

CITY OF HAMILTON

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development & Real Estate Division

TO: Chair and Members General Issues Committee	WARD(S) AFFECTED: WARD 5
COMMITTEE DATE: February 14, 2011	
SUBJECT/REPORT NO: Environmental Remediation And Site Enhancement (ERASE) Redevelopment Grant Application (ERG-11-01) - 10NC Inc., 685 Queenston Road, Hamilton (PED11024) (Ward 5)	
SUBMITTED BY: Tim McCabe General Manager Planning & Economic Development Department	PREPARED BY: Brian Morris 905-546-2424 Ext. 5602
SIGNATURE:	

RECOMMENDATION

- (a) That Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application ERG-11-01, submitted by 10NC Inc., future owner of the property at 685 Queenston Road, Hamilton for an ERASE Redevelopment Grant not to exceed \$962,250, payable to 10NC Inc. over a maximum of ten (10) years, be authorized and approved in accordance with the terms and conditions of the ERASE Redevelopment Agreement.
- (b) That the City enter into an ERASE Redevelopment Agreement with 10NC Inc. regarding the terms and conditions governing the payment of an ERASE Redevelopment Grant for, and redevelopment of, 685 Queenston Road, Hamilton, with such agreement to be satisfactory to the City Solicitor.

EXECUTIVE SUMMARY

An Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application was submitted by 10NC Inc. for redevelopment of the property at 685 Queenston Road, Hamilton, ON (Appendix "A" to Report PED11024). The application qualifies for an ERASE Redevelopment Grant as a result of required environmental site remediation in order to permit construction of a single storey, 29,000 sq.ft. (2,694m²) retail grocery store.

The Grant Application is for \$962,250 in eligible environmental site remediation costs. Estimated project construction costs are \$2,500,000. It is estimated that the proposed development will increase the market value assessment (MVA) on the site from its current \$1,614,000 to approximately \$3,400,000. This will increase total annual property taxes generated by this property. The municipal share of this property tax increase (municipal tax increment) will be approximately \$45,870.77 of which 80% or approximately \$36,696.62 would be paid to the owner in the form of an annual grant for approximately 10 years up to an amount not to exceed total estimated clean-up costs eligible for ERASE of \$962,250.

The City will retain 20% of the municipal tax increment; approximately \$9,174.15 a year for ten (10) years up to an amount not to exceed 20% of the total estimated clean-up costs. These monies will be deposited into the Brownfields Pilot Project account to be used by the City for its ERASE 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.

Under the ERASE Redevelopment Grant Program, there is no actual loss of tax revenues to the City. The annual grant paid by the City to the owner is actually paid out of increased taxes generated by the development taking advantage of the ERASE Program.

This application meets the grant criteria specified in the 2010 ERASE Community CIP. This redevelopment will result in the physical enhancement of this commercial site via environmental site remediation leading to the development of the proposed grocery store and will result in a significant long-term increase in assessment and property tax revenues to the City. The City, under the terms of the ERASE program will need to enter into a Redevelopment Agreement with the owner, as specified in the ERASE CIP.

Alternatives for Consideration – See Page 7

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

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 \$962,250. 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 \$9,174.15 a year for 10 years, up to an amount not to exceed 20% of the total estimated clean up costs. These monies will be deposited into the Brownfield's Pilot Project Account to be used by the City for its Municipal Acquisition and Partnership Program (MAPP). This program, as approved in the ERASE 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.

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

Legal: The provision of ERASE Redevelopment Grant is authorized in the ERASE CIP which was adopted and approved in 2001 and the expansion to the original plan in 2005 and 2010 under Section 28 of the Planning Act. The Redevelopment Agreement will specify the obligations of the City and the applicant. The Redevelopment Agreement will be prepared in a form satisfactory to City Solicitor.

HISTORICAL BACKGROUND (Chronology of events)

The following site history has been identified. The subject property is located on the north side of Queenston Road at the intersection of Nash Road. The Site is approximately 2.35 acres (0.95 ha) in size. The Site is developed with an approximately 22,604 sq.ft. (2,100m²) commercial building. Approximately two-thirds of this existing building will be demolished as part of the redevelopment of the subject property, with the remaining portion to form part of the newly constructed grocery store.

