



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division
Planning Division

TO:	Chair and Members General Issues Committee
COMMITTEE DATE:	April 20, 2016
SUBJECT/REPORT NO:	Bayfront Strategy – Phase 2 – Update and Transfer of Funds (PED14117(c)) (City Wide)
WARD(S) AFFECTED:	City Wide
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SUBMITTED BY:	Jason Thorne General Manager Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

- (a) That the budget for Phase 2 of the Bayfront Strategy be increased by \$135,000 and that this additional funding be appropriated from the Economic Development Initiatives Capital Project 3621308900.
- (b) That staff be directed to submit an application for funding from the Federation of Canadian Municipalities (FCM) Green Municipal Fund under the Community Brownfield Action Plan category and directed to transfer any funding received through this grant project back to the Economic Development Initiatives Capital Project 3621308900.

EXECUTIVE SUMMARY

Through the Urban Hamilton Official Plan (UHOP), City Council proposed a Bayfront Strategy which will explore opportunities to strengthen employment activities in the Bayfront area and capitalize on the area’s strategic location. The original work plan, which was based on the completion of a Secondary Plan for the area, was expanded in scope to include a market opportunities review and brownfields strategy, including an update of the Bayfront portion of the historic land use inventory.

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At the General Issues Committee (GIC) meeting of September 17, 2014, the Bayfront Strategy work plan was approved by Council. The work plan was separated into two phases, with the intent that the results of Phase 1 would inform Phase 2. Phase 1 - Market Opportunities Study was received by GIC on September 16, 2015. With the completion of Phase 1 – Market Opportunities Report, the work plan for Phase 2 has expanded to include recommended strategies from Phase 1 with the role of Deloitte clarified.

Council previously approved a Capital Budget in 2011 for the Bayfront Industrial Secondary Plan (Project No. 8141155104) in the amount of \$132,000. Staff brought forward Report PED14177 to GIC on June 18, 2014 to seek Council approval for a budget increase and to retain Deloitte as the consultant to complete Phase 1 – Market Opportunities Study for the project. A budget increase of \$228,000 was approved by Council, bringing the total project budget to \$360,000. The budget increase came through a transfer of funds from the Economic Initiatives Capital project account.

Staff are currently working through the Request for Proposals process to retain a consulting team for Phase 2 of the Bayfront Strategy. Phase 2 of the Bayfront Strategy will include brownfield redevelopment, land use, public realm, urban design, infrastructure, transportation analysis and City-wide public engagement and stakeholder consultation. Currently, funds available for Phase 2 of the Bayfront Strategy are \$240,000 in the Bayfront Secondary Plan Capital account. Additional funds are required in the amount of \$135,000 for a total project budget of \$375,000 for Phase 2. These funds are required to complete the expanded project scope retaining Deloitte to act as an advisor and to complete select elements of the project through Phase 2 of the Bayfront Strategy. Funds will be transferred from the Economic Development Initiatives Capital project account. With the addition of these funds to the Bayfront Industrial Secondary Plan Capital account, \$375,000 would be available to complete Phase 2 of the Bayfront Strategy.

Staff are also in the process of securing a firm to prepare an application for a grant from the Federation of Canadian Municipalities (FCM) Green Municipal Fund. The grant may provide up to 50% of eligible project costs up to a maximum of \$175,000. Any funds received from through this grant program would be used to reimburse the Economic Development Initiatives Capital project account.

Alternatives for Consideration – See Page 7

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The Economic Development Initiatives Capital Project was approved through the 2013 Tax Capital Budget, with a budget of \$2,000,000. The purpose of the funding was to “accelerate projects that create a diversified, sustainable economic base for the City of Hamilton.” The current available balance in the project is \$1,047,000. Should recommendation (a) to Report PED14117(c)

be approved, \$912,000 will remain for future Economic Development Initiatives.

The transfer of funds to the Bayfront Industrial Secondary Plan Capital project would increase the funding to complete Phase 2 from \$240,000 to \$375,000. This amount will be sufficient to complete the expanded Bayfront Strategy work plan, including the retention of Deloitte to undertake financial analysis of development options and advise throughout Phase 2 on financial implications, incentive programs and targeted site acquisition to move the Bayfront Strategy forward.

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

The Bayfront area represents opportunities and challenges for the City. It is currently home to many businesses employing approximately 16,135 people (City of Hamilton Employment Survey, 2012). The UHOP requires the preparation of a Secondary Plan or Land Use Strategy to investigate permitted uses, urban design, and an implementation strategy for the Bayfront area. In 2011, Council approved a Capital Budget for the Bayfront Industrial Secondary Plan (Project No. 8141155104) in the amount of \$132,000.

