

4. CANADIAN OFFICE OF HUMAN RIGHTS PROPOSAL

COMMITTEE RECOMMENDATION

That Council approve the request from the Canadian Office of Human Rights (COHR) to provide \$23, 000 to the City of Ottawa for operating costs associated with the lease of space at 7 Bayview Road.

DOCUMENTATION

1. Acting Finance Commissioner's report dated 12 May 00 is immediately attached.

REGION OF OTTAWA-CARLETON
RÉGION D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/Réf.
 Your File/V/Réf.

DATE 12 May 2000

TO/DEST. Co-ordinator
 Corporate Services and Economic Development Committee

FROM/EXP. Acting Finance Commissioner

SUBJECT/OBJET **CANADIAN OFFICE OF HUMAN RIGHTS PROPOSAL**

DEPARTMENTAL RECOMMENDATION

That the Corporate Services and Economic Development Committee consider, for recommendation to Council, the request from the Canadian Office of Human Rights (COHR) to provide \$23, 000 to the City of Ottawa for operating costs associated with the lease of space at 7 Bayview Road.

BACKGROUND

The Canadian Office of Human Rights (COHR) is a non-profit organization whose mandate is to train and integrate ex-offenders back into society while providing a steady income during the training period. COHR was searching for office/workshop space for their training program. The City of Ottawa was requested to provide space at 7 Bayview Road for this purpose.

On April 5, 2000, Ottawa City Council approved the leasing of the space to December 31, 2000, to the Canadian Office of Human Rights, subject to the following conditions:

1. the building be brought up to the building code at no cost to the City of Ottawa
2. the Regional Municipality of Ottawa-Carleton agrees to pay the annual operating costs estimated at \$23,000
3. the Canadian Office of Human Rights agrees to vacate the premises upon three months written notice from the City of Ottawa and the Canadian Office of Human Rights agrees not to contest the notice
4. liability be the responsibility of the Canadian Office of Human Rights' insurance policy.

The City of Ottawa record of this approval is attached as Annex A.

Additional Item 12
CS&ED Agenda 16 May 2000

DISCUSSION

The Canadian Office of Human Rights is confident that the operating costs payable to the City of Ottawa for the space occupied by their program at 7 Bayview Road, are provided for in their operating budget. As evidence of their confidence, a sponsor of COHR has provided an irrevocable letter of credit to the Region in the amount of \$23,000.

To meet the conditions required by the City of Ottawa in its approval of the lease arrangements, the Region would forward the \$23,000 to the City of Ottawa and then recover this amount from the COHR. This transaction would have no financial impact on the Region, as the payment will be recovered from the COHR and is fully protected by the irrevocable letter of credit provided on behalf of COHR to the Region.

CONSULTATION

Public consultation was not conducted.

FINANCIAL IMPLICATIONS

This request will have no financial impact on the Region as the amount of the request is fully protected by the irrevocable letter of credit provided on behalf of the Canadian Office of Human Rights.

Approved by
Kent Kirkpatrick
Acting Finance Commissioner

KK/bl

Attach. (1)



City of
Ville d'**Ottawa**

March 22, 2000

ACS2000-CS-PTY-0006

(File: RHI2598/4120)

Department of Corporate Services

Ward/Quartier

OT7 - Kitchissippi

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

Action/Exécution

**Property - Civic - Lease to Canadian Office of Human Rights at 7
Bayview Road**

**Propriété municipale - Location d'un immeuble situé au 7, chemin
Bayview au Bureau canadien des droits de la personne**

Recommendation

That the proposal by the Canadian Office of Human Rights to lease space at 7 Bayview Road be refused.

March 22, 2000 (10:52a)

R.T. Leclair
Commissioner of Corporate Services

March 23, 2000 (9:51a)

Approved by
John S. Burke
Chief Administrative Officer

NH:nh

Contact: Nancy Hay - 244-5300 ext. 1-3718

Policy, Priorities and Budgeting Committee Recommendation - March 30, 2000

- *The Committee concurs and so recommends.*

Yeas: (4) Councillors Bickford, Berg, Mackey and Mayor Watson

Nays: (1) Councillor Cannings

City Council Decision - April 5, 2000

- 9/4 Moved by Councillor Deans, Seconded by Councillor Kolbus,

Be It Resolved That the proposal by the Canadian Office of Human Rights to lease space at 7 Bayview Road be approved, subject to the following conditions:

1. The building be brought up to the building code standard at no cost of the City of Ottawa;
2. That the Regional Municipality of Ottawa-Carleton agrees to pay the annual operating costs estimated at \$23,000.00;
3. That the Canadian Office of Human Rights agrees to vacate the premises upon three months written notice from the City of Ottawa and the Canadian Office of Human Rights agrees not to contest the notice;
4. That liability be the responsibility of the Canadian Office of Human Rights' insurance policy. - *Carried*

Yeas: (8) Councillors Cannings, Kolbus, Berg, Deans, Émard-Chabot, Bickford, Arnold and Little

Nays: (3) Mayor Watson, Councillors Mackey and Higdon

Financial Comment

There are no financial implications as a result of City council approval of this recommendation.



