

Report to Planning and Environment Committee

To: Chair and Members
Planning and Environment Committee

From: Scott Mathers, MPA, P.Eng.
Deputy City Manager, Housing and Community Growth

Subject: LJM Developments (London) Inc. – Application for Brownfield
Community Improvement Plan Incentives
359 Wellington Road, Ward 11

Date: February 19, 2025

Recommendation

That, on the recommendation of the Director, Planning and Development, the following actions **BE TAKEN** with respect to the application of LJM Developments (London) Inc. relating to the property located at 359 Wellington Road:

- (a) A total expenditure of up to a maximum of \$2,100,000 in municipal brownfield financial incentives **BE APPROVED AND ALLOCATED** at the Municipal Council meeting on March 4, 2025, under the following program in the Community Improvement Plan (CIP) for Brownfield Incentives ('Brownfield CIP'):
 - i) Provide a grant through the Development Charges Rebate Program for the eligible remediation costs, as follows:
 - i. If development charges are paid in one lump sum amount, the Development Charges Rebate grant will be issued in one instalment.
 - ii. If development charges are paid annually over six years, the Development Charges Rebate grant will be issued in six annual instalments, noting that any interest charged by the City of London for deferred development charge payments is not included in the rebate.
- (b) The applicant **BE REQUIRED** to enter into an agreement with the City of London outlining the relevant terms and conditions for the incentives that have been approved by Municipal Council under the Brownfield CIP. The agreement between the City of London and LJM Developments (London) Inc. will be transferable and binding on any subsequent property owner(s).
- (c) The applicant **BE REQUIRED** to provide the additional soil and groundwater investigations proposed by the applicant's consultant as well as the correspondence with the Ministry of the Environment, Conservation and Parks through submission of the Conceptual Site Model to support the Record of Site Condition.

IT BEING NOTED that no grants will be provided through the Brownfield CIP until:

- i) All remediation work approved under this application is finished.
- ii) The payment of development charges has begun.
- iii) A Record of Site Condition is filed with the Government of Ontario's Environmental Site Registry.
- iv) The City of London receives receipts showing the actual cost of the eligible remediation work.
- v) The City of London receives the additional information requested in clause (c) above.

Executive Summary

Summary of Request

LJM Developments (London) Inc. ('the applicant') is seeking financial incentives through the Brownfield Community Improvement Plan to help cover the cost of remediating the property at 359 Wellington Road. Municipal Council approval is required for Brownfield CIP financial incentive programs and this approval is required prior to the start of remediation.

Purpose and the Effect of Recommended Action

The purpose and effect of the recommended action is to provide grant funding up to a maximum of \$2,100,000 in municipal brownfield financial incentives through the Development Charges Rebate Program.

Rationale of Recommended Action

1. The development represents a significant investment on Wellington Road including the construction of 250 new residential units on a remediated brownfield site on the Wellington Gateway rapid transit route.
2. The development will eventually generate significant tax revenues over and above the grants that are provided.
3. Brownfield incentive applications support the Housing and Homelessness and Wellbeing and Safety Strategic Areas of Focus in the *City of London Strategic Plan 2023-2027*.

Linkage to the Corporate Strategic Plan

This recommendation will contribute to the advancement of Municipal Council's 2023-2027 Strategic Plan in the following ways:

- **Strategic Plan Area of Focus: Housing and Homelessness**, by ensuring London's growth and development is well-planned and considers use, intensity, and form.
- **Strategic Plan Area of Focus: Wellbeing and Safety**, by promoting neighbourhood planning and design that creates safe, accessible, diverse, walkable, healthy, and connected communities.

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

PEC Report – [359 Wellington Road & 657 Base Line Road East \(OZ-9719\)](#) – July 16, 2024

1.2 Brownfield Community Improvement Plan

The Community Improvement Plan (CIP) for Brownfield Incentives ('Brownfield CIP') was adopted by Municipal Council on February 20, 2006, and approved by the Province of Ontario—with modifications—on November 21, 2006.

The purpose of the Brownfield CIP is to remove or reduce the obstacles that hinder brownfield remediation and redevelopment. The financial incentive programs are used to evaluate contaminated properties and encourage the private sector to invest in those properties. There are four incentive programs to encourage the investigation, remediation, and redevelopment of brownfield sites; however, the Property Tax Assistance program is no longer funded.

The Contamination Assessment Study Grant Program assists property owners in conducting a Phase II Environmental Site Assessment (ESA) and is capped at \$10,000 per property. Municipal Council approval is not required for the Study Grant Program.

The remaining two programs: Development Charge Rebate Grant and Tax Increment Equivalent Grant require Municipal Council approval. These programs may be significant in terms of financial assistance and are considered based on the evaluation of a business case from the applicant and the availability of program funding. The applicant has applied to these two programs.

1.3 Brownfield CIP Eligibility Requirements

Eligibility requirements for each brownfield incentive program are outlined in the CIP. Municipal Council may consider providing any one incentive or combination of incentives based on the relevant CIP eligibility requirements and merits of each application; however, under the Brownfield CIP incentive programs the cumulative amount of funding that may be provided through the Tax Increment Equivalent Grant Program and Development Charge Rebate Program cannot exceed the eligible site remediation costs for the subject property.

In addition to the general requirements in Section 2 of the CIP, specific eligibility requirements apply to the two programs. Each application is evaluated on a case-by-case basis to consider the public and economic benefit of providing one or more incentive(s) to a property.

1.4 Previous Brownfield CIP Applications

Although Brownfield CIP applications are reviewed on a case-by-case basis, a brief review of the previous Brownfield CIP incentive applications helps the Civic Administration ensure the applications are evaluated in a fair and transparent manner.

The five (of 10 total) most recent Brownfield CIP incentive applications that have been approved by Municipal Council are:

- 1156 Dundas Street (McCormick Villages Inc.) – Approved May 2, 2017, for up to \$2,500,000. Site remediation work began in 2018. A Record of Site Condition was filed in March 2022. \$23,151 in grants was provided over the maximum three-year period through the Property Tax Assistance program. As of writing this report, no other grants have been issued.
- 32, 36, and 40 York Street (Tricar Properties Limited) – Approved January 31, 2018, for up to \$192,000. Site remediation work began in 2018, and the high-rise apartment building has been constructed. A Record of Site Condition was filed in May 2018. The full grant has been provided to the applicant.
- 391 South Street (Medallion Developments) – Approved July 24, 2018, for up to \$4,328,520. The project is under construction. A Record of Site Condition was filed in December 2022. As of writing this report, no grants have been issued.
- 250-272 Springbank Drive (2355440 Ontario Inc.) – Approved October 26, 2021, for up to \$2,895,020. As of writing this report, no construction has occurred on site and no grants have been issued.
- 400 Southdale Road East (LJM Developments (Halton Hills) Inc.) – Approved November 28, 2023, for up to \$624,000. As of writing this report, no construction has occurred on site and no grants have been issued.

