TO: Chair and Members  
Economic Development and Planning Committee  
WARD(S) AFFECTED: WARD 13  

COMMITTEE DATE: September 21, 2010  

SUBJECT / REPORT NO:  
Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application - 2142929 Ontario Inc. and 2156600 Ontario Inc., 133, 135 and 153 King Street West, Dundas, ON (PED10214) (Ward 13)  

SUBMITTED BY:  
Tim McCabe, General Manager  
Planning and Economic Development Department  

PREPARED BY:  
Brian Morris 5602  

SIGNATURE:  

RECOMMENDATION(S)  

(a) That Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application ERG-10-02, submitted by 2142929 Ontario Inc. and 2156600 Ontario Inc. (c/o Pocrnic Realty Advisors), owner of the property at 133, 135 and 153 King Street West, Dundas, Ontario for an ERASE Redevelopment Grant not to exceed $140,000, payable to 2142929 Ontario Inc. over a maximum of ten (10) years, be authorized and approved in accordance with the terms and conditions of the ERASE Redevelopment Agreement.  

(b) That the Mayor and Clerk be authorized and directed to execute, on behalf of the City, the ERASE Redevelopment Agreement with 2142929 Ontario Inc. and 2156600 Ontario Inc. referred to in subsection (a) with respect to the redevelopment of, 133, 135 and 153 King Street West, Dundas, Ontario and all necessary associated documents, all in a form satisfactory to the City Solicitor.
EXECUTIVE SUMMARY

Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application (the “Application”) was submitted by 2142929 Ontario Inc. and 2156600 Ontario Inc. for Redevelopment of the properties at 133, 135 and 153 King Street West, Dundas, ON (Appendix “A” to Report PED10214). The Application qualifies for an ERASE Redevelopment Grant as a result of required environmental site remediation in order to permit construction of a two (2) storey commercial building with a gross floor area of 29,706 square feet - the ground floor being a Shopper’s Drug Mart (19,503 square feet) and the 2nd storey being medical offices (10,203 square feet).

The Application is for $140,000 in eligible environmental site remediation costs. Estimated project construction costs are $2,500,000. It is estimated that the proposed development will increase the market value assessment (MVA) on the site from its current $1,424,500 to approximately $3,825,000. 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 $53,895.43, of which 80% or approximately $43,116.34 would be paid to the owner in the form of an annual grant for approximately four (4) years, up to an amount not to exceed the total estimated clean-up costs eligible for ERASE of $140,000.

The City will retain 20% of the municipal tax increment; approximately $10,779.09 a year for ten (10) years up to an amount not to exceed 20% of the total estimated clean-up costs. These monies will be deposited into the Brownfield 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 former commercial site via environmental site remediation leading to the development of the proposed new commercial use and will result in a significant long-term increase in assessment and property tax revenues to the City. The City, under the terms of the ERASE program, will need to enter into a Redevelopment Agreement with the owner, as specified in the ERASE CIP.

Alternatives for Consideration – See Page 7
FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

**Financial:** As per the ERASE Redevelopment Grant Program, the City will provide the applicant with a grant equivalent to 80% of the increase in municipal taxes up to the total eligible cost figure of $140,000. At that time, the City will begin to collect and retain the full municipal portion of the tax increment.

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

**Legal:** The provision of ERASE Redevelopment Grants 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 ERASE Redevelopment Agreement and any necessary associated documents will specify the obligations of the City and the applicant. The Redevelopment Agreement will all be prepared in a form satisfactory to City Solicitor.

**HISTORICAL BACKGROUND** (Chronology of Events)

The subject properties are located on the north side of King Street West and to the west of Albert Street in Dundas, Ontario. The property at 133 and 135 King Street West occupies 1.16 acres and had formerly been occupied by a Rona Building Centre commercial operation. The property had a Phase II Environmental Site Assessment completed in February 2009 by Premier Environmental Services Inc. The results of the Phase II ESA indicated that none of the tested parameters for soil or groundwater contamination were found to exceed the applicable Ministry of Environment (MOE) Table 3 Standards for industrial/commercial land uses. The buildings on this portion of the property have recently been demolished to make way for redevelopment of the site.

A Phase I ESA was completed by Premier Environmental Services Inc. on the property at 153 King Street West in October 2009. The subject property is approximately 0.22 acres and occupied by two buildings and a parking area. The property, most recently occupied by a child placement agency for group homes and foster care, has also been
occupied by a number of light industrial and commercial operations identified since 1957 including, but not limited to: Dundas Motors Ltd., Donison Motors Ltd., Scandia Motors, Main West Motors and Valley Town Auto Body, Morrison’s Bedroom Shoppe, Morrison’s Dundas Furniture, Dundas Game Room, and Ryukyu Karate. The Phase I ESA indicates that there is evidence of potential environmental concerns in connection with the subject properties’ past uses as a vehicle repair garage (including the identification of a former Underground Storage Tank – UST), and well as some of the existing or historic uses of land surrounding the property. These uses include a former sewing mill and dry-cleaning store to the south of the property, and some former retail fuel stations near the subject property. Therefore, a Phase II ESA was recommended.