March 23, 2000 (8:26a)

for Mona Monkman
City Treasurer

RL:cds

Executive Report

Reasons Behind Recommendation

At its meeting of February 24th, 2000, Policy, Priorities and Budgeting Committee carried the following motion:

“BE IT RESOLVED THAT City staff be directed to review Mr. Gaston Nicholas’ February 14th, 2000 letter requesting the Canadian Office of Human Rights be granted a short term lease of the City of Ottawa building, located at 7 Bayview Road; with the possibility that they be assisted in relocating into a permanent building once the amalgamation process has been completed;

AND BE IT FURTHER RESOLVED THAT City staff prepare a written report, to be mailed to all those who attended the PP&B meeting and spoke on behalf of Mr. Nicholas;

AND BE IT FURTHER RESOLVED THAT City staff report back to the March 30th, 2000 PP&B Committee with their recommendations.”

The Canadian Office of Human Rights (COHR) is a non-profit organization whose mandate is to train and integrate ex-offenders back into society while providing a steady income during the training period. The specific type of training anticipated is upholstery, computer recycling, mail bag repairs, construction of pallets and other contracts, as they become available. COHR is searching for office/workshop space where they can provide this training.

Mr. Nicholas, the founder and Director of COHR, first approached the City of Ottawa in July of 1999 with a proposal to lease the space formerly occupied by the Snowsuit Fund at the Bayview Yard. Mr. Nicholas indicated that his organization could not afford to pay rent, however, they would renovate the facility at no cost to the City. At that time, Mr. Nicholas was advised that this facility was slated for demolition as it was considered to be a derelict building. The building has since been demolished.

Mr. Nicholas also expressed interest in getting access to any other suitable City facility for his operation. During the summer and fall of 1999 Mr. Nicholas met with staff and the Chief Administrative Officer on numerous occasions and was advised that there were no other City facilities available. In an effort to provide assistance to COHR in the search for suitable space with other municipalities, Mr. Nicholas was requested by staff and by the Chief Administrative Officer to specify their space requirements.

In January 2000, Mr. Nicholas contacted the office of the Commissioner of Corporate Services regarding the availability of space and was again asked to provide specifications for their requirements. By letter dated February 1st, 2000 Mr. Nicholas provided this information. At that time, a meeting was held with the Commissioner of Corporate Services and representatives of COHR at the Bayview Yard in order to get a better understanding of the group's requirements in terms of a suitable location and to discuss the issues associated with potential space at the Bayview Yard.

By letter dated February 14th, 2000, a proposal to lease space in Building No. 4 at the Bayview Yard was submitted by COHR and tabled by Councillor Deans at the PP&B meeting of February 24th, 2000.

The specifications for leased space submitted by COHR identify the requirement for 15,000 to 20,000 square feet of space comprised of a high ceiling workshop area and an area for office administration. Further requirements include sufficient electrical outlets for office and shop equipment, large doors capable of accommodating a forklift and machinery, a loading dock for the loading of flatbed trucks and a parking lot for about 40 cars and/or pallet storage, when required.

The Corporate Policy on Leasing City-Owned Real Property requires that market rent shall be charged for the leasing of real property, unless otherwise directed by City Council. On October 20, 1993 an Analysis of City-Owned Leased Properties, which included corrective measures, was endorsed by City Council. With respect to leases to charitable or non-profit organizations who request to lease City property at less than market rent, the corrective measures require that a report be submitted for Committee/Council consideration which includes an evaluation of specific criteria.

In addition to addressing these criteria against COHR's request, Council must also consider the particular building and site requested and issues related to transition.

Corporate Policy on Leasing City-Owned Real Property

With respect to the corrective measures of the Corporate Policy on Leasing City-Owned Real Property, the following information is provided in response to the evaluation criteria:

- **What the Tenant is requesting to pay, if applicable.**

COHR is requesting to lease the subject property for \$1.00 annually.

