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TO:	CHAIR AND MEMBERS INVESTMENT AND ECONOMIC PROSPERITY COMMITTEE MEETING ON MAY 14, 2014
FROM:	MARTIN HAYWARD MANAGING DIRECTOR OF CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	PROSPERITY PROJECTS: 111 HORTON STREET EAST- REDEVELOPMENT OPPORTUNITY

RECOMMENDATIONS

That on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following actions **BE TAKEN** with respect to 111 Horton Street East:

- a) That this report **BE RECEIVED** for information; and
- b) Should the Committee wish to proceed given the outlined opportunities and constraints, Civic Administration **BE DIRECTED** to continue to investigate and work with identified project stakeholders in order move this proposed project forward; noting that the Reach Study is in the process of being finalized.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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1. Investment and Economic Prosperity Committee, January 23, 2012, *Developing a Strategic Investment and Economic Prosperity Plan (presentation)*.
2. Investment and Economic Prosperity Committee, March 27, 2012, *Investment and Economic Prosperity Plan: Communicating the Plan Engaging the Public*.
3. Investment and Economic Prosperity Committee, December 18, 2012, *A Path to Prosperity: Community Business Ideas to Stimulate our Economy*.
4. Investment and Economic Prosperity Committee, January 28, 2013, *Investment and Economic Prosperity Proposal Assessment Process Update*.
5. Investment and Economic Prosperity Committee, April 29, 2013, *Investment and Economic Prosperity Projects Update*.
6. Investment and Economic Prosperity Committee, May 21, 2013, *Investment and Economic Prosperity Projects – Public Input*.
7. Investment and Economic Prosperity Committee, June 24, 2013, *Prosperity Projects: 111 Horton St. Redevelopment Opportunity – Non Disclosure Agreement*.
8. Civic Works Committee, September 9, 2013, *Thames River Reach Study – Appointment of Consulting Engineer*.

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EXECUTIVE SUMMARY

Brownfield redevelopment can transform former industrial, institutional, commercial lands with environmental legacies into productive economic uses, and can result in the following environmental, economic and social community benefits.

- Improvements to human health and the environment (soil, air and groundwater);
- Protection of groundwater resources, and wildlife habitats;
- Utilization of existing sewer, water and road infrastructure, resulting in the reduction of urban expansion;
- Economic growth, including the retention and creation of local jobs, and increased property tax revenues;
- Revitalization of neighbourhoods and employment areas; and,
- Increased affordable housing opportunities.

Environmental remediation of the London Hydro Lands at 111 Horton Street East (the Property) can have a positive impact on the environment by removal of on-site contaminants, thereby lowering the risk of these contaminants from migrating off-site and potentially into the river. Economic benefits associated with the redevelopment of the Property for residential, commercial and/or other uses include an opportunity for the City to significantly increase the property tax revenues, promote neighbourhood stability and further neighbourhood revitalization. In addition, social benefits include an opportunity to enhance the existing property and support to revitalize the neighbourhood, which may ultimately improve the quality of life in that area of the City. A redevelopment of this type has the ability to create a more sustainable and livable community.

In order to facilitate the redevelopment of the Property, there are a series of “gates” that Kilmer and/or the City of London must undertake in order to fulfil the regulatory requirements and overcome the site constraints. An illustration of these “gates” is shown in Figure 1 (below).

ACTION AND DECISION OVERVIEW
111 HORTON STREET PROJECT

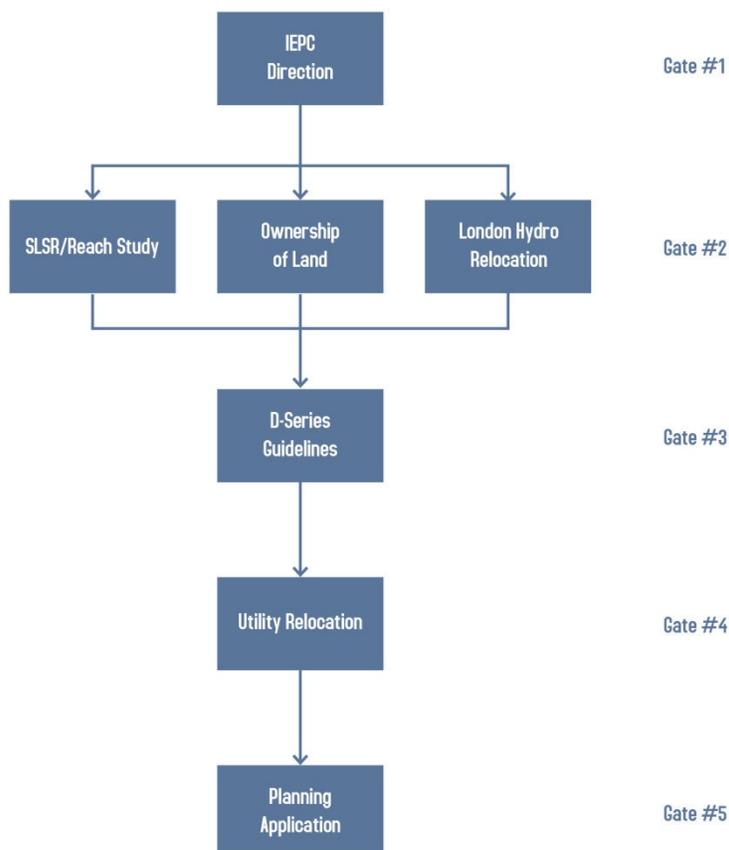
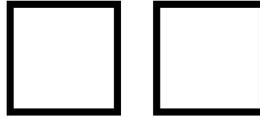


Figure 1: An illustration of the “gates” that must be undertaken prior to redevelopment of the subject Property.



Gate 1 – Investment and Economic Prosperity Committee (IEPC) Direction

On June 9, 2012, Kilmer Brownfield Management Limited (Kilmer) presented, “*Remediation and rezoning to facilitate the redevelopment of 111 Horton Street East (the Hydro Lands)*” to the Investment and Economic Prosperity Committee (IEPC). Kilmer proposed to remediate and rezone the Property in partnership with the City; a proposal that could lead to a redevelopment of the property that would enhance the vibrancy of the Downtown, attract growth, and create jobs. On June 25, 2013, Municipal Council approved the Non-Disclosure Agreement with Kilmer and supported in principle, the redevelopment at the Property, subject to the Civic Administration preparing guidelines for the redevelopment. In addition, Council requested that Civic Administration undertake a “Reach Study” to evaluate potential flood impacts and management as well as to identify barriers that could hinder the redevelopment of the Property from moving forward.

**Please note that the Subject Land Status Report, the Reach Study, the Ownership of Land, and the London Hydro Relocation will move forward as concurrent gates.*

Gate 2 – Subject Land Status Report (SLSR)

To assist with the identification of barriers that could impact the redevelopment proposal, a Subject Land Status Report (SLSR) was undertaken which found that while there are no Species at Risk located on the Property, they are located in the Thames River and candidate significant habitat areas have been located within the vegetated areas along the River. It should be noted that the SLSR includes a three season inventory which will provide input into the recommendations of the Environmental Impact Study.

Gate 2 – Reach Study

While the Property is approximately 5.50 ha in size, its developable land area (outside of the regulatory flood plain), is approximately 1.40 ha, located on the northern portion of the property. The remaining 4.10 ha of land is located within the flood plain. One option proposed to increase the development envelope is to fill in the flood plain lands. That option would require approximately 50,000 cubic meters of engineered fill on the Property to increase the developable land area to 4.60 ha. Potential “cuts” to the riverbank may also be required to facilitate the findings of the Reach Study which may have an impact on Species at Risk habitats that have been identified in the Subject Lands Status Report.

The raising of land through filling in the flood plain does not meet UTRCA policies under Ontario Regulation 157/06, pursuant to Section 28 of the Conservation Act. The proposed solution of filling in the flood plain would require a policy exception and would have to be granted by the Conservation Authority’s Hearings Board. The UTRCA has identified a number of technical issues, as well as terrestrial ecological concerns with the Reach Study option of land filling, that have yet to be resolved.

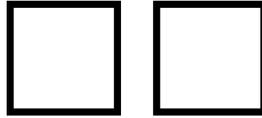
Gate 2 – Ownership of Land

The property at 111 Horton Street East has been acquired through a number of transactions over a number of years between 1910 and 1982. The title of the Property is complex due to the age of some of the agreements and the relationships among the City of London, the Public Utilities Commission (PUC), and London Hydro. The City, London Hydro, the PUC and are all separate legal entities. The City is the sole shareholder of both London Hydro and the PUC.

At the present time the Property is registered in the names of:

1. The Public Utilities Commission of the City of London
2. The London Public Utilities Commission, and
3. The Corporation of the City of London

Consequently, any decision to dispose of the Property will require agreement among the City, London Hydro, and the PUC.



