TO: Mayor and Members
General Issues Committee

WARD(S) AFFECTED: WARD 11

COMMITTEE DATE: June 20, 2012

SUBJECT/REPORT NO:
Acquisition of Part of 375 McNeilly Road, Stoney Creek, from DFG Holdings Inc. (PED12115) (Ward 11)

SUBMITTED BY:
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General Manager
Planning and Economic Development Department

PREPARED BY:
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RECOMMENDATIONS

(a) That an Option to Purchase with an Authority to Enter, executed by DFG Holdings Inc. on May 8, 2012, and scheduled to close on September 19, 2012, subject to satisfactory environmental review, to purchase 0.51 ha (1.26 acres) of land described as Part of Lot 9, Concession 1, in the former Township of Saltfleet, now in the City of Hamilton, designated as Part 4 on Plan 62R-17671, being part of PIN 17361-0036(LT) and forming the southerly part of property known municipally as 375 McNeilly Road, shown on Appendix “A” attached to Report PED12115, be approved and completed at a purchase price of $330,000;

(b) That the purchase price of $330,000 be charged to Project ID 59259-3620407101 (Stoney Creek Industrial Park - Infrastructure);

(c) That, as consideration, the amount of $2, paid to the owners pursuant to the agreement, be deducted from the purchase price;
(d) That the completion of this Option to Purchase is conditional upon the City being permitted for a period of sixty (60) days from the date of acceptance of the Option to Purchase, to enter upon the property for the purpose of carrying out physical and environmental inspections, investigations and testing pursuant to the Authority to Enter provided by the Owner to the City. Following said investigations, should the City not be satisfied with the findings, then the City may terminate this agreement;

(e) That the City agrees, at its cost, to construct a driveway from Arvin Avenue to the south limit of Part 4, 62R-17671 at the time of construction of Arvin Avenue, on the condition the owner requests a driveway and specifies its location prior to commencement of construction of Arvin Avenue by the City;

(f) That the Mayor and Clerk be authorized and directed to execute any necessary documents, in a form satisfactory to the City Solicitor;

(g) That costs incurred for Real Estate (inclusive of an appraisal) and legal expenses in the amount of $22,907, be funded from Account No. 3620407101 (Stoney Creek Industrial Park - Infrastructure) and credited to Account No. 45408-3560150200 (Property Purchases and Sales).

EXECUTIVE SUMMARY

This purchase of land by the City relates to the proposed eastward extension of Arvin Avenue in Stoney Creek that would contribute to the completion of the transportation network and allow for the availability of additional serviced industrial land within the Stoney Creek Industrial Park. The recommended $330,000 purchase price for the 1.26 acre strip of land is based on current market value. Lands for the eastward extension of Arvin Avenue situated immediately west of the subject property were acquired by the City in February 2011. This purchase will complete the Arvin Avenue corridor land assembly between the existing eastern terminus of Arvin Avenue and McNeilly Road.

Alternatives for Consideration – See Page 4

FINANCIAL / STAFFING / LEGAL IMPLICATIONS

Financial: Funding for this project will be through Capital Project No. 3620407101 (Stoney Creek Industrial Park - Infrastructure).

Staffing: There is no staffing implication arising from this recommendation.

Legal: Legal Services have been involved in the review and approval of the Option to Purchase and Authority to Enter documents. As well, staff in Legal Services will prepare documents and take action required to close the transaction and to transfer title of the subject lands appropriately.
HISTORICAL BACKGROUND

The information/recommendations contained within this Report primarily affect Ward 11.

City Council, on January 19, 2009, approved Item 5.2 of Public Works Committee Report 09-002 authorizing the Arvin Avenue Extension Municipal Class Environmental Assessment and directed staff to proceed with implementation of the preferred alternatives for the Arvin Avenue road alignment. This included Alternative 5, to extend Arvin Avenue east to McNeilly Road.

Arvin Avenue is a two-lane, east-west industrial collector roadway within the former City of Stoney Creek and is an important transportation link serving portions of the Stoney Creek Industrial Park. The road exists in segments due to a number of breaks and dead-ends. Extension of the road within these gaps will eventually result in a continuous industrial collector road serving the Stoney Creek Industrial Park completing the transportation network and providing additional serviced industrial land within the Industrial Park.

The subject strip of land is situated directly west of McNeilly Road and east of the current Arvin Avenue cul-de-sac (as shown Appendix “B” attached to Report PED12115) and forms part of the proposed Arvin Avenue extension which crosses the southerly limits of the Superior Boiler Works property at 375 McNeilly Road. The negotiated purchase price of $330,000 or approximately $260,000 per acre is based on an external appraisal of the subject lands at $318,000 completed in March 2011, which was updated by staff to reflect market value as of April 2012.

Lands immediately to the west were acquired for the Arvin Avenue extension from Kenkim Properties Inc. early 2011. Therefore, the subject acquisition will complete the road allowance segment between the existing east end of Arvin Avenue and McNeilly Road.

Early in 2010, the City acquired an easement for storm water management over a small part (74 m²) of the DFG Holding Inc. property situated at the rear northwest corner adjacent to the rail line, as per the Council approval in 2003, authorizing Watercourse No. 7 Creek System Improvements.

POLICY IMPLICATIONS

This recommendation is consistent with the Real Estate Management Portfolio Strategy Plan, as approved by Council on November 24, 2004, to acquire property in support of municipal programs and needs. As the purchase price of the subject land exceeds the $250,000 limit set by City Council under the Delegation of Authority approval process, approval is, therefore, required by City Council.
RELEVANT CONSULTATION

- City Manager’s Office - Legal Services Division
- Corporate Services Department - Financial Planning and Policy Division

ANALYSIS / RATIONALE FOR RECOMMENDATION

Acquisition of this parcel for the purpose of extending Arvin Avenue easterly to McNeilly Road will facilitate the creation of serviced shovel-ready land within the Stoney Creek Business Park; improve the water distribution system and the transportation network, along with increasing the City’s non-residential assessment.

ALTERNATIVES FOR CONSIDERATION

An alternative is not to purchase these lands. This alternative is not recommended as it would be contrary to previous Council directions with respect to the Arvin Avenue Extension Municipal Class Environmental Assessment Schedule C project, the City Wide Transportation Master Plan and various storm water drainage studies. The City not purchasing this land would prevent the construction of Arvin Avenue easterly from its existing limit to McNeilly Road, which would result in an inferior transportation network, less serviced industrial development land being available and, consequently, lower non-residential assessment growth.

CORPORATE STRATEGIC PLAN


Financial Sustainability

- It is important to increase the number of industrial land options within the urban area to meet the needs of industries relocating to the City or existing businesses expanding in the City.

Growing Our Economy

- Opportunity to support growth with additional industrial/employment land.

APPENDICES / SCHEDULES

Appendix “A” to Report PED12115 – Location Map
Appendix “B” to Report PED12115 – Reference Plan

KA/sd