A Phase I Environmental Site Assessment was conducted on the site in November 2010 by G2S Environmental Consultants Inc. The structure on site was most recently occupied by Gemini Auto Inc. and has been used as an automotive sales and repair facility since its development in 1968. In addition to the potential environmental impacts that result from an automotive repair facility, a Phase II Environmental Site Assessment was also recommended for the site due to potential impacts to the Site from the adjacent and nearby potentially contaminating activities including: a former service station to the west of the property, further automotive repair facilities to the east and

south of the subject property and dry cleaning operations to the southwest of the subject property. Furthermore, the site was constructed using steel slag fill from the industrial sector as a sub-base beneath the asphalt and building.

A Phase II ESA was conducted on the property and was finalized in January, 2011 by G2S Environmental Consultants Inc. For evaluation of the soil and groundwater quality, G2S compared the analytical results to the Site Condition Standards (SCS) published in 2004, and the new SCS published in 2009. The applicable site criteria for the site are provided in Table 1 (Industrial/commercial) standards from the Ministry of the Environment (MOE).

Based on the results of the investigation, it appears that the presence of metals (barium, beryllium, boron selenium, uranium and zinc) in soil and groundwater at concentrations above the MOE SCS is widespread across the property and may be limited to the shallow granular fill material. The granular fill layer appears to be between 0.25m and 0.4m. The environmental consultants suggest that the concentrations of metals are a result of the slag fill material that was used as a sub-base on the site. In addition, elevated levels of cobalt, copper selenium, antimony, uranium, and nickel all appear at concentrations above applicable MOE standards in the groundwater on the subject site.

As a result of the elevated concentrations of metals, G2S Environmental Consulting Inc. Inc. was retained by 10NC Inc. to detail a Remedial Action Plan (RAP) for the subject site. It is the opinion of G2S Environmental Consulting Inc. that the most appropriate method to reduce the concentration of contaminants to applicable MOE standards is through excavation and disposal. The estimated volume of material to be removed is approximately 3,300m³. Groundwater impacts will have to be reassessed following the remediation. If the impacted fill is removed, it is anticipated that the pH of the remaining material will be within the acceptable range to allow application of the generic site condition standards. The RAP will be carried out in order to permit a Record of Site Condition (RSC) for the subject and to permit the construction of a 29,000 sq.ft. (2,694m²) retail grocery store.

The Applications

The application for an ERASE Redevelopment Grant, submitted by G2S Environmental Consulting Inc., agent for 10NC Inc. for the property at 685 Queenston Road qualifies for an ERASE Redevelopment Grant as a result of required environmental site remediation. The application involves clean-up of the property to remove contaminated soils containing elevated levels of metals in fill soils that are a residual result of past commercial use on the site. The clean-up will be done in order to permit the construction of a 29,000 sq.ft. (2,694 m²) retail building. Estimated project construction costs are \$2,500,000. The costs eligible for an ERASE Redevelopment Grant are estimated as follows:

Eligible Works	Cost
Soil Removal/Disposal	\$932,475
Environmental Consulting Fees	\$29,775
Building Demolition	N/A
On-Site Infrastructure Upgrading	N/A
TOTAL	\$962,250

*HST not included in the above

Staff review of the proposed works against the eligibility criteria contained in the ERASE CIP show that all costs that have been applied for under the grant are eligible. Therefore, staff recommends approval of this ERASE Redevelopment Grant Application.

POLICY IMPLICATIONS

Report PED11024 relates to the processing of an application under the ERASE Redevelopment Grant Program (ERG) which is contained within the City's approved ERASE Community Improvement Plan (2010).

RELEVANT CONSULTATION

The grant application was circulated to the Corporate Services Department (Taxation Division and Legal Services Division) and the Planning and Economic Development Department (Planning Division) for comment. The pertinent departmental comments are provided below. As per the ERASE CIP, the grant application was reviewed by the Planning and Economic Development Department (Economic Development and Real Estate Division) in consultation with the Planning Division and Budgets and Finance Division. None of the comments received from staff suggest that the application not be approved.

