



Hamilton

CITY OF HAMILTON

**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
General Manager's Office**

TO: Mayor and Members General Issues Committee	WARD(S) AFFECTED: WARD 2
COMMITTEE DATE: January 15, 2014	
SUBJECT/REPORT NO: West Harbour Piers 5-8 Servicing Studies and Pro Forma Analysis (PED14002) (Ward 2)	
SUBMITTED BY: Joe-Anne Priel General Manager Planning and Economic Development Department	PREPARED BY: Chris Phillips (905) 546-2424 Ext. 5304
SIGNATURE:	

RECOMMENDATIONS

- (a) That the recommendations contained in Appendix "A" to Report PED14002 entitled "West Harbour Piers 5-8 Servicing Studies and Pro Forma Analysis", be approved;
- (b) That staff be directed to prepare and report back on a comprehensive implementation plan, including the recommendations above, with the goal being to prepare the Piers 5-8 lands to a state of "development-ready" by the end of 2018.

EXECUTIVE SUMMARY

Over the course of successive terms of Council, the "Waterfront and Shoreline areas have been identified by Council as key focus areas, resulting in a series of plans and projects that when implemented, will achieve the long-established redevelopment and recreational goals for the Waterfront areas that will benefit the City as a whole.

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This direction was formalized through the 2012-2015 Strategic Plan, whereby the “Waterfront” was set out as a clear priority including several specific deliverables for City staff to implement. This focus has led City staff, as well as a variety of external stakeholders and the community as a whole, to understand and take action on the importance and timing for the various Waterfront investments.

On April 18, 2012, as part of Report PED09200(a), the General Issues Committee (GIC) approved the formalization of an internal corporate-wide effort to co-ordinate and accelerate all inter-departmental activities with respect to Hamilton’s Waterfront and Shoreline areas, as well as acting as the City’s liaison for outside Agencies and Private Sector Investors. Corporately, the Senior Advisor to the General Manager of the Planning and Economic Development Department was identified and assigned as the Corporate lead for this portfolio, and is responsible to lead, prepare, and report back to GIC with respect to all Waterfront Initiatives.

As well, Report PED09200(a) presented on April 18, 2012, approved the following direction:

“That the General Manager of the Planning and Economic Development Department, be authorized to draft a “Terms of Reference” for the implementation of the Council approved studies for Piers 5, 6, 7 and 8, as set out in the October 11, 2011 General Issues Committee Report, and that the Hamilton Waterfront Trust be approved as the retained agency to carry out the project management of such studies.”

The purpose of this Report is to inform Committee members on the processes undertaken by City staff and their consultants relating to the identified studies, to communicate the results achieved, to identify the work still remaining to be completed, and to seek approval for the identified future work plan, as outlined in Appendix “A” entitled “Hamilton West Harbour Piers 5-8 Servicing Studies and Pro Forma Analysis – Draft Summary Report.”

Processes undertaken by City staff and their consultants

From an overall priority setting perspective, a “Waterfront Steering Committee” was established. Consisting of senior City staff, this group was responsible for setting the overall “Terms of Reference” for the servicing studies, including the goals, objectives, and deliverables. As directed by Council, the Hamilton Waterfront Trust was assigned as the Project Manager for the studies, and subsequently Dillon Consulting was retained as the lead consulting firm, and Altus Group Canada was retained for peer-review purposes.

Purpose of the Study:

The overall goal of these studies was to enable the City of Hamilton to prepare a functional development “pro-forma” or “Business Plan”, for future development of the lands known as “Piers 5-8” in Hamilton’s “West Harbour”. In doing so, staff looked to achieve two high-level objectives:

- i. To determine the servicing strategies and full development costs to develop Piers 5-8, in a manner that is consistent with both the Setting Sail Secondary Plan (Setting Sail) and the West Harbour Waterfront Recreation Master Plan (WHWRMP); and,
- ii. To determine the marketability in attracting private-sector investment in developing the lands of Piers 5-8.

This Report explores the servicing requirements and redevelopment potential, identifies the opportunities and constraints to development, and recommends the immediate next steps for facilitating redevelopment.

The Draft Summary Report as prepared by Dillon Consulting appears as Appendix “A”, and is intended to provide a high-level summary of findings from the completed studies and pro-forma analysis.

City staff have also prepared a more detailed description of the purpose and results achieved, which appears in the Analysis section of this Report on Page 9.

Results achieved

Although preliminary and may require additional work in order to refine, based on the work completed to-date, there are several key conclusions that can be formulated from the servicing studies:

- 1. Piers 5-8 can be developed and built in a manner that is consistent with both Setting Sail and the WHWRMP;**

Although Setting Sail and the WHWRMP looked at servicing constraints from a high level, the purpose of these studies was to provide a conceptual servicing plan for the Piers 5-8 lands. These studies indicate that the lands can be serviced, albeit with some constraints.

- 2. The anticipated mixed-use residential development on Pier 8 can generate positive returns for private-sector investment;**

At full build-out, the Pier 8 mixed-use development will result in approximately 1,800 residential units (ranging from 600 sq. ft. to 1,250 sq. ft.), as well as 20,000

square meters of new commercial floor space, combining for a private-sector investment of upwards of \$500 million. The preliminary pro-forma analysis indicates that the return of investment is significant, and will be positively received by the private-sector investment community.

- 3. The anticipated Pier 5-7 waterfront commercial development, as envisioned in the WHWRMP, although financially viable, will take longer to realize return on investment;**

As this area is expected to focus on commercial and recreational uses, the financial return on investment for these types of activities will be longer and may require the City to be more proactive in its support of the redevelopment program. City staff also recognize that synergies may be found by coordinating efforts in this area with the Hamilton Waterfront Trust.

- 4. There are some municipal servicing infrastructure investments required to bring the lands to a state of “development ready”; and,**

The majority of the existing infrastructure on Piers 6-8 is beyond its life cycle, and is limited to providing service to existing development, and as such staff determined that as the land-owner, the City of Hamilton would need to invest in new infrastructure to service the area. Therefore, it is estimated that the engineering and construction cost associated with a new municipal sanitary sewer, storm sewer, watermain, wharf walls, road and sidewalk infrastructure and street lighting (Pier 8) is estimated to be in the order of \$13.3 million.

With the upfront investment in municipal servicing infrastructure, site preparation and shorewall replacement, the City will add-value to the lands that it owns within the area and will facilitate an estimated \$500 million in private-sector investment, that will generate an estimated \$7.5 million in direct municipal taxes per year, at full build-out.

- 5. There is an identifiable need to develop a broader development strategy for the entire “West Harbour” area.**

As a major property owner within the area, the City should prepare a real estate and redevelopment strategy for the entire “West Harbour” area, and through that process, ensure a coordinated approach to all planning, servicing, and re-development studies led by the City.