Gate 2 – London Hydro Relocation

London Hydro conducts its business from its combined administration/service facility located on the southeast corner of Horton and Ridout Streets located in the City of London. London Hydro has estimated (based on their opinion and preliminary estimates) that the cost of relocating the entire operation would be at least \$40 million, and believe that any relocation will take from 5 to 7 years to complete. The exact timing would be dependent on site acquisition, construction of new facilities and the logistics of transferring active operating centers. For a new facility, London Hydro would need approximately the same amount of land (13.68 acres/ 5.54 hectares) as they have at their existing location. Relocating the London Hydro business would be complicated by several factors: a requirement to ensure service continuity, operational safety and grid reliability; a requirement to maintain full functionality in the: Grid Control Center, Data/Computer Center, Network Operating Center and Communications Center. These would have to be mirrored in the old and new sites to enable parallel, uninterrupted operations.

Kilmer has indicated a willingness to consider a reduced development envelope which facilitates a partial relocation of London Hydro and enables the administrative building and sub-station operations to remain on-site; subject to proper due diligence. In that respect, in an effort to move the project forward, London Hydro is willing to consider a partial relocation, subject to final review of the logistics and cost analysis associated with that move.

Gate 3 – D-Series Guidelines

The proposed mixed use development will be located adjacent to an operating industrial use. It is therefore important to evaluate potential conflicts that could occur if this concern is not considered. Staff are sensitive to this consideration, and advise that there will be appropriate junctures, where any issues relating to neighbouring properties can be addressed. Kilmer Brownfield has been in discussions with these neighbouring property owners and will continue to work with them throughout the process, to ensure that any conflicts are adequately addressed and that the proposed development is appropriate.

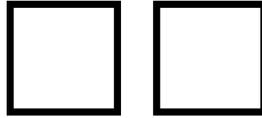
The objective of the D-6 Guideline is to prevent or minimize the encroachment of sensitive land uses on industrial land uses and vice versa, to avoid possible adverse effects on sensitive land uses created by industrial operations. Given the large residential component contemplated in Kilmer’s proposal, the redevelopment of the Property would be considered a sensitive land use. Breweries are classified as a Class III industry, the most restrictive class, with a recommended minimum separation distance of 300m and an area of potential influence of 1,000m.

However, the D-6 Guideline includes a procedure when a redevelopment proposal is contemplated within the area of potential influence, and the recommended minimum separation distance cannot be achieved, whereby the municipality or the applicant are required to provide an impact assessment which evaluates the industrial processes and the potential for off-site impacts on existing and proposed sensitive land uses. The overall feasibility of the redevelopment proposal, from a land use compatibility perspective, is based on the anticipated adverse impacts from each specific industry, and the effectiveness of the proposed mitigation measures to reduce impacts on sensitive lands uses.

Gate 4 – Utility Relocation

The Hunt Weir is a concrete structure located just south of the Labatt’s brewery encasing the 900mm Labatt Trunk Sewer. The sewer serves a population of about 10,000 (including the health sciences facilities at Commissioners Road and Wellington Road) and is in good structural condition.

At this time Kilmer has indicated they would work around the sanitary trunk sewer and provide a 16 metre wide easement (0.72 ha) with access to it; subject to proper due diligence. The easement is needed over the sewer in order to allow for its regular maintenance and eventual replacement. It needs to be wide enough to not only excavate for its replacement but to also to accommodate bypass pumping of the sanitary flow and safe movement of



construction equipment. That easement would require that nothing be built on it that would hamper future efforts to replace the trunk sewer.

Gate 5 – Planning Application

In order to permit the mixed-use development proposal envisioned by Kilmer, the submission of a planning application would be required to amend both the Official Plan designation and Zoning By-law, which evaluate the appropriateness of redevelopment of the Property. The submission of additional reports and studies may be required including, but not limited to, a: Planning Justification Report; Transportation Impact Assessment; Sanitary Servicing Report; Urban Design Brief; Record of Site Condition; Archeological Assessment; and, an Environmental Impact Study (for which a three season inventory has already been completed as part of the Subject Land Status Report). Additional reports being conducted on the feasibility of development on the Property to satisfy the requirements of the D-6 Guideline would also play a role in any planning analysis. These additional reports and studies would need to be completed by qualified professionals prior to the submission of an application to amend the Official Plan and Zoning By-law. The final decision to approve the amendments resides with Council, but is subject to appeal to the Ontario Municipal Board.

BACKGROUND

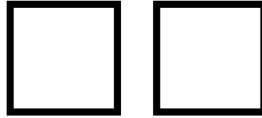
There are a substantial number of properties within the City of London that have been previously developed for industrial, commercial or other urban uses and may be contaminated as a result of these former activities. Some of these properties, which are commonly referred to as “brownfields”, are vacant, underutilized or abandoned as a result of changing economics. Their current environmental condition and/or associated liabilities result in lost property tax revenue, inefficient use of existing infrastructure and lost employment opportunities. During the past several years, municipalities have become increasingly proactive in encouraging the remediation and redevelopment of brownfield sites as a means of increasing the municipal tax base in areas of existing infrastructure, increasing employment opportunities, and enhancing the viability of inner-City neighbourhoods. Brownfield redevelopment and intensification is part of Ontario’s Smart Growth Strategy¹ and the Provincial Policy Statement² with respect to planning. The 111 Horton Street is a perfect example of such a site.

By way of background, the December 2011 Thames Valley Corridor Plan and the 2012 City of Opportunity: A Vision for Downtown document, identified the site at 111 Horton Street East (the Property) as an opportunity for redevelopment. Subsequently, sparking interest of Canada’s leading brownfield redevelopment firm known as Kilmer Brownfield Management Limited (Kilmer). It’s important to note that the Kilmer Brownfield Equity Fund L.P. (a \$100 million fund) is Canada’s first privately owned equity fund that is dedicated to the redevelopment of brownfields. They have the expertise and capital to complete significant brownfield redevelopment projects, such as their investments in: Toronto, Montreal, Guelph and Mississauga. The fund is managed by brownfield specialists with backgrounds in: environmental risk management, planning, development, real estate and finance. These skill sets allow Kilmer to invest in and remediate brownfields, and create value by revitalizing these challenged lands for higher order uses. On January 20, 2012 the City received an initiating letter in which Kilmer identified the Property as having potential to be redeveloped for higher and better land uses allowing for an intensified mixed use phased³ development. The purpose of the letter was to facilitate discussions with the City and

¹Smart Growth is the government’s vision for promoting and managing growth in Ontario. Common smart growth policies include encouraging growth in existing urban areas, promoting public transit, protecting agricultural and natural areas, and designing high-density integrated communities with a mix of land uses.

²The Provincial Policy Statement, 2014 applies province-wide. Its policies set out the government’s land use vision for how we settle our landscape, create our built environment, and manage our land and resources over the long term to achieve livable and resilient communities. <http://www.mah.gov.on.ca/Page10679.aspx>.

³Particularly on larger sites, a site would be divided into parcels and construction would be phased, for example: start with townhomes, which are easier and quicker to construct, and then move to higher residential density and office, once a community has been established.



suggest how the property could be repositioned to enable its redevelopment while managing the environmental liability associated with this brownfield property (*Refer to Appendix A*).

On January 23, 2012, Municipal Council was presented with the ‘*Developing a Strategic Investment and Economic Prosperity Plan*’ report, where a process was proposed for the purpose of developing the Strategic Investment and Prosperity Plan (*please note that the IEPC Direction has been identified as Gate 1 in the gap identification process*). Through the implementation of this plan, prosperity projects would move from conception to implementation. Subsequently, the ‘*Investment and Economic Prosperity Plan: Communicating the Plan, Engaging the Public*’ report presented to IEPC on March 27, 2012, proposed community engagement, where members of public would be invited during the month of June to provide proposed ideas with respect to accelerating economic growth and moving London forward. This call to the community resulted in Kilmer presenting the following idea: ‘*Remediation and rezoning to facilitate the redevelopment of 111 Horton Street East (the Hydro Lands)*’, to the IEPC committee on June 9, 2012. Kilmer’s proposal to remediate and rezone the London Hydro Lands in partnership with the City, could lead to a redevelopment of the property that would enhance the vibrancy of the Downtown, attract growth and create jobs. (*Please refer to Appendix B and C for more information*).

In respect to the prosperity process, on December 18, 2012, the Corporate Investments and Partnerships team prepared a report for the IEPC committee in which a shortlist, for the purpose of accelerating London’s economy and fostering private sector investment in the city, was presented. The report discussed the Industrial Lands Development Strategy and analyzed 49 proposals/ideas previously presented to the IEPC. Identified in the report were five proposals best suited to the advancement of the goal and objectives of London’s Prosperity Plan:

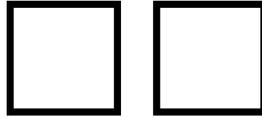
The Goal: The investment and Economic Prosperity Committee is developing a 10-year plan that will move London’s Economy forward faster and ensure long term prosperity for our community.

The Objectives: Create Jobs; Leverage Investment; Stimulate spin-off benefits; Build beneficial partnerships; Benefit key sectors; Fuel transformational change in London’s economy

The potential redevelopment of 111 Horton St. East by Kilmer was one of the five proposals identified in the December 18, 2012, *A Path to Prosperity: Community Business Ideas to Stimulate our Economy*. The associated recommendation reads as follows: “The City of London enter into more formal discussions with Kilmer Brownfield Equity Fund L.P. and London Hydro regarding the potential sale and redevelopment of the land at 111 Horton St. East.”

