



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

<b>TO:</b>	Mayor and Members General Issues Committee
<b>COMMITTEE DATE:</b>	September 19, 2018
<b>SUBJECT/REPORT NO:</b>	Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application 2192929 Ontario Inc. and 2156600 Ontario Inc. – 133, 135 and 153 King Street West, Dundas (PED10214(a)) (Ward 13)
<b>WARD(S) AFFECTED:</b>	Ward 13
<b>PREPARED BY:</b>	Karol Murillo (905) 546-2424 Ext. 7859
<b>SUBMITTED BY:</b>	Glen Norton Director, Economic Development Planning and Economic Development Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the maximum amount of the Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant ERG-10-02 approved for 2142929 Ontario Inc. and 2156600 Ontario Inc. (Steve Pocrnic), owners of the property at 133, 135 and 153 King Street West, Dundas, be increased to \$367,183 from \$140 K and be made payable to 2142929 Ontario Inc. and 2156600 Ontario Inc., jointly, over a maximum of ten years, be authorized and approved in accordance with the terms and conditions of the ERASE Redevelopment Grant Program provided for in the approved ERASE Community Improvement Plan;
- (b) That the City enter into an ERASE Redevelopment Grant Agreement and that the Mayor and City Clerk be authorized and directed to execute said Agreement together with any ancillary documentation required, to effect recommendation (a) of Report PED10214, in a form satisfactory to the City Solicitor;
- (c) That the General Manager of the Planning and Economic Development Department be authorized to approve and execute any grant amending agreements, together with any ancillary amending documentation, if required, provided that the terms and conditions of the ERASE Redevelopment Grant ERG-10-02, as approved by City Council on September 28, 2010 are maintained.

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## **EXECUTIVE SUMMARY**

An Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant was submitted by 2142929 Ontario Inc. and 2156600 Ontario Inc. for redevelopment of the properties at 133, 135 and 153 King Street West, Dundas, see map attached as Appendix “A” to Report PED10214(a) and approved by Council on September 28, 2010 (PED10214). This application was approved for an ERASE Redevelopment Grant as a result of required environmental site remediation in order to permit construction of a two-storey commercial building with a gross floor area of 29,706 sq ft - the ground floor being a Shopper’s Drug Mart (19,503 sq ft) and the second storey being medical offices (10,203 sq ft).

Following the completion of the project, the applicant informed staff the remediation costs (including soil removal, environmental consulting fees, risk assessment and related measures) had significantly increased.

This report provides a summary of the increase in eligible environmental site remediation costs of \$367,218 which includes the original approved total of \$140 K. Staff is seeking approval to increase the maximum amount of the grant as per the ERASE Community Improvement Plan.

### ***Alternatives for Consideration – Not Applicable***

## **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

**Financial:** As per the ERASE Redevelopment Grant Program, the City will provide the applicant with a grant equivalent to 80% of the increase in municipal taxes up to the total eligible cost figure of \$367,218. At that time, the City will begin to collect and retain the full municipal portion of the tax increment.

The City will retain 20% of the municipal tax increment, approximately \$18,737.25 a year for ten years, up to an amount not to exceed 20% of the total estimated clean up costs. These monies will be deposited into the Brownfield Pilot Project account to be used by the City for its Municipal Acquisition and Partnership Program (MAPP). This program, as approved in the ERASE Community Improvement Plan (CIP), involves the City acquiring key brownfield sites, cleaning up and redeveloping property it already owns, or participating in public/private partnerships to redevelop brownfield properties.

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**Staffing:** Administration of this Application under the terms of the program can be accommodated by staff of the Economic Development Department, Real Estate Division and the Corporate Services Department.

**Legal:** The provision of ERASE Redevelopment Grants is authorized in the ERASE CIP recently adopted and approved in 2018. The ERASE Redevelopment Agreement and any necessary associated documents will specify the obligations of the City and the applicant. The Redevelopment Agreement will all be prepared in a form satisfactory to City Solicitor.

### **HISTORICAL BACKGROUND**

An ERASE Redevelopment Grant application was submitted by 2142929 Ontario Inc. and 2156600 Ontario Inc. for redevelopment of the properties at 133, 135 and 153 King Street West, Dundas (see map attached as Appendix “A” to Report PED10214(a)) was submitted on August 6, 2010 and approved by City Council on September 28, 2010 (PED10214) for a maximum grant amount of \$140 K.

This application was approved for an ERASE Redevelopment Grant as a result of required environmental site remediation in order to permit construction of a two-storey commercial building with a gross floor area of 29,706 sq ft - the ground floor being a Shopper’s Drug Mart (19,503 sq ft) and the second storey being medical offices (10,203 sq ft).

