



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
General Manager's Office

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	March 19, 2014
SUBJECT/REPORT NO:	West Harbour Piers 5-8 - Hamilton Waterfront Trust Project Management Contract (PED14002(a)) (Ward 2)
WARD(S) AFFECTED:	Ward 2
PREPARED BY:	Chris Phillips (905) 546-2424 Ext. 5304
SUBMITTED BY:	Joe-Anne Priel Acting General Manager Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

- (a) That staff be authorized and directed to draft a “Terms of Reference” for the implementation and construction of the proposed Pier 5-8 Sanitary Pumping Station, with an upset limit of \$2,700,000, as described in Capital Project No. 4401356800 and approved as part of the 2014 Capital Budget;
- (b) That staff be authorized and approved to retain the Hamilton Waterfront Trust as the Project Manager for the identified project, in a manner that satisfies both the “Terms of Reference” and approved project budget, and that for the purposes of this project, the Hamilton Waterfront Trust will report and take direction from the identified City staff team;
- (c) That the outstanding business item respecting West Harbour Piers 5-8 Servicing Studies – Specific Management Recommendations be identified as complete and removed from the General Issues Committee Outstanding Business List.

EXECUTIVE SUMMARY

Over the course of successive terms of Council, the “Waterfront and Shoreline” areas have been identified by Council as key focus areas, resulting in a series of plans and projects that when implemented, will achieve the long-established redevelopment and recreational goals for the Waterfront areas that will benefit the City as a whole.

This direction was formalized through the 2012-2015 Strategic Plan, whereby the “Waterfront” was set out as a clear priority including several specific deliverables for City staff to implement. This focus has led City staff, as well as a variety of external stakeholders and the community as a whole, to understand and take action on the importance and timing for the various Waterfront investments.

On April 18, 2012, as part of Report PED09200(a), the General Issues Committee (GIC) formalized the “Waterfront Development Office”, to co-ordinate all inter-departmental activities with respect to Hamilton’s Waterfront and Shoreline areas, as well as acting as the City’s liaison for outside agencies and private sector investors.

From the outset, City staff employed a “decentralized” staffing model, whereby all Waterfront Initiatives have been prioritized and co-ordinated Corporately, but the individual actions are managed by their specified lead Department and Division. This approach has allowed the overall Corporate Team to take advantage of the specialized skills, expertise and institutional knowledge that exists throughout all Departments and Divisions and ensured better co-ordination of staff and financial resources across all Departments.

From an overall priority setting perspective, a staff “Waterfront Steering Committee” was established consisting of Chris Phillips, the Senior Advisor to the General Manager of Planning and Economic Development Department; Al Dore, the Manager of Special Projects in the General Manager’s Office of the Public Works Department; Steve Barnhart, Manager, Landscape Architectural Services of the Public Works Department; and, Lawrence Stasiuk, Supervisor, Park Redevelopment, Landscape Architectural Services of the Public Works Department. This group was responsible for setting the overall “Terms of Reference” for the servicing studies, including the goals, objectives, and deliverables.

GIC also approved staff to commence key studies that will accelerate the public and private sector development of Piers 5, 6, 7, and 8, including, but not limited to, issues of site servicing, geo-technical, soils, remediation, as well as development phasing, marketability and valuation.

As part of the April 18, 2012 GIC approval, the Hamilton Waterfront Trust (HWT) was approved to be retained as the project manager for these servicing studies, which were identified as a priority first-step in determining how the City can accelerate Waterfront investment opportunities.

Working together with City staff, the Hamilton Waterfront Trust assigned Mr. Werner Plessl, Executive Director of the HWT, as the Project Manager for the studies, Dillon Consulting was retained as the lead consulting firm, and Altus Group Canada was retained for peer-review purposes. The City staff “Steering Committee” also assembled a series of key staff Working Teams on an issue-by-issue basis, with specific expertise

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in the following fields: Engineering, Planning, Financing, Communications, Real Estate, as well as the individual Operating Units that would be affected by the studies.

As a direct result of the work related to the servicing studies, City staff identified a need to begin the process of completing an Environmental Assessment and design for a proposed sanitary pumping station that was anticipated to be needed to bring the Piers 5-8 area to state of "Development-Ready".

Subsequently, on May 1, 2013, Council approved the following motion entitled "*Hamilton Waterfront Trust 2013 Capital Funding*":

That \$1,000,000 in unallocated West Harbour and Waterfront Initiatives Capital Funding contained within the Council-approved 2013 Tax-Supported Capital Budget (FCS12096) be allocated to the Hamilton Waterfront Trust, subject to the following:

- (a) That the funding be used for the projects contained in Appendix "B" attached hereto; and,
- (b) That the HWT provide the City with a detailed transaction listing related to all claims.

Once again, the HWT worked directly with the corresponding City staff teams as the project manager for the identified design of the Pier 5-8 Sanitary Pumping Station, with a total approved project budget of \$425,000, representing just under 50 percent of the total \$1,000,000 assigned budget. The HWT established a Work Plan for the assigned projects, and has been communicating the progress on the assigned projects through City staff, and are nearing completion of the Work Plan.