- The proposal from Kilmer concerning the potential redevelopment of 111 Horton St. East, requests the City of London sell the land to Kilmer. Kilmer would then complete the remediation of the land, provide the City with an environmental release for the property and work with the City to have the land rezoned and establish a build out strategy that was acceptable to local market interests. As a result of these efforts, added value created would be shared with the City of London. It is expected that this project would participate in the City of London’s Brownfield Community Improvement Program⁴. Based on preliminary estimates provided by Kilmer, this proposal is expected to create hundreds of short term and long term jobs. It serves to generate wealth in our community through the creation of a desirable mixed-use commercial and residential development fronting the Thames River, and enhance the downtown as well as the existing surrounding communities.

⁴ Based on the City of London Community Improvement Plan for Brownfield Incentives, adopted by council on February 20, 2006 and the Brownfield Administration Policy Project, most recently updated through a November 29, 2012 Audit Committee report, considerable support exists for the redevelopment London’s brownfields.



Municipal Council received the (December 18th, 2012) report on January 15, 2013 and directed Civic Administration to make the necessary arrangements to hold a public participation meeting and to circulate the above noted report in order to obtain public input (*Appendix D: Council Resolution, January 16, 2013*). On January 28, 2013, Civic Administration presented an updated investment and economic prosperity proposal assessment plan to guide the timeline by which proposals would be developed, and the process by which selected proposals would evolve from ideas to executable projects, including the proposed public engagement plan; endorsed by Municipal Council on February 12, 2013 (*Appendix E: Council Resolution, February 12, 2013*). Furthermore, as per the May 21, 2013 “Investment and Economic Prosperity Projects- Public Input” report, Municipal Council directed Civic Administration to continue the advancement of the plan as described in the December 18, 2012 report. (*Appendix F: Council Resolution, June 11, 2013*).

For the purpose of gaining a more comprehensive understanding of the redevelopment opportunity at 111 Horton St. East, an opportunity / constraint analysis and gap identification process was undertaken. The investigations and the subsequent sharing of information among the involved parties, supported decision making and assisted with the advancement of the project. However, in order to continue these investigations and the sharing of information, a Non-Disclosure Agreement was completed between The Corporation of the City of London and Kilmer Brownfield Management Limited and London Hydro Incorporated; as per the June 24, 2013 “*Prosperity Projects: 111 Horton St. Redevelopment Opportunity: Non-Disclosure Agreement*” report. In addition, at the same IEPC committee meeting of June 24, 2013, Pamela Kraft of Kilmer delivered a presentation, where the need for a Reach Study was identified in order to move the project forward. The proximity of the Thames River to the potential area of redevelopment was a major constraint that was in the previous analysis (*Please refer to Appendix G for the full presentation by Pamela Kraft, Managing Director, Planning and Development*).

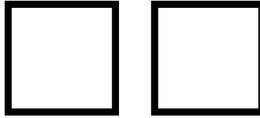
Consequently, on its meeting held June 25, 2013 Municipal Council approved the Non-Disclosure Agreement and supported in principle the redevelopment at 111 Horton Street, subject to the Civic Administration preparing guidelines for the redevelopment. In addition, Council requested that Civic Administration undertake a “Reach Study” to evaluate potential flood impacts and management, as well as to identify barriers that could hinder the above-noted project from moving forward expeditiously, with options for the Municipal Council to overcome those barriers to be provided. (*Appendix H: Council Resolution, June 25, 2013*). To address this request, an RFP process was initiated by the City on July 19, 2013. Based on the evaluation criteria and selection process identified in the Request for Proposals, the evaluation committee concluded that the proposal from Riggs Engineering Limited provided the best value to the City. As a result Council approved Riggs Engineering Limited to perform the Thames River Reach Study. It’s important to note that the main deliverable of the Thames River Reach study was to determine key parameters that affect the potential developable lands. (*Appendix I: Council Resolution, September 17, 2013*).

DISCUSSION

It is common that brownfield redevelopment projects have a variety challenges, and due to the nature of this potential redevelopment, a multidisciplinary project team has been convened for the purpose of gaining a more comprehensive understanding of the opportunities and constraints associated with the subject site.

With respect to redeveloping the Property, Kilmer has identified the following planning, engineering and environmental considerations:

- Assessment and remediation of legacy soil and ground water impacts from historical site uses.
- Redevelopment compatibility with established industrial uses (odour, noise, traffic) and proximity to river, floodplain (grading; elevation drop across the site and riverbank/ecological conservation).
- Understanding London Hydro, with regard to existing conditions and associated infrastructure, desire/ability to relocate certain or all of the functions and their timing.



- Ultimate built form and design sensitivities with regard to environmental, neighborhood and massing, including existing service to the area and servicing capacity.

In addition, Kilmer has specified that they will accept the lands in an “as is, where is” condition and provide the City with an environmental release⁵ for the property. The redevelopment portion of the property will be determined considering the conclusions of the Reach Study with the recommendations of the Conservation Authority and City; the needs of London Hydro, including the relocation of their maintenance and storage yard; the City’s retained lands along the river’s edge; and other considerations that arise from locating adjacent to important local industries, such as the Labatt’s Brewery. Kilmer is assuming that Hydro’s administrative building, their sub-station operations and the large on-site sewer will remain in place; all of which are subject to proper due diligence and could be included into the mixed use development plan for this site.

Section 1 of the report identifies the “Opportunities” of the proposed redevelopment, as well as provides a summary chart that addresses the factors that should be considered in evaluating potential impacts of brownfield property redevelopment (benefit/cost). Section 2, identifies “Constraints and Gaps” related with the potential redevelopment, and includes a summary chart of the aforementioned with associated costs/time.

SECTION 1: OPPORTUNITY IDENTIFICATION

- i. Brownfield Redevelopment
- ii. Economic Benefits
- iii. Environmental Benefits
- iv. Social Benefits

i. Brownfield Redevelopment:

It’s important to note that brownfield redevelopment can transform former industrial, commercial lands with environmental legacies into productive economic uses, and can result in the following environmental, economic and social community benefits:

- Improvements to human health and the environment (soil, air and groundwater);
- Protection of groundwater resources, and wildlife habitats;
- Utilization of existing sewer, water, road and transit infrastructure, resulting in the reduction of urban sprawl and its associated costs;
- Economic growth, including the retention and creation of local jobs, and increased property tax revenues;
- Revitalization of neighbourhoods and employment areas; and,
- Increased affordable housing opportunities.

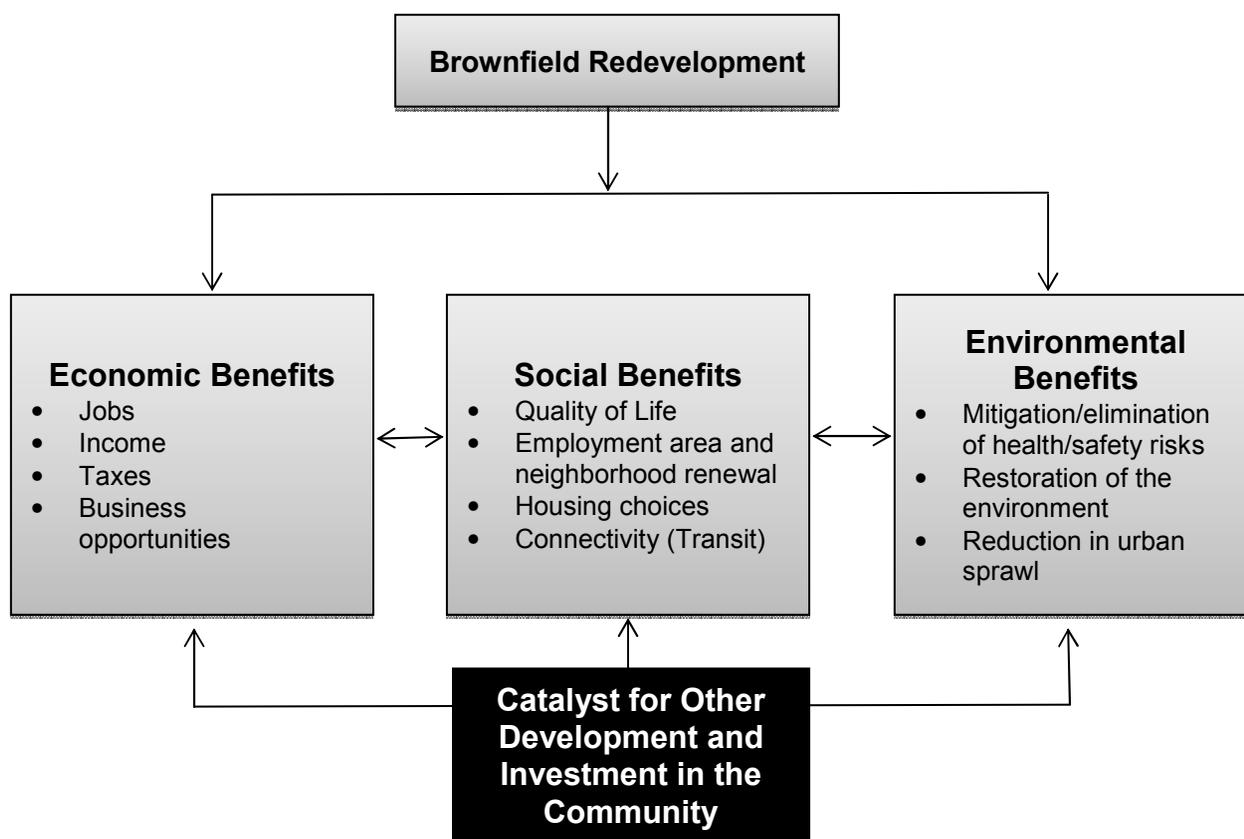
Generally, developers have avoided potential brownfield redevelopment opportunities due to a number of key challenges including:

- The significant costs and risks of remediating contaminated sites and their acceptability to the market place for re-use;
- Additional costs associated with demolition, infrastructure upgrades, and carrying the lands through site restoration (taxes and insurance);
- Difficulty obtaining project financing from traditional sources of development capital;
- Fear of regulatory (government) and civil liability due to environmental contamination;
- Uncertain, lengthy timelines because of complicated environmental remediation and planning approval processes;
- Community and neighbourhood concerns associated with the compatibility of new development projects in established neighbourhoods.

