SUBJECT: Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application (ERG-08-03) – Confederation Park Shopping Centres II, 480 - 500 Centennial Parkway North, 20 Warrington Street, 5th ROADWAY OLCNR, MTO Lands, Hamilton (PED08232) (Ward 5)

RECOMMENDATION:

(a) That ERASE Redevelopment Grant Application ERG-08-03, submitted by Confederation Park Shopping Centres Limited II, owner of the property at 480 - 500 Centennial Parkway North, 20 Warrington Street, 5th ROADWAY OLCNR, and MTO Lands, Hamilton, for an ERASE Redevelopment Grant not to exceed $2,161,950 payable to Confederation Park Shopping Centres Limited II 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 City enter into an ERASE Redevelopment Agreement with Confederation Park Shopping Centres Limited II regarding the terms and conditions governing the payment of an ERASE Redevelopment Grant for, and redevelopment of 480 - 500 Centennial Parkway North, 20 Warrington Street, 5th ROADWAY OLCNR, and MTO Lands, Hamilton, with such agreement to be satisfactory to the City Solicitor.

Tim McCabe
General Manager
Planning and Economic Development Department
EXECUTIVE SUMMARY:

Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application was submitted by Confederation Park Shopping Centres Limited II for redevelopment of the property at 480 - 500 Centennial Parkway North, 20 Warrington Street, 5* ROADWAY OLCNR, and MTO Lands, Hamilton, ON (Appendix A). The application qualifies for an ERASE Redevelopment Grant as a result of required environmental site remediation in order to permit construction of a 480,000 sq. ft commercial development. As noted in the relevant consultation section below under the Planning Division, the commercial development will be that of feature, phasing, mix of uses, and design at the northwest end of the 480 – 500 Centennial Parkway North and 20 Warrington Street property which will function as a gateway to the Centennial Parkway corridor. A maximum of 250,000 sq. ft. of retail/service uses shall be permitted first, plus an additional 1 sq. ft. for every square foot of non-retail use that is constructed.

The Grant application is for $2,161,950 in eligible environmental site remediation costs for 480 – 500 Centennial Parkway North, 20 Warrington Street and 5* ROADWAY OLCNR. Estimated project construction costs are $73,800,000. It is estimated that the proposed development will increase the market value assessment (MVA) on the site from its current $5,093,000 to approximately $24,000,000. 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 $478,208 of which 80%, or approximately $382,566 would be paid to the owner in the form of an annual grant for approximately six (6) years up to an amount not to exceed total estimated clean up costs of $2,161,950.

The City will retain 20% of the municipal tax increment, approximately $95,642 a year for six (6) years (total $432,390). These monies will be deposited into the Brownfields Pilot Project Account to be used by the City for its Municipal Property Acquisition, Investment and Partnership (MPAIP) Program. 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. Refer to Appendix B for a summary of the estimated/actual financial impact of this program to date (inclusive of ERASE applications contained in this report).

This application meets the grant criteria specified in the 2005 ERASE Community CIP. This redevelopment will result in the physical enhancement of this industrial site via environmental site remediation leading to the development of the proposed facilities 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.

**BACKGROUND:**

**History**

The following site history was identified. Aerial photographs over time show that industrial buildings were constructed on several of the properties. For the property at 480-500 Centennial Parkway North, there are five (5) vacant buildings – a non-ferrous building, an ICI (waste transfer) building, a scale-house, a transformer building and an office building. For the property at 20 Warrington Street, a large structure containing primarily warehouse and office space, as well as a small metal Quonset hut, used for miscellaneous storage, are currently occupied. All of these buildings will be demolished in order to permit the construction of the applicant’s proposed commercial development. The CN lands adjacent to 480-500 Centennial Parkway North contain an abandoned railway line.

Based on the findings of a site inspection and review of previous environmental reports, several areas of known and suspected environmental concern were identified on the site from the property’s’ previous use as a metals recycling facility, warehouse and trucking depot.