For the previous brownfield applications, contaminated soil that was required to be excavated, removed, and disposed of was considered an eligible remediation cost under the Brownfield CIP, even if that soil was located where underground parking, building foundations, and basements would be constructed. In these instances, Civic Administration and the applicant ensured only work related to the treatment and removal of contaminated soil was included in the estimates.

1.5 359 Wellington Road and 657 Base Line Road East Development Project

The applicant is proposing to construct a 23-storey 250-unit residential development at the corner of Base Line Road East and Wellington Road. The development parcel includes both 359 Wellington Road and 657 Base Line Road East; however, 657 Base Line Road East is excluded from the Brownfield CIP application.

An Official Plan and Zoning By-law Amendment application (OZ-9719) was received in March 2024. Municipal Council approved the application in July 2024.

As of writing this report, the City has not received the Site Plan Approval application.

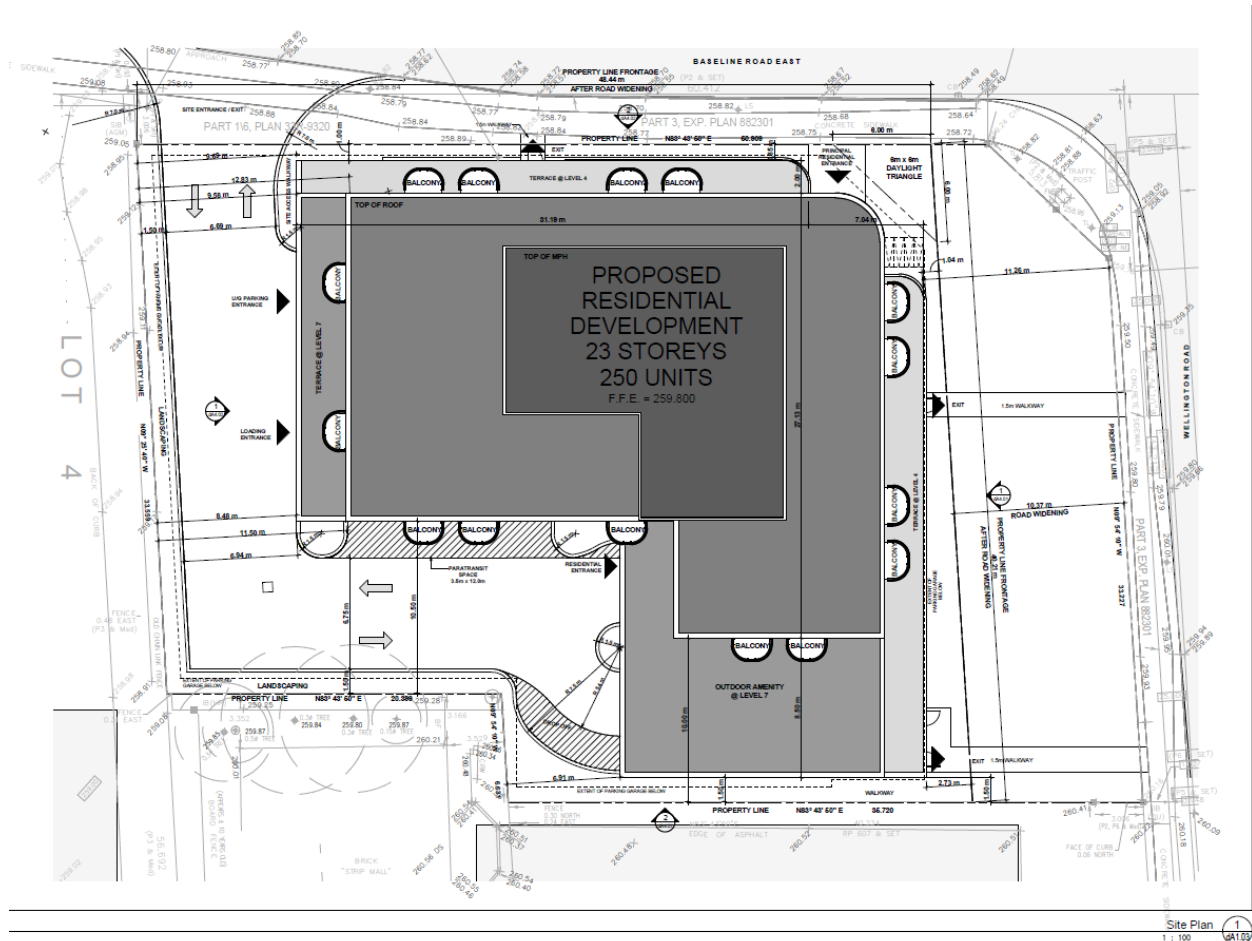


Figure 1 - Conceptual Site Plan

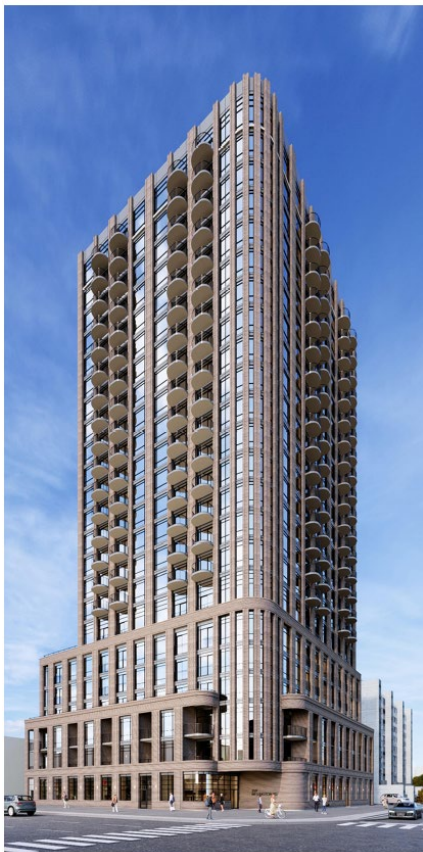


Figure 2 - Conceptual rendering of the proposed development at 359 Wellington Road