⁵Should the project move forward, Kilmer will accept the environmental conditions of the lands “as is” (once due diligence is complete) and release the city and other affiliated parties from any liability that may result from known and unknown pre-existing environmental conditions that arise from further remediation and /or redevelopment work on the lands.

□ □

Based on a number of studies, the costs to develop brownfields are generally much greater than greenfields, due to its many challenges. **However, many of the challenges to brownfield development can in fact be overcome in a well-executed project that has an integrated planning and remedial strategy. This can create acceptable investment returns to the developer, while at the same time providing significant economic, environmental and social benefits for the community.**



Some of the information was retrieved from: *Regional Analytics, 2002, Figure 2, p. 76.*

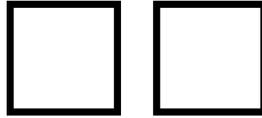
As identified by Kilmer, the Property was selected for potential redevelopment based on the following:

- Identified by the municipality as a site that is suitable for mixed-use intensification, and has market and builder interest;
- Large underutilized land parcel in key downtown location proximate to the Thames river, and existing neighbourhoods and parks;
- Established incentive opportunities including Community Improvement Plan for Brownfields.

It's also important to note that Kilmer supported the City's vision for the Property, and had indicated the following:

- Master Plan for redevelopment that will initiate the revitalization of this area of the City;
- Address the City's regulatory and civil environmental liability from historic site uses through an appropriate remediation and build out strategy;
- Connect the property with the Downtown Core, the Thames River and trail system;
- Mixed land uses with variety of building heights and build forms, including structured and at grade parking;
- Intensification of this site will include residential, commercial components (retail, office) and these will be part of the Master Plan discussion with the Planning Department;
- Respect existing site constraints including adjacent industrial/commercial land uses and their business operations;

⁶ Regional Analytics. 2002. "A Preliminary Investigation into the Economic Impact of Brownfield Redevelopment Activities in Canada", prepared for the National Roundtable on the Environment and the Economy. Burlington, Ontario.
<http://www.civil.uwaterloo.ca/maknight/courses/CIVE240-05/week8/brownfield%20report.pdf>



- Infrastructure servicing through the site and grades required to address floodplain because of proximity to the river.

ii. Environmental Benefits:

The environmental restoration and development of the Property will serve to improve the environmental quality of soil and groundwater in the area. The positive impact of this brownfield development on the environment is not limited to this particular site. Environmental restoration of the Property can have a cumulative positive impact on the environment, including the protection of groundwater resources⁷. There would be an improvement in the environment (soil and groundwater) by removal of contaminants, and therefore lowering the risk of contaminants migrating off site and potentially into the river. It's important to note that the redevelopment of brownfield sites lowers the pressure for greenfield development and urban expansion, as well as preserves the surrounding agricultural lands. In addition, mixed-use intensification projects yield greater efficiencies from an energy and resource perspective, they promote transit use, and are more sustainable.

iii. Economic Benefits:

An early study of brownfield redevelopment in Canada found that every \$1 spent in the Canadian economy on brownfield redevelopment generates approximately \$3.80 in total economic output in all industries in the Canadian economy⁸. More recent evaluations suggest the multiplier effects are much greater, but also difficult to measure consistently from project to project. Numerous other Canadian and U.S. studies have found that brownfield redevelopment can increase neighbourhood property values⁹. Redevelopment of the Property for residential, commercial and/or other uses represents an excellent economic opportunity for the City of London to significantly increase the property tax revenues. Furthermore, redevelopment of this brownfield site would help to promote neighbourhood stability and further neighbourhood revitalization. This is an opportunity to develop a strategically located property that would connect the property with the Downtown Core and the Thames River. It would also increase the values of surrounding properties and establish more residence to the downtown area. There would be increased employment opportunities from the redevelopment project itself, as well as from new uses on the site and in the surrounding area.

Based on preliminary initial estimates provided by Kilmer, it may be assumed that the project will generate the following return on investment;

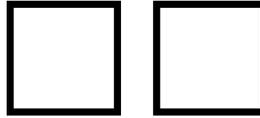
- Estimated creation of 500 full time long term jobs (office, retail and preserving London Hydro offices), and 400 short term jobs (land remediation, construction), subject to development potential;
- 300-400 New Residential Units (Provide a variety of housing types and land uses to attract a greater range of potential residents, family structures and income levels), subject to development potential;
- Property tax assessment: up to \$100+ Million at build out, subject to development potential;
- It's a catalyst to other sites that the City wants redeveloped and will enhance the downtown area.

Given the additional market and site constraint knowledge, revisions to these estimates are likely, however the site redevelopment will still create substantial full and part time

⁷ Regional Analytics. 2002. "A Preliminary Investigation into the Economic Impact of Brownfield Redevelopment Activities in Canada", prepared for the National Roundtable on the Environment and the Economy. Burlington, Ontario.

⁸ Regional Analytics. 2002. "A Preliminary Investigation into the Economic Impact of Brownfield Redevelopment Activities in Canada", prepared for the National Roundtable on the Environment and the Economy. Burlington, Ontario.

⁹ Environment Canada. 1998. "Rising Property Values on Hamilton's West Harbour front: Effects of Environmental Restoration on Real Estate Prices", adapted from Zegarac, M. and T. Muir (1998). "The Effects of RAP Related Restoration and Parkland Development on Residential Property Values: A Hamilton Harbour Case Study. Burlington, Ontario, Environment Canada.



employment, new residential uses, increased property taxes, and be a catalyst for new development in the area.

iv. Social Benefits:

The Property redevelopment may also generate significant social benefits. Based on an analysis of a dozen brownfield projects across Canada, the NRTEE (National Round Table on the Environment and the Economy) concluded that brownfield development can be an engine for urban renewal¹⁰. Case studies reviewed by the NRTEE showed that this renewal can take the form of:

- Neighbourhood, employment area and downtown revitalization;
- Improved aesthetic quality of the urban environment;
- Provision of affordable housing opportunities;
- Creation of recreational and public open spaces;
- Improved safety and security;
- An increased sense of community participation and civic pride.

The “Smart Growth Strategy” and the “Places to Grow Act¹¹” for the Province of Ontario specifically identifies brownfields as a priority for achieving intensification goals in municipalities. The redevelopment of 111 Horton Street East provides an opportunity to not only enhance the existing property, but also support to revitalize the neighbourhood, which may ultimately improve the quality of life in that area of the City. A redevelopment of this type has the ability to create a more sustainable and livable community.

In summary, the chart below discusses the factors that need to be considered in evaluating potential impacts of brownfield property redevelopment, especially as they relate to 111 Horton Street East (the Property).

FACTORS TO CONSIDER IN EVALUATING POTENTIAL IMPACTS OF BROWNFIELD PROPERTY REDEVELOPMENT ¹²	
Type of Benefit/Cost	Discussion
Economic Benefits	
Job Creation	Jobs created by the redevelopment (retail, office, construction, land remediation); 500 full-time, 400 part-time.
Increased Property Values in Surrounding Area and Redeveloped Brownfield Site	Increased property values will increase owner’s assets and the city’s tax revenues; property tax assessment: up to \$100+ Million at build out.
Urban Revitalization	Improved aesthetics in the area that will establish people to live work and play in the downtown core. Provide a variety of housing types and land uses to attract a greater range of potential residents, family structures and income levels: 300-400 New Residential Units.
Increased Utilization of Existing Infrastructure	Reduced pressure to provide infrastructure to outlying areas as urban sprawl is reduced; higher utilization of existing public infrastructure such as utilities, schools and transportation in the city.
Brownfield Remediation	Addresses the owner’s environmental liabilities and associated risks through site remediation to regulatory requirements.
Catalyst to Other Development	It’s a catalyst to other sites that the City wants redeveloped and enhance the downtown. Redevelopment has the potential to improve neighborhood quality and overall business conditions in the area.