- **The current market rent relevant to the proposed leased property and all costs associated with the proposed lease.**

While COHR is looking for 15,000 to 20,000 square feet of space, the space available in Building No. 4 is only 9,600 square feet. Market rent for this space has been evaluated at \$2.50 per square foot or \$24,000 per year for 9,600 square feet. Operating costs for this space have been estimated at \$23,000. Significant additional funds will be necessary to address fit-ups required to bring the condition of this facility up to Building Code requirements. These costs are discussed below.

- **Information regarding the current financial status of the tenant, as provided by the tenant, including identification of other forms of subsidy provided by the City such as sustaining grants, payment of taxes, etc.**

Attached as Document 1 is a Business Case submitted by COHR for this proposed operation from May 2000 to April 2001.

COHR has advised that the funding identified in their Business Case has not been secured to date. A grant from Human Resources Development Canada was provided to COHR for a one year period commencing April 20, 1999. COHR has advised that a further proposal is currently being formulated and is expected to be presented to the RHDC at the end of March 2000.

COHR has indicated that it is difficult to secure funding for this operation until a location has been secured to demonstrate that the operation will proceed. Pledges in the amount of \$78,000 have been obtained to date. COHR has advised that once a location is secured, funding of these pledges will be realized together with the balance of community donations anticipated in their business plan.

COHR is currently in negotiations to secure contracts which will provide the work program for this operation. Again, until a location for this project is obtained, contracts are difficult to secure. Therefore, the Business Case does not address revenues from contracts or wages to be paid to the workers, only wages to be paid to the six staff members.

Clarification/confirmation regarding the current status of funding has been provided by COHR in their letter dated March 20, 2000, attached as Document 2.

No other forms of subsidy have been provided to COHR by the City.

- **Identification of the tenant's ability to pay in cash or in kind, as well as the potential of phasing in market rent.**

As evidenced by the Business Case provided by COHR, there is no funding available to contribute toward the rental of this facility. However, as indicated in the letter from COHR attached as Document 1, once the project has been operational for six to twelve months, with secured funding in place, the issue of rent can be revisited.

- **Whether the activity/service is being delivered on behalf of the City.**

This project is not part of the mandate of the City of Ottawa and is not being provided on behalf of the City.

- **Whether the activity/service provided targets a regional responsibility.**

In light of amalgamation, this criteria is not longer relevant in the evaluation of a lease proposal. However, since receiving the specifications for leased space from COHR, we have communicated with the Regional Municipality of Ottawa-Carleton and the City of Gloucester to determine if they might have vacant space in their inventory which would meet these space requirements. Both the Region and Gloucester have advised that they do not have suitable space available.

Building and Site Conditions

The Facilities Management Division of the Department of Urban Planning and Public Works has undertaken a preliminary review of the proposed leased space in Building No. 4 to determine the approximate minimal fit-up cost to bring this facility up to Building Code standards (structural, mechanical, electrical, etc.) and accommodate the operational specifications of COHR (partitions for offices, floor finishes, etc.) Staff's total estimated fit-up costs are \$125,000 and are further detailed in Document 3. This estimate has taken into account that the tenant would not have tendering or high labour costs due to the availability of volunteers to undertake a good portion of the work. Not included in this estimate is the cost of new roof finishing which is required at this facility as the roof is beyond the end of its life-cycle. In the short-term, ongoing general repairs could be made to the existing roof.

The Business Case provided by COHR identifies a construction/renovation budget of \$50,000 in order to fit-up this facility to Building Code standards. COHR was requested, to provide details of the construction/renovation fit-ups including in their \$50,000 budget for this item. COHR has responded by indicating that they expect the City to evaluate the specific repairs required and the COHR will complete all repairs to City standards within the budgeted \$50,000. The Asset Management Branch does not feel that \$50,000 will be a sufficient investment to obtain an occupancy permit.

In addition, the Asset Management Branch has identified an estimated \$23,000 per annum in operating costs, including hydro, gas, water and base building maintenance. Due to the age and condition of this facility, it is not considered to be an efficient building and therefore operating costs are much higher than a newer facility. This estimated has been based on historical

operating costs for this building and a comparison of like facilities. COHR's projected budget for operating costs is \$10,000.

COHR is proposing to lease the vacant space in Building No. 4. Currently, the only occupant of this building is the City's Sewers Branch. The vacant space consists of two separate and distinct sections, comprising a total of approximately 19,000 sq. ft. One of these section of the building no longer has any functioning systems such as heat, hydro, etc. and is considered to be a derelict facility. The Facilities Management Division of the Department of Urban Planning and Public Works has slated this section of the building for demolition once funding is available and does not consider this space to be suitable for occupancy. The balance of the vacant space is a split level with 4,800 square feet on each level, for a total of 9,600 square feet, and has the only potential for COHR's purposes.