659 Wellington Road – Location Map

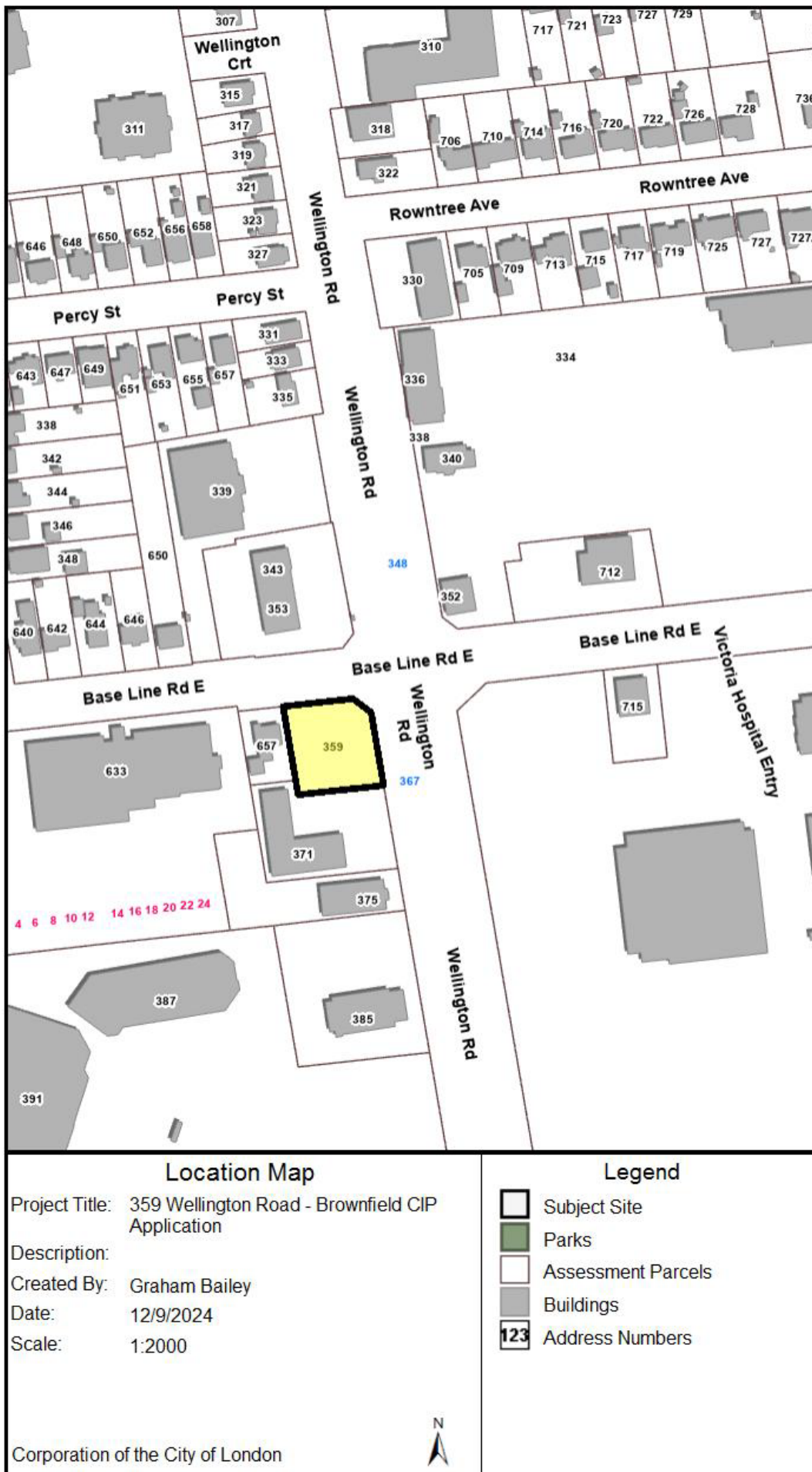


Figure 3 - Location Map of 359 Wellington Road

1.6 Site Remediation Investigations

Under Provincial Regulation, it is mandatory that a Record of Site Condition (RSC) be filed with the Ontario Ministry of Environment, Conservation and Parks (MECP) for contaminated properties if a land use change is proposed that goes to a more sensitive use, to confirm that the site is 'clean', and that the property meets the applicable site condition standards for the intended use.

359 Wellington Road operated as a gasoline service station from the 1950s to early 1990s. Due to the previous use of the property as a service station, and the planned land use change to residential uses, an RSC for the property under Ontario Regulation 153/04 is required.

The service station was decommissioned in 1997 with the removal of the underground storage tanks, fuel dispensing pump island, and service station building. During the decommissioning work, some of the visibly impacted soils were reportedly excavated below the former underground storage tanks (USTs), pump island, and service bay area by the previous owner. Petroleum hydrocarbon (PHC) impacts in soil were observed below the USTs. Groundwater sampling conducted at that time also showed benzene, toluene, ethylbenzene, and xylenes (BTEX) and total petroleum hydrocarbons impacts in groundwater.

An unknown volume of impacted soil was excavated and disposed of off-site at the time of decommissioning in 1997. The excavated areas were reportedly backfilled with imported sand fill and soils stockpiled during the excavation work.

Various environmental investigations and groundwater monitoring programs were conducted on the former service station property from 1999 to 2018, including:

- Nineteen boreholes were drilled on the former service station and surrounding roadway.
- Soil characterization to depths of up to approximately 15m below surface.
- Groundwater monitoring carried out prior to 2018.

The contaminants of potential concern in the soil and groundwater included BTEX, PHCs, polychlorinated biphenyls (PCBs), volatile organic compounds (VOCs), polycyclic aromatic hydrocarbons (PAHs), metals and inorganics, and pH.

Since 2011, the data collected on the property has been compared to MECP Table 3 (non-potable) Site Condition Standards (SCS) for industrial, commercial and community use (Table 3 SCS).

The results from the investigations indicate the presence of PHC, BTEX, and PAH impacts in the property soils around the former service station, typically found to depths of 10m, and PHCs and BTEX impacts in groundwater in the central, east, and northern areas of the former service station property.

Since the vacant property has been purchased for residential development, an RSC will need to be filed to support the change in land use from an industrial, commercial, and community use to the more sensitive residential, parkland, institutional (RPI) use.

Based on the business case and supporting environmental site assessments it is confirmed that the property constitutes a brownfield under the CIP definition and that further remediation must be undertaken in accordance with O. Reg. 153/04 before the site can be redeveloped for a residential use.

