SUBJECT: VON Hamilton - Brownfield Pilot Project Fund (PED07258) (City Wide)

RECOMMENDATION:

a) That VON Hamilton be approved for funding under the Municipal Acquisition and Partnership Program (MAPP - Brownfield Pilot Project) in the amount of $14,351.

b) That the $14,351 be charged to Brownfield Capital Account No. 3620155102 which is funded from the 20% portion of increased assessment Environmental Remediation and Site Enhancement (ERASE) tax rebates.

EXECUTIVE SUMMARY:

VON Hamilton has recently completed a Phase II Environmental Site Assessment (ESA) on the property at 400 Victoria Avenue North (see Appendix A to Report PED07258). The ESA was funded, in part, through the City of Hamilton ERASE Study Grant Program. The ESA was precipitated by plans to build an addition onto the building that houses an Adult Day Program. The north side of the building, where the addition was planned, was a former rail bed that they purchased in 2003. The ESA revealed contamination that is just over Ministry of Environment (MOE) Standards for residential/parkland/institutional in a non-potable groundwater situation.
VON Hamilton enquired if the City’s Brownfields Environmental Remediation and Site Enhancement (ERASE) Program could assist with the remediation costs identified in the Phase II EPA. Since the ERASE Redevelopment Grant Program employs a Tax Increment Financing tool, it could not be applied to the remediation as VON Hamilton is a not-for-profit. However, another component of the ERASE Program known as the Municipal Acquisition and Partnership Program (MAPP) has a Brownfield Pilot Project section that enables Council to provide funding on strategic Brownfield redevelopment projects that provide significant benefits to the municipality. Consequently, on August 24, 2007, VON Hamilton made a request for funding from the City’s Brownfield’s Pilot Project Program.

**BACKGROUND:**

**History**

VON Hamilton is a charitable, not-for-profit, multi-service organization which provides health and support services to enhance the health and quality of life of people living in the community. Since 1988, VON has been operating a Centre in Hamilton to provide care during the day for adults with moderate to severe memory loss, such as Alzheimer’s Disease, and other long-term illnesses. The programs at the Day Centre also include a variety of services to support and educate family caregivers. The Centre currently operates six (6) days per week.

In 2003, the Junior League of Hamilton-Burlington Inc. partnered with VON Hamilton to develop a centre that would provide overnight care to give family caregivers a sense of getting a break (Respite). In 2003, VON Hamilton purchased the abandoned rail bed on the north side of the Adult Day Centre property at 400 Victoria Avenue North. A partial Phase II Environmental Site Assessment (ESA) was done at the time as the purchase of the rail bed property was conditional on soil testing. Since that time, the Ministry of the Environment (MOE) requirements have changed and the results of that testing are no longer valid.

To support the overnight service and to augment VON Hamilton’s current programs, a building renovation and addition plan was developed. While waiting for the necessary site requirements to be met in order to do the building project, they started to offer the overnight program within their current facility and, since June 2006, have had four (4) persons attending each Friday overnight and have a waiting list of families eager to use this service.

In 2005, VON obtained operational funding from the Ministry of Health and Long Term Care to provide one overnight stay/week for up to four (4) clients with dementia. This funding is now channelled through the Hamilton Niagara Haldimand Brant Local Health Integration Networks (HNHB LHIN). The Junior League of Hamilton-Burlington (JLHB) Inc. has committed to $100,000 to assist with the building addition. The Trillium Foundation has committed to $70,000 to assist with staffing costs and for the building renovation. The VON Hamilton Foundation Board will raise the balance of funding required for the building project.
Consultation with the architect’s interior designer has determined that in order to meet VON Hamilton’s increased program needs, and their desire to partner with and support family caregivers, an extra 3,000 square feet would be required to add to the current 6,000 square foot building.

