



**CITY OF HAMILTON**

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

<b>TO:</b> Mayor and Members General Issues Committee	<b>WARD AFFECTED:</b> Ward 6
<b>COMMITTEE DATE:</b> November 14, 2011	
<b>SUBJECT/REPORT NO:</b> Acquisition of 1603-1645 Rymal Road East and Part of 655 Pritchard Road from 1631 Rymal Road East Inc. / 1314244 Ontario Inc. (Nick Carnicelli) for Trinity Church Road Extension (PED11197) (Ward 6)	
<b>SUBMITTED BY:</b> Tim McCabe General Manager Planning and Economic Development Department	<b>PREPARED BY:</b> Tony Sergi (905) 546-2424, Ext. 2274  John Hamilton (905) 546-2424, Ext. 7045
<b>SIGNATURE:</b>	

**RECOMMENDATION:**

- (a) That an Option to Purchase Agreement between 1631 Rymal Road East Inc., and the City of Hamilton, for the purchase of 2.91 ha (7.19 ac) in Lot 34, Concession 8, designated as Parts 1, 2, and 3 on Plan 62R-18085, forming all of PIN's 16932-0013(LT), 16932-0014 (LT) and 16932-0015(LT), shown as Parcel "A" on Appendix "A" attached to Report PED11197, be approved and completed;
- (b) That an Option to Purchase Agreement between 1314244 Ontario Inc., and the City of Hamilton, for the purchase of 0.563 ha (1.39 ac) in Lot 34, Concession 8, forming part of 655 Pritchard Road, and being all of PIN 16932-0012(LT), shown as Parcel "B" on Appendix "A" attached to Report PED11197, be approved and completed;

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- (c) That the purchase price of \$4,950,000 for Parcels "A" and "B" be funded 50% from residential roads Development Charges and 50% from the North Glanbrook Industrial Park Reserve (108042);
- (d) That a deposit in the amount of \$2 be paid to the owner and deducted from the purchase price, upon formal acceptance by the City of the Option to Purchase;
- (e) That the balance of the purchase price, subject to adjustments, be paid on the date of closing;
- (f) That the Option to Purchase described in Recommendation (b) shall close contemporaneously with the Offer to Purchase described in Recommendation (a), failing which the transfers will become null and void;
- (g) That upon approval of the purchase of 1631 Rymal Road East, the Director of Fleet and Facilities be authorized and directed to take all necessary steps for the demolition of the subject buildings, and that the cost for the demolition and any additional ancillary expenses be charged to Account No. 4030980986;
- (h) That upon completion of construction of the Trinity Church Road Extension, the residual lands be offered to sale on the open market;
- (i) That the Mayor and Clerk be authorized and directed to execute all necessary documents in a form satisfactory to the City Solicitor; and,
- (j) That the administration costs incurred for the provision of Real Estate's services in the amount of \$76,750 be credited to Account 45408-3560150200 (Property Purchases and Sales) and debited from Account No. 59259-4030980986.

**EXECUTIVE SUMMARY:**

In 2006, the City of Hamilton initiated the Trinity Church Corridor Class Environmental Assessment process which identified the Trinity Church Road Extension (TCRE) as a major road linkage between Stone Church Road / Red Hill Valley Parkway ramps and Rymal Road. Construction of the TCRE will facilitate access to the Red Hill Business Park from the QEW.

The approved TCRE alignment impacts two adjoining properties held by Nick Carnicelli, situated at the south-west corner of the Trinity West Neighbourhood. Mr. Carnicelli assembled these parcels as a development site for a proposed medical office building and had proceeded to develop plans for submission to the City, but this proposed development was abandoned once it became apparent that the alignment of TCRE would bisect the property.

Negotiations with Mr. Carnicelli which extended over a period of 18 months have recently concluded with an amicable agreement. Real Estate Section is now seeking Council's approval to acquire the lands described in Recommendations (a) and (b) for TCRE road infrastructure and dispose of any residual lands from this holding following construction.

*Alternatives for Consideration - Page 6*

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS:**

**Financial:** The Trinity Church Road extension (of which these two land acquisitions are part of the budgeted cost) is a growth infrastructure project listed in the 2009 City Development Charges background study. Funding for this project will be 100% DC funded, split between 50% residential and 50% non-residential.