An RSC cannot be filed with the MECP until such time as the required remediation has been undertaken and the condition of the site confirmed as meeting relevant Provincial standards. The applicant is required to submit the RSC to the City of London after filing it with the MECP.

2.0 Discussion and Application Evaluation

2.1 Brownfield Community Improvement Plan Overview

The Brownfield CIP's purpose is to remove or reduce the obstacles that hinder brownfield remediation and redevelopment. The Brownfield CIP's financial incentive programs help property owners with bringing a brownfield up to the same standard as a greenfield site. In other words, to 'level the playing field'.

The applicant is applying for funding under the Brownfield CIP because the site constitutes a brownfield and remediation work is required to meet minimum Provincial environmental standards. A Record of Site Condition must be filed. Under the Brownfield CIP, incentives can only be provided to compensate property owners for costs that they incur to remediate the property.

Brownfield CIP applications are not approved as-of-right but evaluated on a case-by-case basis to consider the need for remediation and the public and economic benefit of providing financial incentives to a property owner. Financial incentives under the Brownfield CIP are specifically applied only to eligible site remediation costs. The maximum of all grants for eligible brownfield properties cannot exceed the cost of remediating the property.

Brownfield CIP financial incentives may be recommended by the Civic Administration for approval when:

- a) The landowner/applicant has not contributed to the site contamination.
- b) There are not outstanding property taxes, municipal orders, or by-law infractions on the subject property.
- c) All relevant supporting documentation and reports (for example, ESA's Remedial Action Plans, Risk Assessments) have been provided to the City.
- d) Financially supporting the proposal is both cost-effective for the City and in the public interest.
- e) The incentives are considered necessary to make the remediation and redevelopment on the subject property feasible.
- f) The amount of available and budgeted municipal funding is sufficient to cover the cumulative cost of all incentives that have been approved.
- g) Municipal Council deems that the costs associated with providing the program incentives are outweighed by the cumulative benefits of providing the incentive(s).

Eligible remediation costs that are identified in the CIP include:

- 100% of the costs associated with building demolitions.
- Site remediation.
- Rehabilitation of any existing structures.
- Environmental insurance premiums during the remediation phase.

The City is under no obligation to approve Brownfield CIP incentives for a property.

If the application is approved by Municipal Council, an agreement is required between the City and the applicant outlining the terms and conditions that apply to the approved incentives. Upon completion of the site remediation work, the applicant must provide the City with supporting documents to confirm that the required work has been undertaken in a satisfactory manner and paid for in full.

2.2 Business Case (Appendix "A") and Application Evaluation

Remediation Costs

The applicant retained MTE Consultants Inc. to prepare a business case (Appendix "A") for Brownfield CIP financial incentives. The business case includes an estimate of site remediation costs based on the findings of the studies and past remediation efforts.

The costs that were identified in the business case as potentially being eligible for

incentives under the Brownfield CIP are summarized below in Table 1:

Table 1 – Brownfield Site Remediation Costs proposed by LJM Developments (London) Inc. Project at 359 Wellington Road

#	Item	Estimated Cost (Low)	Estimated Cost (High)
1	Contaminated soil handling and disposal	\$925,000	\$1,000,000
2	Consulting fees – additional investigation, impacted soil removal monitoring, reporting, and RSC filing	\$150,000	\$200,000
3	Consulting fees – risk assessment	\$130,000	\$150,000
4	Groundwater treatment during dewatering	\$150,000	\$700,000
5	Risk management measure – vapour barrier	\$275,000	\$390,000
6	Risk management measure – administrative documentation requirements	\$40,000	\$60,000
7	Contingency (20%)	\$330,000	\$500,000
	Total	\$2,000,000	\$3,000,000

Refinement of Estimated Remediation Costs

The application and business case were reviewed by Civic Administration. During the review, Civic Administration asked the applicant and its environmental consultant about the:

- Additional investigations to better determine the tonnage of impacted soil.
- Costs associated with the groundwater treatment and the reasons for the difference between the low- and high-cost estimates.
- Schedule and anticipated timeline for all activities on site, including when construction is anticipated to proceed.
- Groundwater and soil impacts extending off-site into the Wellington Road right-of-way and the consultant’s plans to conduct investigation activities within the right-of-way to delineate those impacts.

Civic Administration’s full comments and the applicant’s responses are available in Appendix ‘B’.

Civic Administration found the responses to be reasonable and fair given where the applicant is in the development process. Based on the responses, Civic Administration is recommending to Municipal Council to require the applicant to provide the additional soil and groundwater investigations proposed by the applicant’s consultant as well as the correspondence with the MECP through submission of the Conceptual Site Model to support the RSC.

Finally, there are 20% contingencies built into the business case that is standard for brownfield remediation. If these contingencies are not required—and barring no unforeseen expenses—the actual remediation costs will be lower than the maximum grant request.

Based on the review of the application and business case, the applicant’s response to comments, and the funding available in the Community Improvement Program Reserve Fund, Civic Administration are recommending a total expenditure of up to a maximum of \$2,100,000 in municipal brownfield financial incentives be approved and allocated. This is at the lower end of the applicant’s low- to high-cost estimates but is an amount that is supportable by the Civic Administration given the strength of the Reserve Fund.

Public and Economic Benefits of Remediation and Redevelopment

Since the Brownfield CIP financial incentives are paid by a property tax supported reserve fund, Municipal Council must deem that the costs associated with providing the financial incentives are outweighed by the cumulative public and economic benefits of providing the incentive.

Several benefits for supporting the remediation of this property have been identified, including:

- Remediation and risk assessment to serve a more sensitive use of a site that was previously contaminated.
- Infill development on a site that has been vacant for roughly 25 years.
- The development will eventually generate significant tax revenues over and above the grants that are provided through the Brownfield CIP.
- The development will include 250 residential units providing new accommodations in the area to help:
 - Support the Wellington Gateway rapid transit route.
 - Increase foot traffic on Wellington Road.
 - Support businesses on Wellington Road and the surrounding neighbourhood.

