



CITY OF HAMILTON

**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development and Real Estate Division
&
Growth Management Division**

TO: Mayor and Members General Issues Committee	WARD(S) AFFECTED: WARD 12
COMMITTEE DATE: March 22, 2011	
SUBJECT/REPORT NO: Acquisition of Part of 1389 Wilson Street West, Ancaster, from Her Majesty the Queen in Right of Ontario, as represented by the Minister of Infrastructure (PED11043) (Ward 12)	
SUBMITTED BY: Tim McCabe General Manager Planning and Economic Development Department	PREPARED BY: Bill Farkas (905) 546-2424 Ext. 7019 Tony Sergi (905) 546-2424 Ext. 2274
SIGNATURE:	

RECOMMENDATION

- (a) That the Real Estate Section of the Economic Development and Real Estate Division be authorized and directed to submit an Offer to Purchase in the amount of \$610,000, to Her Majesty the Queen in Right of Ontario, as represented by the Minister of Infrastructure, those lands described as Part Lot 33, Concession 3, in the former Town of Ancaster now in the City of Hamilton, having an area of 0.93 hectares (2.31 acres) more or less, and being part of PIN 17418-0068, known municipally as 1389 Wilson Street West, as shown on Appendix "A" attached to Report PED11043;
- (b) That subject to approval of Recommendation (a), the total acquisition costs in the amount of \$610,000 (including purchase price, Legal fees, Real Estate and appraisal costs) be charged to Capital Project ID 59259-5180880681;

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- (c) That the Mayor and Clerk be authorized and directed to execute all necessary documents in a form satisfactory to the City Solicitor, and;
- (d) That the costs incurred for the provision of Real Estate's service in the amount of \$19,520, be credited to Account 45408-3560150200 (Property Purchases and Sales) and debited from Project ID 59259-5180880681.

EXECUTIVE SUMMARY

The City of Hamilton has interest in purchasing a triangular shaped, naturally contoured site to allow for the construction of a storm water management facility from Her Majesty the Queen in Right of Ontario, as represented by the Minister of Infrastructure. The subject property comprising an area of 0.93 ha (2.31 acres) will be adapted for use as a storm water management facility to serve the adjoining property to the east known as "Duff's Corner Corporate Business Park". The overall benefiting land, based on the consultants Storm Water Management Report and drainage map encompasses an area of 21.17 hectares (52.31 acres). Structuring the location of the pond outside the limits of the industrial subdivision plan will optimize use of the adjoining properties described as Part 3 on Plan 62M-1067 for industrial/commercial development land, along with providing benefit to the remaining lands within the sub-catchment area of approximately 15 hectares (37 acres). The contributory value of the subject parcel was based on full market value for the developable portion of the parent property and 50% of the estimated market value for the remainder of the site that is low lying/flood susceptible, which may or may not be suitable for development, but not environmentally sensitive. The cost benefit to the location of the storm water management facility on the adjoining lands owned by Ontario Realty Corporation (ORC) is a win-win situation as the City is not paying full market value for developable industrial/commercial land at an estimated market value of \$400,000/acre. Pursuant to City policy, the 2009 Development Charges (DC) background study identifies the City's obligation to pay to an upset limit of \$400,000 per acre for the 2.31 acre parcel required for storm water management facilities. The recommended acquisition will be below budget, resulting in a cost savings of approximately \$540,000 (\$1.15m – \$610,000).

Alternatives for Consideration – See Page 4.

FINANCIAL / STAFFING / LEGAL IMPLICATIONS

Financial: Funding for this project will be 100% DC funded, split between 70% residential and 30% non-residential. The total costs of the proposed storm water facility are forecast to be between \$1.5m and \$2m. The land acquisition costs will be charged to 2008 capital account 5180880681 (total budget = \$1.15m). The original land acquisition cost budget was \$1.15m and was reflected in the above mentioned capital account. The proposed acquisition will be below budget. The future construction costs

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will be recovered from this account and the 2009 DC funded capital account 5180980980 (unallocated SWMP program - \$2.3 million).

Staffing: There is no staffing implication arising from this recommendation.

Legal: Legal Services will be involved in the review and approval of the necessary documents, as to form. As well, staff in Legal Services will prepare the necessary documents required to close the transaction and to transfer title of the subject lands appropriately.

HISTORICAL BACKGROUND

The information/recommendations contained within this Report primarily affect Ward 12, but may have city wide implications.