Most recently, on January 22, 2014, GIC received Report PED14002 entitled "*West Harbour Piers 5 to 8 Servicing Studies and Pro Forma Analysis*", and subsequently approved the following direction:

- (a) That the recommendations contained in Appendix "A" to Report PED14002 entitled "*West Harbour Piers 5-8 Servicing Studies and Pro Forma Analysis*", be approved;
- (b) That staff be directed to prepare and report back on a comprehensive implementation plan, including the recommendations above, with the goal being to prepare the Piers 5-8 lands to a state of "development-ready" by the end of 2018; and,
- (c) That staff be directed to continue its established relationship with the Hamilton Waterfront Trust by authorizing the extension of the current management agreement with the purpose of expediting the specific West Harbour and Waterfront strategic Initiatives as approved in the 2014 Capital Budget, and report back to GIC by February 19, 2014 with specific management recommendations.

The purpose of this Report is to inform Committee members of staff review and recommendation with respect to Item (c) above.

Through successive staff reports detailing the status and progress to-date on all of the Corporate Waterfront Initiatives, staff have indicated a lack of existing internal resources available to fully implement the full Capital program that will bring the lands to a state of "Development-Ready".

Given this reality, staff have identified a work program and an approach to implementation that takes advantage of all available internal resources for the short-term, while supplementing with specific outside consulting services when required.

As detailed, the HWT, and Mr. Plesl in particular, not only have a long history of managing and operating commercial operations in conjunction with a variety of other recreation and public uses within the West Harbour area, but in particular have shown considerable expertise as a project manager for various City projects.

His background, expertise, and experience with respect to the Piers 5-8 Servicing Studies and the sanitary pumping station project all have played a factor in the staff recommendation to authorize and approve the HWT in a project management capacity for the identified project.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial:

Report PED14002(a) does not have any additional financial impact, as the identified project was approved as part of the 2014 Capital Budget through Project No. 4401356800 entitled "*West Harbour & Waterfront Strategic Initiatives*", with a total 2014 approved Capital Budget allocation of \$7,695,000.

Staffing:

Report PED14002 has no immediate staffing impact. As stated, in previous GIC reports, staff have indicated a lack of internal resources available to project manage some of the key identified Capital projects. The approved January 22, 2014 Work Plan was designed to expedite the process of bringing the Pier 5-8 lands to a state of "Development-Ready".

As the City's project manager for both the Servicing Studies for Piers 5-8 and the design of the sanitary pumping station projects, staff believe that the HWT's experience with Capital projects within the Piers 5-8 area, their project management expertise in the subject area, and their availability to accommodate this project all lead to the staff

recommendation that the HWT be retained in a project management capacity, on a sole-sourced basis, for the identified approved 2014 Capital project.

Legal:

N/A

HISTORICAL BACKGROUND

On October 26, 2000, a series of negotiations resulted in the City of Hamilton and the Hamilton Port Authority (formerly known as the Hamilton Harbour Commissioners), signing a historic agreement, settling several long-standing issues of disagreement between the two parties. Although the “Agreement” covered a wide-ranging set of issues, a key element was that it established that the ownership of the lands known as Piers 7 and 8 would rest with the City of Hamilton. In exchange for this ownership status, the City of Hamilton would agree to allow the Hamilton Port Authority continued use of these lands through two leases; the first of which would expire in 2015.

Over the course of the past decade, the City of Hamilton has made great strides in laying the foundation for Waterfront Redevelopment, and in particular the City-owned Piers 5-8 lands, with a variety of wide-ranging projects and initiatives. Council, Senior Management Team and various Departments and Divisions within the City of Hamilton, as well as other public and private organizations, have been involved in many of the projects and initiatives that have advanced the vision in bringing the Waterfront of today to fruition.

On October 11, 2011, GIC approved the following motion entitled “Hamilton Waterfront Priorities”:

- (a) That staff be directed and authorized to begin discussions with the Hamilton Port Authority, with the objective of a formal Agreement transferring the lands consisting of Piers 7 and 8, to the City of Hamilton immediately;
- (b) That staff report back to Council in the fourth quarter of 2011 with a recommended “framework” for these discussions;
- (c) That staff be directed and authorized to commence key studies that will accelerate the Public and Private Sector development of Piers 5, 6, 7 and 8, including but not limited to issues of site servicing, geo-technical, soils, remediation, as well as development phasing, marketability and valuation;
- (d) That staff be authorized to fund these studies from the “Waterfront Development Corporation” Capital Budget; and,
- (e) That staff report back by the fourth quarter of 2011 with a comprehensive 2012 Work Plan for the development of the Waterfront precinct.

As well, through the 2012-2015 Strategic Plan, Council made a firm commitment to the Waterfront as Item 1.3 which states:

“Promote economic opportunities with a focus on Hamilton’s downtown core, all downtown areas and waterfronts.”