A Phase II ESA was carried out by Premier Environmental Services in December 2009. Based on the findings of a site investigation and review of previous environmental reports, several areas of known and suspected environmental concern were identified on the site from the property’s previous uses. The sub-surface investigation and test results for metals indicated exceedences in the applicable MOE standards for zinc in the fill layer located on the central portion of the property. Other metals such a lead and cadmium also occurred at elevated concentrations; but below the applicable MOE Table 3 Standards. Benzo(a)pyrene was detected in the soil above the applicable MOE Table 3 Standard. The source of the metals is likely from the fill material imported to the subject property during original construction and the elevated concentrations generally occur within the south and central portions of the property. In addition to metals found, petroleum hydrocarbons (PHC) were detected in the soil, above the applicable standards, in a fill layer underneath the main building in a borehole on the eastern portion of the site, below the location of the former automotive repair garage. Based on the contamination found at the subject property, the Phase II ESA also included remedial options which take into consideration the demolition of the structures on 153 King Street West in order to be part of the redevelopment of 133 and 135 King Street West.

The property owner has chosen a combination of conventional excavation method to remove the petroleum hydrocarbon contaminants while a Risk Assessment (RA) approach has been the preferred option for the inorganic contamination (metals) and possible pockets of polycyclic aromatic hydrocarbons. The property owner has received an estimate for excavation and disposal of the contaminated PHC soils and has also received a Risk Assessment Workplan. Together, the remediation will be carried out in order to permit a Record of Site Condition (RSC) on the site at 153 King Street West, which will form landscaping and parking for the construction of a two (2) storey commercial building with a gross floor area of 29,706 square feet at the property at 133 and 135 King Street West - the ground floor being a Shopper’s Drug Mart (19,503 square feet) and the 2nd storey being medical offices (10,203 square feet).
The Applications:
The Application for an ERASE Redevelopment Grant submitted by Pocrnic realty Advisors, agent for 2142929 Ontario Inc. and 2156600 Ontario Inc., for the property at 133, 135 and 153 King Street West 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 PHC’s and Risk Assess inorganics in fill soils that are a residual result of past commercial and light industrial uses on-site. The clean-up will be done in order to permit the construction of a two (2) storey commercial building with a gross floor area of 29,706 square feet - the ground floor being a Shopper’s Drug Mart (19,503 square feet) and the 2nd storey being medical offices (10,203 square feet). Estimated project construction costs are $2,500,000. The costs eligible for an ERASE Redevelopment Grant are estimated as follows:

<table>
<thead>
<tr>
<th>Eligible Works</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soil Removal/Disposal</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>Environmental Consulting Fees</td>
<td>$ 5,000</td>
</tr>
<tr>
<td>Risk Assessment and related measures</td>
<td>$ 85,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$140,000</strong></td>
</tr>
</tbody>
</table>

*HST not included in the above

The applicant has an approved ERASE Study Grant Application for a Supplemental Phase II ESA for the property at 153 King Street West, Dundas. The value of the grant to be received by the owner will not exceed $5,000 which is 50% of the estimated or actual study cost of $10,000. The Environmental Consulting Fees noted above are the balance of this study, as well as for the work to be done and prepared for the clean-up of the property.

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 PED10214 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).
Vision: To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.

Values: Honest, Accountability, Innovation, Leadership, Respect, Excellence, Teamwork

RELEVANT CONSULTATION

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

Departmental Comments

Taxation Division:

The total 2010 assessed value for both 133, 135 King Street West and 153 King Street West is $1,424,500 and the property is classed as Commercial (CT and CT). Property taxes are paid in full. Taxes for 2010 on this property total $53,993.91, broken down as follows:

Municipal Levy = $31,982.52
Education Levy = $22,011.39
Tax Cap Adjustment = $ 0
Total (approximately) $53,993.91

Legal Services Division:

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

Planning Division:

Formal Consultation was conducted by the Development Review Committee on June 10, 2009. Subsequently, an application for Site Plan Control was submitted on September 17, 2009. To allow sufficient time for staff to review the merits of the application, Conditional Site Plan Approval was issued by the Manager of Development Planning on February 22, 2010. All requisite conditions have been satisfied to which the final plans were approved on July 22, 2010; thus, making the applicant eligible for a building permit based on the approved plans.
ANALYSIS / RATIONALE FOR RECOMMENDATION

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

Current (2010) MVA for both 133, 135 King St. W. and 153 King St. W. is $1,424,500 classed as Commercial (CT and CT). Current 2010 property taxes are approximately $53,993.91 broken down as follows:

- Municipal Levy = $31,982.52
- Education Levy = $22,011.39
- Tax Cap Adjustment = $0
- Total = $53,993.91

Property taxes are current (paid in full).

Based on site plan drawings and information submitted in support of the ERASE Application, staff has estimated that once the project is complete, the property, including all buildings, will have an estimated MVA of approximately $3,825,000, classed as XT (new commercial taxable), ZT (new shopping taxable) and GT (parking lot taxable). This new MVA is estimated to increase total annual property taxes over the current $53,993.91. The new municipal taxes levied on this property will be approximately $85,877.95, 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

The 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 any possible financial or legal implications.
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Location Map

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT

File Name/Number: 133, 135, 153 King St W
Date: August 25, 2010
Appendix "A" Scale: N.T.S. Planner/Technician: BM/SC

Subject Property

133, 135 & 153 King Street West, Dundas

Ward 13 Key Map N.T.S.