Recommendations and Work Plan

As these studies are nearing their completion, the consulting team has identified several key elements that will be required in order to refine their results further. The following

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identifies the main recommendations for advancing the redevelopment of Piers 5-8, based on the analysis within the Report, and they appear on Pages xv-xvii of Appendix “A”:

1. Develop a broader real estate development strategy for the study area.
2. Harmonize planning regulations and proceed with the urban design study for the West Harbour.
3. Complete Phase 1 and 2 Environmental Site Assessments and Geotechnical Study for Piers 5-8.
4. Complete a transportation impact study for Piers 5-8.
5. Complete Pumping Station Class Environmental Assessment (ongoing)
6. Finalize the termination of Hamilton Port Authority, Sun-Canadian and Imperial Oil Pipeline Leases.
7. Coordination of the West Harbour Servicing study with other City infrastructure studies.

It is important to note that City staff anticipated many of these items over the course of the past few years, and have already placed most into the 2014 Departmental Business Plans. Recommendations 1-5 were specifically identified throughout previous budget processes and preliminary project-based funding was approved in the Capital Budget.

Recommendation 6, which corresponds to issues relating to the existing Sun-Canadian and Imperial Oil pipelines on the site, will require some further study, and therefore staff will report back on a specific plan of action.

Recommendation 1 and 7 will require a broader corporate-wide discussion regarding the various initiatives, studies, and projects which are taking place within this geographic area. These studies have identified an operational need to further coordinate the activities within the “West Harbour”, but also how these plans are phased will become vitally important to their success. This will require some further study, and therefore staff will report back on a specific plan of action.

Alternatives for Consideration – N/A.

FINANCIAL / STAFFING / LEGAL IMPLICATIONS
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Financial: Report PED14002 or the identified recommendations have no immediate financial impact. As indicated, recommendations 1-5 of Appendix “A” were specifically identified throughout previous budget processes and preliminary project-based funding was approved in the Capital Budget.

Although the Report estimates approximately \$13.3 million in new municipal infrastructure as being required, the Report or its recommendations do not seek funding approval at this time. These

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specific engineering and construction costs associated with a new municipal sanitary sewer, storm sewer, watermain, road and sidewalk infrastructure and street lighting (Pier 8) have been forwarded as part of the 10-year Capital Budget Forecast, and some of these projects have been identified within the 2014 Capital Budget submissions.

Staff are directed to prepare and report back on a comprehensive implementation plan, including the recommendations above, with the goal being to prepare the Piers 5-8 lands to a state of “development-ready” by the end of 2018. It is expected that as part of this, any and all financial impacts will be identified at that time.

Staffing: Report PED14002 has no immediate staffing impact.

Legal: N/A

HISTORICAL BACKGROUND

On October 26, 2000, a series of negotiations resulted in the City of Hamilton and the Hamilton Port Authority (formerly known as the Hamilton Harbour Commissioners), signing a historic agreement, settling several long-standing issues of disagreement between the two parties. Although the “Agreement” covered a wide-ranging set of issues, a key element was that it established that the ownership of the lands known as Piers 7 and 8 would rest with the City of Hamilton. In exchange for this ownership status, the City of Hamilton would agree to allow the Hamilton Port Authority continued use of these lands through two leases; the first of which would expire in 2015.

Over the course of the past decade, the City of Hamilton has made great strides in laying the foundation for Waterfront Redevelopment, and in particular the city-owned Piers 5-8 lands, with a variety of wide-ranging projects and initiatives. Council, Senior Management Team and various Departments and Divisions within the City of Hamilton, as well as other public and private organizations, have been involved in many of the projects and initiatives that have advanced the vision in bringing the Waterfront of today to fruition.

On October 11, 2011, GIC approved the following motion entitled “Hamilton Waterfront Priorities”:

- (a) That staff be directed and authorized to begin discussions with the Hamilton Port Authority, with the objective of a formal Agreement transferring the lands consisting of Piers 7 and 8, to the City of Hamilton immediately;
- (b) That staff report back to Council in the fourth quarter of 2011 with a recommended “framework” for these discussions;

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- (c) That staff be directed and authorized to commence key studies that will accelerate the Public and Private Sector development of Piers 5, 6, 7 and 8, including but not limited to issues of site servicing, geo-technical, soils, remediation, as well as development phasing, marketability and valuation;
- (d) That staff be authorized to fund these studies from the “Waterfront Development Corporation” Capital Budget; and,
- (e) That staff report back by the fourth quarter of 2011 with a comprehensive 2012 Work Plan for the development of the Waterfront precinct.

As well, through the 2012-2015 Strategic Plan, Council made a firm commitment to the Waterfront as Item 1.3 which states:

“Promote economic opportunities with a focus on Hamilton’s downtown core, all downtown areas and waterfronts.”

Specifically, the Strategic Plan also contained several deliverables to be accomplished including the following items:

- Finalize a development and servicing strategy for the West Harbour lands, with a particular focus on Piers 5, 6, 7 and 8 and the Barton/Tiffany area;
- Negotiate the early termination of land leases for Piers 7 and 8 with the Hamilton Port Authority;
- Completion of the Waterfront Master Recreation Official Plan Amendment and the implementation of the Zoning By-law and financing strategy; and,
- Initiate development in the West Harbourfront and Waterfront (this includes the Bayfront Industrial area) and develop a commercial business strategy for Confederation Park.

Subsequently, on April 18, 2012, as part of Report PED09200(a), GIC approved the formalization of the “Waterfront Development Office”, to co-ordinate all inter-departmental activities with respect to Hamilton’s Waterfront and Shoreline areas, as well as acting as the City’s liaison for outside Agencies and Private Sector Investors. As well, GIC approved staff to commence key studies that will accelerate the Public and Private Sector development of Piers 5, 6, 7, and 8, including, but not limited to, issues of site servicing, geo-technical, soils, remediation, as well as development phasing, marketability and valuation. The Hamilton Waterfront Trust was approved to be retained in a project management capacity, in order to provide project management to the servicing studies which have been identified as a first priority assessment in order to accelerate Waterfront investment opportunities.

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As we approach the end of 2013, the following are a list of key accomplishments that have taken place with respect to the key Waterfront Initiatives:

1. Signed a Memorandum of Understanding with the Hamilton Port Authority finalizing the partial termination of leases for the Pier 7-8 lands, with approval of the formal Marina Management Agreement slated for January 2014.
2. Completed the Environmental Assessment process and initiated design to replace the city-owned “wavebreak” structure, to provide long-term shoreline and marina protection.
3. Completed a preliminary Development Concept Plan and extensive servicing studies for the Piers 5-8 lands to determine the servicing and development costs to develop the lands.
4. Prepared a functional development Business Plan for the Piers 5-8 lands to determine their marketability in attracting private-sector investment.
5. Prepared a 10-year “Project-by-Project” Implementation Strategy for the WHWRMP and Pier 8 Redevelopment, including a Capital forecast, with an emphasis on accelerating private-sector investment.
6. Developed a 10-year Financing Strategy for the Waterfront, including Capital impacts and the determination of incremental increase in City Revenues.

POLICY IMPLICATIONS/LEGISLATED REQUIREMENTS

The Setting Sail Secondary Plan was approved by Council in March 2005 and subsequently appealed to the Ontario Municipal Board. A decision (By-law 12-163 and By-law 12-164) on the CN Rail Appeal was issued by the Ontario Municipal Board on June 26, 2012. The final decision on Setting Sail was issued by the Ontario Municipal Board on December 27, 2012. Setting Sail establishes the framework for future development, public improvements and private investment in the West Harbour.