Departmental Comments

Taxation Division

The 2010 assessed value is \$1,614,000 and the property is classed as Commercial (CT). Property taxes are paid in full. Taxes for 2010 on this property total \$66,392.74, broken down as follows:

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Municipal Levy =	\$41,453.20
Education Levy =	\$24,939.54
Tax Cap Adjustment =	\$ <u>0</u>
Total (approximately)	\$66,392.74

Legal Services Division

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

Planning Division

The future owner submitted Request for Formal Consultation Application FC-10-086 on September 13, 2010 to redevelop the property for a retail grocery store. The request was circulated for comments to various internal and external departments and agencies and the application taken before the Development Review Committee on October 13, 2010. The applicant was advised that their original proposal would require a Site Plan Control Application as well as a small number of supportable Minor Variances. The plan submitted by the applicant was generally favourably received and the proposed use is permitted under the Zoning By-law, although additional information pertaining to enhanced landscaping and urban design matters will be addressed through the submission and review of the subsequent Site Plan Control Application.

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

The ERASE Redevelopment Grant is a component of the Council approved ERASE CIP. This application meets the criteria for approval.

The 2010 assessed value is \$1,614,000 and the property is classed as Commercial (CT). Property taxes are paid in full. Taxes for 2010 on this property total \$66,392.74, broken down as follows:

Municipal Levy =	\$41,453.20
Education Levy =	\$24,939.54
Tax Cap Adjustment =	\$ <u>0</u>
Total (approximately)	\$66,392.74

Property taxes are current (paid in full).

Based on site plan drawings and information submitted in support of the ERASE Application, staff has estimated that once the project is complete, the property, including all buildings, will have an estimated MVA of approximately \$3,400,000 classed as Commercial (XT). This new MVA is estimated to increase total annual property taxes over the current \$66,392.74. The new municipal taxes levied on this property will be approximately \$87,323.97, with the remaining dollars going to the Province for education taxes.

As per City Council direction to increase the number of Brownfield properties redeveloped per year, this grant application would effectively support this strategic direction.

ALTERNATIVES FOR CONSIDERATION

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

The grant application meets the eligibility criteria and requirements of the program. In the event the project is not considered for the program, the application should be referred back to staff for further information on possible financial or legal implications.

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

Skilled, Innovative & Respectful Organization

- ◆ Council and SMT are recognized for their leadership and integrity

Financial Sustainability

- ◆ Effective and sustainable Growth Management
- ◆ Generate assessment growth/non-tax revenues

Growing Our Economy

- ◆ Newly created or revitalized employment sites
- ◆ Competitive business environment

Social Development

- ◆ Residents in need have access to adequate support services

Environmental Stewardship

- ◆ Reduce the impact of Hamilton's industrial, commercial Private and Public operations on the environment
- ◆ Aspiring to the highest environmental standards