The Capital Cost Centre Account No. 59259-4030980986 will be charged for the land acquisition costs. Due to the internal practice of not utilizing the non-residential road's DC Reserve until it becomes sustainable again, all growth capital which is funded from non-residential DCs and feeding into the Glanbrook Industrial Business Park will be funded from the Glanbrook Industrial Business Park Reserve. The following table is a 5-year revenue/expense projection of the reserve, including the proposed purchase of the lands referred to in this report.

The North Glanbrook Industrial Park Reserve was originally set up with funding from the Province of \$20 million and City Non-residential DC Funding of \$10 million for a total of \$30 million. One of the purposes of this funding was to help alleviate the shortage of funds in the City's non-residential DC Reserves due to required competitive non-residential DC initiatives. This reserve is the funding source for the proposed development referenced in this report.

Table 1 illustrates a 4-year forecast of the NGIP including all known servicing commitments to date. The shaded commitments represent estimated servicing requirements of the proposed development. The reserve has a forecast balance of \$1.6 million after all commitment obligations have been met.

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**Table 1**

<b>CITY OF HAMILTON FIVE YEAR RESERVE FORECAST</b>					
<b>Reserve Number:</b>	<b>108042</b>				
<b>Reserve Name:</b>	<b>North Glanbrook Industrial Park Reserve</b>				
		<u><b>2011</b></u>	<u><b>2012</b></u>	<u><b>2013</b></u>	<u><b>2014</b></u>
<b>Opening Balance</b>		18,555,125	14,211,972	5,600,149	1,601,972
<b>Add:</b>					
Interest Earned		336,460	292,790	106,435	48,059
From Development Charges	PED11044	10,000,000			
Provincial Contribution					
<b>Sub-Total - To Reserves</b>		10,336,460	292,790	106,435	48,059
<b>Less:</b>					
<b>Proposed Development</b>					
Glover Road		2,000,000			
Dartnall Stormwater Land Acquisition		1,100,000			
Dartnall Stormwater Construction		1,500,000			
Remnant Land - Twenty/Nebo (revenue=0)		1,900,000			
<b>Other</b>					
Trinity road land acquisition (net)		2,475,000			
Rymal Rd-Dartnall to Trinity Church		1,600,000	4,800,000		
NGIBP - Dartnall Road Watermain		366,196	366,196	366,196	
NGIBP - Dartnall Road Sanitary Sewer		268,333	268,333	268,333	
NGIBP - Dartnall Road Extension		3,031,300	3,031,300	3,031,300	
NGIBP - Twenty Road		438,783	438,783	438,783	
N Glanbrook Industrial BP Serv					
Capital Costs					
<b>Sub-Total - From Reserves</b>		14,679,613	8,904,613	4,104,613	0
<b>Ending Balance - Dec 31</b>		14,211,972	5,600,149	1,601,972	\$ 1,650,031

**Staffing:** There are no identified staffing implications arising out of the recommendation.

**Legal:** Legal Services has been involved in the review and approval of the necessary documents, as to form. Staff in Legal Services will prepare the necessary documents required to close and transfer title of the subject lands appropriately.

**HISTORICAL BACKGROUND:**

The information and recommendations contained in this report primarily affect Ward 6.

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On June 23, 2010 the Trinity West Secondary Plan was approved, amending the former City of Hamilton and Stoney Creek Official Plans. The Plan's amendments reflect changes in land use designations, prescribe development forms and densities, and provide for the protection of existing natural features in the Trinity West area. The Secondary Plan also identifies the basic transportation network, including the Trinity Church Road Extension (TCRE) which crosses the Trinity West neighbourhood. The width of the TCRE corridor is 60.98 metres (200 feet). Except for a small house at Highland Road, the subject property is the last parcel required for the TCRE right of way. The Carnicelli properties comprise an aggregate area of 3.47 ha (8.58 ac) in four irregularly-shaped, contiguous parcels identified in Appendix "A" as Parcels "A" and "B".

Parcel "A" on Appendix "A", is held by 1631 Rymal Road East Inc. This property is legally described as Parts 1, 2 and 3 on Plan 62R-18085 (comprising all of PIN's 16932-0013 to 16932-0015) and is known municipally as 1603-1645 Rymal Road East; it was acquired by the developer in January of 2008.

Parcel "B" on Appendix "A" was acquired later by Mr. Carnicelli, who took title as 1314244 Ontario Inc. This parcel forms the east half of 655 Pritchard Road and is legally described as part of Lot 34, Concession 8; it comprises all of PIN 16932-0012(LT). Parcel "B" is commonly known as 655 Pritchard Road.

