(a) That Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application (ERG-11-02), submitted by Union Gas Limited, owner of the property at 420 Glover Road and 918 South Service Road, Stoney Creek for an ERASE Redevelopment Grant not to exceed $629,751.94, payable to Union Gas Limited 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 City Clerk be authorized and directed to execute, on behalf of the City, the ERASE Redevelopment Grant Agreement Union Gas Limited, referred to in subsection (a) with respect to the redevelopment of 420 Glover Road and 918 South Service Road, Stoney Creek 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 Union Gas Limited for redevelopment of the property at 420 Glover Road and 918 South Service Road, Stoney Creek, ON (Appendix “A” to Report PED11099). The application qualifies for an ERASE Redevelopment Grant as a result of required environmental site remediation in order to permit construction of a two storey, 49,000 sq.ft. (m²) office, training and warehousing facility that will act as the Union Gas Limited regional facility. The applicant wishes to attain Leadership in Energy and Environmental Design (LEED) certification on the facility at the Gold Level.

The Grant Application is for $629,751.94 in eligible environmental site remediation and LEED eligible costs. Estimated project construction costs are $21,144,524. It is estimated that the proposed development will increase the market value assessment (MVA) on the site from its current $1,814,500 to approximately $10,000,000. This will increase total annual property taxes generated by this property. The municipal share of this property tax increase (municipal tax increment) is estimated to be approximately $203,706.46 of which 80% or approximately $162,965.17 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 total estimated clean-up and LEED costs eligible for ERASE of $629,751.94.

The City will retain 20% of the municipal tax increment; approximately $40,741.29 a year for four (4) years up to an amount not to exceed 20% of the total estimated clean-up and LEED eligible 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 office, training and warehousing facility 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.
Vision: To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.

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

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 $629,751.94. 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 $40,741.29 a year for four (4) years, up to an amount not to exceed 20% of the total eligible 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, Real Estate Section 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 and will be prepared in a form satisfactory to City Solicitor.

**HISTORICAL BACKGROUND** (Chronology of events)

Union Gas Limited purchased the properties at 420 Glover Road and 918 South Service Road on December 29th, 2010, with plans to redevelop the site into an office, training and warehouse facility. The site is approximately 8.4 acres in total. The 420 Glover Road portion of the site is comprised of an old farm house and a tool and die shop, formerly operated by Industrial Tooling and Manufacturing. The 918 South Service Road portion is comprised of a former garage/gas station/restaurant.

A Phase I Environmental Site Assessment (ESA) was conducted on the property in December of 2010 by Dillon Consulting Limited and identified areas of potential environmental concern, specifically in relation to the former industrial activities associated with the Tool and Die Shop as well as the garage/gas station that formerly
occupied the property. The Phase I ESA evidenced surface and near surface staining around the machine shop and the presence of above-ground fuel storage tanks, drums and equipment. As such, a Phase II ESA was recommended.

The Phase II ESA was completed by Dillon Consulting Limited in December 2010. The results of the soil and groundwater investigation identified concentrations of petroleum hydrocarbons (PHC’s) at, but not above, the Ministry of Environment (MOE) Table 3 Standards (industrial/commercial/community land use); there is a potential for concentrations above the standard to be present in areas not accessible during the sampling program. Furthermore, there were elevated levels of some metals (Beryllium and Boron) that were above the MOE Table 3 Standards in surface soils.

Although the levels of contamination are relatively low, the hydrocarbon stained surface soils and soil containing metals above the MOE standards were identified and Dillon recommended soil remediation prior to the site being redeveloped for Union Gas Limited use.

As such, Union Gas retained Dillon Consulting to do a Site Redevelopment Work Plan (Remedial Action Plan) for the subject site. Excavation and disposal is the preferred method of remediation, with approximately 80 tonnes of contaminated soil of which is to be disposed. In addition, further analytical testing will be done following the removal of the soil as well as the demolition of the buildings in order to confirm or negate the presence of further contamination. The Remedial Action Plan will be carried out and will permit the submission of a Record of Site Condition application to the MOE.

Furthermore, Union Gas intends on developing this new multi-use, office, training, and warehousing facility to a LEED Gold standard. On March 10, 2010 Council approved amendments to the ERASE Community Improvement Plan (Report ECO05009(a)). One of those amendments was the inclusion of additional eligible costs to the ERASE Redevelopment Grant program (Recommendation c) of Report ECO05009(a)). More specifically, to include Leadership in Energy and Environmental Design (LEED) eligible component costs as per the LEED Grant Program as eligible costs under the ERASE Redevelopment Grant Program. The eligible component cost includes the City cost sharing 50% of the incremental construction costs (to a maximum), consultation, certification, and energy modelling fees. As such, the applicant’s eligible costs under the LEED Grant Program are included as eligible cost as part of their ERASE Redevelopment Grant application, forming a single application. This application marks the first time that an applicant, under the ERASE Redevelopment Grant program, will be applying with eligible LEED component costs. The applicant will also gain points under the LEED rating system for redeveloping a brownfield under the Sustainable Sites category.
The Applications

The application for an ERASE Redevelopment Grant, submitted by the Walter Fedy Partnership, agent for Union Gas Limited, for the property at 420 Glover Road and 918 South Service Road, 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 hydrocarbons and metals in soils that are a residual result of past commercial/industrial use on the properties. The clean-up will be done in order to permit the construction of a two storey, 49,000 sq.ft. office, training and warehouse facility. Estimated project construction costs are $21,144,524. 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>$16,550</td>
</tr>
<tr>
<td>Environmental Consulting Fees</td>
<td>$49,500</td>
</tr>
<tr>
<td>LEED eligible component costs:</td>
<td></td>
</tr>
<tr>
<td>i) incremental construction cost</td>
<td>$528,613.10</td>
</tr>
<tr>
<td>ii) consultation fees</td>
<td>$30,000</td>
</tr>
<tr>
<td>iii) energy modelling</td>
<td>included in ii)</td>
</tr>
<tr>
<td>iv) certification fees</td>
<td>$5,088.84</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$629,751.94</td>
</tr>
</tbody>
</table>

*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 PED11099 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, Real Estate Section) 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 2010 assessed value (combined) is $1,814,500 (as 2011 figures not yet available) and the properties are classed as Industrial, Commercial Excess Land, Residential and Farm (IT, CU, RT, and FT). Taxes for 2010 on these properties (combined) total $27,169.30, broken down as follows:

- Municipal Levy = $17,206.44
- Education Levy = $9,962.86
- Total (approximately) = $27,169.30

Property taxes are current (paid in full).

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

The owner submitted a Request for Formal Consultation (application FC-11-031) on March 22, 2011 to redevelop the subject lands for a Union Gas Service Centre. The request was circulated for comments to both internal and external departments and agencies and the application was taken before the Development Review Committee on April 20, 2011. The applicant was advised that their proposal would require a Site Plan Control application and likely a Minor Variance application. The proposed use is
permitted in both Zoning By-law No.3692-92 and 05-200. Issues pertaining to urban design, engineering, site contamination and traffic will be dealt with through the submission and review of the subsequent Site Plan Control application.

**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.

Based on site plan drawings and information submitted in support of the ERASE Redevelopment Grant Application, staff has estimated that once the project is complete, the property, including all buildings, will have an estimated MVA of approximately $10,000,000, classed as Commercial New Construction (XT). This new MVA is estimated to increase total municipal property taxes over the current $17,206.44. The new municipal taxes levied on this property are estimated to be approximately $220,912.90, 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)**


**Skilled, Innovative & 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
• A skilled and creative labour pool that supports new employers

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

N/A