A Phase II ESA for the property at 480-500 Centennial Parkway North was conducted on the property by Barenco Inc. (Environmental Engineering and Site Remediation Services) July 2007. The total site area is 22.25 acres where the contaminants are identified in eight (8) pockets on the property. Based on the test results along with historical data found in the former reports prepared by Earth Tech Inc., the area requiring excavation and remediation represents a total of approximately 11818 m3 of petroleum hydrocarbon, heavy metals, polynuclear aromatic hydrocarbons (PAHs) impacted soil. It is Barenco’s opinion that the most cost effective and efficient method of remediating the impacted soil would be through excavation and removal. Groundwater at the site is also impacted with polychlorinated biphenyls (PCB’s) in the vicinity immediately west of the transformer building, and volatile organic compounds (VOCs) along the eastern property boundary. A Risk Assessment will be prepared for 480-500 Centennial Parkway North to drive site condition standards (SCS) that represent environmentally safe levels for ground water contaminants on the property. Furthermore, a Designated Substance and Hazardous Materials Survey of the property revealed asbestos containing materials (ACM) in several of the buildings. The ACM will be removed and disposed.

The property at 20 Warrington Street also contains a building with asbestos containing material and three transformers containing PCB contaminated oil. The ACM will be removed and disposed of as part of the remediation process.
Lastly, a Phase II ESA for the CN Lands was conducted on the property by Barenco Inc., July 2007 that identified metal exceedances in surface soils. The total site area is 0.91 acres. Based on test results and historical data, it is recommended that approximately 3,000 m$^3$ of metal contaminated soils be buried at least 1.5 m below grade and then capped with clean fill to create a stratified site condition.

The Applications

The application for an ERASE Redevelopment Grant submitted by the owner of the property at 480-500 Centennial Parkway North, 20 Warrington Street, 5* ROADWAY OLCNR, MTO Lands, Hamilton, qualifies for an ERASE Redevelopment Grant as a result of required environmental site remediation. The application involves remediation to remove approximately 11,818 m$^3$ of contaminated soil containing metals, elevated levels of petroleum hydrocarbon and PAH’s, burying, capping and clean-filling 3,000 m$^3$ of soil, as well as removal and disposal of asbestos containing materials (ACM) and the preparation of a Risk Assessment to derive site condition standards for ground water contaminants on the property to permit the construction of 480,000 sq. ft commercial development. Estimated project construction costs are $73,800,000. 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>Total Disposal/Soil Treatment Cost</td>
<td>$1,913,200</td>
</tr>
<tr>
<td>Environmental Consulting Fees</td>
<td>$248,750 *</td>
</tr>
<tr>
<td>Building Demolition</td>
<td>n/a</td>
</tr>
<tr>
<td>On-Site Infrastructure Upgrading</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$2,161,950</strong></td>
</tr>
</tbody>
</table>

* GST is not included in the above.

The applicant had an approved ERASE Study Grant application for the property at 480-500 Centennial Parkway North and 20 Warrington Street. The Phase II ESA and Hazardous Material Assessment has been received with proof of payment and the value of the grant was $18,500, of which $15,000 is for the Phase II ESA on the property at 480-500 Centennial Parkway North and $3,500 is for the Hazardous Materials Assessment on the property at 20 Warrington Street. The total actual cost for the studies is $68,500, excluding GST. The Environmental Consulting Fees noted above are the balance of these studies as well as an estimate for the preparation of a Risk Assessment for 480-500 Centennial Parkway North.

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.
ANALYSIS/RATIONALE:

The ERASE Redevelopment Grant is a component of the Council approved ERASE CIP. These applications meet the criteria for approval.

Current (2008) MVA on the property is $5,093,000 classed as Commercial (CX/CT). Current 2008 property taxes are approximately $336,684.99 broken down as follows:

- Municipal Levy = $191,514.01
- Education Levy = $145,170.98
- Tax Cap Adjustment = $0

$336,684.99

Property taxes are current (paid in full).

Based on site plan drawings and information submitted in support of the ERASE application, staff have estimated that once the project is complete, the property, including all buildings, will have an estimated MVA of approximately $24,000,000, classed as Commercial. This new MVA is estimated to increase total annual property taxes over the current $336,684.99. The City’s share of this increase is estimated to be approximately $478,208 in municipal taxes, with the remaining dollars going to the Province for education taxes.