From the Carnicelli lands, construction of TCRE will absorb about 1.1 ha (2.71 ac) and leave 2.37 ha (5.87 ac) in two parcels which will remain undevelopable until the road is in place. On these residual parcels, the Secondary Plan designation is mixed use – medium density development which permits a range of commercial uses including retail. Following completion of the TCRE, the market value of the residual parcels will be enhanced given their location and exposure at a major intersection. Much of the purchase price in this transaction should be recaptured when these properties are resold.

The market value of the City's land requirements was determined on the basis of two independent appraisals, one contracted out by the City and the second valuation was commissioned by the owners. From these valuations, the lands were valued from \$450,000 per acre to \$700,000 per acre. On the basis of the two valuations, the City and owners have agreed on the final figure of \$576,923 per acre which is reflective of the mid-range of the estimated fair market value of commercial lands in the vicinity of Rymal Road.

During negotiations, the commercial designation and potential of the property were recognized and the purchase price agreed upon is almost exactly midrange between the two external appraised values. The overall aggregate price of \$576,923 per acre included all present and future claims to compensation, injurious affection, owners' time and market value of the site. Although 6.6% higher than what was estimated internally,

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acceptance of the negotiated price is recommended considering the associated costs and time required to expropriate.

**POLICY IMPLICATIONS:**

- ❖ Real Estate Portfolio Strategy Plan
- ❖ Growth Related Integrated Development Strategy
- ❖ Building a Strong Foundation
- ❖ Provincial Policy Statement
- ❖ Places to Grow

**RELEVANT CONSULTATION:**

- ❖ Traffic Engineering and Operations Section, Public Works Department
- ❖ Development Planning Section, Planning & Economic Development Department
- ❖ Real Estate Section, Planning & Economic Development Department
- ❖ Growth Management Division, Planning & Economic Development Department

**ANALYSIS / RATIONALE FOR RECOMMENDATION:**

Extension of Trinity Church Road, being a major arterial roadway identified in the Trinity West Secondary Plan, will provide greater access to the Red Hill Business Park.

Council direction is being sought to allow staff to acquire the last significant site required for this infrastructure, as prescribed by the Trinity West Secondary Plan.

Once construction of the TCRE is completed the City will retain two vacant commercial land parcels located at its north-east and north-west intersections with Rymal Road East. Their values will be enhanced by their increased frontage and location at a major intersection. Disposition of these parcels will allow the City to recapture much of the initial purchase price.

**ALTERNATIVES FOR CONSIDERATION:**

The Red Hill Expressway connects upper Hamilton to the QEW. Acquisition of the subject lands will facilitate the extension of Trinity Church Road from the Red Hill Expressway and provide direct access from the QEW to the Red Hill Business Park.

Approval of the recommendation by Committee and Council will authorize Real Estate staff to proceed with acquisition of the lands required for this infrastructure.

**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 new, relocating or expanding businesses. Completion of the TCRE will support that need.

***Growing Our Economy***

- ◆ Opportunity to support growth in residential, commercial and industrial development with additional infrastructure.

