

CITY OF HAMILTON

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO: Chair and Members General Issues Committee	WARD(S) AFFECTED: WARD 13
COMMITTEE DATE: September 12, 2011	
SUBJECT/REPORT NO: Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application (ERG-11-03) – 1478500 Ontario Ltd., 51 Cootes Drive, Dundas (PED11156) (Ward 13)	
SUBMITTED BY: Tim McCabe General Manager Planning and 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-11-03, submitted by 1478500 Ontario Ltd., owner of the property at 51 Cootes Drive, Dundas for an ERASE Redevelopment Grant not to exceed \$87,170, payable to 1478500 Ontario Ltd. over a maximum of ten years, be authorized and approved in accordance with the terms and conditions of the ERASE Redevelopment Grant Agreement; and,
- (b) That the Mayor and City Clerk be authorized and directed to execute, on behalf of the City, the ERASE Redevelopment Grant Agreement with 1478500 Ontario Ltd., referred to in subsection (a) with respect to the redevelopment of 51 Cootes Drive, Dundas, and all necessary associated documents, all in a form satisfactory to the City Solicitor.

EXECUTIVE SUMMARY

An Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application was submitted by 1478500 Ontario Ltd. for redevelopment of the property at 51 Cootes Drive, Dundas (Appendix “A” to Report PED11156). 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, 1,200 sq. ft. retail/commercial building.

The Grant Application is for \$87,170 in eligible environmental site remediation costs. Estimated project construction costs are \$200,000. It is estimated that the proposed development will increase the market value assessment (MVA) on the site from its current \$226,500 to approximately \$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 \$3,800.28 of which 80% or approximately \$3,040.22 would be paid to the owner in the form of an annual grant for approximately ten years up to an amount not to exceed total estimated clean-up costs eligible for ERASE of \$87,170.

The City will retain 20% of the municipal tax increment; approximately \$760.06 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 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 retail/commercial building and will result in a 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 \$87,170. 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 \$760.06 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'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 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 site is approximately 0.24 acres in area and contains one vacant building (site building) most recently a restaurant located in the center of the property at approximately 1,184 sq. ft. The site is bound by Cootes Drive to the south and commercial properties to the east, west, and south. The entire building will be demolished and replaced (on existing foundation) with an approximate 1,200 sq. ft. retail/commercial building.

A Geo-Environmental Investigation was conducted on the site in 2004 by Peto MacCallum Ltd. followed by a Phase II Environmental site Assessment by Trow Associates in the Spring of 2007.

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, Trow Associates (now known as Exp) compared the analytical results to the Site

Condition Standards (SCS) provided in Table 3 (Industrial/commercial) from the Ministry of the Environment (MOE).

The analytical results reported for the soil samples submitted for petroleum hydrocarbons (PHCs) (Fractions F1 to F4, plus BTEX) indicate that the concentration of PHC Fractions F1 and F2 were above their respective MOE Table 3 SCS in the centre of the site and to the north of the building. Petroleum odour was also detected from one of the monitoring well purging. As well, the analytical results reported for the samples submitted indicate that the concentrations of some metals zinc and/or copper and/or lead were above their respective MOE Table 3 SCS. Trow indicated that the most likely explanation for the contamination was due to a gasoline spill on site, or the presence of a former underground storage tank (UST) on the site, and the metals persist likely as a result of poor quality fill material (common in Hamilton).

As a result of the elevated concentrations of PHCs and metals, considering the amount of contaminated soil and the client's intention to develop the site in the near future, it was Trow's opinion that removal and disposal of the contaminated material at a licensed landfill is the most practical approach for site restoration.

Trow Associates were retained by 1478500 Ontario Ltd. 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 500 m³ including approximately 350m³ near the centre of the site and approximately 200 m³ near the western portion of the site. In addition Trow is also proposing the installation of a polyethylene liner along the north, east and west property boundary, if required, to prevent the recontamination of the site from any potential off-site sources.

The Applications

The application for an ERASE Redevelopment Grant, submitted by 1478500 Ontario Ltd. for the property at 51 Cootes Drive, Dundas 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 and PHCs that are a residual result of past commercial use on and around the site. The clean-up will be done in order to permit the construction of a one-storey 1,200 sq. ft. retail/commercial building overtop of the existing foundation. Estimated project construction costs are \$200,000. The costs eligible for an ERASE Redevelopment Grant are estimated as follows:

Eligible Works	Cost
Remediation	\$78,640
Environmental Consulting Fees	\$8,540
Building Demolition	N/A
On-Site Infrastructure Upgrading	N/A
TOTAL	\$87,170

*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 PED11156 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 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 2011 assessed value is \$226,500 and the property is classed as Commercial (CT). Property taxes are paid in full. Taxes for 2011 on this property total \$8,232.50, broken down as follows:

Municipal Levy =	\$4,961.18
Education Levy =	\$3,271.32
Tax Cap Adjustment =	\$ <u> 0</u>
Total (approximately)	\$8,232.50

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

No applications have been submitted for redevelopment of this property to Development Planning. Due to the nature of the property and that the property lies within a flood plain, a site plan submission will likely be required and satisfied prior to redevelopment.

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 2011 assessed value is \$226,500 and the property is classed as Commercial (CT). Property taxes are paid in full. Taxes for 2011 on this property total \$8,232.50, broken down as follows:

Municipal Levy =	\$4,961.18
Education Levy =	\$3,271.32
Tax Cap Adjustment =	\$ <u> 0</u>
Total (approximately)	\$8,232.50

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 \$400,000 classed as New Commercial (XT). This new MVA is estimated to increase total annual municipal property taxes over the current \$4,961.18. The new municipal taxes levied on this property will be approximately \$8,761.46, 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 and 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

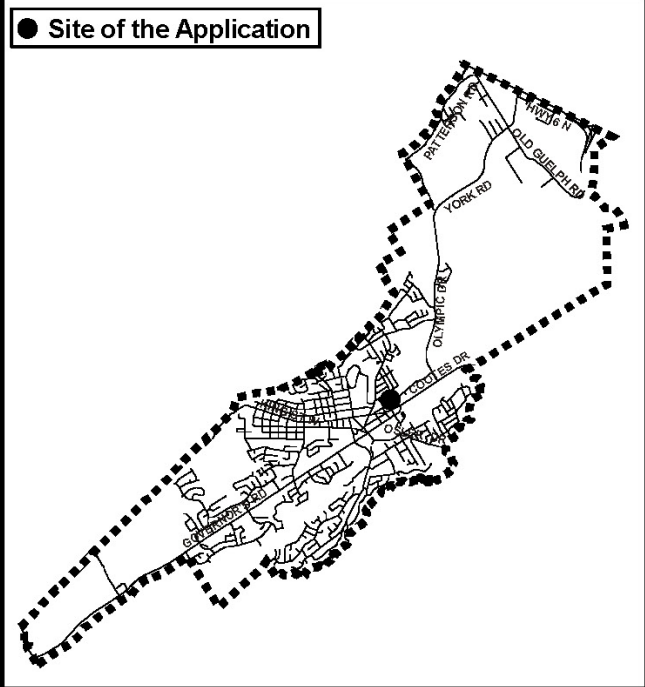
Healthy Community

- ◆ Plan and manage the built environment

APPENDICES / SCHEDULES

Appendix "A" to Report PED11156 – Location Map

BM:dt



Ward 13 Key Map N.T.S.

Location Map



PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT	
File Name/Number: 51 Cootes Dr	Date: August 8, 2011
Appendix "A"	Scale: N.T.S.
Planner/Technician: BM/AL	

Subject Property
 51 Cootes Drive