Brownfield CIP Criteria Evaluation

In evaluating applications, the Brownfield CIP programs note that approval of the incentive(s) may be recommended where:

- a) The landowner/applicant has not contributed to the site contamination.
 - According to the business case, the applicant did not contribute to any contamination since purchasing the site. Civic Administration agree that the landowner/applicant did not contribute to the site's contamination.
- b) There are no outstanding property taxes, municipal orders, or by-law infractions on the subject property.
 - This requirement is confirmed prior to issuing a grant. If there are any outstanding property taxes, municipal orders, or by-law infractions on the property, Civic Administration asks the applicant to clear the outstanding issue(s) prior to the grant cheque being requested.
- c) All relevant supporting documentation and reports (i.e., ESAs, RAPs, RAs) have been provided to the City.
 - All documents and reports have been provided to the City. Civic Administration is also recommending that the applicant provide the additional soil and groundwater investigations proposed by its consultant as well as the correspondence with the MECP through submission of the Conceptual Site Model to support the Record of Site Condition.
- d) Financially supporting the proposal is both cost-effective for the City of London and in the public interest.
 - The benefits provided by the project including the increase in property taxes and its contribution to the development of Wellington Road and supporting the rapid transit route outweigh the magnitude of the financial incentive request.
- e) The incentives are considered necessary to make the remediation and redevelopment of the subject property feasible.
 - Civic Administration are not party to the applicant's development pro forma and must rely on the submitted business case to help determine if the financial incentives are necessary to make the project feasible. In this instance, the estimated remediation cost is \$2,100,000.
- f) The amount of available and budgeted municipal funding is sufficient to cover the cumulative cost of all incentives that have been approved.

- In reviewing site-specific applications for Brownfield incentives, it is important to consider the implications that potential expenditures will have on overall program funding.
 - Civic Administration has reviewed the funding request and confirm that the request can be covered through the Community Improvement Program Reserve Fund; however, the Reserve Fund does have many allocated commitments from the numerous CIP programs it funds. As a result, Civic Administration is recommending up to \$2,100,000 in funding be provided and not the entire high-cost estimate of \$3,000,000. This will help ensure the Reserve Fund remains healthy.
- g) Municipal Council deems that the costs associated with providing the program incentives are outweighed by the cumulative benefits of providing the incentive(s).
- Municipal Council to decide based on this report, its recommendation, and the applicant's input including the business case.

Evaluation Summary

Overall, the project represents a significant investment on Wellington Road and should be supported by Brownfield CIP financial incentives. The municipal component of the 2024 property taxes on the vacant site is \$20,533 per year. At full project build out, the municipal portion of the property taxes will significantly increase.

Further, the value of all incentives that are provided under the Brownfield CIP is capped once it reaches the total eligible cost of remediation incurred by the applicant or the amount approved and allocated by Municipal Council, whichever is less. In the business case, the applicant provided a breakdown of estimated remediation costs that would be eligible for incentives under the Brownfield CIP. These costs are based on available information and some assumptions about the environmental standards that are applied under existing Provincial regulations.

2.3 Brownfield CIP Funding Request

A request was made for funding from the two Brownfield CIP financial incentive programs to cover environmental remediation costs associated with the project.

Civic Administration are recommending Municipal Council approve the Development Charges Rebate Program.

Development Charge Rebate Program

The Development Charges (DC) Rebate Program provides a grant for site remediation up to 50% of the DCs paid.

The language used in the Development Charge Rebate Program requirements can be erroneously interpreted to imply the applicant is receiving a rebate on DCs. This is not the case. The rebate is in all practicality a reimbursement of remediation costs from the City's Community Improvement Plan financial incentive funding sources. DCs are used only as a program measuring tool to calculate how much of the remediation costs will be reimbursed, not the actual reimbursement of DCs.

Table 2 estimates the development charges related to the applicant's development project at 359 Wellington Road & 657 Base Line Road East.

Table 2 – Estimated Development Charges for LJM Developments (London) Inc. Project at 359 Wellington Road & 657 Base Line Road East

	1 bedroom	2 bedrooms +
2024 DC Rate	\$20,777	\$28,155
# of Units	164	86
Subtotal	\$3,407,428	\$2,421,330
Estimated Gross DC Amount	\$5,828,758	
Demolition Credits (estimated at 2024 DC rate for a single detached dwelling)	\$46,975	
Estimated Net DC Amount	\$5,781,783	

Under the Brownfield CIP up to 50% of the total amount (\$5,781,783 x 50% = \$2,914,379) may be granted to cover eligible remediation costs that are incurred by the property owner. This estimate may not reflect the actual DCs for the project. Final determination of DCs will be made by the Chief Building Official (or designate) at the appropriate time.

When and how the applicant decides to pay development charges will affect how the Development Charge Rebate Program grant is paid. For deferred development charge types, owners are required to pay development charges in six annual instalments beginning on the date the building is first occupied and continuing the following five anniversaries of that date. However, the owner may choose to enter into an alternative payment agreement with the City of London and pay development charges in full on the date the building permit is issued (lump sum).

The applicant has yet to decide on when development charges for this project will be paid (instalments or one lump sum). As a result, Civic Administration are recommending the following to Municipal Council:

- If development charges are paid in six instalments, the Development Charge Rebate Program grant will also be paid in six annual instalments. If interest is charged by the City of London for this option, the interest will not be granted to the applicant through the Development Charges Rebate Program.
- If development charges are paid in one lump sum on the date the building permit is issued, the Development Charge Rebate Program grant will be paid in one instalment.

Brownfield CIP – Financial Incentives Summary

The Development Charges Rebate Program can cover the recommended grant funding of \$2,100,000. Table 3 summarizes the estimated grant payment schedule for the scenario where the property owner pays development charges in one lump sum and the grant is provided back in one instalment. Table 4 summarizes the estimated grant payment schedule for the scenario where the property owner pays development charges in six annual instalments and the grant is provided back in three instalments (the fourth, fifth, and sixth grant instalments are not required). In both scenarios, the total does not exceed the recommended funding of \$2,100,000. It is important to remember that Table 3 and 4 represent estimates. The actual grant payments — both the year and the amount — cannot be determined until net development charges have been calculated and construction has started.

Table 3 – Summary – 359 Wellington Road (DCs paid in one lump sum)

Program	2025	2026	2027	2028	Total
DC Rebate		\$2,100,000			\$2,100,000

Table 4 – Summary – 359 Wellington Road (DCs paid in six instalments)

Program	2025	2026	2027	2028	Total
DC Rebate		\$963,631	\$963,631	\$172,739	\$2,100,000

3.0 Financial Impact/Considerations

Financial Planning & Policy was circulated the Brownfield CIP application for 359 Wellington Road and confirmed that the Community Improvement Program Reserve Fund can cover the recommended funding of \$2,100,000 as outlined in Tables 3 and 4.