The heating supply for this building is from a boiler system which is well past the end of its life-cycle. Committee and Council are reminded that this is the same boiler system that supplied heat to an adjacent building which was formerly leased to the Snowsuit Fund. The Snowsuit Fund was given notice effective June 30th, 1999 to vacate their leased space due to the failing boiler and heat distribution system. The rationale for termination of the Snowsuit Fund lease is still relevant to this request, that being that the City cannot offer any guarantee that the boiler system will continue to be in a repairable condition or will remain functional from day to day and, therefore, that there will be a supply of heat to the leased premises.

Transition

There are two issues pertaining to transition which are relevant to this lease request. First, the Transition Board regulations require that the City not enter into any new lease contract with a term beyond December 31, 2000. Second, upon amalgamation there will be a rationalization of all municipal assets. This will provide an opportunity to consolidate facilities for operational needs and dispose of surplus properties which are not required to meet the needs of the new City.

COHR originally requested a 2 year lease arrangement for this space. They have been made aware of the Transition Board regulations that prevent the City from entering into a lease arrangement for a term beyond December 31, 2000. COHR is requesting a short-term lease, to December 31, 2000, with a view in the future to renewal of the lease or a commitment from the City to relocate the group to an alternate City facility, if required.

This Department has been working with the Department of Urban Planning and Public Works over the past several years to locate a suitable alternate site for the Sewers Branch given the deteriorated condition of this building and high operating costs. However, limited capital dollars have made relocation impossible. It is anticipated that through the consolidation of all area municipal facilities, the Sewers Branch will be relocated to a more suitable location and this site will then become a candidate for disposal. It is of concern to this Department that should COHR invest the required funding to obtain an occupancy permit, their occupancy would limit the new Council's ability to deal with this site expeditiously.

Conclusion

A review of COHR's Business Case does not demonstrate their ability to undertake the required fit-ups and operation of this facility as there is no secured funding in place. Despite the lack of appropriate funding, it is not considered reasonable that COHR should invest funds in this facility when the City cannot guarantee the availability of this space after December 31, 2000, in accordance with the Transition Board Regulations.

Further, it has been staff's experience in the past that once a non-profit organization has been located in a City facility, it becomes incumbent on the City to find them an alternate location if they are required to vacate. Alternate space which meets COHR's specifications is not currently available within the inventory of the City of Ottawa, City of Gloucester or the Regional Municipality of Ottawa-Carleton. Therefore, given the lack of alternate space and the investment that COHR would have to put into the 7 Bayview Road facility, this occupancy could put the new Council in an awkward position if the facility is identified as surplus as a result of the rationalization of assets.

Based on the above, staff does not recommend that this lease proposal be accepted.

Disposition

Originating Department to advise COHR.

List of Supporting Documentation

- | | |
|------------|----------------------------------------------------------------------------------------------------------------------------------|
| Document 1 | Business Case of the Canadian Office of Human Rights |
| Document 2 | Letter dated March 20, 2000 from the Canadian Office of Human Rights confirming current status of funding |
| Document 3 | Asset Management Branch Preliminary Estimate of Fit-Up Costs for Canadian Office of Human Rights at Building No. 4, Bayview Yard |

Part II - Supporting Documentation

Document 1

BUSINESS PLAN - 2000 MAY TO 2001 APRIL

CANADIAN OFFICE OF HUMAN RIGHTS Inc.

**150, MIDDLE STREET,
OTTAWA, ONTARIO. K1R 6K4
PHONE: (613) 594 9466
FAX: (613) 594 5943
WEB-SITE: www.cohr.org**

TYPE OF BUSINESS: NON-PROFIT ORGANIZATION
INCORPORATION CERTIFICAT No: 3631443 (1999/06/21)
REVENUE CANADA EMPLOYER No 868247347 (RC0001)

MANAGEMENT:

**GASTON NICHOLAS, Director;
JAMES A. HERTRICH, Executive Coordinator;
TIDJANI A. DJALAL, Legal and Human Resources Administrator.**

DESCRIPTIONS:

**FIRST YEAR: Opening a workshop / Job training;
SECOND YEAR: Expansion / Opening a second workshop in Kingston.**

FINANCIAL SOURCES:

Community donations.....	175,000.00\$
Government subventions (HRDC)	150,000.00\$
TOTAL.....	325,000.00\$

BUDGET PROVISIONS:

Overhead costs.....	250,532.16\$
Capital costs.....	16,000.00\$
Construction / Renovations	50,000.00\$
Provisional fund.....	4,000.00\$
TOTAL..... 320,532.16\$

INSURANCES:

**Health and Security
Civil liability
Administrative and Executive Liabilities**

PROMOTION:

Newsletters
Yellow Pages and Web-site

MARKET:

Service: Job training / Job placement
Products/ Services: Upholstery; Pallets; Computer recycling; Mail bags repair.

