property to remain in Federal ownership would be \$8.6 million based on the assessed value of the property.

## 108

The new provisions introduced in Provincial legislation would exempt the payment entirely from taxation if it were owned and operated by a non-profit corporation. This is the projection for the year 2000 based on the advice provided by Public Works and Government Services Canada that the Federal Government intends to transfer this property to the National Arts Centre Corporation, effective January 1, 2000.

Recommendation 1:

Acceptance of recommendation 1 would see the City continue to receive a revenue stream on the National Arts Centre, despite the provisions of Provincial tax legislation and Federal legislation which would otherwise result in a full elimination of payment in lieu of taxation revenues presently received on this property.

This recommendation will allow staff to finalize an agreement with the National Arts Centre Corporation which would see an ongoing stream of revenues paid to the municipality. The Board of the National Arts Centre Corporation will also have to approve this agreement. We have also been advised that a Treasury Board submission is necessary to affect various elements of the transaction. Time frames discussed with Public Works and Government Services staff would see a transfer of the property at the beginning of the year 2000.

Elements of the Proposed Agreement:

Through discussions, Public Works and Government Services staff and National Arts Centre Corporation staff have indicated that the following elements would form part of the agreement. We are awaiting confirmation in writing from the National Arts Centre Corporation on the elements of the proposal.

1. The following payments would be made on an annual basis:
  - 1999 - \$6,162,006 full payment in lieu of taxes
  - 2000 - \$5,000,000 payment in the calendar year 2000
  - 2001 - \$1,250,000 payment
  - 2002 - \$1,250,000 payment
  - 2003 to 2009 - \$2,000,000 payment per year
2. The payment stream would be reviewed after 2009.
3. The National Arts Centre Corporation will require that this agreement will continue despite any change in municipal structure.

Recommendation 2:

The Region of Ottawa-Carleton currently receives 38.5% of Payments In Lieu of Property Taxes. Under recommendation 1, these former Payment in Lieu revenue sources will be replaced with a payment from the National Arts Centre Corporation.

Policy, Priorities and Budgeting Committee (Report 19 - December 1, 1999)  
Comité des politiques, des priorités et des budgets ( Rapport 19 - Le 1 décembre 1999)

If the City were to share these revenues with the Region of Ottawa-Carleton on the same basis as is currently in place, the Region would receive \$1,925,000 in revenues from the \$5,000,000 payment in the year 2000. This is more than the Region received in 1997 but less than has been the case since property tax reform in 1998 when the Region benefited from receiving a greater share of PILs (35.2% in 1997 climbed to 38.5% in 1999), and with the larger payments on the National Arts Centre due to the 1998 reassessment effects on the property.

The Region's relative share would continue for payments beyond 2000, pending other changes to municipal structures in the Region post 2000.

This recommendation to continue to share these revenues with the Region of Ottawa-Carleton is dependent on the Region continuing to share similar revenue sources which would otherwise be lost from the City's budget as a result of changes in tax policy or in the nature of taxation for existing Payment In Lieu properties. An example of such an impending change is the potential transaction to have the Government Conference Centre become a Canadian Sports Hall of Fame.

#### Consultation

None required as this is an administrative matter.

#### Disposition

Finance Department and City Solicitor's Office to take necessary action.

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April 17, 2000

ACS2000-CO-HRE-0001  
(File: ACV1390/0110)

Office of the Chief Administrative Officer

Ward/Quartier  
City Wide

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

Action/Exécution

### **3. Access Canada Program - Feasibility Study** **Programme ACCÈS Canada - Étude de faisabilité**

#### **Recommendations**

1. That the action plan set forth in Document 1 to review the Hotel Association of Canada's *Access Canada - A Barrier Free Standards and Rating Program* in order to determine the feasibility of its application for city-wide implementation be approved.
2. That the funding for the consultant for the feasibility study be taken from the Reserve for General Contingency.