The list below highlights the events leading up to the construction of the Shoppers Drug Mart, and provides a summary for events and works between 2010-2014 that illustrate the increase of the remediation costs and lengthy process taken to complete the project:

- (1) Exterior Works Agreement for the proposed Shoppers Drug Mart property was executed on June 23, 2010;
- (2) A “Shell Only” Building Permit for the Shoppers Drug Mart was issued on August 16, 2010 and was cleared on February 7, 2011;
- (3) Environmental Consultation process to meet the environmental requirements of Section 3. (y) of the Approval of Site Plan Application #DA-09-095, which included the following:
  - (a) A Phase Two Environmental Site Assessment, prepared by Premier Environmental Services Inc., dated December 31, 2009;

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- (b) Supplemental Phase Two Environmental Site Assessment, prepared by Premier Environmental Services Inc., dated August 30, 2010;
- (c) Implementation of a Remedial Action Plan (RAP) for the property, which was reported under the cover letter of “Excavation of Contaminated Soil, 153 King Street West, Dundas, Ontario”, prepared by Premier Environmental Services Inc., dated June 1, 2011;
- (d) Phase Two Environmental Site Assessment updated report, prepared by Premier Environmental Services Inc., dated October 11, 2012;
- (e) Completion of a Site-Specific Risk Assessment (SSRA) for the property, which was reported under the cover letter “Risk Assessment, 153 King Street West, Dundas, Ontario”, prepared by Premier Environmental Services Inc., dated November 29, 2012; and,
- (f) Acceptance of the SSRA and the issuance of a Certificate of Property Use (CPU) for the property by the Ministry of the Environment and Climate Change (MOECC CPU No. 8835-9GBSQ8, dated October 1, 2014)

These additional activities (noted above (3) a-f) demonstrated the process undertaken to comply with the reporting requirements from the Record of Site Conditions (RSC) by the Ministry of the Environment and Climate Change (MOECC) which included newly added requirements, investigations and administrative revisions throughout the environmental consultation process. In addition, new soil and groundwater standards came into effect in 2011 which resulted in additional assessment work and scrutiny of the previous assessment activities.

All of this led to the unexpected lengthy environmental consultation timeframe with a considerable amount of additional expenditures throughout the process. The complexity of the brownfield redevelopment property in terms of the actual contaminating activities, as well as the combination of site remediation works and Site-Specific Risk Assessment (SSRA) activities involved in gaining MOECC signoff was not anticipated. All the final costs were required to satisfy (i.e. report on the control measures in place for the Site) and receive the final Certificate of Property Use issued by the MOECC.

Staff have reviewed the above reports and detailed invoices to ensure accuracy.

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<b>Revised Eligible Costs</b>	<b>2010 Costs</b>	<b>2015 Revised Costs</b>
Soil Removal, environmental consulting fees, and risk assessment and related measures.	<b>\$140 K</b>	<b>\$367,183</b> <i>(Includes 2010 Costs)</i>

Staff reviewed the proposed works against the eligibility criteria contained in the ERASE Community Improvement Plan (CIP) – Appendix “B”, and conclude all costs that have been applied for under the grant are eligible. Therefore, staff recommends approval of the maximum amount of the grant.

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

Report PED10214(a) relates to the processing of an application under the ERASE Redevelopment Grant Program (ERG) which was contained within the City’s approved ERASE CIP (2010). Since that time, the ERASE CIP was revised and amended in 2018. For the purposes of this report, all criteria used to evaluate this request was based on the City’s approved ERASE CIP (2010).

**RELEVANT CONSULTATION**

- Corporate Services Department, Taxation Division; and,
- City Manager’s Office, Legal Services Division

**Departmental Comments**

**Taxation Division:**

The total 2010 assessed value for 133,135, and 153 King Street West is \$1,424,500 and the property is classed as the Commercial property class (CT and GT). Property taxes are paid in full. Taxes for 2010 on this property total \$53,993.91 (see breakdown).

The MPAC 2012 reassessment is broken down below:

	<b>2010 Report (PED10214)</b>	<b>MPAC 2012 Figures</b>
Municipal Levy	\$31,982.52	\$125,668.78
Education Levy	\$22,011.39	\$74,443.05
Tax Cap Adjustment	\$0	\$0
Total (approximately)	\$53,993.91	\$200,111.83

**Legal Services Division:**

The Owner and the City shall enter into an appropriate ERASE Redevelopment Agreement as a condition of this grant in accordance with the provisions of the ERASE CIP.

**ANALYSIS AND RATIONALE FOR RECOMMENDATION**

The post development property tax (2012) Municipal Value Assessment (MVA) for 133, 135, and 153 King Street West is \$5,882,000 classed as Commercial (XT, ZT and GT).

Municipal Levy	\$125,668.78
Education Levy	\$74,443.05
Tax Cap Adjustment	\$0
Total (approximately)	\$200,111.83

The 2010 property taxes were approximately \$53,993.91.

Property taxes are current and paid in full.

The 2012 MVA of \$5,882,000 was significantly higher than the estimated assessment value of \$3,825,000. The new municipal taxes levied on this property starting in 2012 were approximately \$125,668.78, with the remaining dollars going to the Province for education taxes.

The Application met the eligibility criteria and requirements of the program and was approved in 2010. This report addresses the increase for the maximum amount of the grant due to the increase in actual remediation costs (including soil removal, environmental consulting fees, risk assessment and related measures) that was not originally anticipated.

**ALTERNATIVES FOR CONSIDERATION**

N/A

**ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

**Economic Prosperity and Growth**

*Hamilton* has a prosperous and diverse local economy where people have opportunities to grow and develop.

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**Healthy and Safe Communities**

*Hamilton is a safe and supportive city where people are active, healthy, and have a high quality of life.*

**Clean and Green**

*Hamilton is environmentally sustainable with a healthy balance of natural and urban spaces.*

**APPENDICES AND SCHEDULES ATTACHED**

Appendix “A”–Location Map

KM:sd