To maximize the availability of industrial/commercial development land within Duff's Corner Corporate Business Park, staff, the Ward Councillor, the developer's consultant and the proponent explored the option of relocating the storm water management facility to the adjoining land held by Her Majesty the Queen in Right of Ontario. The parent property owned by the Ministry of Transportation contains a total of 9.88 hectares (24.41 acre) of land and is currently being operated as the MTO work's yard. The triangular shaped parcel of interest to the City contains an area of approximately 0.93 hectares (2.31 acres) situated on the northerly side of Wilson Street West, described as Part 5 and, more particularly, shown on the draft reference plan, attached as Appendix "B" to Report PED11043. The physical character of the subject irregular parcel, the natural topography of the land and current drainage flow patterns is more suited to facilitate the storm water management facility. The subject parcel, in addition to a strip of land to be acquired from Her Majesty the Queen in Right of Ontario, as represented by the Minister of Infrastructure, will provide the land base required for the storm water management facility. The overall benefiting land, based on the consultants Storm Water Management Report and drainage map, encompasses an area of 21.17 hectares (52.31 acres). By structuring the location of the pond outside the limits of the industrial subdivision plan will optimize use of the adjoining properties described as Part 3 on Plan 62M-1067 and provide 5.38 hectares (13.3 acres) of industrial/commercial development land along with providing benefit to the remaining lands within the sub-catchment area of approximately 15 hectares (37 acres). Further, by acquiring the lands from both the Ministry of Transportation and the Minister of Infrastructure it allows the developer to proceed with the completion and servicing of Portia Drive.

The market value of the City's land requirements was determined on the basis of two independent external appraisals per ORC terms of reference. The evaluation, as agreed to by ORC and City staff, was on the basis that the entire parcel is not developable. In this regard, a portion of the subject land that is low lying/flood susceptible may not be suitable for development, but not environmentally sensitive, while the easterly portion is

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developable table land. The market value was based on the value of the whole as a fully developable lot, less discount of 50% being applied to the low lying lands. As noted in this report, the subject parcel contains a total size of 2.31 acres. The contributory value of the subject parcel was based on a cost per acre for the developable portion and 50% of the estimated value for the remainder of the site. Appraisals were conducted by Antec Appraisal Group Inc. and Stan Jugovic, Appraiser on behalf of the City and ORC. Based on the reconciled valuations of the two appraisals, the City and ORC has agreed on a final figure of \$610,000, which is reflective of the fair market value of the subject property.

POLICY IMPLICATIONS

This recommendation is consistent with the Real Estate Management Portfolio Strategy Plan, as approved by Council on November 24, 2004, to acquire property in support of municipal programs and needs. As the purchase price of the subject land exceeds the \$250,000 limit set by City Council under the Delegation of Authority approval process, approval is, therefore, required by City Council.

RELEVANT CONSULTATION

- Planning and Economic Development Department, Economic Development and Real Estate Division and Growth Management Division
- Ward Councillor
- Corporate Services Department, Financial Planning and Policy Division

ANALYSIS / RATIONALE FOR RECOMMENDATION)

The City currently has a policy to pay a maximum of \$400,000.00 per acre in Hamilton for lands required for storm water management facilities and identified in the 2009 Development Charges background study. The existing use of the land is vacant, sloping land and forms part of the MTO works yard. The purchase price of \$610,000 reflects a reconciled market value of \$262,070 per acre being within the City's threshold of \$400,000 per acre as per the DC background. Acquisition of this parcel will provide an opportunity to bring forward strategically located shovel ready land within the Duff's Corner Corporate Business Park, increase the City's non-residential assessment and overall, results in a cost benefit to the City.

ALTERNATIVES FOR CONSIDERATION

An alternative is not to purchase these lands. The alternative is not recommended as the City would need to replace the storm water management facility and purchase land at full industrial/commercial development land prices, estimated at \$400,000/acre. This

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would also result in less development land and decreased non-residential assessment growth. The physical attributes of the subject parcel, located on the MTO work's yard, is more suited to facilitate the construction of a storm water management facility and would allow for additional employment lands to come on stream.

CORPORATE STRATEGIC PLAN

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

Financial Sustainability

- ◆ It is important to increase the number of industrial land options to meet the needs of relocating or expanding businesses in the City.

Intergovernmental Relationships

- ◆ Continuing an effective relationship with the Province of Ontario and its land management staff.

