SUBJECT: Tax Sale of 1633 Highway 6 North (FCS06009) (Ward 14, City Wide)

RECOMMENDATION:

a) That staff be directed to execute the agreement of purchase and sale in a form satisfactory to Corporate Counsel, for the 17.70 acre parcel of land known municipally as 1633 Highway 6 North, to Bill Panagiotakopoulos, for the purchase price of Sixty One Thousand Dollars ($61,000.00);

b) That the Treasurer be authorized to cancel the outstanding tax arrears of $490,830.27, of which $368,529.45 is to be charged to the City Allowance for Doubtful Accounts, and $122,300.82 would be charged back to various School Boards, and;

c) That 1633 Highway 6 North be declared surplus.

Joseph L. Rinaldo
General Manager
Finance and Corporate Services

EXECUTIVE SUMMARY:

On November 11, 2005, staff issued a Request for Offers (RFO) for the property known municipally as 1633 Highway 6 North, in accordance with the policy for failed tax sales as delineated in report ECO03027/FCS03157 “Policy on the Treatment of Potentially Contaminated Properties that Fail Municipal Tax Sale”, approved by Council on October 29, 2003. This property was originally advertised for tax sale in April 2005, and no bids were received on it.
A total of five bids were received for the property. The evaluation of the bids was split evenly; not only by price received, but also dealing with environmental concerns. The recommended bidder scored the highest in the overall evaluation when you combine both price and addressing environmental clean-up. His bid is also the only one that creates value for the triple bottom line in regards to the City of Hamilton’s strategic commitment.

BACKGROUND:

The subject property has been operating for a number of years as a scrap yard. It also contains two homes which front onto Highway 6. The property owner has refused all correspondence from the City Tax Department, and has not made a tax payment since 1993. This property is located in the rural area of Flamborough and within the Provincial Greenbelt zone. The property encompasses significant wetlands that flow towards Bronte Creek, and is zoned for agricultural and conservation management. While use of a scrap yard is permitted under legal non conforming use, it is not a use that is compatible with the area or the zoning.

This site is registered by the Ministry of the Environment for the storage of PCB’s. In addition to the PCB’s stored on the site, there are in excess of 5,000 tires, numerous batteries, oil tanks, car parts and waste rags on the site. Based on observations of the storage of these materials, it is suspected that the operations on this site over the years has led to potential ground contamination. The storage of materials on this site is also significantly encroaching upon the wetlands. Staff from Fire, Building and Licencing, Planning and Zoning, Public Health and the Ministry of the Environment have all been involved in this site in the last 6 months. The Fire Department has issued orders for compliance, which were met, and are continuing to monitor the site every two weeks. The MOE Issued a work order in 2002, dealing with the proper labelling and storage of the PCB’s as well as removal of the tires.

ANALYSIS/RATIONALE:

The three highest bids on the property all proposed to continue to use the property as a scrap yard. One bid ($200,000) proposed to continue to store PCB’s and the tires; a second ($200,000 bid) indicated they may or may not continue to store the PCB’s and tires; while the third bidder ($155,000) indicated he would remove the PCB’s and tires. None of the three addressed any clean-up of the existing soil. It is staff’s recommendation that continued use of a scrap yard is not compatible with the area or the site.

The fourth highest bidder has promised to clean up the site of all scrap, PCB’s, tires and garbage. It is his plan to offer the site to local post-secondary institutions natural science departments, to use the properties rehabilitation in their curriculum, and advise as to a long term rehabilitation strategy. He plans to move into one of the homes permanently, and has a four year plan to address cleaning the soil and re-planting the affected area with a selection of tree’s (approximately 600 coniferous and deciduous). He then plans
on harvesting no more than 10% of the tree’s as a Christmas tree farm starting in year 5, while re planting new saplings to replace the tree’s taken. While his purchase price is lower than the top three, his environmental clean-up, planned usage of the site, and offer of an educational teaching site, is far more desirable than the top three bids. This bid is the only bid meets the City’s Strategic Commitment of enhancing the well being of the community, of the environment as well as the economic well being of the City.

**ALTERNATIVES FOR CONSIDERATION:**

One of the top three bidders could be selected and the site would continue to be used as a scrap yard. Taxes of $16,000 (2005) per year would be collected. The write off of current taxes would be $351,830.27, of which $90,404.49 would be charged back to the School Boards. This amount of the City’s share ($261,425.78) has already been budgeted for in the Allowance for Doubtful Accounts.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

$368,529.45 in City taxes would be written off which is already budgeted for in the Allowance for Doubtful Accounts – HAMTN 000100. Estimated future taxes for the residences and the tree farm would be $4,816.51 (2005).

**POLICIES AFFECTING PROPOSAL:**

Policy for the Treatment of Potentially Contaminated Properties that Fail at Tax Sale per Report (ECO03027/FCS03157).

**RELEVANT CONSULTATION:**

Legal Services & Corporate Counsel, Planning & Economic Development, Building and Licensing Division, Purchasing Section, Emergency Services, Public Health & Community Services, Ministry of the Environment.

**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

A business that is not paying taxes and potentially harming the environment will be removed. By partnering with local education institutions students in the environmental field will get hands on experience dealing with a potentially contaminated site.

Environmental Well-Being is enhanced. ☑ Yes ☐ No
A potentially contaminated site will be restored and re-forested.

**Economic Well-Being is enhanced.**  ☑ Yes  ☐ No

The City will recover a portion of the outstanding taxes and be in a position to collect all future taxes billed.

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

While recovering only a portion of the outstanding taxes, the improvements to the environment, the education opportunities and the benefit to the surrounding community justify the decision to sell this site to the recommended bidders.

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