To summarize, Civic Administration is recommending \$2,100,000 in Brownfield CIP funding:

- To ensure the Community Improvement Program Reserve Fund remains healthy and can continue to support all the existing CIP program funding commitments and any future funding commitments.
- Civic Administration's assessment of the submitted business case, and unknown remediation risks that require further identification and additional testing on site.

Conclusion

The applicant is proposing a 250-unit residential development on Wellington Road on a vacant site that is contaminated from past commercial activity. In addition to the environmental benefits that will result from site remediation, this development will provide public and economic benefits including the creation of new residential units, support the Wellington Gateway bus rapid transit route, and the generation of significant new property tax revenues for the City.

The applicant retained MTE Consultants Inc. to prepare a business case which provides information on the existing environmental conditions. The business case and supporting Phase I and II Environment Site Assessments confirms that site remediation and risk assessment is required to permit the proposed residential development.

After reviewing the applicant's business case, Civic Administration found the identified costs as reasonable given where the applicant is in the development process.

As a result, the Development Charges Rebate Program is being recommended to cover eligible site remediation costs associated with the application up to a maximum amount of \$2,100,000. The \$2,100,000 is at the low end of the applicant's estimated cost range; however, the amount is being recommended to help ensure the Community Improvement Program Reserve Fund remains healthy for existing and future CIP loan and grant commitments.

Prior to issuing any financial incentives an agreement will be executed between the applicant and the City of London outlining the nature of the development proposal and specifying the relevant terms and conditions that apply under the provisions of the Brownfield CIP.

Prepared by: **Graham Bailey, MCIP, RPP**
Senior Planner, Community Improvement and Urban Regeneration

Reviewed by: **Mike Macaulay, MPA**
Manager, Community Improvement and Urban Regeneration

Recommended by: **Heather McNeely, MCIP, RPP**
Director, Planning and Development

Submitted by: **Scott Mathers, MPA, P.Eng.**
Deputy City Manager, Housing and Community Growth

Copy:
Kevin Edwards, Manager, Community Planning
Lauren Pasma, Manager, Long Term Financing
Alan Dunbar, Manager, Financial Planning & Policy

Appendix A – Applicant Business Case

**MTE****MTE Consultants**

123 St. George St., London, Ontario N6A 3A1

October 21, 2024

Project No: 53717-200

The Corporation of the City of London
Planning and Development Services
300 Dufferin Avenue
London, ON N6B 1Z2

Attention: Mr. Graham Bailey

**RE: Business Case Submission for Brownfield Incentives
359 Wellington Road, London, ON**

MTE Consultants (MTE) has prepared this Environmental Business Case for a proposed residential development at 359 Wellington Road in London, Ontario on behalf of by LJM Developments (LJM). Please accept this submission as a request for funding under the City of London's Community Improvement Plan (CIP) Financial Incentive Program for the redevelopment of brownfield properties. This application is for funding through the following programs:

- Community Assessment Study Grant;
- Development Charges Rebate; and,
- Tax Increment Equivalent Grant.

LOCATION AND SITE DESCRIPTION

The Site is 0.1815 hectares in area, comprising a vacant eastern portion that historically operated as a gas station, and a western portion with an occupied single-family residence and detached garage. The eastern portion at 359 Wellington Road had operated as a gasoline service station from the 1950s to the early 1990s. The western portion has been single family residential use since at least the 1950s and was previously 657 Baseline Road. It is understood that the Site has been rezoned and currently comprises one legal lot, referred to as 359 Wellington Road.

The Site is located at the southwest corner of Wellington Road and Baseline Road, within the City's Community Improvement Project Area in the Highland neighbourhood of London. Surrounding property uses include commercial to the north and northeast, institutional (hospital) to the east, commercial to the south and residential to the west and northwest.

LJM acquired the 359 Wellington Road property in 2021 and the 657 Baseline property in 2024.

PROJECT DESCRIPTION

LJM is proposing a residential development for the Site, consisting of a 23-storey residential tower with four levels of underground parking. That will ultimately occupy approximately 90% of the Site. The planned number and types of residential units are as follows:

- One bedroom - 118
- One bedroom and den - 42
- Two bedroom - 74
- Three bedroom - 12

Due to the previous use of the eastern portion of the Site as a service station, and the planned land use change to residential, a Record of Site Condition (RSC) is required for the Site under Ontario Regulation 153/04 (O. Reg. 153/04). The RSC is also a requirement for the City's CIP Brownfield Incentives program.

BACKGROUND

The information presented herein, and MTE's current understanding of conditions on the eastern portion of the Site is based on three environmental reports (by others) provided to MTE by LJM which pertain to the former service station. The reports include:

- ***EXP: Phase II Environmental Site Assessment (ESA), 359 Wellington Road, London, ON, dated July 31, 2014.***
- ***AECOM: Phase I ESA, 359 Wellington Road, London, Ontario, dated September 2017.***
- ***AECOM: Groundwater Monitoring and Sampling, 359 Wellington Road, London, Ontario, dated December 2018.***

The gasoline service station was decommissioned in 1997 with removal of the underground storage tanks, fuel dispensing pump island, and service station building. During the decommissioning work, some of the visibly impacted soils were reportedly excavated below the former underground storage tanks (USTs), pump island and service bay area by the previous owner. Petroleum hydrocarbon (PHC) impacts in soil were observed below the USTs. Groundwater sampling conducted at that time also showed benzene, toluene, ethylbenzene and xylenes (BTEX) and total petroleum hydrocarbons impacts in groundwater.

An unknown volume of impacted soil was excavated and disposed of off-Site at the time of decommissioning in 1997. The excavated areas were reportedly backfilled with imported sand fill and soils stockpiled during the excavation work.

Various environmental investigations and groundwater monitoring programs were conducted on the former service station property over the period of 1999 to 2018, and included the following activities:

- Nineteen boreholes were drilled on the former service station portion of the Site and surrounding roadway.
- Soil characterization to depths of up to approximately 15m below surface.
- Groundwater monitoring carried out prior to 2018.

The contaminants of potential concern in soil and groundwater included BTEX, PHCs, polychlorinated biphenyls (PCBs), volatile organic compounds (VOCs), polycyclic aromatic hydrocarbons (PAHs), metals and inorganics, and pH.

Since 2011, the data collected on this parcel has been compared to the Ministry of the Environment, Conservation and Parks (MECP) Table 3 (non-potable) Site Condition Standards (SCS) for industrial, commercial and community use (Table 3 SCS).