One of the goals of Setting Sail is to create a diverse, balanced and animated waterfront and therefore the policies encourage a broad mix of uses for the waterfront, including cultural, commercial and recreational with the purpose of providing a greater range of attractions year-round.

Under the current Setting Sail designations for Piers 7 and 8 lands, a range of uses including retail, residential, open space and institutional are permitted. Some of these lands are designated Medium Density Residential 2. This designation permits a density of 150-300 units per gross hectare and includes multiple dwellings, apartment buildings and street townhouses.

By its nature, Setting Sail establishes the general land use for the area, and would not be affected by the ownership structure of the lands themselves.

RELEVANT CONSULTATION

- City Manager's Office;
- Community Services, Office of the General Manager;
- Corporate Services Department, Financial Planning and Policy;
- Corporate Services Department, Office of the General Manager;
- Planning and Economic Development Department, Economic Development;
- Planning and Economic Development Department, Growth Management;
- Planning and Economic Development Department, Parking and By-Law Services;
- Planning and Economic Development Department, Planning;
- Public Works Department, Corporate Assets and Strategic Planning;
- Public Works Department, Engineering Services;
- Public Works Department, Office of the General Manager;
- Public Works Department, Transportation; and,
- Public Works Department, Water and Wastewater.

ANALYSIS / RATIONALE FOR RECOMMENDATION

Processes undertaken by City staff and their consultants

From the outset, City staff employed a “decentralized” staffing model, whereby all Waterfront Initiatives have been prioritized and co-ordinated corporately, but the individual actions are managed by their specified lead Department and Division. This approach has allowed the overall Corporate Team to take advantage of the specialized skills, expertise and institutional knowledge that exists throughout all Departments and Divisions and ensured better co-ordination of staff and financial resources across all Departments.

From an overall priority setting perspective, a staff “Waterfront Steering Committee” was established consisting of Chris Phillips, the Senior Advisor to the General Manager of Planning and Economic Development; Al Dore, the Manager of Special Projects in the General Managers office of the Public Works Department; Steve Barnhart, Manager, Landscape Architectural Services; and Lawrence Stasiuk, Supervisor, Park Redevelopment, Landscape Architectural Services. This group was responsible for setting the overall “Terms of Reference” for the servicing studies, including the goals, objectives, and deliverables.

Mr. Werner Plessl, Executive Director of the Hamilton Waterfront Trust was assigned as the Project Manager for the studies, Dillon Consulting was retained as the lead consulting firm, and Altus Group Canada was retained for peer-review purposes. The “Steering Committee” also assembled a series of key staff Working Teams on an issue-

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by-issue basis, with specific expertise in the following fields: Engineering, Planning, Financing, Communications, Real Estate, as well as the individual Operating Units that would be affected by the studies.

Purpose of the Study:

While there has already been a considerable amount of planning completed for Piers 5-8, including Setting Sail and the WHWRMP, there were a number of outstanding questions related to municipal servicing, transportation, environmental constraints and, financial viability.

The overall goal of these studies was to enable the City of Hamilton to prepare a functional development “pro-forma” or “Business Plan”, for future development of the lands known as “Piers 5 - 8” in Hamilton’s “West Harbour”. In doing so, staff looked to achieve two main high-level objectives:

- iii. To determine the servicing strategies and full development costs to develop Piers 5-8, in a manner that is consistent with both Setting Sail and the WHWRMP; and,
- iv. To determine the marketability in attracting private-sector investment in developing the lands of Piers 5-8.

In greater detail, the key questions this Report seeks to answer are as follows:

- 1. What are the potential servicing requirements for redeveloping the lands?
- 2. What are the anticipated potential costs to service the lands?
- 3. What are some of the potential environmental risks associated with redevelopment on these lands?
- 4. Does the current policy framework have the potential to promote redevelopment from a financial viability perspective?
- 5. What are the municipal priorities to promote redevelopment of the study area?

This Report explores the servicing requirements and redevelopment potential, identifies the opportunities and constraints to development, and recommends the immediate next steps for facilitating redevelopment.

The Draft Summary Report as prepared by Dillon Consulting appears as Appendix “A”, and is intended to provide a high-level summary of findings from the completed studies and Pro-forma Analysis.

Results achieved

Although preliminary and may require additional work in order to refine, based on the work completed to-date, there are several key conclusions that can be formulated from the servicing studies:

1. Piers 5-8 can be developed and built in a manner that is consistent with Setting Sail and the WHWRMP;

Although Setting Sail and the WHWRMP looked at servicing constraints from a high level, the purpose of these studies was to provide a conceptual servicing plan for the Piers 5-8 lands. These studies indicate that the lands can be serviced, albeit with some constraints.

Specifically, during some peak wet weather events, there is a lack of available sanitary sewer capacity in the existing sewer system to support new development, meaning there may be a need to provide sanitary sewage storage on site during select wet peak weather events.

Although a preliminary environmental review of the soils within the area has not revealed any issues that can not be managed, it is understood that a full Phase 1 and 2 Environmental Site Assessment and Geotechnical Study should be completed. This study will not only assist the City in understanding the potential costs for remediation or risk assessment, but it is believed that the completed Phase 1 and 2 will also be valuable to attracting potential private-sector investors.

With the land constraints and the limitation of underground parking within the identified site, it will require a comprehensive strategy for site parking and circulation. It is recommended that as a next step, a transportation impact study should be completed for the area.

2. The anticipated mixed-use residential development on Pier 8 can generate positive returns for private-sector investment;

At full build-out, the Pier 8 mixed-use development will result in approximately 1,800 residential units (ranging from 600 sq. ft. to 1,250 sq. ft.), as well as 20,000 square meters of new commercial floor space, combining for a private-sector investment of upwards of \$500 million. The preliminary pro-forma analysis indicates that the return of investment is significant, and will be positively received by the private-sector investment community.

The same analysis however does recognize that sales price per unit will play a major role in the final business case. Meaning, as prices rise, so does the return

on investment. Also, the model will need to be refined to reflect the items listed above, namely any impacts of remediation, servicing, and parking.

3. The anticipated Pier 5-7 waterfront commercial development, as envisioned in the WHWRMP, although financially viable, will take longer to realize return on investment;

The WHWRMP envisions a commercial-village, combining the adaptable re-use of some existing structures, combined with some new purpose built space, to anchor the Piers 5-7 area. This village is also envisioned to be surrounded by a new vibrant public open-space, which will lead to many recreational uses. As this area is expected to focus on commercial and recreational uses, the financial return on investment for these types of activities will be longer and may require the City to be more proactive in its support of the redevelopment program.

With this said, City staff also recognize that synergies may be found by coordinating efforts in this area with the Hamilton Waterfront Trust. The Hamilton Waterfront Trust has a long history of managing and operating commercial operations in conjunction with a variety of other recreation and public uses in the same vicinity. Staff believe there would be value in further exploring partnership options between the City and the Hamilton Waterfront Trust as part of the Piers 5-7 re-development.