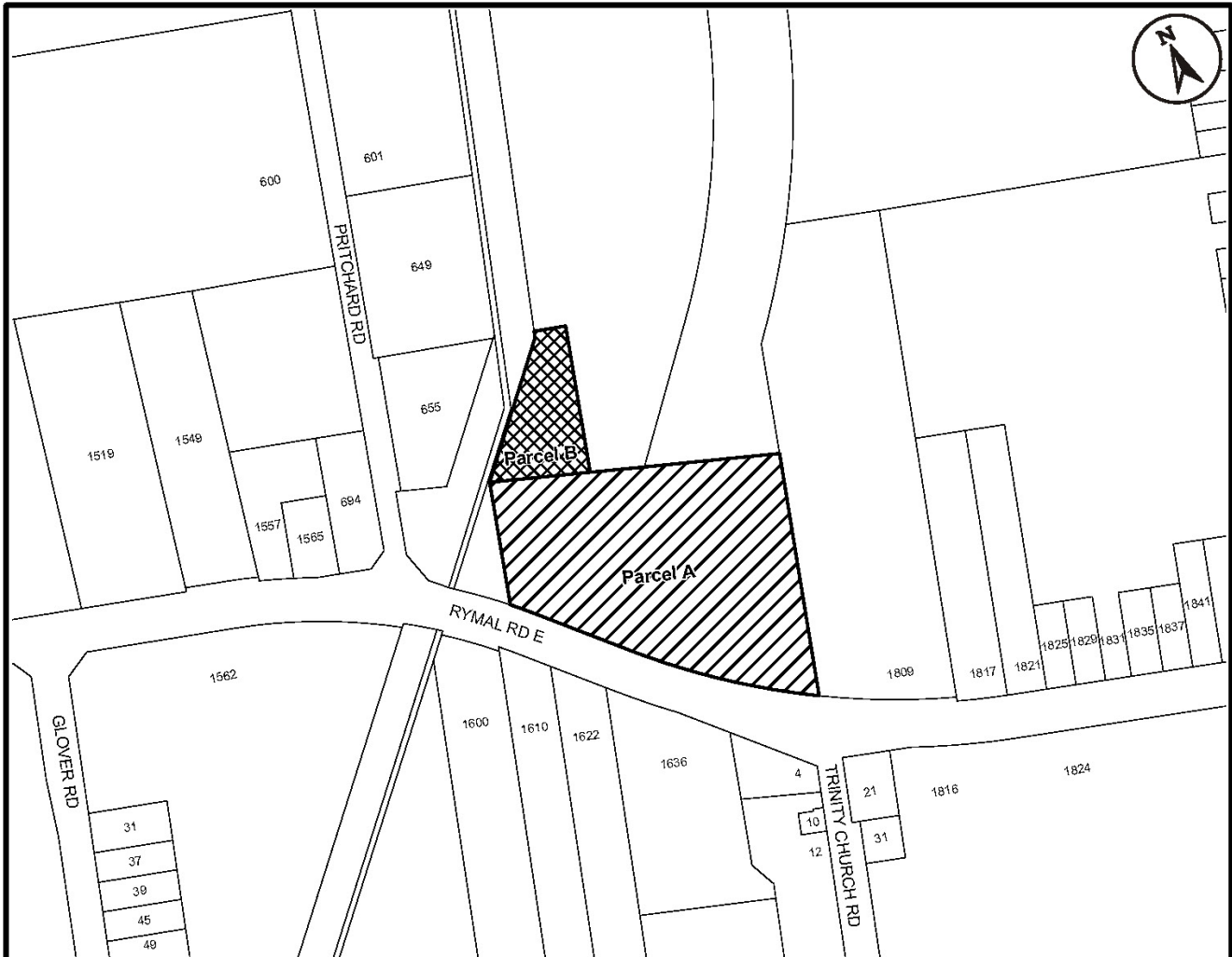
***Social Development***

- ◆ Construction of the TCRE will help the commercial land surrounding the subject property develop and become the focus of the community for shopping, commercial uses etc. as forecast within the Trinity West Secondary Plan.

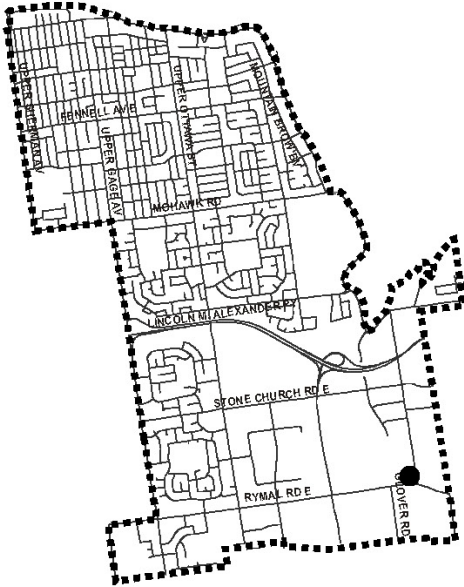
**APPENDICES / SCHEDULES:**

Appendix "A" to Report PED11197 – Location Map

JH/sd



**Location Map**



Ward 6 Key Map

N.T.S.

**Location Map**



**Hamilton**

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT

File Name/Number:  
2007-019 / 2011-094

Date:  
October 14, 2011

Appendix "A"

Scale:  
N.T.S.

Planner/Technician:  
JH/AL

**Subject Property**



**Parcel A:** 1603, 1631 and 1645 Rymal Road East, Hamilton  
7.19 acres.  
Pin#'s 16932-0013 to 16932-0015.  
Owner: 1631 Rymal Road East Inc.



**Parcel B:** ;East half of 655 Pritchard Road, Hamilton  
1.39 acres.  
Pin# 16932-0012  
Owner: 1314244 Ontario Inc.