The results from the investigations indicate the presence of PHC, BTEX and PAH impacts in Site soils in the area of the former service station, typically found to depths of 10m, and PHCs and BTEX impacts in groundwater in the central, east and northern areas of the former service station property. Groundwater and soil impacts extend off-Site to the east into the Wellington Road right-of-way and may also extend off-Site to the north; however, the lateral extent has not been delineated.

The environmental condition of the former 657 Baseline Road portion of the Site is unknown as no investigative testing has been completed at this time.

RECORD OF SITE CONDITION

The redevelopment of the Site for residential purposes requires filing of an RSC according to Ontario Regulation 153/04 (O. Reg. 153/04). Since environmental impacts have been identified on the eastern portion of the Site, remediation (also likely including risk assessment) is required in order to file an RSC with the MECP. It is understood that the Wellington Road dedicated lands would be provided to the City in an as-is condition, without an RSC.

The RSC will be based on a legal survey and lawyer's letter describing the development lands, excluding the dedicated lands.

Based on MTE's current understanding of the project and proposed timelines, soil impacts related to the former service station operations within the footprint of the planned subgrade parking structure will be addressed through remediation (i.e. excavation, soil removal, off-Site disposal and confirmatory sampling), whereas Risk Assessment has been identified as a suitable approach to manage residual PHC and BTEX impacts in soil and groundwater outside the limits of the parking structure, within the confines of the Site.

Additional Phase Two ESA investigation with delineation would be required to support construction planning and Risk Assessment.

PROPOSED REMEDIAL APPROACH

The proposed remedial approach comprises both excavation of impacted soils and Risk Assessment (RA) to manage remaining on-Site soil, groundwater and soil vapour impacts, with the goal of securing a risk-based RSC for residential land use. Typically, a solely RA-based approach would be considered appropriate for properties with similar characteristics as the Site (depth of contamination, non-cohesive soils); however, the planned construction of a four level sub-grade parking structure (approximate 12 mbgs excavation) provides an opportunity to remove a volume of residual hydrocarbon contaminant mass in the subsurface during development. Therefore, the soil excavation program is proposed to address the impacted soils within the limits of the subgrade parking structure, and an RA approach will be applied to address the remaining on-Site impacted media beyond the limits of the parking structure.

Soil Excavation

The previous data has identified a zone of impacted soil between approximately 8 and 11 mbgs, while soil quality between 4 and 8 mbgs has not been fully characterized. A conservative approach will assume that soils between 4 and 11 mbgs will require remediation via excavation and off-Site disposal at a permitted facility. Soil tracking during the excavation will confirm the actual volume of impacted soils. Soils from 1 to 4mbgs will be managed as Excess Soil, requiring further characterization prior to the start of the excavation.

Dewatering of Contaminated Groundwater

Groundwater has been observed at a depth of approximately 8mbgs and therefore dewatering would be expected during construction to lower groundwater levels to below the base of the excavation.

The data from the most recent groundwater monitoring program (2018) indicated that concentrations of PHCs and BTEX in groundwater exceeded the Table 3 SCS. These concentrations in groundwater would also likely exceed the City's storm sewer use discharge bylaw requirements, therefore, treatment of hydrocarbon impacted groundwater during dewatering will be required.

A Hydrogeological Study, daily flow rates and the volume of groundwater to be managed have not been calculated to date, therefore costs for set up, testing, permitting and operation/monitoring of the groundwater treatment are preliminary. Construction dewatering costs that would typically incurred with this type of development have been excluded along with the design and implementation of a perimeter shoring system. Based on an estimated range of \$10,000 and \$50,000 per month for groundwater treatment and the estimated duration of the construction dewatering program (8-14 months, as provided by LJM), cost estimates range from \$80,000 to \$700,000.

Risk Assessment

Following removal of soils and groundwater necessary for the construction of the building, residual impacts would remain. To support future re-development of the Site for residential use, an RA completed in accordance with O. Reg. 153/04 could be completed to address the residual soil and groundwater impacts.

The objective of the RA would be to evaluate known levels of soil and groundwater impacts and the potential for risk to human or ecological receptors at the subject lands. As a result of the RA, Risk Management Measures (RMMs) would be recommended to mitigate risk to human and ecological receptors.

RMMs may include a soil vapour and water barrier lining the walls and base of the parking structure. Costs are estimated to range from \$7 to \$10 per square foot installed. The type of barrier and actual requirement for one will be determined following completion of the RA.

ESTIMATED BROWNFIELD REMEDIATION COSTS

The projected remediation costs are provided below. The assumptions made to formulate the estimated costs include:

- Standards that will be applied to the Site are the O. Reg. 153/04 Table 3 Full Depth Generic Site Condition Standards in a Non-Potable Groundwater Condition for the intended residential use, and Site-Specific standards derived through the Risk Assessment for residential use.

- The total area of the Site to be redeveloped is 2,225.5m².
- Additional investigation will be required to complete/update reporting for RSC Filing.
- The maximum depth of the development will be 11 to 12 mbgs.
- Areas of impact include the former UST nest and pump island comprising approximately 600m². The depth of impact is assumed to be 4 to 11 mbgs resulting in an estimated volume of 4,200m³ of soil within the footprint of the parking structure requiring remediation.
- Conversion factor of 2.2 tonnes per cubic metre, resulting in 9,240 tonnes of impacted soil.
- Assumed handling and disposal costs of impacted soil = \$100/tonne x 9,240 tonnes = \$924,000
- Groundwater treatment during dewatering assumes system set up, pilot testing and up to 14 months of treatment/monitoring during construction. Anticipated groundwater volume is unknown at this time and treatment costs are estimated to range between \$10,000 to \$50,000 per month x 14 months.
- RA costs include preparing the Pre-Submission form and Risk Assessment, responding to MECP comments, develop/propose conceptual RMMs, review the CPU.
- Risk Management Measures may include a soil vapour and water barrier lining the walls and base of the parking structure. Costs are estimated to range from \$7 to \$10 per square foot. The type of barrier and actual requirement for one will be determined following completion of the RA.
- Risk Management Measures may also include administrative items, such as Health and Safety Plan, Soil and Groundwater Management Plan and other constructed measures such as the storage garage and hard capping that require documentation to comply with the CPU. A cost for these items has been allowed for.