4. There are some municipal servicing infrastructure investments required to bring the lands to a state of “development ready”; and,

The majority of the existing infrastructure on Piers 6 to 8 is aged and is limited to providing service to existing development, and as such staff determined that as the land-owner, the City of Hamilton would need to invest in new infrastructure to service the area.

But, the future developers would be financially responsible for their individual site servicing requirements. Therefore, it is estimated that the engineering and construction cost associated with a new municipal sanitary sewer, storm sewer, watermain, road and sidewalk infrastructure and street lighting (Pier 8) is estimated to be in the order of \$13.3 million.

With the upfront investment in municipal servicing infrastructure, site preparation and shorewall replacement, the City will add-value to the lands that it owns within the area and will facilitate an estimated \$500 million in private-sector investment, that will generate an estimated \$7.5 million in direct municipal taxes per year, at full build-out. Indirectly, this will also result in thousands of construction jobs, permanent jobs, and an increase in assessment values within the entire “West Harbour” area.

These estimated costs include provisional amounts for site constraints including the management of impacted soils and additional costs associated with dealing with subsurface water levels during construction. These will need to be reviewed further following the completion of all geotechnical and environmental site assessments.

There has been no allowance included for existing oil pipeline modifications, as the existing leases for these items clearly indicates this cost is fully the responsibility of the pipeline companies themselves. As well, there has been no allowance included for any major storm drainage outfalls through the broader “West Harbour” area to accommodate the creation of major flow patterns from upstream drainage areas to improve upstream drainage. Lastly, there has been no allowance for site preparation and shorewall replacement.

5. There is an identifiable need to develop a broader development strategy for the entire “West Harbour” area.

Over the course of the last several years, the City has continued to implement a series of projects and programs that are intended to reduce the redevelopment barriers not only on Piers 5-8, but for the entire Setting Sail area. Although the “de-centralized” staffing model has been effective and efficient in its operations, there still remains a coordination gap between all City initiatives that are happening within the area. As a major property owner within the area, the City should prepare a real estate and redevelopment strategy for the entire “West Harbour” area, and through that process ensure a coordinated approach to all planning, servicing, and re-development studies led by the City.

As an example, these studies identified the need to not limit the review of the combined sewer system capacity needs to the Piers 5-8 area alone, rather they needed to also include all upstream sanitary drainage area needs as well. As a result, a review of major storm drainage flow patterns upstream of the study area was also identified as a need. The completion of these harmonized studies may also allow an opportunity to adjust development charges to support storm water and combined sewer system improvement.

Recommendations and Work Plan

As these studies are nearing their completion, the consulting team has identified several key elements that will be required in order to refine their results further. The following identifies the main recommendations for advancing the redevelopment of Piers 5 to 8,

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based on the analysis within the Report, and they appear on Pages xv-xvii of Appendix “A”:

1. Develop a broader real estate development strategy for the study area.
2. Harmonize planning regulations and proceed with the urban design study for the West Harbour.
3. Complete Phase 1 and 2 Environmental Site Assessments and Geotechnical Study for Piers 5-8.
4. Complete a transportation impact study for Piers 5-8.
5. Complete Pumping Station Class Environmental Assessment (ongoing).
6. Finalize the termination of Hamilton Port Authority, Sun-Canadian and Imperial Oil Pipeline Leases.
7. Coordination of the West Harbour Servicing study with other City infrastructure studies.

It is important to note that City staff anticipated many of these items over the course of the past few years, and have already placed most into the 2014 Departmental Business Plans. Recommendations 1-5 were specifically identified throughout previous budget processes and preliminary project-based funding was approved in the Capital Budget.

Recommendation 6, which corresponds to issues relating to the existing Sun-Canadian and Imperial Oil pipelines on the site, will require some further study, and therefore staff will report back on a specific plan of action.

Recommendation 1 and 7 will require a broader corporate-wide discussion regarding the various initiatives, studies, and projects which are taking place within this geographic area. These studies have identified an operational need to further coordinate the activities within the “West Harbour”, but also that how these plans are phased will become vitally important to their success. This will require some further study, and therefore staff will report back on a specific plan of action.

ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #1

A Prosperous & Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

- 1.1 Continue to grow the non-residential tax base.
- 1.2 Continue to prioritize capital infrastructure projects to support managed growth and optimize community benefit.
- 1.3 Promote economic opportunities with a focus on Hamilton's downtown core, all downtown areas and waterfronts.
- 1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.
- 1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

APPENDICES / SCHEDULES

Appendix "A" - West Harbour Piers 5-8 Servicing Studies and Pro Forma Analysis –
Draft Summary Report.

CP/dt

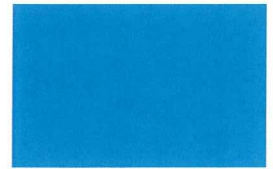
CITY OF HAMILTON

HAMILTON WEST HARBOUR PIERS 5-8 SERVICING STUDIES AND PRO FORMA ANALYSIS

DRAFT SUMMARY REPORT

NOVEMBER 15, 2013

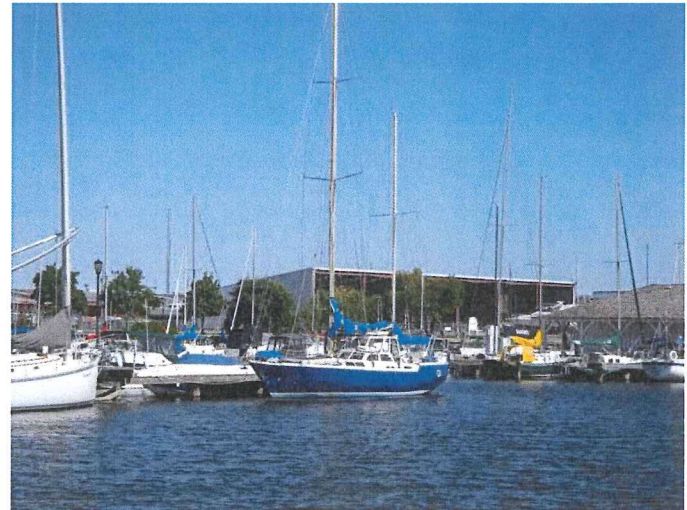




EXECUTIVE SUMMARY

The City has embarked on an ambitious journey to redevelop and regenerate strategic areas within Hamilton. The commitment to this course was charted back in 2006, when the City's long-term growth strategy was completed (GRIDS) and subsequently adopted and implemented into the City's new Official Plan. The strategy envisions Hamilton as a dynamic and vibrant place, home to a variety of mixed-use nodes which are connected through a series of higher-order multi-modal transportation corridors. One of key areas targeted for regeneration and redevelopment is the West Harbour area.

The West Harbour is an area in transition. Presently, the area is home to a number of older, well-established recreational and boating-related uses, such as Bayfront Park, the Royal Hamilton Yacht Club and several boat repair/service operations. The area also includes some newer recreational and commercial activities on Pier 8, which have helped to reinforce the West Harbour's



identity as an important destination within the City. The Waterfront Trust Centre, the outdoor skating rink and commercial centre on Pier 8 represent the beginning of this transition. Over time, the West Harbour area, and Piers 5 to 8 in particular, are expected to transform into a vibrant, mixed-use, compact, transit-supportive and pedestrian-friendly waterfront node.