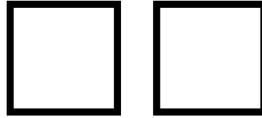
¹⁰ National Roundtable on the Environment and the Economy (NRTEE). 2003. “Cleaning Up the Past, Building the Future – A National Brownfield Redevelopment Strategy for Canada”. Ottawa, Ontario.

¹¹ The Places to Grow Act helps the Ontario government plan for growth in a coordinated and strategic way. http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_05p13_e.htm

¹² Some of the information has been retrieved from the Smart Growth Network and the Urban and Economic Development Division Office of Policy, Planning and Evaluation of the U.S. Environmental Protection Agency. AN INTEGRATED APPROACH FOR BROWNFIELD REDEVELOPMENT: A Priority Setting Tool, September 1996.

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Environmental Benefits	
Reduced Health and Ecological Risks	Evaluation of existing risks, based on the nature of contamination and exposures, and reductions in those risks resulting from remediation and redevelopment.
Prevention/Reduction of Contaminants	Improvement in environmental quality by removal of source contaminants, and therefore lowering the risk of contaminants migrating off site and towards more sensitive receptors.
Reduced Pressure on Greenfield Development	Redevelopment of brownfield sites lowers the pressure for greenfield development and urban expansion, as well as preserves the surrounding agricultural lands.
Increased Efficiency from an Energy and Resource Perspective	Mixed-use intensification are more sustainable; projects yield greater efficiencies from an energy and resource perspective, promote transit use and utilize existing infrastructure.
Social Benefits	
Neighbourhood revitalization	Neighbourhood, employment area and downtown revitalization; Creation of recreational and public open spaces; Improved safety and security.
Restored Sense of Control and Neighborhood Empowerment	An increased sense of community participation and civic pride.
Improved City Services	Increases in tax revenues generated by redevelopment may enable the city to provide better public services (e.g. transportation, recreation).
Aesthetics	Improved aesthetic quality of the urban environment.
Economic Costs	
Cleanup Costs and Timelines	Site remediation programs are costly with longer timelines and need to account for uncertainty.
Public Development Costs	Subsidies to business, building expenses associated with public projects, such as community centers, parks and open areas.
Infrastructure Improvements	Road access, utilities, and other conditions may need to be improved before development can occur.
Liability Assessment and Environmental Site Characterization	Understanding environmental liabilities requires site characterization involving environmental and ecological consultants and legal counsel.
Social and Environmental Costs	
Potential Future Human Health and Environmental Risks	Low-cost upfront remedial alternatives may have expensive longer term site management requirements and risks, particularly if land uses change.
Community Disruption	Site Demolition, cleanup and development may cause temporary disruption, risk and annoyance to nearby residents.
Neighborhood Compatibility	Redevelopment may have a negative impact on the community, if it occurs carelessly without proper stakeholder consultation.
Potential Ecological Impacts	Cut and fill on the site and proposed development options may impact identified ecological features and functions. Further detailed studies are required.



SECTION 2: CONSTRAINT AND GAP IDENTIFICATION

**Please note that Gate 1 “Investment and Economic Prosperity Committee (IEPC) Direction” was discussed in the background section of this report”. The Subject Land Status Report, the Reach Study, the Ownership of Land, and the London Hydro Relocation will move forward as concurrent gates.*

- i. Subject Land Status Report (Gate 2)
- ii. Reach Study (Gate 2)
- iii. Ownership of Land (Gate 2)
- iv. London Hydro Relocation (Gate 2)
- v. Separation Distances (D-series guidelines) (Gate 3)
- vi. Utility Relocation (900mm Sewer) (Gate 4)
- vii. Planning Application (Official Plan and Zoning By-Law Amendments) (Gate 5)

i. Subject Land Status Report (SLSR) (Gate 2):

A Subject Lands Status Report (SLSR) provides the necessary technical information to provide an assessment of the significance of the ecological features and functions of the lands. A SLSR also provides useful ecological inventory for consultants who will be completing an Environmental Impact Study (EIS). The Thames Valley Corridor Study¹³ provides some guidance for preparing the Subject Lands Status Report.

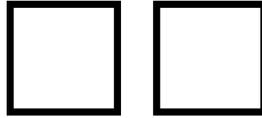
A Subject Lands Status Report was prepared in the Spring of 2013. Key findings of the Natural Resources Solutions Inc. (NRSI) Study were:

- The Candidate Significant Wildlife Habitat (CSWH) identified in the SLSR relate to the potential Turtle Wintering Areas in the bottom of Thames River itself, north of the Hunt Dam, and will not directly impact the redevelopment potential of the Property.
- The 3 Species at Risk (SAR) identified in the SLSR; Barn Swallow, and Chimney Swift and Wavy Rayed Lamp Mussel were not found directly nesting or breeding in the Property. The presence of these 3 SAR species adjacent to the Property does not present a significant constraint to redevelopment of the lands outside of buffers to the woodland and the Thames River that would be determined through an EIS process should a development proposal come forward.
- The potential 9 SAR that are known to occur in the area but not found in the 2013 searches would be reviewed through an EIS that would determine the potential for impacts on the 9 SAR species and recommendations for avoidance and mitigation of impacts at that time. Given that the 9 potential SAR are likely north of the Property or may be in the Thames River itself the presence of these species would not present a significant constraint to redevelopment of the developed lands outside of buffers to the woodland and the Thames River to be determined through the EIS process.

Should redevelopment and/or cut and fill operations be proposed within the trigger distances identified in the Official Plan (within 50m of the Significant River Corridor) an EIS would be required to review the Candidate SWH, the 3 confirmed SAR and 9 potential SAR as well as identify potential impacts and make recommendations for avoidance and mitigation of impacts at that time. Given that the 3 confirmed SAR, the 9 potential SAR, and the CSWH are primarily adjacent to the Property, the presence of these species and their habitats would not present a significant constraint to redevelopment of the developed lands outside of buffers to the woodland and the Thames River to be determined through an EIS process. It should be noted that the SLSR includes a three season inventory which will provide input into the

¹³ The Hydro Lands have urban re-development potential requiring special consideration and are considered “urban nodes” within the Thames Valley Corridor Plan (TVCP): “In its current use as a public utility, this site provides an opportunity to demonstrate a more positive relationship to the Thames Valley Corridor through site improvements, landscaping and buffer. Should the site become an area for redevelopment the design parameters noted for Urban Nodes and Edge Zones would apply, and better connections to the Thames Valley Parkway and river’s edge are needed.” The TVCP recognizes that urban nodes are unlikely to achieve the recommended 100m corridor width and should instead focus on ensuring that development is compatible with natural heritage objectives, implement sustainable design features and stewardship initiatives.

It is expected that these issues would be addressed during further stages of any development plan, but the principles should be identified up front as they may impact the extent of developable lands and the scale and extent and composition of development on those lands.



recommendations of the Environmental Impact Study.

Any major cut/fill proposal for the site that is within 50m of the river for the preparation of the site for future development will require an EIS. Once a cut/fill proposal and/or a development proposal has been prepared, an EIS for this site will take approximately 3 months to complete and be approximately \$30,000.

ii. Reach Study (Gate 2):

The subject site is 5.54 ha in size with a developable land area (outside of the regulatory flood plain) of approximately 1.46 ha located on the northern portion of the Property. The remaining 4.08 ha of land is within the flood plain lands and it is recommended to be filled prior to proceeding with any development. The preliminary developable area with consideration of appropriate geotechnical and erosion setbacks is proposed to be increased to approximately 4.60 ha based on placing approximately 50,000 cubic meters of engineered fill on the site. These preliminary estimates of land and fill quantity requirements exclude the possible land requirements for the sanitary sewer easement and would be refined and addressed upon considering the proposed development concept for the subject site. Any potential remediation work which may be required outside of the subject land will be addressed at the same time. Dependent on the development form, alternative retaining wall/earth embankment methods may be utilized along the edge of the river.

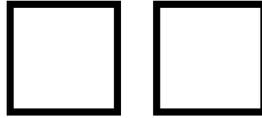
In order to implement placing of fill on the subject lands, an infill permit for the subject lands will be required to be issued by the Upper Thames Conservation Authority under Section 28 of the Conservation Authorities Act. This fill permit would be reviewed on its specific merits and the review would consider the applicable technical information and the approved policy of the UTRCA for administering the permit process. The application would be submitted upon completing the detailed design for the subject land servicing works, which would need to reaffirm and demonstrate that any possible hazards and impacts associated with this filling activity can be adequately mitigated. It has been successfully confirmed that the recommended infilling does not cause changes to timing, flow volume and peak flow discharge, and does not adversely impact the hydrologic characteristics of the Reach.

However, one of the possible impacts associated with the proposed infilling is a slight increase in erosion and channel velocities. Infilling in the floodplains has an important effect on downstream channel velocities. A small increase flow through the river channel may have an effect of a potential slight increase in downstream flow velocities. Should flow velocities possibly increase downstream, and if the existing river channel needs to compensate for the increases, potential additional erosion may occur compared to predevelopment conditions that will have to be adequately mitigated taking into account environmental impacts that are unknown at this time and would be the subject of further study.