April 17, 2000 (1:52p)

John Burke  
Chief Administrative Officer

TT-MS:tt

Contact: Michael Smith - 244-5300 ext. 1-4084

## Financial Comment

Subject to City Council approval, funds in the amount of \$10,000. are available in the General Contingency Reserve account for transfer to the Office of the Chief Administrative Officer - Human Rights and Employment Equity account 1531111 for the hiring of a consultant for this purpose.



April 17, 2000 (2:56p)

for Mona Monkman  
City Treasurer

BH:cds

## Executive Report

### Reasons Behind Recommendations

#### Recommendation One

On March 30, 2000, the Policy, Priorities and Budgeting Committee (PP&B) considered the following recommendation from the Disability Issues Advisory Committee (DIAC):

“That the City of Ottawa review the Hotel Association of Canada’s *Access Canada Program* in order to determine the feasibility of city wide implementation and that subject to the acceptance of such a program the ByWard market area be used as a pilot project.”

This item was deferred to a subsequent PP&B meeting to allow staff, DIAC and PP&B to plan a possible approach to facilitate the project recommended.

This submission recommends for approval an action plan (attached as Document 1) that will allow for the necessary foundation research, including community consultation, to be performed to ensure

- that an appropriate barrier free standards and rating system is identified to meet the requirements of the various types of enterprises in the ByWard market area initially on a pilot project basis and potentially city-wide, and
- that the objectives of the subsequent pilot project and all its implications are clearly described and commonly understood so that decisions can be made as to the concrete results expected and over what time frame.

The action plan recognizes the following.

- That the Disability Issues Advisory Committee (DIAC) recommendation includes at least two phases to one overall project: the first to review the feasibility of City-wide implementation of The Hotel Association of Canada's *Access Canada - A Barrier Free Standards and Rating System Program (Access Canada)*; and the second, subject to the acceptance of such a program, to pilot its use in the ByWard market area. As such, the recommended action plan focuses on the first phase of the project. The results of the first phase will form the basis for alternatives, implications and recommendations for the actual pilot project.
- That DIAC envisages a city-wide initiative that is expanded to apply to enterprises other than the hotel industry and that *Access Canada* was developed to meet specific requirements of accommodation/hospitality properties, e.g. hotels, and their guests' needs, specifically seniors and people with disabilities. (*Access Canada* program highlights are provided in Document 2.) Because of this, staff's position is that *Access Canada* will need to be evaluated against prevailing practices/trends/systems locally, provincially, nationally and internationally across a representative sample of enterprise types to ensure its applicability for broader City of Ottawa implementation and its responsiveness to the needs of both enterprise owners and Canadian and international tourists and business visitors from outside the Ottawa area. The representative sample of enterprise types serving travellers will be selected from a geographical area that will be confined to the ByWard market area for the purposes of this phase of the project.
- That the community partners and stakeholders to this initiative are key to ensuring its success and as such will need to be identified and consulted for their input regarding the application of barrier free standards and rating systems in general and *Access Canada* in particular. Community partners and stakeholders will include among others, DIAC, the ByWard Market Business Improvement Area, the Business Owners and Managers Association, the Disabled Persons Community Resources and the Tourism Authority.
- That this first phase will be managed through the Office of the Chief Administrative Officer by the Manager, Human Rights and Employment Equity Division. The Manager will be supported by a working group comprised of City staff and supplemented by an external consultant to conduct research on prevailing practices/trends/systems for barrier free standards and ratings. It is estimated that the cost for the consultant will be between \$5,000 and \$10,000 with an upset limit of \$10,000.
- That the Office of the Chief Administrative Officer is Lead Department to DIAC, and the Manager, Human Rights and Employment Equity Division will establish a specific liaison/consultation mechanism on this project to allow for regular and consistent reporting to and input from DIAC.