STUDY PURPOSE

While there has already been a considerable amount of planning completed for Piers 5-8, including the Setting Sail Secondary Plan and Waterfront Recreation Master Plan, there are a number of outstanding questions related to municipal servicing, transportation, environmental constraints and financial viability. The purpose of this report is to document these studies and pro-forma analysis for Piers 5, 6, 7 and 8. This report explores the servicing requirements and redevelopment potential, identifies the opportunities and constraints to development and recommends the immediate next steps for facilitating redevelopment. Note that the following document is intended to provide a high-level summary of findings from the completed studies and Pro-Forma Analysis.

The key questions considered in this report are:

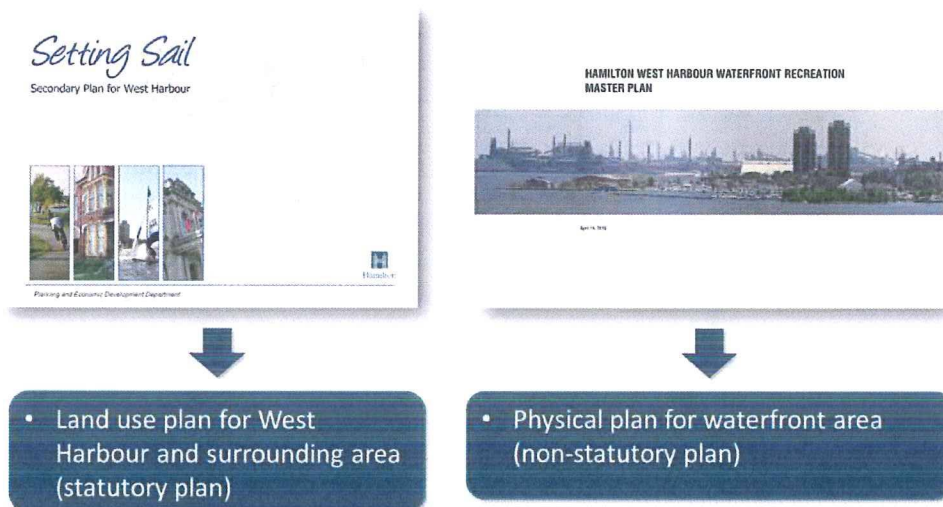
- What are the potential servicing requirements for redeveloping the West Harbour?
- What are the anticipated potential costs to service the West Harbour?
- What are some of the potential environmental risks associated with redevelopment?
- Does the current policy framework have the potential to promote redevelopment from a financial viability perspective?
- What are the municipal priorities to promote redevelopment of the study area?

STUDY AREA

The study area is located in the West Harbour and includes Piers 5, 6, 7 and 8, covering an area of 17.9 hectares. The study area is north of downtown Hamilton, west of Pier 9 and east of Bayfront Park, extending from Guise Street W. to the south, Catharine Street N. to the east, Pier 4 to the west and the Hamilton Harbour to the north. The general location of the study area and some of major existing uses area shown on **Figures ES-1 and ES 2**.

PLANNING CONTEXT

Significant progress has been made in the planning for the West Harbour area. The two documents that provide the planning context for the West Harbour are the Setting Sail Secondary Plan, 2005 (“Setting Sail”) and the West Harbour Waterfront Recreational Master Plan, 2010 (“Master Plan”).



Setting Sail is a statutory plan which provides the land use policies for the West Harbour and surrounding area, while the Master Plan is a non-statutory physical plan for the waterfront area (not including Pier 8). Together, these documents aim to transform the West Harbour into a vibrant, mixed-use, pedestrian-friendly destination for living, working and recreation.

The review of the existing and planned land use planning policies identified the following opportunities and constraints which are of relevance for this assignment:

OPPORTUNITIES

- The long-term land use vision for the area is in place and the policy framework provides certainty for future development by outlining specific aspects for future development, such as land use and permitted uses, building heights and densities.
- Most of the land use designations within Setting Sail are flexible and permit a range of residential and commercial activities. The commercial designations allow for upper-storey residential and the mixed-use designation also allows for both commercial and residential uses. The medium-density residential land use designations permit a range of housing types including apartment, townhouse and other multiple dwelling residential forms. The range of uses permitted across the different types of designations provides a degree of flexibility for future development.
- Based on the planning permissions, there is potential for a significant redevelopment opportunity in the study area.
- The zoning and urban design guidelines for the area have not been finalized, and there may be an opportunity to further adjust and fine-tune the various technical details for the area (e.g. setbacks, parking standards, coverage, etc.).

CONSTRAINTS

- Setting Sail prescribes minimum and maximum densities on a lot-by-lot basis, controlled by building height and units per hectare density. While these policies provide development certainty, they also provide a firm limit on the scale of development. Any deviation from the planned densities and building height requirements would require an Amendment to the City of Hamilton Official Plan and might undermine the credibility and authority of the Setting Sail Secondary Plan.
- In some instances (such as the Medium Density category), the combination of maximum heights and units per hectare density thresholds will preclude maximizing development potential.

ENVIRONMENTAL SOILS

The study area was historically part of the bed of the Hamilton Harbour. In 1911, the shoreline was generally located where Guise Street is now, and a stone cribwork pier approximately 25 m wide and 80 m long was constructed in the current location of Pier 8. At various points in time after 1911, the lands north of Guise Street, were filled in to create the piers. The majority of Piers 5-7, and a portion of Pier 8, were in-filled to their current extent in 1947. The current configuration of Pier 8 was completed between 1962 and 1967 using dredged soils and capped with construction fill that contained foundry sand, bricks, mortar, slag and coal.

Piers 5-8 and parts of Pier 8 have been predominately operated as a marina and boat yard. Other past uses within the area include storage and bulk breaking of shipping cargo, phosphate fertilizer storage, commercial activities (restaurants, office space, retail space, and a construction company), trucking/transportation uses, parkland, and land used by the Navy League.

To better understand the potential for environmental contamination, a Records Review was conducted for the study area. The review identified the following issues and opportunities related to the environmental conditions of Pier 5, 6, 7 and 8 for development.

OPPORTUNITIES

- A number of the buildings on Pier 6 and 7 are in good structural condition and are available for reuse.
- Groundwater was not considered to be a significant environmental concern based on previous studies.
- Based on previous investigations and environmental work, the Risk Assessment approach is assumed to be feasible.

CONSTRAINTS

- The Records Review yielded seven Areas of Potential Environmental Concern (APEC) from site sources and two from off-site sources.
- Based on the information available for this site, it does not appear that the off-site Areas of Potential Environmental Concern provide a significant environmental concern. For the on-site sources, the following provides further detail on the level of concern:
 - Previous investigations have suggested that the soil that would be disposed off-site is solid non-hazardous, non-ignitable waste.