A second issue may arise with scale and location of any cutting and filling of the lands adjacent to the river. The Subject Lands Status Report has identified species-at-risk that are protected by Federal and Provincial legislation and desirable wildlife habitat. The preferred cut/fill option will have to consider these issues.

Infilling the subject site may have similar consequences as described above. As the existing parking lot is filled (completely or partially), and the relief flow contribution may be reduced from the river system and slightly higher velocities may occur through a very small portion of the existing channel downstream. The possible consequence of infilling is a potential limited increase of higher velocities within the zone of hydraulic influence on the lands opposite the Property. During the detailed design for the subject land servicing, a detailed assessment as to whether the reported potential increase in velocity will have any adverse erosive tendencies on the slope through three dimensional hydraulic modelling, will be determined and appropriate mitigation measures be applied.

The estimated costs associated with infilling the property are approximately \$350,000-\$500,000 but are subject to further refinement based on the proposed development concept for the site as well as the site remediation undertakings. In addition, elevation may be raised using a combination of built form and fill, rather than only fill, this will be assessed and approved by the City through the redevelopment design process. Cost estimates associated with arresting further erosion and/or strengthening the slope opposite the Property such that the infilling does



not exacerbate erosion on the slope, may be provided upon undertaking appropriate geotechnical investigations on these lands.

Also, the estimated total Flood Plain storage reduction associated with the subject lands represents approximately less than 1% of the total drainage area, and if it is necessary, will be mitigated in the final detailed design by the proposed enhanced geomorphology modifications and bank treatments.

The considered approach of land filling/raising is to mitigate flooding conditions and be able to develop on these lands in order to minimize adverse impacts on the municipal/private infrastructure and to fill a portion of the flood plain lands have been used for more than 10 years on other City's projects such as:

- the Skyway Industrial Park Subdivision,
- Pottersburg Creek;
- municipal and private lands located at the southwest corner of Oxford and VMP,
- Stanton Drain remediation works; and
- A number of other cases on the private lands where the UTRCA granted approval for the recommended filling.

Any land filling/raising will be subject to written approval and UTRCA permits for the proposed works in accordance with Section 28 of the Conservation Authorities Act.

The proposed filling on the above-noted land and development of this brownfield development will deliver an extremely large public benefit that gives an opportunity to clean up these lands and reclaim environmental health of this portion of the Thames River and London's water resources which are some of our most treasured resources in Ontario and Canada.

iii. Ownership of Land (Gate 2):

The property at 111 Horton Street East has been acquired through a number of transactions over a number of years between 1910 and 1982. The title of the Property is complex due to the age of some of the agreements and the relationships among the City of London, the Public Utilities Commission (PUC), and London Hydro. The City, London Hydro, the PUC and are all separate legal entities. The City is the sole shareholder of both London Hydro and the PUC.

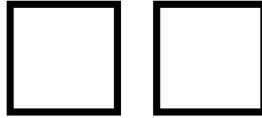
At the present time the Property is registered in the names of:

4. The Public Utilities Commission of the City of London
5. The London Public Utilities Commission, and
6. The Corporation of the City of London

The Property is assigned a single Property Identification Number (PIN) and is therefore considered a single property for the purposes of the land registration system. The PUC (owners 1 and 2 above) obtained title of the property generally in the north east corner of the site. The City obtained title to the balance of the site.

Following the 1993 amalgamation, there were discussions between the City and London Hydro with respect to ownership and allocation of assets (lands and buildings) in the vicinity of Horton and Ridout Streets. A 1995 proposal provided that title to the Property (111 Horton Street East) should be held for the undivided common benefit of both the City and London Hydro. This proposal also indicated that London Hydro would be responsible to manage the Property, including maintenance, security, repair and renovation of the building. It does not appear that the 1995 proposal was ever implemented, so title to the property remains in the names of the City, The Public Utilities Commission of the City of London and The London Public Utilities Commission.

Consequently, any decision to dispose of the Property will require agreement among the City, London Hydro, and the PUC.



iv. London Hydro Relocation (Gate 2):

London Hydro’s business is comprised of both an administration and service facility, and is presently located on the southeast corner of Horton and Ridout. The Property covers an area of 5.5ha (13.68 acres) and is fully utilized by Hydro’s current operations. The buildings on the site are wholly owned by London Hydro, and the land is owned by the Corporation of the City of London, the Public Utilities Commission of the City of London, and the London Public Utilities Commission. Based on preliminary estimates, it has been estimated by London Hydro officials that the cost of relocating the entire London Hydro operation will be at least \$40M (forty million dollars). However, since there are more studies and evaluations that are required this number is only a preliminary estimate. London Hydro has also estimated (based on their opinion) that any relocation will take from 5 to 7 years to complete. The exact timing will be dependent on site acquisition, construction of new facilities and the logistics of transferring active operating centers. For a new facility, London Hydro will need approximately the same amount of land as they presently have at the existing location.

Furthermore, it has been identified by London Hydro that relocating the business is complicated by several factors:

- A requirement to ensure service continuity, operational safety and grid reliability.
- A requirement to maintain full functionality in the:
 - Grid Control Center;
 - Data/Computer Center;
 - Network Operating Center; and
 - Communications Center.

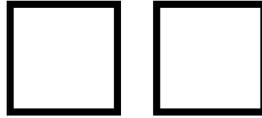
At the present time London Hydro is obligated under regulation to respond to customer calls within 60 minutes; however they strive to respond within 30 minutes. This will have an impact on site selection and may require construction of a satellite operations center. Other unique aspects of the current facility that figure into the relocation equation include the relocation of:

- a major electrical substation that is critical to the service reliability of the downtown core;
- standby generation and the reapplication for Certificate of Authorization and other associated zoning issues;
- two extensive development laboratories for smart meter and smart grid (Watts Lab) research;
- a new communications tower assembly;
- two 5kW solar arrays;
- a specialized cable processing facility;
- a fleet service center; and
- a fuel depot.

In addition to the physical logistics of site selection criteria, construction and the relocation of personnel and equipment, there is the aspect of financing the new facility and the related implications from a regulatory perspective. Given that the impetus for the move will be from the Shareholder, there is a substantial risk that the Regulator may not allow recovery of the cost in the normal fashion from the rate payers. Instead there is strong likelihood that London Hydro will have to finance this entire undertaking from unrecoverable debt. This will place London Hydro in a highly leveraged position impacting its financial performance and the dividends to the City.

Based on preliminary estimates provided by London Hydro, if the utility is required to relocate to a new site(s) it will cost upwards of \$40M, take 5 to 7 years to complete and impact financial performance and dividends to the City. However, it’s important to note, that in an effort to move the project forward, London Hydro is willing to consider a partial relocation subject to final review of the logistics and cost analysis associated with that move. At the present time, London Hydro is studying the option of relocating the operational part of the business including the storage and work yards, fuel depot, repair facility, workshops, operation center and other associated operational elements. Based on preliminary estimates provided by London Hydro, the cost to build and relocate to a new operations center may be upwards of \$20 million.

It may be of interest that a similar project, involving the relocation of various functions of a utility company, has been undertaken in Eugene, Oregon. EWEB (Eugene Water & Electric Board) in collaboration with the City of Eugene appointed a nine-member Community Advisory Team which helped guide the development of the EWEB Riverfront Master Plan. This plan envisioned



a mixed-use riverfront neighbourhood easily accessible to downtown. The property's land use classification was changed from industrial to mixed-use development. Overall, the intent of the project was to connect downtown Eugene with the Willamette River (for more information visit www.eugeneriverfront.com).

