





CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	April 20, 2022
SUBJECT/REPORT NO:	Lease Agreement - 1579 Burlington Street East, Hamilton (PED22084) (Ward 4)
WARD(S) AFFECTED:	Ward 4
PREPARED BY:	Brad Thomas (905) 546-2424 Ext. 7044
SUBMITTED BY: SIGNATURE:	Norm Schleeahn Director, Economic Development Planning and Economic Development 
SUBMITTED BY: SIGNATURE:	Raymond Kessler Chief Corporate Real Estate Officer Planning and Economic Development 

Discussion of this Confidential Report in closed session is subject to the following requirement(s) of the City of Hamilton's Procedural By-law and the Ontario Municipal Act, 2001:

- A proposed or pending acquisition or disposition of property for City or a local board purpose.

RATIONALE FOR CONFIDENTIALITY

This Report proposes a potential real estate transaction, and therefore it is appropriate to address in-camera, pursuant to the *Ontario Municipal Act, 2001*.

RATIONALE FOR MAINTAINING CONFIDENTIALITY

The report is to remain confidential as real estate transactions involve commercially confidential information and/or the outcome of negotiations, pending approval of Council and the closing of the transaction.

RECOMMENDATION (CLOSED SESSION)

None.

RECOMMENDATION (OPEN SESSION)

- (a) That a Lease Agreement between the City of Hamilton (Lessor) and GFL Environmental Solutions Inc. (Lessee) for the occupancy and use of a building located at 1579 Burlington Street East as depicted in Appendix "A" to Report PED22084, based substantially on the terms and conditions outlined in Appendix "B" to Report PED22084, and on such other terms and conditions deemed appropriate by the General Manager of Planning and Economic Development Department or designate, be approved;
- (b) That the General Manager, Planning and Economic Development Department or designate, acting on behalf of the City of Hamilton (Lessor), be authorized to provide any consents, approvals, and notices related to the Lease Agreement - 1579 Burlington Street East;
- (c) That the City Solicitor be authorized to amend and waive such terms and conditions to the Lease Agreement - 1579 Burlington Street East as considered reasonable;
- (d) That the Base Rent outlined in Appendix "B" to Report PED22084 be credited to Account No. 791907;
- (e) That the transactional costs, including real estate and legal fees of \$210,136 be funded from Account No. 791907 and credited to Dept. ID Account No. 45408-812036;
- (f) That the Mayor and Clerk be authorized and directed to execute the Lease Agreement - 1579 Burlington Street East or such other form and all other necessary associated documents, and all such documents to be in a form satisfactory to the City Solicitor;
- (g) That Appendix "B" to Report PED22084 remains confidential and not be released as a public document.

EXECUTIVE SUMMARY

1579 Burlington Street East is currently used by the City as a Material Recycling Facility. The west building located at this address, in addition to some of the surface parking surrounding the facilities on site, is underutilized and deemed available for lease.

Terrapure Environmental, which was recently acquired by GFL Environmental Solutions, has been in discussions with the City to relocate their paint recycling operation from a leased site that the City has acquired through expropriation. The Corporate Real Estate Office, in consultation with various Public Works Department divisions, has determined an appropriate accommodation solution for GFL Environmental Solutions at the subject location.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: As outlined in Appendix “B” to Report PED22084

Base Rental outlined in Appendix “B” to Report PED22084 to be credited to Account No. 791907 (Terrapure-1579 Burlington).

Transactional costs including real estate and legal fees of \$210,136 are to be funded from Account No. 791907 (Terrapure-1579 Burlington).

Staffing: N/A

Legal: Legal Services will be required to assist in the preparation of the necessary documents required to complete the transaction.

HISTORICAL BACKGROUND

1579 Burlington Street East was purchased from Philips Environmental in December 2001. It is currently being operated as a Materials and Recycling Facility, The City Blue Box Program, Waste Yard Collections and storage for multiple City Departments. The City was approached by the proposed Lessee as a potential relocation site to continue its operations. GFL Environmental Solutions Inc. are currently under contract to operate some of the City’s recycling programs from this site as well.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Portfolio Management Strategy – Real Estate Management Plan

City Council, at its meeting of November 24, 2004, adopted the City's Portfolio Management Strategy Plan, which established a formalized process to be consistently applied across all areas of the City to guide the management of the City's real property.

RELEVANT CONSULTATION

- Public Works Department, Facilities Planning and Business Solutions Section; and,
- Corporate Services Department, Legal and Risk Management Services Division.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Terrapure Environmental (now part of GFL Environmental Solutions) has been operating a paint recycling facility at a leased site that the City expropriated in May 29, 2020. As part of the relocation discussions, Terrapure and the City have been discussing the subject property as a possible option. The west building, located at 1579 Burlington Street East, is currently used for storage for various equipment and material by a number of City departments. This space, and some surrounding parking, can be made available for lease.

With the proposed Lease Agreement, GFL Environmental Solutions aim to continue operations of their paint recycling business, which includes supporting existing contracts with the City of Hamilton, among others. The west building requires major renovation which will be completed by the Lessee. The Lessee will also complete environmental due diligence, geotechnical investigations, legal property surveys and other important studies to inform the detailed design of said renovation.

The terms and conditions outlined in Appendix "B" to Report PED22084 are deemed fair, reasonable and at market value.

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.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report PED22084 – Location Plan and Key Map

Appendix "B" to Report PED22084 – Confidential Major Terms and Conditions

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