- Soils that meet the MOE Table 2 and Table 3 Standards can be re-used on-site or at another industrial, commercial or community property.
- The site specific Risk Assessment previously conducted on a portion of Pier 8 indicated that no risks to human health or ecological health were present with some exceptions.
- The site specific Risk Assessment identified that engineering control measures would be implemented during construction activities, including a soil cap of 0.3m, acting as a separation distance between contaminated soils and site occupants and visitors.
- The upfront clean-up costs, potential delays and liability issues could be a challenge for future redevelopment.
- The lack of confirmed soil conditions may add to the risk of additional unknown issues in the future.

MUNICIPAL SERVICING

Existing development on Piers 5, 6, 7 and 8 is currently serviced with water services that connect to municipal watermains, sanitary services that either connect to the municipal sewer system by a gravity connection or by a number of pumping facilities and forcemains. The study area topography gradient is from Guise Street / Bay Street to the harbour, and storm drainage within the study area is generally through aged storm connections to the harbour.

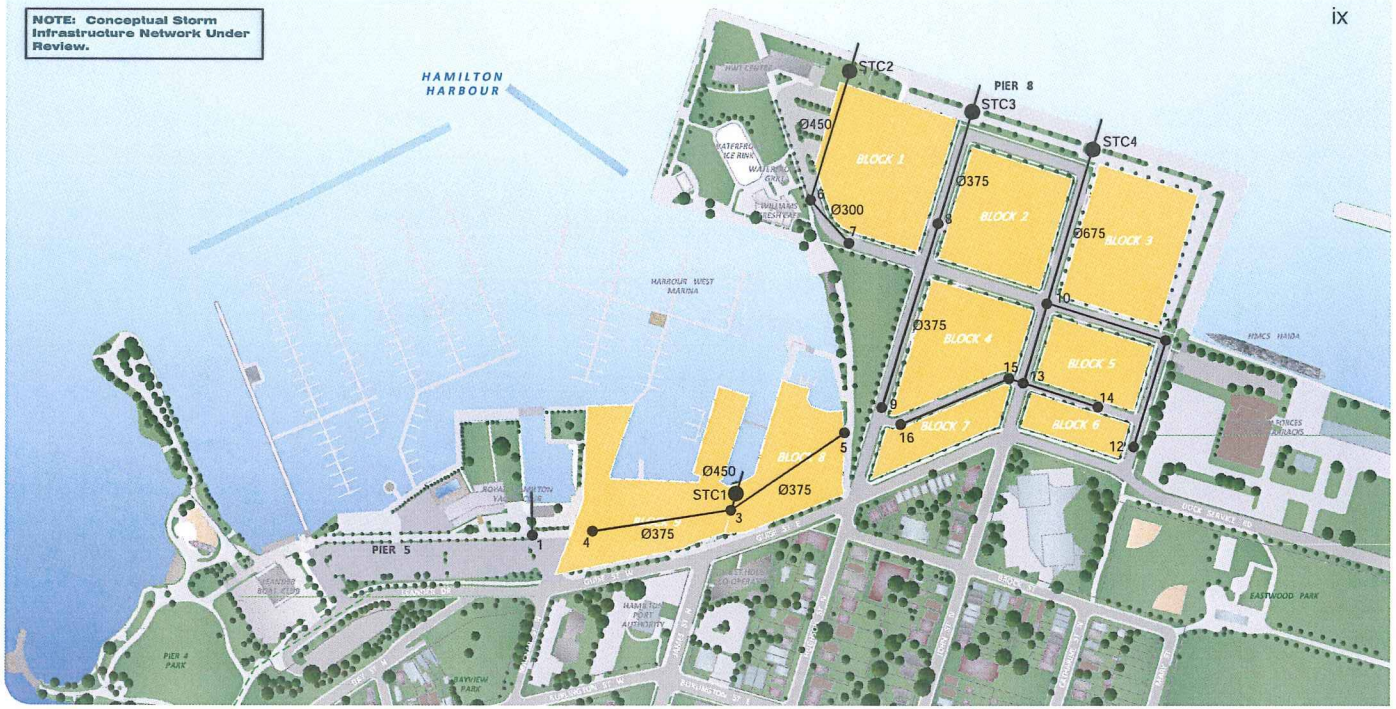
A functional servicing study was completed for Piers 5-8 and is available under separate cover. The servicing study identifies a number of specific issues and opportunities, as well as the list of capital improvements for sanitary, water and stormwater infrastructure. The following provides a summary of some of the key issues and opportunities for servicing Piers 5-8. **Figures ES3, ES4 and ES5** provide an illustration of the servicing concepts required for redeveloping Piers 5-8. The servicing infrastructure networks that are shown on these figures are under review and will be confirmed during later project design and / or consultation phases.

OPPORTUNITIES

The majority of the existing infrastructure on Piers 6 to 8 is aged and is limited to providing service to existing development. There is more recent infrastructure that has been constructed on Pier 5, Discovery Drive and for the Hamilton Waterfront Trust Centre (former Parks Canada Marine Discovery Centre). Existing development on Pier 5 that remains is serviced.

- There may be an opportunity to upgrade existing aged infrastructure when new infrastructure is constructed.

NOTE: Conceptual Storm Infrastructure Network Under Review.



CITY OF HAMILTON
PIER 5-8 DEVELOPMENT PLAN

Conceptual Storm Sewer Network

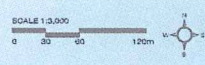
FIGURE ES 4



- STUDY AREA
- EXISTING BUILDINGS
- ASPHALT AREAS
- LANDSCAPED AREAS
- BLOCK AREAS
- PROPOSED STORM SEWER
- EXISTING STORM SEWER

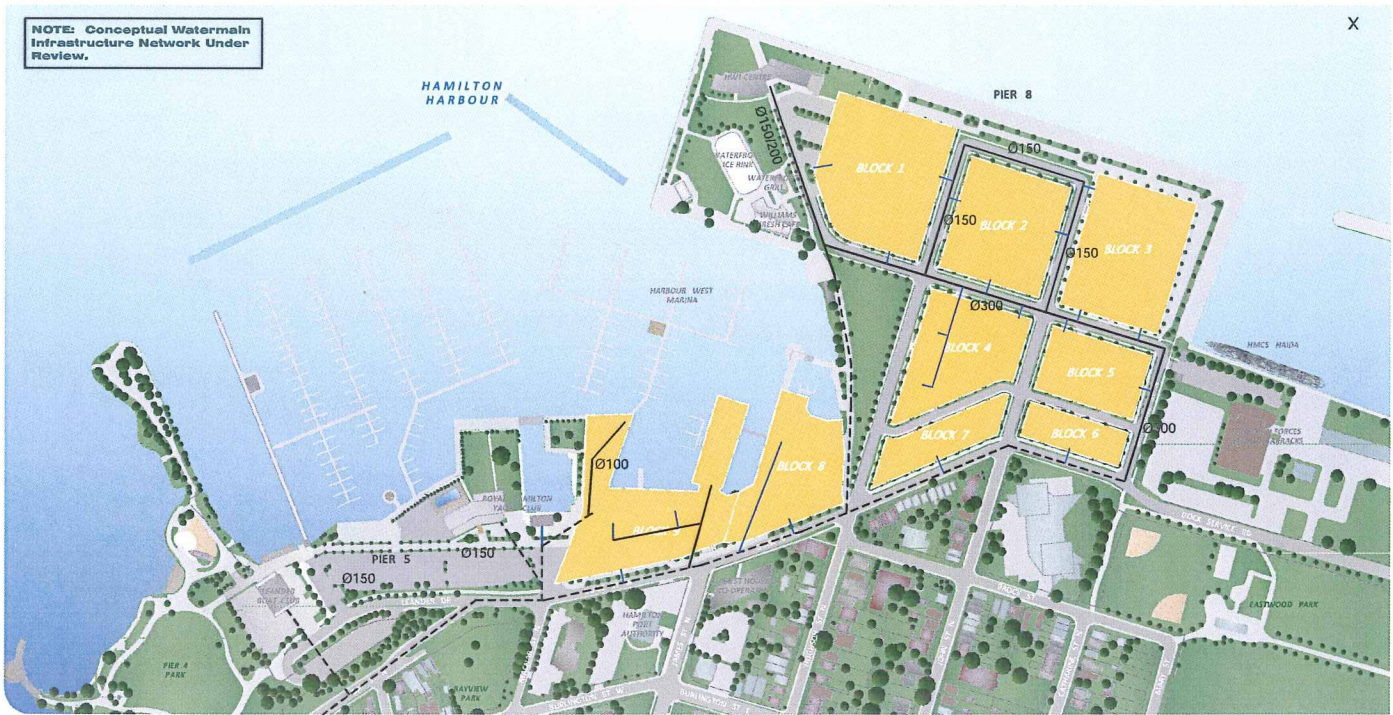
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 Title:
 Pier 5-8, 2015 11 14