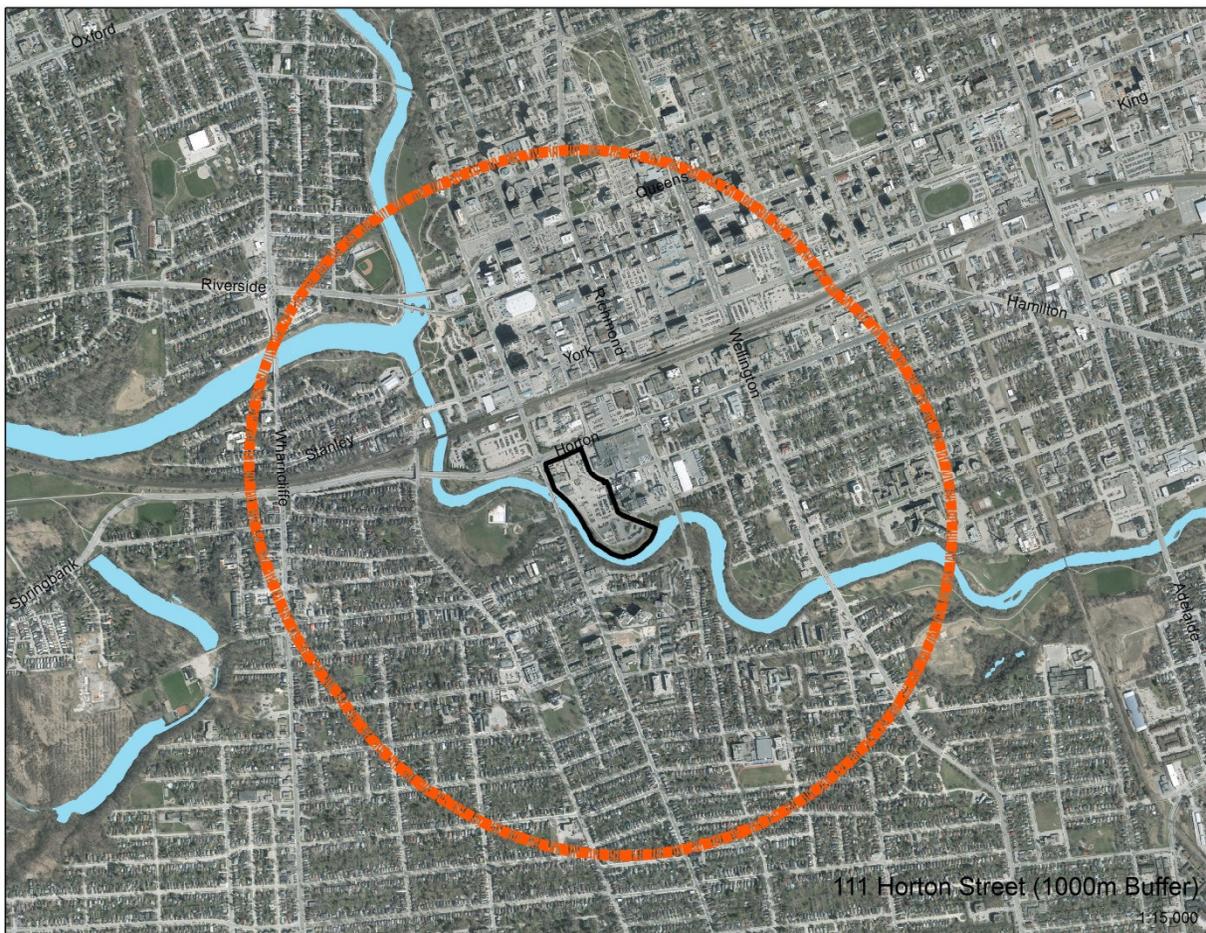
It's important to note that Kilmer Brownfield has indicated they would work around the London Hydro office buildings, as well as the ground sub-station, subject to proper due diligence. The only portion of the operations that would be required to relocate would be the maintenance and storage yard.

In repurposing the maintenance and storage yard as a mixed-use development, a pedestrian-oriented neighborhood and public open space, the proposal repairs a defining piece of London's urban fabric and reconnects the city and the river.

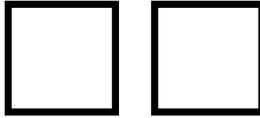
v. Separation Distances (D-series guidelines) (Gate 3):

The D-series guidelines were adopted by the Ontario Ministry of the Environment to assist municipalities in determining the appropriate procedures on separating industrial and sensitive land uses. The objective of the D-6 guideline is to prevent or minimize the encroachment of sensitive land uses on industrial land uses and vice versa to avoid possible adverse effects on sensitive land uses created by industrial operations. Sensitive land uses include residential uses, recreational space, and amenity areas of residential and community buildings. Given the large residential component contemplated in Kilmer's proposal, the redevelopment of the subject site would be considered a sensitive land use.

The D-6 Guideline categorizes industrial uses into classes (I, II and III) and identifies appropriate separation distances and buffer procedures to address adverse impacts. Breweries are classified as a Class III industry, the most restrictive class, requiring the greatest separation distances. For a Class III industrial use the recommended minimum separation distance is 300m with an area of potential influence of 1,000m.



An illustration depicting the 1,000m radius from the subject site



Under Section 4.10 of the D-6 Guideline there is a procedure when redevelopment, infilling and mixed use areas are at the centre of a development proposal and the recommended minimum separation distance cannot be achieved. This recognizes the value of redevelopment to a city's core. The subject site would be required to implement the procedures contained in the clauses of this section. Section 4.10 requires that proposals for redevelopment and infill be in accordance with Official Plan policies and the boundaries of the redevelopment area clearly defined. Any Zoning By-law amendments are to provide "use specific" zoning whereby the zoning is tailored to the development proposal.

In addition to these requirements, section 4.10 directs the municipality or the applicant to provide an impact assessment which evaluates the industrial processes and the potential for off-site impacts on existing and proposed sensitive land uses. The overall feasibility of the development proposal, from a land use compatibility perspective, would be based on the anticipated adverse impacts from each specific industry, and the effectiveness of the proposed mitigation measures to reduce impacts on sensitive lands uses. The feasibility analysis shall require detailed mapping which identifies sensitive and industrial land uses in the area; an assessment of the types of levels of contaminants; and, an outline of the mitigation measures followed by a public consultation session.

The cost to hire a consultant to prepare such a study is approximately \$20,000 and will take approximately 3 months to complete. It is assumed that this study would be conducted and paid for by the applicant prior to the submission of an application for an amendment to the Official Plan and Zoning By-law.

vi. Utility Relocation (900 mm Sewer) (Gate 4):

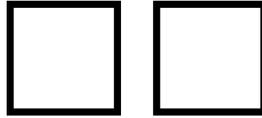
The Hunt Weir was built in 1854 and is located just south of the Labatt's brewery. It is a concrete structure that originally served to redirect river flow through a mill race associated with the Hunt City Mill. The lands where the mill and mill race once stood are now occupied by the Labatt's brewery. The Hunt Weir has been identified as a barrier to the passage of aquatic species along the South branch of the Thames River. The Hunt Weir also contains within it the 900mm Labatt Trunk Sewer.

The construction of the Labatt Trunk Sewer dates from 1936. The sewer serves a population of about 10,000 (including the health sciences facilities at Commissioners Road and Wellington Road) and is in good structural condition. To reroute this sewer around the site, essentially to unencumber the site of the sanitary trunk sewer, would cost in the order of ten million dollars.

At this time Kilmer has indicated they would work around the sanitary trunk sewer and provide a 16 meter wide easement (0.72 ha) with access to it. However, should their position on this matter change and the trunk sewer need to be moved, an appropriate source of funding, other than the Wastewater and Treatment utility rates, would need to be identified. The long range Wastewater and Treatment financial plan does not include this ten million dollar project. A high level estimate of time needed for this work to be designed and constructed would be in the order of three to four years (*Please refer to Appendix J: Easement Over Labatt Trunk*). This would have an impact to on the developable area and a site constraint to the overall design.

Should this existing sanitary trunk sewer be left in place it will be critically important to protect it. Therefore an easement over top of this sewer would be required. The easement is needed over the sewer in order to allow for its regular maintenance and eventual replacement. This easement needs to be wide enough to not only excavate for its replacement but to also to accommodate bypass pumping of the sanitary flow and safe movement of construction equipment. Based on preliminary discussions with the Sewer Operations Division, and based on past repair work completed on the trunk sewer, it was estimated that 16m would be the minimum needed width. That easement would require that nothing be built on it that would hamper future efforts to replace the trunk sewer. It's important to note that there are no lifecycle issues with the existing sewer.

Kilmer Brownfield has indicated that the Hunt Weir shall remain in place and that they would work around the sanitary sewer, subject to proper due diligence. The impact of the sewer line remaining on the site is that the developable envelope for this site shrinks and its location impacts the overall design.



vii. Planning Application (Official Plan and Zoning By-Law Amendments) (Gate 5):

In order to permit the mixed-use development proposal envisioned by Kilmer, the submission of a planning application would be required to amend both the Official Plan designation and Zoning By-law to evaluate the appropriateness of redevelopment of the site. This process would also evaluate the consistency of the proposed land use change to previous Council-adopted plans, including the SoHo Community Improvement Plan and the Thames Valley Corridor Plan, and may also precipitate amendments to these plans where inconsistencies arise.

Prior to the submission of a planning application by Kilmer, the applicant is required by by-law to submit a Proposal Summary to Planning Services outlining a written summary of the development proposal including the amendments being requested, the servicing requirements, and the financing implications to the City. The Proposal Summary is circulated to internal Divisions for review to determine what additional reports and studies are required to be submitted concurrently with the planning application. The concurrent submission of these additional reports and studies is important to ensure that all the relevant and required information pertaining to a planning application is available to enable Council and its delegated approval authorities to make informed decisions within the prescribed period of time and to ensure that the public and other stakeholders have access to the relevant information early in the planning process.