CLIENTELE:

Private business
Individuals
Government (All levels)

HUMAN RESOURCES PLAN (First year):

3 Administrators/ managers
1 Assistant/ secretary
2 Job trainers

INSTALLATION NEEDS:

Rent.....	1.00\$
Construction/Renovation.....	50,000.00\$
Public services.....	1,000.00\$
Insurances.....	5,000.00\$
Phone.....	5,000.00\$
Office supplies.....	6,000.00\$
Utilities (heat/hydro/electricity).....	10,000.00\$
Provisional fund.....	2,000.00\$
TOTAL.....	<u>79,001.00\$</u>

OPERATING FEES:

Wages.....	210,000.00\$
Administration.....	1,000.00\$
Licenses.....	200.00\$
Tax / EI-CPP deductions.....	10,331.16\$
Photocopier.....	6,000.00\$
Promotion.....	2,000.00\$
Maintenance.....	10,000.00\$
Cash flow provision.....	2,000.00\$
TOTAL.....	<u>241,531.16\$</u>

BILAN.....	4,467.84
TOTAL REVENUES.....	325,000.00\$
TOTAL EXPLOITATION COSTS (Installation & Operating)...	(320,532.16\$)

Canadian Office of Human Rights
150 Middle St. Ottawa, ON, Canada K1R 6K4
Founder – Director Gaston Nicholas
Exec. Director James A. Hertrich
www.cohr.org



Bureau des Droits de la Personne
Tel: (613) 594 9466 * 1 888 238 7359
Fax: (613) 594 5943 * 1 888 874 4424
E-mail cohrtrep@iosphere.net

Monday, March 20, 2000

Nancy Hay
Property Officer
City of Ottawa
111 Sussex Drive
Ottawa, Ontario
K1N 5A1

Re: Offer to lease City of Ottawa building located at 7 Bayview Rd.

Dear Ms Hay;

In furtherance of receipt of the COHR business plan you have requested information on the following;

- 1. Confirmation/status of the federal grant;
Having completed a financial monitoring on Friday, March 17, 2000. It is now possible to apply for further consideration to extend the HRDC grant to include the year 2000. Therefore confirmation is not possible at this time.
- 2. Confirmation of all other pledges and commitments;
At this time we have no further pledges or commitments to submit other than those extended to you initially. This will change once a location is available.
As this will permit COHR contractual advantages arriving only with possession of a building in which to complete the contracts obtained. View attachment.
- 3. Verification of all funding which is currently in place;
Included with this fax is a letter from HRDC confirming the initial grant for 1999 - 2000. At this time the proposal for the year 2000 is being formulated with the intent of presentation being the end of this month.
- 4. Details of the construction/renovation fit-ups included in your proposed \$50,000.00 budget for this item.
As this is a City of Ottawa building and COHR is expected to complete all repairs to City Of Ottawa inspectors standings. It is further expected you will submit an evaluation of which specific repairs are required in order for COHR to bring the building up to code.

I am in the hope this information will assist you. If you require other information, please contact me at 594 9466.

Yours truly,

James A. Hertrich
Exec. Director
COHR

BAYVIEW YARD, BUILDING NO. 4
PRELIMINARY ESTIMATE OF FIT-UP COSTS FOR CANADIAN OFFICE OF HUMAN
RIGHTS

STRUCTURE	\$ 1,000
misc. concrete patching	
EXTERIOR CLADDING	\$ 8,000
new roof finish required*	
window repairs	
exterior doors repair/replace	
INTERIOR PARTITIONS	\$ 30,000
4000 sf office fit-up	
VERTICAL MOVEMENT	\$ 2,500
stair railings & treads to code	
INTERIOR FINISHES	\$ 27,000
floor finishes (offices, etc.)	
ceiling (offices)	
painting	
SITE DEVELOPMENT	\$ 5,000
grade, fencing, misc.	
MECHANICAL	\$ 40,000
plumbing fixtures	
heating; fit-up to existing system	
ventilation	
ELECTRICAL	\$ 12,000
distribution: fit-up to existing	
lighting fixtures	
TOTAL ESTIMATED FIT-UP:	\$125,000

*estimated cost: \$150,000

Facilities Management Division 2 March 2000