MAPDRAWING INFORMATION:
 Mapping from City of Hamilton
 CREATED BY: JOSEPH MARCHANT
 CHECKED BY: PATRICK KENNEDY



PROJECT: 12-1116
 STATUS: DRAFT
 DATE: OCTOBER 2015

NOTE: Conceptual Watermain Infrastructure Network Under Review.



**CITY OF HAMILTON
PIER 5-8 DEVELOPMENT PLAN**

Conceptual Watermain Network

FIGURE ES 5



- STUDY AREA
- EXISTING BUILDINGS
- ASPHALT AREAS
- LANDSCAPED AREAS
- BLOCK AREAS
- PROPOSED WATERMAIN
- EXISTING WATERMAIN
- PROPOSED WATER SERVICE

File Location:
G:\0500_12\118 - watermain location.mxd
Project Path: G:\0500_12\118 - watermain location.mxd
Map Date: 18 October 2013

MAP DATA AND INFORMATION
Mapping from City of Hamilton
CREATED BY: JOHNNY SANDOZ
CHECKED BY: PATRICK KENNEDY



PROJECT 15 7116
REVISION SHEET
DATE: OCTOBER 2013

- Current oil pipeline agreements will expire in 2013 (Imperial Oil) and 2014 (Sun Canadian Oil Pipeline). There is an opportunity to terminate these agreements to facilitate redevelopment.
- A new pumping station or facilities can be constructed to service new development and replace existing pumping station or facilities which have operational problems.
- There is an opportunity to reduce the number of existing storm outfalls to the Harbour within the study area and provide storm water quality treatment.
- Utilities can service the new development.
- Additional capacity can be reviewed to accommodate increased sewage flows to the existing systems from redevelopment by reducing combined sewer flows that include storm flows or allowance for sanitary sewage retention during wet weather events.
- On-site sewage storage can be reviewed to address existing combined sewer system capacity issues during wet weather events.
- Development charges are forecast to be reviewed in 2014, and there may be an opportunity to include eligible stormwater / sanitary system improvements.

CONSTRAINTS

- Existing pumping station or facilities within the study area including Pier 8 are limited to servicing existing development. The pumping station located on Parks Canada property which services the Hamilton Waterfront Trust Centre and Williams Restaurant is currently experiencing operational problems and is undersized for new development.
- There is one Sun Canadian Oil Pipeline and two Imperial Oil pipelines that are located on Pier 8 which will impact future development plans.
- During some wet weather events there is a lack of available sanitary sewer capacity in the existing sewer system to support new development. There may be a need to provide sanitary sewage storage on site during select wet weather events.

The estimated engineering and construction cost associated with a new municipal sanitary sewer, storm sewer, watermain, road and sidewalk infrastructure and street lighting (Pier 8) is estimated to be in the order of \$13,300,000. This amount does not include the estimated cost for the storage of sanitary flows on site during wet weather flows which needs to be reviewed. Provisional amounts for site constraints including the management of impacted soils and additional costs associated with dealing with subsurface water levels during construction will need to be reviewed further following the completion of geotechnical and environmental site assessments.

No allowance for existing oil pipeline modifications have been included in the cost estimates or any major storm drainage outfalls through the study area to accommodate the creation of major flow patterns from upstream drainage areas to improve upstream drainage.

TRANSPORTATION & PARKING

The transportation network for the study area has generally been defined through Setting Sail and the associated Transportation Master Plan. The review of these documents and a series of redevelopment scenarios provides the following issues and opportunities related to the transportation and parking needs for the development of Piers 5, 6, 7 and 8.

OPPORTUNITIES

- The existing road network is a grid pattern, and there are opportunities to improve connectivity and circulation by continuing the grid pattern on Pier 8 or the study area.
- Given the potential scale of redevelopment being contemplated in the West Harbour, there is a unique opportunity to enhance transit and active transportation connections into Piers 5-8. Enhancing transit and active transportation connectivity should allow for a more flexible approach to parking and automobile circulation.
- Similar to the above, there will be opportunities to enhance and refine the City's parking standards to optimize redevelopment potential, reduce potential for congestion at peak hours and provide a framework which supports the City's transit and active transportation objectives.
- The planned expansions to the Downtown GO rail station, which is located in relative close proximity to the West Harbour area, has potential to be a driver for future development and redevelopment on the waterfront.

CONSTRAINTS

- Presently, there are challenges with the accommodation of parking during peak events. Most visitors drive to the study area due to the limited seasonal transit and distance from the downtown.
- There are expected to be limited opportunities for underground parking. The perceived high costs for underground parking spaces (ranging from \$42,000 to 80,000 per space depending on soil conditions), combined with the high-water level and potentially porous soil conditions suggests that there is limited potential for developing large-scale, multi-level underground parking lots.
- The redevelopment of Piers 5 to 8 will require a comprehensive strategy for parking and circulation, as the current and future conditions are expected to be constrained. As noted above, future redevelopment of the study area will need to reduce the reliance on automobiles, through transit, active transportation and reduced parking standards (and other policy measures as required).

- There is a need to better understand the area-specific constraints on circulation and connectivity. A more detailed assessment of traffic and transportation is needed to assess the options for parking (including the municipal parking needs), transit and traffic management.