ALTERNATIVES FOR CONSIDERATION:

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 any possible financial or legal implications.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial Implications:

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 $2,162,950. 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 $95,642 a year for six (6) years (total $432,390). These monies will be deposited into the Brownfields Pilot Project Account to be used by the City for its Municipal Property Acquisition, Investment and Partnership (MPAIP) Program. 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 Implications:

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 Implications:

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 under Section 28 of the Planning Act. The Redevelopment Agreement will specify the obligations of the City and the applicant. The Redevelopment Agreement will be prepared in a form satisfactory to the City Solicitor.

POLICIES AFFECTING PROPOSAL:

Report PED08232 relates to the processing of an application under the ERASE Redevelopment Grant Program (ERG) which is contained within the City’s Provincially-approved ERASE Community Improvement Plan.

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 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 2007 assessed value is $5,093,000 and the property is classed as Commercial (CTN/CUN). Property taxes are paid in full. Taxes for 2008 on this property total $336,684.99 broken down as follows;
Municipal Levy = $191,514.01  
Education Levy = $145,170.98  
Tax Cap Adjustment = $0  
Total (approximately) $336,684.99

**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**

On May 18, 2007, applications to amend the City of Hamilton Official Plan and Zoning By-law No. 6593 were submitted to the City and, as required by the Planning Act, were deemed to be complete on June 18, 2007. Notice of Complete Application and Preliminary Circulation were sent to all landowners within 120 metres of the subject lands on June 29, 2007.

Since the lands are designated “Industrial” in the City of Hamilton Official Plan, and the City was undertaking a Municipal Comprehensive Review of all employment lands in the City, processing of the applications was held in abeyance until the Municipal Comprehensive Review was completed. On June 23, 2008, the Committee of the Whole adopted the following resolution, subsequently approved by Council on June 25, 2008:

“(b) That in addition to the recommended conversions sites contained in Appendix “B” to Report PED08066(a), the following areas be identified as Council exceptions:

(i) the north side of Wilson Street between Duffs Corners and Shaver Road – Ancaster Industrial Business Park; and,

(ii) 1625 Stone Church Road East – East Mountain Industrial Business Park; and,

(iii) The entire 14.77 Confederation Park Shopping Centres Limited property, being 480-500 Centennial Parkway North and 20 Warrington Street, from the City’s employment lands inventory identified in Municipal Comprehensive Review and Conversion Analysis for Employment Lands Study and employment lands designation to allow for development of commercial and non-retail uses on the property; and,

(iv) The site at the southwest quadrant of QEW and Fifty Road from the City’s employment lands study and employment land bank and that the site be deemed to permit a mix of land uses including commercial uses;
(c) That City staff be directed to:

(i) Review the alternate draft concept plan, prepared by Confederation Park Shopping Centres Limited in relation to Official Plan and Zoning By-Law Amendment applications OPA-07-08 and ZAC-07-029;

(ii) Process the ERASE grant applications filed by Confederation Park Shopping Centres Limited to facilitate remediation of the property at 480-500 Centennial Parkway North and 20 Warrington Street;

(iii) Work with Confederation Park Shopping Centres Ltd. through the Official Plan, Zoning By-law Amendment and site plan process to create a feature, phasing, mix of uses, and design at the northwest end of the 480-500 Centennial Parkway North and 20 Warrington Street property which will function as a gateway to the Centennial Parkway corridor. A maximum of 250,000 square feet of retail/service uses shall be permitted first, plus an additional 1 square foot for every square foot of non-retail use (e.g. offices, hotel, etc.) that is constructed. All as demonstrated in the draft concept plan prepared by Confederation Park Shopping Centres Ltd.; and,

(iv) Upon completion of the review of applications OPA-07-08 and ZAC-07-029 that these applications be brought forward to Economic Development and Planning Committee for consideration at a statutory public meeting.”

Planning Division staff are still waiting for the revised documents to support the alternate draft concept plan in order to begin processing the applications.

**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 commercial 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.

