

October 6, 2017

**XCG File No. 5-2705-13-03**

Mr. Graham Bailey  
Planning and Development Department  
The Corporation of the City of London  
300 Dufferin Avenue  
London, Ontario N6A 4L9

**Re: Business Case Submission for Brownfield Incentives, 32, 36, and 40 York Street, London, Ontario**

Dear Mr. Bailey:

### **1. INTRODUCTION, PURPOSE AND USE**

On behalf of Tricar Properties Limited (TPL), XCG Consulting Limited (XCG) has prepared the following business case submission for consideration by the City of London (the City) for funding under the City's Community Improvement Plan for Brownfield Incentives (CIPBI) for the remediation and redevelopment of the properties municipally identified as 32, 36, and 40 York Street in London, Ontario (collectively referred to as the subject site or property).

Based on information provided by TPL, XCG understands that the subject property is to be redeveloped with a 24-storey, 211-unit mixed-use tower. The subject site is approximately 0.39 hectares in size with approximately 67 metres of frontage on York Street, between Thames Street and Ridout Street North. The subject site was previously occupied by a parking lot and two commercial buildings and has been utilized for commercial purposes since at least the 1960s. The two commercial buildings have recently been demolished in preparation for site remediation and redevelopment activities.

This business case has been prepared for application CIPBI funding of the following programs:

- Development Charge Rebate;
- Property Tax Assistance;
- Tax Increment Equivalent Grant; and
- Contamination Study Grant.

This business case has been prepared for the City of London on behalf of Tricar Properties Limited. Any use or reuse of this document by parties other than Tricar Properties Limited or the City of London is at the sole risk of those parties.



## **2. PROJECT DESCRIPTION**

TPL is proposing to build a mixed-use residential, retail, and office tower on the subject site. The subject site is located on the edge of the downtown core on an existing Brownfield site. The construction project will re-develop underutilized lands that are formerly occupied by a parking lot and two commercial buildings to a higher and better use. The former buildings, which date from the mid-1940s to 1950s, were recently demolished to allow for the construction of the new structure. The new construction will comprise a 24-storey mixed-use tower, with commercial elements with dedicated entrances located on the ground floor, with the potential occupancy of a restaurant overlooking the neighbouring Ivey Park and Thames River. The next two floors would be utilized for office space to support the business community within the downtown core complex, and 211 units of residential space in the remaining 21 storeys of the tower. Parking sufficient for all occupants of the developed space will be provided through inclusion of a multi-level underground parking structure as part of the overall development.

The overall proposed development will contribute to the various goals of London's Downtown Plan, including support of the development and intensification of the residential community within the downtown core, revitalizing the economic atmosphere for future commercial opportunities, and providing a vibrant landscape for use of all residents of the City of London.

## **3. HISTORICAL LAND USE**

XCG was retained by The Tricar Group (Tricar) to complete Phase I and Phase II Environmental Site Assessments (ESAs) of the subject site. The purpose of the Phase I and II ESAs was for due diligence purposes prior to the purchase of the subject site. The work was also completed to support the future filing of a Record of Site Condition (RSC) with the Ministry of the Environment and Climate Change (MOECC) in accordance with Ontario Regulation (O. Reg.) 153/04.

Information reviewed as part of the Phase I ESA indicated that the subject site was developed for residential purposes in the late 1890s and early 1900s. The portion of the subject site municipally addressed as 36 York Street was subsequently occupied by a church/meeting hall between 1934 and 1967, a theatre between 1982 and 1987, and a commercial design studio between 1997 and 2012. The portion of the property municipally identified as 40 York Street was subsequently occupied by a dry cleaning and laundromat facility between 1962 and 1982, a Canadian Legion Hall between 1987 and 1997, and a commercial/light industrial glass sales centre between 2002 and 2012. Based on the findings of the Phase I ESA, the historic operation of the drying cleaning facility at the subject site was identified as an item of potential significant environmental concern. In addition to the historic site operations, historic neighbouring site operations including operation of a coal shed and gasoline service station on properties located upgradient of the subject site were identified as potential sources of impact to the soil and groundwater quality at the subject site.

The findings of the Phase II ESA indicated the presence of chlorinated solvents in the soil in the vicinity of the former dry cleaning facility; however, no groundwater impacts were detected based on groundwater samples recovered from monitoring wells installed throughout the subject site. In addition, petroleum hydrocarbons (PHCs) were detected in the southwest corner of the subject site and were interpreted to be associated with poor fill quality used during the



construction of the parking lot at 32 York Street. Further information related to the extent of impacts is provided in Section 4 below.