- That standards of accessibility are not necessarily tied to building codes alone but have been expanded and defined by emerging human rights jurisprudence. A multi-disciplinary approach building on the earlier project of City-wide facility accessibility audits led by the Manager, Human Rights and Employment Equity Division will include input from departmental staff areas such as Economic Development, Asset Management, Office of the City Solicitor, Building Codes Services and Corporate Communications.
- That the project will require a detailed communications plan so that both internal and external partners are sufficiently aware of the benefits of participation to become involved in this voluntary program. Businesses, for example, serving the travelling American public will need to know how this may help them to meet the new business imperative and satisfy expectations which USA travellers have come to develop as a result of the requirements in American industries as a result of the Americans with Disabilities Act. Similarly, travelling seniors and people with disabilities will at some stage need to become aware of the rating system, participating businesses, etc.
- That the deliverable for this project will include a report to PP&B and Council in August 2000 indicating the results of the *Access Canada* feasibility exercise as well as any recommended alternatives and next steps. The time lines for this project have been developed to take into consideration high and low activity periods for ByWard market area enterprises so that they are available to participate in this project and so that the City can allow groups such as the ByWard Market Business Improvement Area and participating businesses to play a role.

### Recommendation Two

This is a one-time project for which no support funding was allocated in the 2000 Operating Budget and which is consistent with the purposes of the Reserve for General Contingency.

### Consultation

DIAC has seen this report and considers it to be 'an excellent report...a feasible approach...well thought out'. Their only concern was the time line and therefore recommended 'that the assessment period be completed and presented to PP&B by the end of August and proceed rapidly to implementation in test area for completion by November/December 2000'.

Time lines have been amended to reflect DIAC's concerns regarding Phase 1 Feasibility Study schedule and reporting. The August 2000 Report will make concrete recommendations regarding Phase 2 Implementation.

The ward Councillor has been consulted and supports this report and its recommendations.

## **Disposition**

Office of the Chief Administrative Officer: On Council approval, to conduct a study to determine Feasibility of *Access Canada* as a Model for the Benefit of Tourists and Business Visitors to the ByWard Market.

## **List of Supporting Documentation**

- Document 1    Action Plan to Determine Feasibility of *Access Canada* as a Model for the Benefit of Tourists and Business Visitors to the ByWard Market
- Document 2    *Access Canada* - Standards and Rating Program Framework Highlights

## Part II - Supporting Documentation

Document 1

### Action Plan to Determine Feasibility of *Access Canada* as a Model for the Benefit of Tourists and Business Visitors to the ByWard Market

ACTION	TIMEFRAME
1. Establish a working group headed by the Manager of Human Rights and Employment Equity of the Office of the Chief Administrative Officer.	April 2000
2. Define the boundaries of the geographical area to be captured in the feasibility study as well as the number and types of enterprises to serve as a representative sample.	May 2000
3. Determine prevailing practices/trends/systems locally, provincially, nationally and internationally and across types of enterprises where barrier free standards and rating systems are concerned.	July 2000
4. Develop and implement a communication/consultation process to obtain input from community partners and stakeholders regarding the potential application of barrier free standards and rating systems in general and <i>Access Canada</i> in particular to the representative sample of enterprises included in the feasibility study.	July 2000
5. Report results as well as any recommend alternatives and next steps to PP&B and Council.	August 2000

## **Access Canada - Standards and Rating Program Framework Highlights**

The Hotel Association of Canada's *Access Canada - A Barrier Free Standards and Rating Program Operator's Manual (Access Canada)* was created to provide hospitality operators with information and tools to

- 'meet the needs of specific segments of the tourism market, namely, seniors and people with disabilities and provide excellence in customer service, making guests feel welcome, and
- increase the attraction to, and therefore use of, accommodations, to this market group'.

The objectives of the program include:

- decreasing physical and service barriers;
- improving excellence of customer service;
- increasing the number of new and repeat customers;
- responding to a rapidly aging population and the increasing travel patterns of people with disabilities;
- promoting universal design;
- increasing guest safety and decreasing liability for owners;
- increasing guest orientation/comfort level; and
- supporting owners in implementing the system.