BM:NE:db
Attachs. (2)
Location Map

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT

File Name/Number: ERASE Grant Maps
Date: September 4th, 2008

Appendix "A"

Scale: N.T.S.
Planner/Technician: BM/NH

Subject Property

- 480-500 Centennial Parkway North
- 20 Warrington Street
- 5 Roadway OLCNR & MTO Lands

Ward 5 Key Map

Site of the Application
### TABLE 1 - ERASE ACTIVITY TO DATE

<table>
<thead>
<tr>
<th>Property Address</th>
<th>Approval Date</th>
<th>Estimated / Actual Clean up costs</th>
<th>Current Municipal Levy</th>
<th>Estimated */ Actual Future Municipal Levy</th>
<th>Municipal Levy Increment</th>
<th>Grant Payment (80%)</th>
<th>Grant Payment to date (80%)</th>
<th>Brownfield Redevelopment (20% max $5m) MPAIP Reserve</th>
</tr>
</thead>
<tbody>
<tr>
<td>801 King St W</td>
<td></td>
<td>$525,000</td>
<td>$11,564</td>
<td>$31,716</td>
<td>$20,152</td>
<td>$16,122</td>
<td>$4,030</td>
<td></td>
</tr>
<tr>
<td>50 &amp; 60 Hatt St</td>
<td></td>
<td>$598,575</td>
<td>$2,942</td>
<td>$100,428</td>
<td>$97,486</td>
<td>$77,989</td>
<td>$19,497</td>
<td></td>
</tr>
<tr>
<td>1067 Beach Blvd</td>
<td></td>
<td>$5,770</td>
<td>$4,616</td>
<td>$6,980</td>
<td>$2,364</td>
<td>$1,891</td>
<td>$473</td>
<td></td>
</tr>
<tr>
<td>347 Centennial PKWY n</td>
<td></td>
<td>$316,405</td>
<td>$13,187</td>
<td>$49,000</td>
<td>$35,813</td>
<td>$28,650</td>
<td>$7,163</td>
<td></td>
</tr>
<tr>
<td>215 Cavell</td>
<td></td>
<td>$45,988</td>
<td>$792</td>
<td>$6,237</td>
<td>$5,445</td>
<td>$4,356</td>
<td>$1,089</td>
<td></td>
</tr>
<tr>
<td>41 Oliver</td>
<td></td>
<td>$686,000</td>
<td>$7,337</td>
<td>$10,990</td>
<td>$3,653</td>
<td>$2,923</td>
<td>$731</td>
<td></td>
</tr>
<tr>
<td>106 - 127 Burton</td>
<td></td>
<td>$470,000</td>
<td>$4,560</td>
<td>$58,000</td>
<td>$53,440</td>
<td>$42,752</td>
<td>$10,688</td>
<td></td>
</tr>
<tr>
<td>422 - 456 Beach Blvd</td>
<td></td>
<td>$271,637</td>
<td>$10,252</td>
<td>$181,688</td>
<td>$171,435</td>
<td>$137,148</td>
<td>$34,287</td>
<td></td>
</tr>
<tr>
<td>124 Walnut St</td>
<td></td>
<td>$130,543</td>
<td>$2,591</td>
<td>$20,940</td>
<td>$18,349</td>
<td>$14,679</td>
<td>$3,670</td>
<td></td>
</tr>
<tr>
<td>349 - 443 Woodward Ave</td>
<td></td>
<td>$1,281,900</td>
<td>$34,794</td>
<td>$201,546</td>
<td>$166,752</td>
<td>$133,401</td>
<td>$33,350</td>
<td></td>
</tr>
<tr>
<td>500 Concession</td>
<td></td>
<td>$91,050</td>
<td>$6,787</td>
<td>$23,404</td>
<td>$16,617</td>
<td>$13,293</td>
<td>$3,323</td>
<td></td>
</tr>
<tr>
<td>30 - 42 Dundas St E</td>
<td></td>
<td>$236,480</td>
<td>$56,340</td>
<td>$321,887</td>
<td>$265,547</td>
<td>$212,438</td>
<td>$53,109</td>
<td></td>
</tr>
<tr>
<td>179 - 185 Parkdale Ave North</td>
<td></td>
<td>$152,175</td>
<td>$15,232</td>
<td>$18,186</td>
<td>$2,954</td>
<td>$2,363</td>
<td>$591</td>
<td></td>
</tr>
<tr>
<td>480 - 500 Centennial PKWY N &amp; 20 Warrington</td>
<td></td>
<td>$2,161,950</td>
<td>$191,514</td>
<td>$669,722</td>
<td>$478,208</td>
<td>$382,566</td>
<td>$95,642</td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td>$6,973,473</td>
<td>$362,508</td>
<td>$690,927</td>
<td>$591,506</td>
<td>$473,205</td>
<td>$118,301</td>
<td></td>
</tr>
</tbody>
</table>