**Brownfields Pilot Project**

In 2001, City Council established a $500,000 Brownfield Pilot Project Fund in order to encourage and assist the redevelopment of strategic Brownfield properties located in Hamilton. The purpose of Council’s investment was to stimulate redevelopment and growth in the surrounding neighbourhood area as a result of a contribution to a high profile Brownfield project. Since the program’s inception, three (3) pilot projects have been funded: 1) the Wellington Block redevelopment ($100,000 grant) in partnership with Hamilton Health Sciences Corporation that will see a major new health care related development and expansion of the facilities at the Hamilton General, 2) 440 Beach Boulevard ($175,000 grant) involving the remediation of a former gas station with the plan to construct 93 residential units on Hamilton’s historic beach strip, and 3) the Grand Connaught Development Group Inc. ($229,500 grant) to remove and dispose of asbestos materials with the plan to construct a $30 million renovation and redevelopment of one of Hamilton’s most historic properties – the Royal Connaught Hotel.

The Brownfield Pilot Project fund is currently being replenished by the ERASE MAPP as contained in the Council approved 2005 Brownfields Community Improvement Plan (CIP). The purpose of the MAPP is for the City to create awareness of Brownfield redevelopment opportunities and funding through municipal leadership in property acquisition, investment and municipal financial involvement in pilot projects to clean up and redevelop Brownfield sites in the Project Area.

The MAPP is funded from the 20% of the tax increment or tax assistance that is retained by the City as a result of properties participating in the ERASE Redevelopment Grant Program (RGP) or Tax Assistance Program (TAP), and other monies as allocated by Council. This 20% of the tax increment or tax assistance retained by the City will be placed in a Brownfields Pilot Project (BPP) Account. As funds accrue in this account, the City may use these funds to:

a) conduct environmental site assessments on municipally owned properties that are potentially contaminated;

b) clean up and redevelop municipally owned Brownfield properties;

c) conduct environmental site assessments on properties controlled through the tax arrears sales process;

d) acquire, remediate, rehabilitate and redevelop key privately owned Brownfield sites; and,

e) fund Brownfield pilot projects (public-private partnerships) to acquire, remediate, rehabilitate and redevelop privately and publicly owned Brownfield properties; and, educate and inform the public about the importance of Brownfield redevelopment.
In regards to administration of the program, the approved CIP states that the Economic Development and Real Estate Division will be responsible for administering the MAPP, in consultation with other departments as necessary. Authority under this program would be exercised in order that redevelopment of land or buildings may occur in conformity with this Plan, subject to Council approval.

The VON Hamilton Brownfield Pilot Project

Due to the results of the ESA, as well as concerns regarding the soil bearing capacity of the former rail bed, VON Hamilton's building plans to expand over the rail bed have been changed. The plan is now to add 2,000 feet to the front of the current building and 1,000 feet to the back. The Site Plan Application has been submitted to the City of Hamilton and a Building Permit Application will be submitted shortly. A minor variance for the property was approved at the City’s Committee of Adjustment, May 16, 2007.

VON Hamilton has engaged a firm to do soil testing to, as outlined in PAL-TECT Engineering Inc.'s supplement to their Phase II ESA, “further delineate the horizontal extent of fill contaminated with metals and PAH's in the former rail land, and delineate the extent of groundwater contaminated with lead and copper identified in MW3. By delineating the extent of contaminated soil in advance, we anticipate being able to reduce the projected amount and associated costs of contaminated soil requiring remediation. Delineating the groundwater contamination boundaries will provide the basis for determining a remediation strategy.”

Once the remediation is completed, the plan would be to extend some of the parking lot over the rail bed area and to eventually provide some landscaping along the north side of the building. Overall, the plan will improve the appearance and function of their facility and neighbourhood.

The new costs of redoing the plans for the building and redoing the soil testing add a considerable burden to the total project budget, not to speak of the cost of the remediation. Estimated costs for supplementary soil investigation, including laboratory costs, well supplies and installation, drilling rig, field supervision, utilities clearances, surveying and sampling, project management and engineering tasks are $6,805.00.