During the background phases of the project, the scope of the project expanded from the preparation of the Secondary Plan a more comprehensive review of the Bayfront to include brownfield and market opportunities review in addition to land use analysis. This expansion in scope was informed by two Economic Development initiatives.

First, with respect to the market opportunities component of the study, Economic Development staff completed a review of Hamilton's advanced manufacturing sector in February of 2014. This Report (PED14006) addressed Advanced Manufacturing trends across the City. It provided a comprehensive overview of the sector and a starting point for focusing in on the Bayfront area.

In addition, Economic Development staff provided an update on the City's Efforts on Brownfields (Report PED14067) to GIC on April 16, 2014. The report and presentation clarified that the Bayfront Strategy project will be incorporating a brownfield remediation component that includes an update of the historic land use inventory as it relates to the Bayfront area.

On June 18, 2014, staff received approval from Council (Report PED14117) to transfer funds from the Economic Development Initiatives Capital project to fund an expanded scope of the Bayfront Industrial Area Secondary Plan to include the market

opportunities review and the brownfield review. The project expanded from a Secondary Plan to a comprehensive Bayfront Strategy. The project work plan for the Bayfront Strategy was approved by Council in September 2014 (Report PED14117(a)) and staff were directed to proceed with the Study. The Bayfront Secondary Plan Capital account was increased by \$228,000 increasing the available funds for the project Bayfront Industrial Secondary Plan Capital project to \$350,000. The approved project work plan included two phases: Phase 1 – Market Opportunities Study and Phase 2 – Development of the Strategy/Action Plan. The outcome of Phase 1 would inform the development of Phase 2. The work plan also identified that the consultants chosen for Phase 2 would be required to consult and collaborate with the Phase 1 consultants (Deloitte) throughout Phase 2.

In September 16, 2015, Bayfront Strategy Phase 1 – Market Opportunities Study was received by Council (Report PED14117(b)). Phase 1 provided a review of market opportunities and constraints in the Bayfront area and strategic directions that inform Phase 2 of the Study, and move the Bayfront Strategy forward.

Phase 1 recommended that targeted site acquisition programs and management options for those programs be undertaken as part of the Bayfront Strategy. Staff are in the process of finalizing a Request For Proposal (RFP) to complete the Bayfront Strategy, incorporating Phase 1 recommendations into the project work plan.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The Urban Hamilton Official Plan (UHOP), Policy E.5.3.9 states:

“The City shall undertake the preparation of a Secondary Plan or land use strategy for lands, or portions thereof, in the Bayfront Industrial Area to establish the limits of a research and development business park, the permitted uses, urban design policies, implementation strategy and any other transportation or infrastructure related requirements.”

With respect to Brownfields Sites, the UHOP Policy B.3.1.5 (Volume 1) states:

“There are many complex and interconnected reasons for promoting and implementing brownfield redevelopment. There are significant and immediate economic, environmental and social benefits from regenerating these "legacy" properties. The City, in addition to other economic development objectives, shall pursue the redevelopment of brownfield sites and promote opportunities for employment and residential intensification by:

- a) continuing to liaise with other levels of government, agencies, and the private sector to endorse and amend existing legislation, regulations and standards, including the addressing of liability issues for land owners;*

- b) *undertaking studies to identify priority brownfield sites for redevelopment;*
- c) *providing the necessary financial assistance to developers and landowners to make the redevelopment of brownfield sites a viable option; and,*
- d) *ensure a wide variety of investment opportunities are available throughout the City and provide potential employment users with a range of alternative sites of various size in a variety of locations throughout the City.”*

For the Bayfront Strategy, the brownfields work will include review and assessment for remediating lands for continued industrial use and an update of the historic land use inventory information. It will also involve an analysis of the City’s current incentive programs to determine if program changes are required to encourage brownfield redevelopment in the Bayfront Area.

RELEVANT CONSULTATION

The Capital Budgets Section, Corporate Services Department was consulted in the preparation of this Report.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The Bayfront Strategy began as a Secondary Plan with direction from the UHOP for a fairly narrow scope to review and establish the limits of a research and development business park, the permitted uses, urban design policies, implementation strategy and any other transportation or infrastructure related requirements. The work plan for the project evolved over the history of the project to a joint undertaking between the Community Planning Section, Planning Division and the Business Development Section, Economic Development Division to take a more comprehensive approach to the Bayfront and propose short, medium and long-term goals.