Specifically, the Strategic Plan also contained several deliverables to be accomplished including the following items:

- Finalize a development and servicing strategy for the West Harbour lands, with a particular focus on Piers 5, 6, 7 and 8 and the Barton/Tiffany area;
- Negotiate the early termination of land leases for Piers 7 and 8 with the Hamilton Port Authority;
- Completion of the Waterfront Master Recreation Official Plan Amendment and the implementation of the Zoning By-law and financing strategy; and,
- Initiate development in the West Harbourfront and Waterfront (this includes the Bayfront Industrial area) and develop a commercial business strategy for Confederation Park.

Subsequently, on April 18, 2012, as part of Report PED09200(a), GIC approved the formalization of the “Waterfront Development Office”, to co-ordinate all inter-departmental activities with respect to Hamilton’s Waterfront and Shoreline areas, as well as acting as the City’s liaison for outside Agencies and Private Sector Investors. As well, GIC approved staff to commence key studies that will accelerate the Public and Private Sector development of Piers 5, 6, 7, and 8, including, but not limited to, issues of site servicing, geo-technical, soils, remediation, as well as development phasing, marketability and valuation. The Hamilton Waterfront Trust was approved to be retained in a project management capacity, in order to provide project management to the servicing studies which have been identified as a first priority assessment in order to accelerate Waterfront investment opportunities.

Most recently, on January 22, 2014, GIC received Report PED14002 entitled “West Harbour Piers 5-8 Servicing Studies and Pro Forma Analysis”, and subsequently approved the following direction:

- (a) That the recommendations contained in Appendix “A” to Report PED14002 entitled “West Harbour Piers 5-8 Servicing Studies and Pro Forma Analysis”, be approved;
- (b) That staff be directed to prepare and report back on a comprehensive implementation plan, including the recommendations above, with the goal being to prepare the Piers 5-8 lands to a state of “development-ready” by the end of 2018; and,
- (c) That staff be directed to continue its established relationship with the Hamilton Waterfront Trust by authorizing the extension of the current management agreement with the purpose of expediting the specific West Harbour and Waterfront strategic Initiatives as approved in the 2014 Capital Budget, and

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report back to GIC by February 19, 2014 with specific management recommendations.

The following is the full list of key approved recommendations for advancing the redevelopment of Piers 5-8, based on the pier 5-8 Servicing Studies:

1. Develop a broader Real Estate Development Strategy for the study area;
2. Harmonize planning regulations and proceed with the Urban Design Study for the West Harbour;
3. Complete Phase 1 and 2 Environmental Site Assessments and Geotechnical Study for Piers 5-8;
4. Complete a Transportation Impact Study for Piers 5-8;
5. Complete Pumping Station Class Environmental Assessment (ongoing);
6. Finalize the termination of Hamilton Port Authority, Sun-Canadian and Imperial Oil Pipeline Leases; and,
7. Coordination of the West Harbour Servicing study with other City infrastructure studies.

Lastly, the broad-based Corporate City staff teams have been proud of the key accomplishments that have taken place with respect to the key Waterfront Initiatives:

- Signed a Memorandum of Understanding with the Hamilton Port Authority finalizing the partial termination of leases for the Pier 7-8 lands, with approval of the formal Marina Management Agreement slated for March 2014;
- Completed the Environmental Assessment process and initiated design to replace the City-owned “wavebreak” structure, to provide long-term shoreline and marina protection;
- Completed a preliminary Development Concept Plan and extensive servicing studies for the Piers 5-8 lands to determine the servicing and development costs to develop the lands;
- Prepared a functional development Business Plan for the Piers 5-8 lands to determine their marketability in attracting private-sector investment;
- Prepared a ten-year “Project-by-Project” Implementation Strategy for the West Harbour Waterfront Recreation Master Plan (WHWRMP) and Pier 8 Redevelopment, including a Capital forecast, with an emphasis on accelerating private-sector investment; and,
- Developed a 10-year Financing Strategy for the Waterfront, including Capital impacts and the determination of incremental increase in City Revenues.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

N/A

RELEVANT CONSULTATION

- City Manager's Office;
- Corporate Services Department, Financial Planning and Policy;
- Planning and Economic Development Department, Growth Management;
- Public Works Department, Corporate Assets and Strategic Planning;
- Public Works Department, Engineering Services;
- Public Works Department, Office of the General Manager; and,
- Public Works Department, Water and Wastewater.

ANALYSIS AND RATIONAL FOR RECOMMENDATION

Analysis and rationale is contained within the Executive Summary section contained on Page 1 of this Report.

ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #1

A Prosperous & Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

- 1.1 Continue to grow the non-residential tax base.
- 1.2 Continue to prioritize capital infrastructure projects to support managed growth and optimize community benefit.
- 1.3 Promote economic opportunities with a focus on Hamilton's downtown core, all downtown areas and waterfronts.
- 1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.
- 1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

APPENDICES AND SCHEDULES ATTACHED

N/A

CP/dt