Estimated costs for soil remediation including excavation equipment, bobcat loader and roller compactor, leachate analyses, backfill soil quality verification, haulage and disposal, imported fill soil, and granular fill, machine operator, fencing, borehole decommissioning, confirmatory groundwater sampling and analysis, field supervision, project management and final report are $50,600.

Grand Total of both soil investigation and remediation: $57,405 not including applicable taxes.

Due to their schedule for building, VON Hamilton will be moving ahead with the remediation of the property. They request that the City take their request into consideration.
On August 9, 2007, City staff was approached by VON Hamilton to determine if there were any applicable programs that could assist this not-for-profit with offsetting a portion of the remediation costs. Since the ERASE RGP and TAP Programs are not eligible for this project due to the tax incremental financing mechanism, the only possible option to the City was funding this request through the MAPP - Brownfields Pilot Project Program. Consequently, VON Hamilton then made a request for funding under this program for assistance with this contamination problem.

A request for funding to the program was made on August 24, 2007 by VON Hamilton. The final approval of the Pilot Project funding resides with City Council. Staff is recommending funding in the form of a grant for 25% of the costs (to be supported by copies of official invoices pertaining to the costs of remediation) which equates to approximately $14,351 and that this amount be conditional on receipt of those official invoices.

**ANALYSIS/RATIONALE:**

The reasons for supporting this Brownfield Pilot Project funding request can be summarized as follows:

- This approval will allow for VON Hamilton to obtain the financing so that the site can be remediated;
- Assist a health and support services agency in their programming to further enhance the health and quality of life of people living in Hamilton;
- Ensuring health and safety standards for City residents and long term visitors; and,
- The City will be able to market and promote another major successful Brownfield redevelopment.

**ALTERNATIVES FOR CONSIDERATION:**

The request for funding meets the eligibility criteria and requirements of the program. The City of Hamilton could deny funding to VON Hamilton through the Brownfields Pilot Project Program. However, the remediation of the contaminated soils and receiving a ‘clean bill of health” from the Ministry of Environment are critical to moving this necessary project forward. The Pilot Project Funding directly assists with this objective.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

- **Financial**: Currently there are funds available in the Brownfields Pilot Project Capital Project ID 3620155102. The approval of this request of $14,351 can be accommodated from the Capital project.
- **Staffing**: N/A
- **Legal**: The request for funding is consistent with the Brownfield's Pilot Project program.
POLICIES AFFECTING PROPOSAL:

Report PED07258 relates to the processing of a request for funding under the ERASE Municipal Acquisition and Partnership Program (MAPP) which is contained within the City’s Provincially approved ERASE Community Improvement Plan.

RELEVANT CONSULTATION:

As per the ERASE CIP, the request for funding was reviewed by the Planning and Economic Development Department (Economic Development and Real Estate Division and Planning Division) in consultation with the Budgets and Finance Division and Legal Services Division.

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No

Public services and programs are delivered in an equitable manner, coordinated, efficient, effective and easily accessible to all citizens.

An underutilized and dilapidated site is now being converted into a new use.

Environmental Well-Being is enhanced. ☑ Yes ☐ No

Human health and safety are protected.

The rehabilitation of this site and it’s development into a productive use makes efficient and effective use of City services as well as protecting human health and safety.

Economic Well-Being is enhanced. ☑ Yes ☐ No

Investment in Hamilton is enhanced and supported.

The ERASE Programs lead to effective partnerships with community stakeholders and encourage redevelopment of contaminated and/or underutilized properties. Developers and property owners invest in Hamilton properties leading to property assessment increases.

Does the option you are recommending create value across all three bottom lines? ☑ Yes ☐ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☑ Yes ☐ No

Hamilton continues to lead initiatives related to brownfield redevelopment. Such initiatives are professionally stimulating and result in Hamilton being a choice for employment to those interested in bettering community life.

CR: NE: db - Attachs. (1)