Growing Our Economy

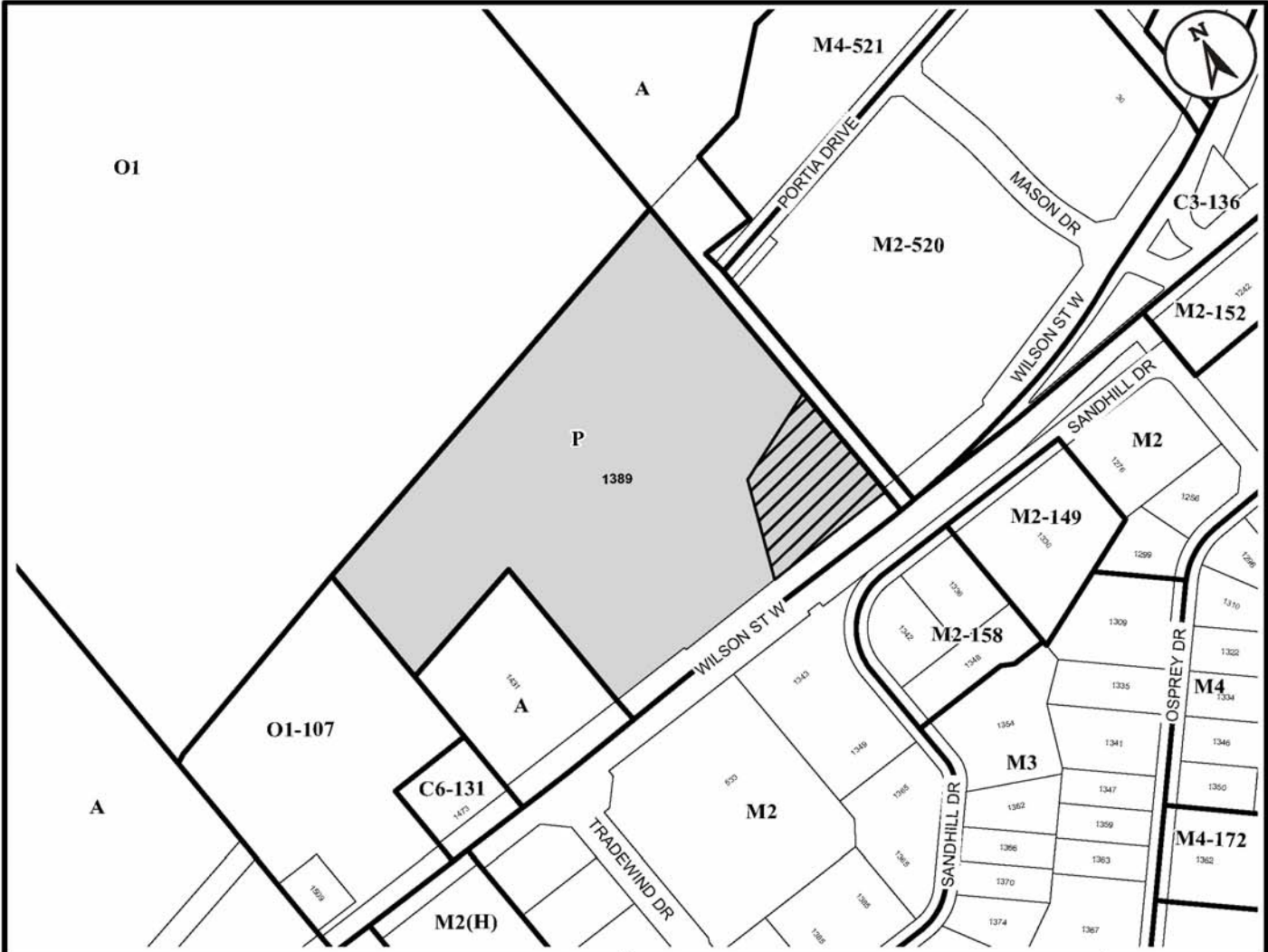
- ◆ Opportunity to support growth with additional industrial/employment land.

APPENDICES / SCHEDULES

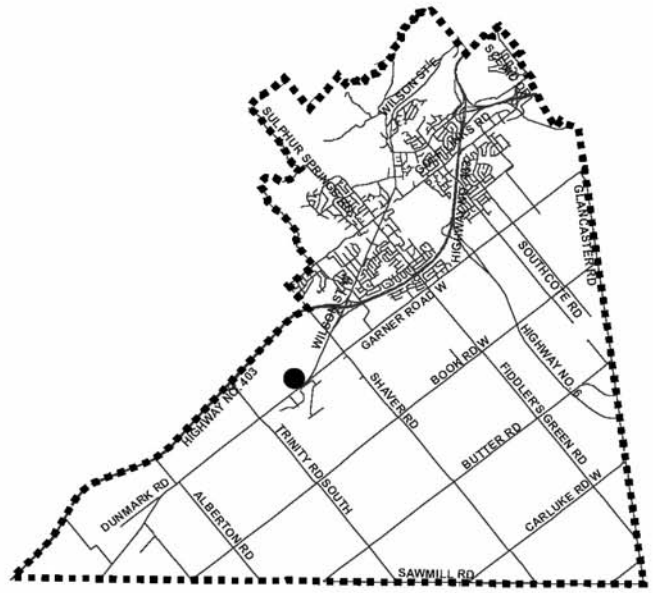
Appendix "A" to Report PED11043 – Location Map

Appendix "B" to Report PED11043 – Draft Reference Plan

BF/sd



● Site Location



Ward 12 Key Map

N.T.S.

Location Map



PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT

File Name/Number:
2005 006

Date:
March 7, 2011

Appendix "A"

Scale:
N.T.S.

Planner/Technician:
BF / MB

Subject Property



Part of 1389 Wilson Street West



1389 Wilson Street West