MARKET & PRO FORMA ASSESSMENT

The Piers 5 to 8 lands have the potential to be one of the City's major urban nodes and are a potential catalyst for the regeneration in the West Harbour. Our analysis of general market conditions and subsequent alternative development scenarios on Piers 5-8 resulted in the following potential issues and opportunities:

OPPORTUNITIES

- Residential sale prices appear to be increasing in the general area in and around the waterfront.
- There is a limited supply of large, vacant waterfront properties in Hamilton and the study area presents a significant market opportunity, with potential for upwards of 1,600 units (at the upper limit).
- The mixed-use and commercial retail designation provide for a unique market opportunity. A targeted approach to waterfront retail may attract businesses and visitors beyond typical commercial demand of a development of a similar scale.
- The majority of the lands within the study area are City-owned lands and there is potential for the City to chart the course for regeneration. City ownership of the land means that the City will be in a unique position to represent the public interest and also partner with the private sector in the regeneration of Piers 5-8.
- The analysis of alternative development scenarios suggests that there are a number of potential scenarios for redevelopment, several of which have the potential to be financially lucrative for private sector investors.
- The extension of municipal services and other City infrastructure investments are required to ensure that the lands are available for development and the City should be in a position to recuperate a portion of its investments through Development Charges and property tax revenue.
- The City's ERASE program provides some basic incentives to offset a small portion of the potential remediation and risk management costs for Piers 5-8.

CONSTRAINTS

- There are no similar waterfront type developments in Hamilton and sales prices for mid and high rise condo-type developments in Hamilton (generally) are relatively low compared to other GTA municipalities.
- Absorption levels for Hamilton have ranged generally from 100 to 150 units/year for apartment style housing (rounded, 2007-2010). The lower levels of absorption suggest one of two possibilities – there is insufficient supply available on the market, or a limited potential for apartment/condo style development. Notwithstanding the historic absorption levels, it is important to note that the City has never seen a waterfront development project of the scale, style and sophistication being considered for Piers 5-8. Based on this, it is conceivable that the redevelopment project could significantly increase the City's overall absorption rates for apartment/condo units.
- At just under 18 hectares and the potential for over 1,600 residential units and 15,000 square metres of commercial floorspace, the redevelopment could exceed \$500,000,000 (in private sector investment) and, therefore, would be limited to a select number of developers with sufficient resources to take on the project.
- The area would develop based on market demand, with many potential variations in specific design, phasing and schedule.
- The amount of land designated for commercial land use may exceed the projected demand of the study area. In addition, typically commercial development lags residential development. It may be challenging to identify a feasible development form with the commercial land use policies of Setting Sail.
- The amount of parking required for the redevelopment, combined with the limited space for surface parking and high cost associated with underground and structured parking, has an impact on the financial viability of the development. The extent to which parking needs can be reduced and mitigated will help to make the redevelopment more attractive.
- The redevelopment of Piers 5-7 is also expected to focus on commercial and recreational uses. The financial return on investment for these types of activities will be longer and may require the City to be more proactive in its support of the redevelopment program.

RECOMMENDATIONS

The following identifies the main recommendations for advancing the redevelopment of Piers 5 to 8 and are based on the analysis within the report:

1. **Develop a broader real estate development strategy for the study area.** Over the course of the last several years, the City has continued to implement a series of projects and programs that are intended to reduce the redevelopment barriers on Piers 5-8. These actions include this study, the preparation of the Setting Sail Secondary Plan, the Waterfront Recreation Master Plan, the renegotiation/termination of leases on Pier 8, as well as a number of other complementary initiatives, such as the marina replacement/slip upgrades and the breakwater. As the primary property owner, the City should prepare a real estate and redevelopment strategy for Piers 5-8. The real estate strategy should articulate:
 - a. The City's financial goals for redeveloping Piers 5-8 and its role in the redevelopment process;
 - b. The expected role of the private sector in the redevelopment process;
 - c. How far the City intends to proceed with the removal of redevelopment barriers and whether the City intends to prepare a plan of sub-division for Piers 5-8;
 - d. Whether or not specific incentives are needed to ensure the timely completion of the redevelopment; and,
 - e. A detailed action plan.

Upon substantial completion of items 2, & 3 (below), the City should be in a position to prepare its real estate strategy.

2. **Harmonize planning regulations and proceed with the urban design study for the West Harbour.** The City should proceed with its plan to prepare an urban design study and guidelines for the West Harbour area. The urban design study should be prepared to conform to the planning framework articulated in Setting Sail and the Waterfront Recreation Master Plan. Through the design study, the City should consider several opportunities and constraints identified in this report including, but not limited to:
 - Alternative approaches to parking, including opportunities for mixed-use development on the ground floor of structured parking lots;
 - Opportunities for improved transit and active transportation connectivity; and,
 - Opportunities for attractive, pedestrian-friendly mid-rise developments connected to the waterfront area.

It is expected that the urban design study will also provide the City with an opportunity to prepare visualizations of the potential development which should help to promote and market the redevelopment of Piers 5-8.

3. **Complete Phase 1 and 2 Environmental Site Assessments and Geotechnical Study for Piers 5-8.** A substantial amount of the work required for a Phase 1 Environmental Site Assessment (ESA) has been completed through the Records Review undertaken for this study; however, the City should complete a formal Phase 1 ESA for the lands in Piers 5-8. Upon completion of the Phase 1 ESA, the City should consider the completion of a Phase 2 ESA. The Phase 2 ESA should help to clarify a number of the uncertainties and assumptions related to the site's potential for contamination. Depending on the outcomes of a City-initiated Phase 2 ESA and the City's real estate strategy for redevelopment on Piers 5-8, the City should also consider preparing a risk assessment for managing any contaminated soils. Lastly, as part of the Phase 2 ESA work program, the City should also consider a scoped geotechnical study of soil conditions on Piers 5-8 to assess the engineering properties of the soils (e.g. including water level and bearing capacity) to better characterize the potential opportunities for underground parking.
4. **Complete a transportation impact study for Piers 5-8.** Now that the development potential for Piers 5-8 is better understood, the City should consider preparing a traffic impact study and identify the needs for signalization, transit, parking, etc. The study could be used to develop a parking management program for the entire area, as this study identified the potential for possibly two parking structures on Pier 5-8 to service recreational and public waterfront uses.
5. **Complete Pumping Station Class Environmental Assessment (EA).** The sanitary servicing of the study area is expected to require the construction of one or more pumping stations. A municipal Class Environmental Assessment is needed for the construction of new pumping stations. In order to provide sanitary servicing to the study area, it is recommended that a pumping station Class EA proceed for the West Harbour study area in a timely manner to allow construction to be completed for planned development.
6. **Finalize the termination of Hamilton Port Authority, Sun-Canadian and Imperial Oil Pipeline Leases.** The City should complete the termination of Hamilton Port Authority land leases including the Sun-Canadian and Imperial Oil pipelines to allow development and new infrastructure construction to proceed in a timely manner.
7. **Coordination of the West Harbour Servicing study with other City infrastructure studies.** City staff identified the need to not limit the review of the combined sewer system capacity needs to the West Harbour Piers 5 to 8 study area, but include other upstream sanitary drainage area needs as well. A review of major storm drainage flow patterns upstream of the study area was also identified

as a need. Improvements to upstream major storm drainage flow routes may identify a need to construct new storm outfalls through the study area.

The completion of these harmonized studies may also allow an opportunity to adjust development charges to support storm water and combined sewer system improvements.