ESTIMATED COSTS

Item	Upper/Lower Range of Estimate	
Contaminated Soil Handling and Disposal	\$ 925,000	\$ 1,000,000
Consulting Fees – Additional Investigation, Impacted Soil Removal Monitoring, Reporting and RSC Filing	\$ 150,000	\$ 200,000
Consulting Fees – Risk Assessment	\$ 130,000	\$ 150,000
Groundwater Treatment during Dewatering	\$ 150,000	\$ 700,000
Risk Management Measure – Vapour Barrier	\$ 275,000	\$ 390,000
Risk Management Measures – Administrative documentation requirements	\$ 40,000	\$ 60,000
20% Contingency	\$ 330,000	\$ 500,000
TOTAL	\$ 2,000,000	\$ 3,000,000

CONCLUSIONS

LJM is proposing redevelopment of a property with known impacts to soil and groundwater, portions of which have remained vacant and underutilized for more than 25 years. The Site and the proposed redevelopment would appear to meet the necessary requirements of the City's CIP and Brownfield Incentives and supports the intent of the City's Official Plan.

Preliminary discussions with staff in the London Economic Services and Supports Department have indicated that the City would be favourable to the enrolment of the Site in the above programs for brownfield redevelopment grants and/or rebates.

It is understood that environmental assessment and remediation activities, including those listed below, would be partially or fully eligible for the grants or rebate programs:

- Phase Two ESA studies
- Risk Assessment (RA)
- Soil/groundwater remediation
- Excess soil disposal
- Risk management measure construction/implementation.

LIMITATIONS

Services provided by **MTE Consultants Inc.** (MTE) were conducted in a manner consistent with the level of care and skill ordinarily exercised by members of the Environmental Engineering & Consulting profession. No other warranty or representation expressed or implied, as to the accuracy of the information, conclusions or recommendations is included or intended in this report.

MTE makes no representation that the present report has dealt with any and all of the important features, including any or all-important environmental features. All findings and conclusions presented in this report are based on site conditions, reported by others, as they existed during the time period of the investigation. This report is not intended to be exhaustive in scope or to imply a risk-free facility.

Yours Truly,

MTE Consultants Inc.



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Appendix B – MTE Response Letter



December 3, 2024

MTE File No.: C53717-200

The Corporation of the City of London
Planning and Development Services
300 Dufferin Avenue
London, ON N6B 1Z2

Attention: Mr. Graham Bailey

**RE: Response to City of London's Questions on Business Case Submission for
Brownfield Incentives 359 Wellington Road, London, Ontario**

MTE Consultants (MTE) has prepared this response to questions from the City of London regarding an Environmental Business Case previously submitted for a proposed residential development at 359 Wellington Road in London, Ontario on behalf of by LJM Developments (LJM).

QUESTION 1

There does seem to be a bit of uncertainty with respect to the volumetric calculations for total tonnage of impacted soil. For example, the depth of impacted soil is assumed to be between 4 mbgs and 11 mbgs, which is a pretty large range. MTE appears to have taken an average depth which is fair at this stage. When does MTE think they will complete their additional investigations that will produce a more accurate cost estimate than the \$2M to \$3M range provided in the business case?

Answer 1

Additional data, comprising supplemental drilling and soil sampling, will be collected to close this data gap and refine the soil volume estimate. The additional work is tentatively scheduled for Summer 2025 following approval of the Brownfield Incentives Funding.

QUESTION 2

Do the costs associated with groundwater treatment (\$150,000 to \$700,000) include treatment only, or do they also include costs associated with groundwater management which would have been borne by the applicant regardless of the environmental status of the property? For example, installation of shoring, sheet piling, wellpoints, pumps, ESCs, etc. would be required regardless of the presence impacted groundwater. Are those costs included in the overall groundwater treatment line item?

Answer 2

The estimate provided is only for the work related to the treatment of the groundwater during dewatering and prior to discharge and assumes up to 14 months of treatment

required at costs ranging from \$20K to \$50K per month. The low end estimate assumes modest groundwater volumes and standard treatment using activated carbon. The higher end estimate assumes larger volumes which may include permit to take water requirements, potential free product, and additional polishing to meet discharge bylaw requirements. Costs for the other items you have mentioned above would be part of the required construction efforts and have not been included in our estimate.

QUESTION 3

Can MTE provide a schedule and anticipated timeline for the various activities? It seems that soil excavation and dewatering will be followed by submission of the RA and RSC. I assume that the foundation for the structure will be constructed when the soil is removed, so I am wondering what the interim condition of the construction area will be while we wait for MTE to prepare the RA and submit the RSC to the MECP. As noted, they have indicated that RMMs may include the installation of a soil and water barrier lining the walls and base of the parking structure, but these RMMs will not be known until the RA and RSC is completed. How/when will proposed RMMs be implemented and installed and how will remediation be staged with respect to the larger construction activities?

Answer 3

When the information gathering aspect of the Phase One ESA is completed, the scope for the Phase Two ESA will be confirmed and then initiated. Reporting for both the Phase One, Phase Two and Phase Two CSM will occur concurrently. This would be estimated to take approximately 8 to 14 weeks. The Phase Two CSM and pre-submission form (PSF) are then submitted to MECP, which typically takes 6 to 8 weeks to review and respond. Upon review of the MECP comments and completion of any additional site assessment work required by MECP, the RA will be initiated. The draft RA is typically submitted to MECP in approximately 20 weeks and at that time there will be an indication of whether the soil vapour barrier or other RMMs will be required. The total time incurred to the point where the draft RA is submitted to MECP is estimated to be at least 34 to 42 weeks, and assuming the additional investigation work starts in mid-2025, this would result in the draft RA being completed by approximately May 2026. Construction is anticipated to proceed in 2027.

QUESTION 4

MTE's report has noted that groundwater and soil impacts extend off-site into the Wellington Road ROW, however the full extents are not known. Is MTE planning on conducting any investigation activities within the Wellington Road ROW to delineate those impacts?

Answer 4

A report provided by the previous owner, which summarized historical investigations at the Site, mentioned impacts in the Wellington Road ROW. The actual report documenting these findings has not been provided. However, the Tier 3 RA will determine whether concentrations of contaminants on the property could be posing risks to off-Site receptors. Typically, off-Site delineation is not completed during the RSC process unless requested by the MECP. This type of decision by the MECP would be based on their review of the RA/ESA information submitted by MTE. Notwithstanding, if concentrations of contaminants on the property are determined in the RA to be potentially posing unacceptable risks to off-Site receptors, monitoring programs and/or mitigation measures will be outlined in the Risk Management Plan of the RA.

CLOSING

We trust this provides the information you currently require. Please contact the undersigned with any questions.

Yours Truly,

MTE Consultants Inc.



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Encl.

cc:

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