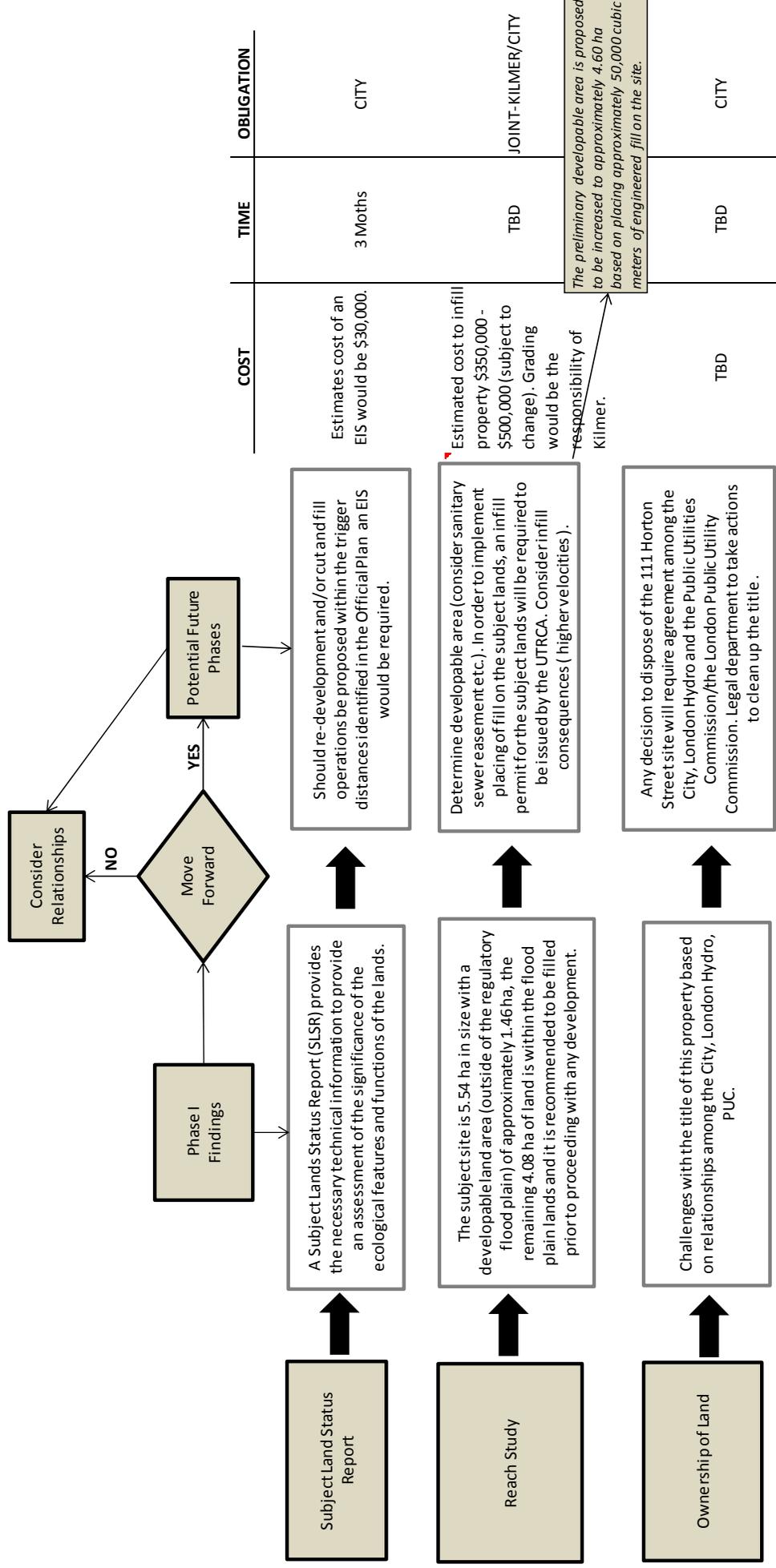
These additional reports and studies may include a: Planning Justification Report, Transportation Impact Assessment; Sanitary Servicing Report; Urban Design Brief; Record of Site Condition; Archeological Assessment; and, an Environmental Impact Study (for which a three season inventory has already been completed as part of the Subject Land Status Report). Additional reports being conducted on the feasibility of development on the site to satisfy the requirements of the D-Series Guidelines would also play a role in any planning analysis. These additional reports and studies would need to be completed by qualified professionals prior to the submission of an application to amend the Official Plan and Zoning By-law. The *Planning Act* also prescribes that prior to the City accepting a planning application as complete, that the applicant also pays the required fee. As of January 1, 2014, the required fee for a combined application to amend the Official Plan and Zoning By-law is \$15,000.

The planning application process would take approximately four to six months to complete. This time would begin only once the complete application is submitted (including the additional reports and studies and required fee) to allow for a thorough review of the development proposal. A conceptual site plan would also be required illustrating the anticipated built form and development limit of the site. The conceptual site plan would need to indicate how the proposed development would address the environmental and engineering constraints outlined in previous studies.

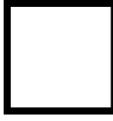
After an evaluation which includes input from various internal divisions, external regulatory agencies, stakeholders, and the public, a report is prepared by Planning Services and presented at a statutory public participation meeting of the Planning and Environment Committee prior to a final decision being rendered by Council. The decision of Council is subject to appeal to the Ontario Municipal Board which would increase the length of the approval period and Staff resources devoted to this development proposal. Additional Staff resources from Legal Services would also be required.

The chart below summarizes identified constraints and gaps of the project and presents future considerations with the associated costs/time

111 Horton Street East Project Constraint and Gap Identification



COST	TIME	OBLIGATION
Estimates cost of an EIS would be \$30,000.	3 Moths	CITY
Estimated cost to infill property \$350,000 - \$500,000 (subject to change). Grading would be the responsibility of Kilmer.	TBD	JOINT-KILMER/CITY
	<i>The preliminary developable area is proposed to be increased to approximately 4.60 ha based on placing approximately 50,000 cubic meters of engineered fill on the site.</i>	
TBD	TBD	CITY



London Hydro Relocation

London Hydro (administrative/service facility), the property covers 13.68 acres and is fully utilized any Hydro's current operations. Based on preliminary estimates the cost to relocate the entire London Hydro Operation would be at least \$40M, and take 5-7 yrs. to complete.

Separation Distances (D-series guidelines)

Bre weries are classified as a Class III, most restrictive class, requiring greatest separation distances (300m with an area of potential influence of 1,000m).

Utility Relocation (900mm Sewer)

The sewer serves a population of about 10,000 and is in good structural condition. To relocate the sewer would cost around \$10M, and take 3-4 years.

Planning Application: Official Plan and Zoning By-Law Amendments

Proposal Summary outlining a written summary of the development proposal (amendments, servicing requirements, financing implications). Submission of a planning application to permit mixed-use development.

Kilmer to work around London Hydro office buildings & ground sub-station, subject to proper due diligence. The only portion of the operations that would be required to relocate would be the maintenance and storage yard. Reengage with London Hydro to determine Scope, Cost and Time. An engineering study would be required to provide precise estimates.

A feasibility analysis will require additional information in order to make an assessment for allowing less than the recommended minimum separation distance (Mapping, Assessment of Types and Levels of Contaminants, Outline of intended Mitigation Measures, Public

Kilmer to perform due diligence on the site in order to confirm whether they would work around the sanitary trunk sewer and provide a 16 meter wide easement (0.72ha) with access to it.

Kilmer to prepare a Proposal Summary and a Planning Application. (The Proposal Summary may determine what additional reports and studies may be required to be submitted with the planning application. A conceptual site plan would also be required.

COST	TIME	OBLIGATION
Cost of study to move London Hydro yard TBD	TBD	TBD
\$20,000 Feasibility Study	3 Months	KILMER
Kilmer to perform the due diligence process at their own expense	TBD	KILMER
Application to amend the Official Plan and Zoning By-law is \$15,000 (Paid by Applicant).	4-6 Months (after application has been submitted)	KILMER

Planning Justification Report, Transportation Impact Assessment; Sanitary Servicing Report; Subject Land Status Report; Urban Design Brief; (Record of Site Condition; Environmental site characterization report; and, an Environmental Impact Assessment.

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CONCLUSION

The riverfront property, located at 111 Horton Street East (the Property), is located in an area that has the capability of reconnecting the river with the downtown core. The December 2011 Thames Valley Corridor Plan and the 2012 City of Opportunity: A Vision for Downtown document, both identified the Property as an opportunity for redevelopment. The Kilmer proposal envisions a unique place within the city where people can experience a beautiful stretch of the Thames River while enjoying the vibrancy of an active, thriving and sustainable neighbourhood in Downtown London. This vision for the property's reuse builds on aspirations to reconnect and unite the city with the river.

This report addresses both, the opportunities, as well as the constraints and gaps of the proposed redevelopment of the Property. In light of the positive value, under the understanding of potential cost and resource dedication, should the committee wish to proceed, Civic Administration **BE DIRECTED** to continue to investigate and work with identified project stakeholders in order move this proposed project forward, as this proposal may lead to a vibrant future for the downtown riverfront.

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PREPARED AND SUBMITTED BY:	REVIEWED AND RECOMMENDED BY:
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Attach:

- Appendix A - Letter from Kilmer with respect to 111 Horton Street
- Appendix B - Idea Name 'Remediation and rezoning to facilitate the redevelopment of 111 Horton Street East (the Hydro Lands)'
- Appendix C - Proposed Redevelopment of the London Hydro Lands Presentation
- Appendix D - Council Resolution, January 16, 2013
- Appendix E - Council Resolution, February 12, 2013
- Appendix F - Council Resolution, June 11, 2013
- Appendix G - Kilmer Brownfield Equity Fund L.P. - Presentation
- Appendix H - Council Resolution, June 25, 2013
- Appendix I - Council Resolution, September 17, 2013
- Appendix J - Easement over Labatt Trunk