*Access Canada* was not developed to parallel or replace building codes but rather to meet specific requirements of accommodation/hospitality properties, e.g. hotels, and their guests' needs. As described in the operator's manual, 'it provides the consumer with a method for determining what property can make their stay 'enjoyable and relaxing'. The system is based on the wide range of needs within the population of seniors and consumers with disabilities and is intended to recognize four levels of accessibility. Each level is outlined with consumer category needs and the criteria required to meet the particular level. Participating properties are allowed to post the appropriate program level logo for their property only after meeting the set criteria. Each rated property has a Fact Sheet available for potential guests who require more detailed information on the facility and services offered'.

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February 17, 2000

ACS1999-CV-DIA-0004  
(File: ACS1300)

Disability Issues Advisory Committee

Ward/Quartier  
City Wide

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

Action/Exécution

#### **4. Access Canada Program - Pilot Project** **Programme Accès Canada - Projet-pilote**

#### **Recommendation**

That the City of Ottawa review the Hotel Association of Canada's *Access Canada Program* in order to determine the feasibility of city wide implementation and that subject to the acceptance of such a program the ByWard market area be used as a pilot project.



Bob Brown  
Chairperson

BM:cl

Contact: Bob Brown 731-1989  
Carole Langford - 244-5300 ext. 1-3617

#### ***Policy, Priorities and Budgeting Committee Action - March 30, 2000***

- ▶ *The Committee deferred this item to its April 13, 2000 meeting to all staff, DIAC and PP&B to plan a possible approach to facilitate the project recommended.*

*Yeas: (3) Councillors Deans, Berg and Mackey*

*Nays: (2) Councillors Bickford and Cannings*

## Financial Comment

There are no staff resources or support funding allocated in the 2000 Operating Budget specifically for this project. Approval of this submission will require redeployment of existing Department of Urban Planning and Public Works staff time and support funding.



March 21, 2000 (8:00a)

for Mona Monkman  
City Treasurer

BH:cds

## Executive Report

### Reasons Behind Recommendation

The Hotel Association of Canada, recognizing the commercial benefits of servicing the needs of the community of people with disabilities, operates a program called “Access Canada”. Access Canada provides coded information on the degree of accessibility of hotels for guests, travellers, and service users with special needs, or those planning events who wish to take accommodation of disability into consideration.

The Disability Issues Advisory Committee (DIAC) would like to encourage the City of Ottawa to examine the Access Canada program as a potential model for the benefit of visitors to the national capital. While the Committee envisions this as a City-wide initiative, it seems strategic to focus on a smaller area as a pilot project. Given the number of tourists and business visitors to the downtown area, the ByWard Market would appear to be the logical section for this initial scrutiny.

The Committee proposes that the Access Canada system be expanded to apply to enterprises other than the hotel industry, such as malls, restaurants, convention centres, civic institutions, museums, and galleries. Obviously, this may require a multi-disciplinary approach, including facility managers, urban planners, human rights experts, and others.

### Consultation

DIAC, at its meeting of April 15, 1999 and February 15, 2000 discussed the above-noted item with the ByWard Market Business Improvement Area. Sub-Committee members of DIAC also met with Councillors Bickford and Émard-Chabot.

**Comment from the Chief Administrative Officer**

Given the current climate of transition that this municipality is operating within, I do not support any staff involvement in this initiative at this time. Much of the activity over the course of the next year will be focussed on transitioning to the new city. Staff resources across the corporation will be taxed to the limit as staff will be required to both assist in transition work as well as continue to provide services to our citizens.

Requesting the allocation of staff resources to undertake a new project/initiative that has not been included in the 2000 budget or work plans of departments would require the re-allocation of resources and re-assignment of work priorities.

I would suggest that this proposal be deferred until such time as the new municipality is established and the new Council can look at this initiative in a more comprehensive manner with application to the entire new city, whose government and administration will be responsible for the resources required to implement such a program.



John S. Burke

**Disposition**

Staff from the Department of Urban Planning and Public Works investigate the feasibility of the project and report back to Committee and Council and that DIAC and the ByWard Market Business Improvement Area be consulted throughout the process.