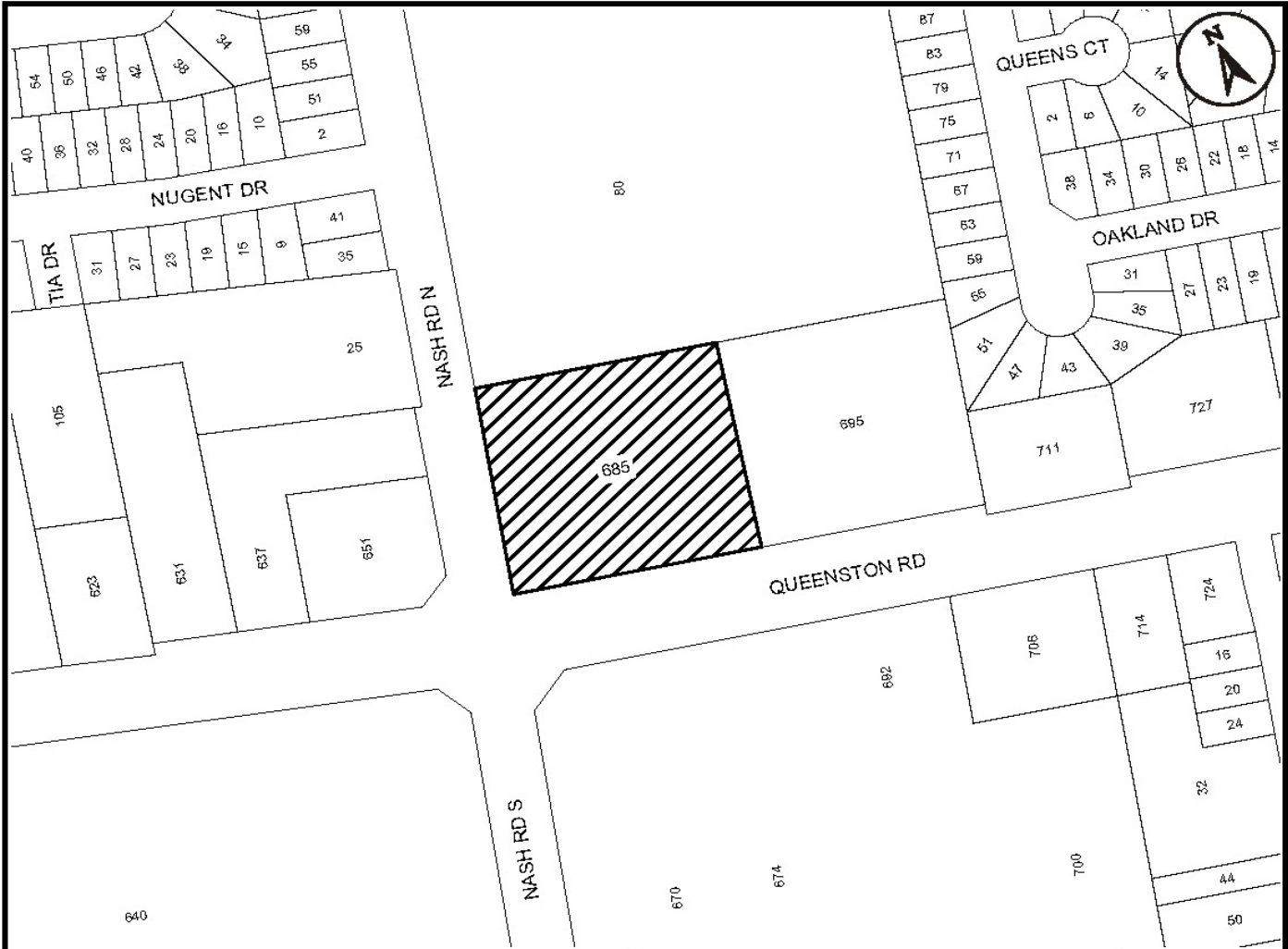
Healthy Community

- ◆ Plan and manage the built environment

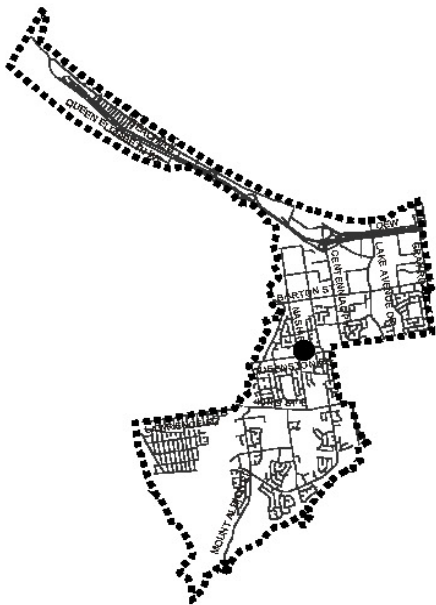
APPENDICES / SCHEDULES

Appendix "A" to Report PED11024 – Location Map

BM:dt



● Site of the Application



Ward 5 Key Map

N.T.S.

Location Map



PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT

File Name/Number:
685 Queenston Rd

Date:
January 24, 2011

Appendix "A"

Scale:
N.T.S.

Planner/Technician:
BM/NB

Subject Property



685 Queenston Road, Hamilton