The completion of the Market Opportunities Study (Phase 1) has provided valuable insight to the opportunities and constraints in the Bayfront Area and has provided a framework for moving forward with Phase 2.

Phase 1 – Market Opportunities Study

The results of Phase 1 conclude that the Bayfront is best suited to remain an industrial area in the short and medium term, with the potential for land use change in the long term. The report recommended six strategic directions for the Bayfront to ensure a strong position in legacy manufacturing and the steel sector in the Bayfront while also expanding into new and innovative sectors. Recommendations are as follows:

1. Establish a vision for the Bayfront;
2. Ensure the Airport Employment Growth District (AEGD) and other greenfield supply comes to market soon;

3. Encourage more efficient use of existing land and building supply, work with land owners, consider conversions;
4. Consider targeted site acquisition to gain an element of public control;
5. Establish a program to bring any acquired sites to market; and,
6. Explore program management options such as the creation of a steering committee.

Based on the results and recommendations of Phase 1, the work plan for Phase 2 will include the following:

- A Public Engagement and Communication Plan that includes innovative ways to consult with stakeholders and engage the public City wide;
- The establishment of a vision for the Bayfront area as a result of public engagement and stakeholder consultation;
- Brownfield redevelopment analysis, including an update to the historical land use inventory and review of the City's brownfield and other incentive programs;
- Infrastructure and servicing review and gap analysis;
- Assessment of financing options;
- Development of a framework for targeted site acquisition program;
- Transportation and goods movement review and gap analysis;
- Land use, public realm, urban design review and identification of preferred changes; and,
- Industrial heritage review to identify opportunities for protection of cultural heritage resources.

The key deliverable of Phase 2 will be a Strategy and Action Plan that identifies key goals and actions required over the short, medium, and long term in order to implement the established vision for the Bayfront Area.

The additional items coming out of Phase 1 recommendations that were not contemplated prior to Phase 1 are (1) the establishment of a Steering Committee to provide oversight and guidance on programs to bring industrial sites to market and (2) the addition of an Industrial Heritage Review to identify opportunities for cultural heritage protection and inform development of land use options. Additionally, the role of Deloitte in Phase 2 has been clarified to include guidance and expertise at key phases of the project including financial analysis of infrastructure review, assessment of the City's current brownfield and development incentive programs, recommendations for targeted site acquisition and the development of a framework for a site acquisition program.

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The expanded scope for Phase 2 will result in the establishment of a fulsome strategy to define opportunities and strengthen employment activities in the Bayfront area, and will also provide continuity between strategy development and strategy implementation, maintaining momentum on economic development efforts for this important and unique employment area of the City.

The expansion of the scope of Phase 2, including Deloitte's involvement, will require an additional \$135,000 to be transferred from the Economic Development Initiatives Capital account. The purpose of the fund is to "accelerate projects that create a diversified, sustainable economic base for the City of Hamilton". The additional work required on the Bayfront Strategy is directly related to the purpose of this account, therefore, the transfer of the funds is considered appropriate. With the additional funds, the funds available in the Bayfront Strategy Capital account will be \$375,000.

FCM Green Municipal Fund Application

In addition to the transfer of funds, staff are pursuing alternate funding sources for the Bayfront Strategy. The FCM Green Municipal Fund is a perpetual endowment fund which funds sustainable neighbourhood action plans, community brownfield action plans, and greenhouse gas (GHG) reduction plans. The FCM funding is a grant available which covers up to 50% of eligible costs to a maximum of \$175,000. Any funding received from FCM, or any other sources will be directed back to the Economic Development Initiatives Capital Project account to replenish the Capital account.

Staff have had preliminary discussions with FCM regarding the criteria for funding. Based on the funding criteria, the Bayfront Strategy would have to classify as a community brownfield action plan in order to be eligible for funding. This type of application is non-competitive and is awarded periodically throughout the year. Due to the size and scope of the application, staff will require the assistance of a consultant to compile the application. The approximate fee for a grant-writing consultant is \$7,000 to \$10,000.

ALTERNATIVES FOR CONSIDERATION

Council could choose not to approve the transfer of funds. Completion of the current project scope would be contingent on the existing Bayfront Industrial Secondary Plan Capital account (Project No. 8141155104) and on receiving funding from FCM or other grants. Alternatively, if the City is not successful in acquiring the FCM grant money, a scoped Bayfront Strategy would be undertaken using the funds currently available in the Bayfront Industrial Secondary Plan Capital account.

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

- 1.3 Promote economic opportunities with a focus on Hamilton's downtown core, all downtown areas and waterfronts.
- 1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

- 2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

CN/NS