*Estimated Calculations see Table 2
<table>
<thead>
<tr>
<th>Address</th>
<th>Property Class</th>
<th>Estimated MVA</th>
<th>Municipal Tax Rate</th>
<th>Est Municipal Levy</th>
<th>Education Tax Rate</th>
<th>Est Education Levy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Square Footage</td>
<td>* $50.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>801 King ST W</td>
<td>Residential (RT)</td>
<td>50,000</td>
<td>$2,500,000.00</td>
<td>1.27%</td>
<td></td>
<td>$31,715.75</td>
</tr>
<tr>
<td>50 &amp; 60 Hatt</td>
<td>Commercial Office Building (CT)</td>
<td>38,750</td>
<td>$1,937,500.00</td>
<td>2.51%</td>
<td></td>
<td>$48,667.83</td>
</tr>
<tr>
<td></td>
<td>Residential (RT)</td>
<td>81,600</td>
<td>$4,080,000.00</td>
<td>1.27%</td>
<td></td>
<td>$51,760.10</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>$100,427.93</strong></td>
</tr>
<tr>
<td>1067 Beach Blvd</td>
<td>Residential (RT)</td>
<td>9,600</td>
<td>$480,000.00</td>
<td>1.45%</td>
<td></td>
<td>$6,979.93</td>
</tr>
<tr>
<td>41 Oliver</td>
<td>Industrial Large (LT)</td>
<td>4,000</td>
<td>$200,000.00</td>
<td>5.50%</td>
<td></td>
<td>$10,990.27</td>
</tr>
<tr>
<td>422 - 456 Beach Blvd</td>
<td>Multi-Residential (MT)</td>
<td>91,200</td>
<td>$4,560,000.00</td>
<td>3.98%</td>
<td></td>
<td>$181,687.64</td>
</tr>
<tr>
<td>124 Walnut St</td>
<td>Residential (RT)</td>
<td>28,800</td>
<td>$1,440,000.00</td>
<td>1.45%</td>
<td></td>
<td>$20,939.80</td>
</tr>
<tr>
<td>349 - 443 Woodward Ave</td>
<td>Commercial (CTN)</td>
<td>140,000</td>
<td>$7,000,000.00</td>
<td>2.88%</td>
<td></td>
<td>$201,545.54</td>
</tr>
<tr>
<td>500 Concession St.</td>
<td>Commercial (CTN)</td>
<td>17,425</td>
<td>$871,250.00</td>
<td>2.69%</td>
<td></td>
<td><strong>$23,404</strong></td>
</tr>
<tr>
<td>30 - 42 Dundas St E</td>
<td>Commercial (CT)</td>
<td>300,000</td>
<td>$15,000,000.00</td>
<td>2.15%</td>
<td></td>
<td>$321,887</td>
</tr>
<tr>
<td>179 - 185 Parkdale Ave N **</td>
<td>Commercial (ST)</td>
<td>4,900</td>
<td>$651,700.00</td>
<td>2.79%</td>
<td></td>
<td>$18,186</td>
</tr>
<tr>
<td>480 - 500 Centennial PKWY N &amp; 20 Warrington</td>
<td>Commercial (ST)</td>
<td>480,000</td>
<td>$24,000,000.00</td>
<td>2.79%</td>
<td></td>
<td>$669,722</td>
</tr>
</tbody>
</table>

* *used $133.00 sq. ft. to calculate MVA