#### **4. SITE CONTAMINATION SUMMARY**

It should be noted that the current property owner, Tricar Properties Limited, has not contributed to the existing site contamination.

As noted above, XCG conducted Phase I and II ESAs at the subject site as part of due diligence activities prior to the purchase of the property by TPL. The Phase I ESA identified historical industrial operations conducted on-site included dry cleaning and laundromat services, as well as the off-site presence of a former coal shed and gasoline service station on upgradient neighbouring properties. As such, a Phase II ESA was conducted to further investigate the potential impacts to the soil and groundwater quality as a result of the historic on-site and off-site operations.

Based on the findings of the Phase II ESA, two areas of soil impacts were identified with concentrations greater than the MOECC soil quality standards for residential land use, fine textured soil in a non-potable groundwater condition (i.e. Table 3). Based on the analytical results, XCG estimated that approximately 700 cubic metres of chlorinated solvent-related impacted soil was present in the vicinity of the former dry cleaning operations and an additional 400 cubic metres of PHC-impacted soil is present in the southwest portion of the subject site.

The site buildings are scheduled for demolition in Fall 2017 which will facilitate the remediation of known soil impacts throughout the subject site. As detailed in the attached Table 1, the estimated total remedial costs are approximately \$270,000. This includes demolition of the building formerly occupied by the dry cleaning operation to facilitate access to the soil impacts, excavation and off-site disposal of all soil impacts and associated costs including laboratory analysis of confirmatory soil samples and environmental engineering services to support the remedial activities. Following completion of the remedial activities, XCG will update the necessary environmental assessment reports, as well as prepare and submit a RSC for the subject property on behalf of TPL.

Based on the known impacts present at that subject site as identified in the Phase II ESA and the project remedial costs to be incurred to meet the MOECC Table 3 soil quality standards, compensation of the remediation costs is required to ensure that the redevelopment of this under-utilized parcel by TPL is economically feasible.

#### **5. BROWNFIELD INCENTIVES**

##### **5.1 Development Charge Rebate Program**

Based on discussions with TPL personnel, XCG understands development charges will not be applicable for the subject site, as the footprint of the existing commercial buildings will be larger than the proposed construction.

##### **5.2 Property Tax Assistance Program**

The property tax assistance program allows 25 percent of the municipal portion of taxes to be canceled for up to three years while rehabilitation and redevelopment are taking place. As the



rehabilitation activities are to be completed within a short time period (i.e. less than two months), TPL will not pursue this part of the program.

**5.3 Tax Increment Equivalent Grant Program**

TPL is requesting consideration for tax relief under the Tax Increment Equivalent Grant Program. This program allows for 100 percent of the municipal tax increase (between the pre-development and post-development taxes) to be rebated for the first three years after an MPAC reassessment, up to the total remedial costs incurred for the rehabilitation of the subject property. At this time, TPL has estimated the post-rehabilitation taxes to be approximately \$865,000 per year. This will be re-evaluated following completion of the site rehabilitation and redevelopment.

**5.4 Contamination Study Grant Program**

The cost to complete the Phase II ESA for the subject property was approximately \$48,600. As such, TPL is requesting compensation under the Contamination Study Grant Program which includes 50% of the cost of the environmental study to a maximum of \$10,000.

**5.5 Grant Request Summary**

As noted above in Section 4, it is anticipated that the remedial costs associated with existing soil impacts related to historic site activities is approximately \$270,000. The total of the grant and rebates cannot exceed the Brownfield remediation costs. As such, the Tax Increment Equivalent Grant will be requested until such time as the Brownfield remediation cost is matched (depending on the MPAC reassessment following site rehabilitation). A financial contribution from the City is requested to facilitate the progress of this development project.

**Summary of Requested Incentives**

<b>Program</b>	<b>Estimated Requested Grant</b>
Development Charge Rebate Program	
Property Tax Assistance Program	
Tax Increment Equivalent Program	\$260,000
Contamination Study Grant	\$10,000
<b>Total</b>	<b>\$270,000</b>

**6. CLOSURE**

The following business case has been developed to support the request by Tricar Properties Limited to the City of London for support under the Community Improvement Plan for Brownfield Incentives in the remediation of the Brownfield property located at 32, 36, and 40 York Street. In accordance with the Brownfield Incentives Requirements, XCG and Tricar Properties Limited confirm the following with respect to the subject property:

- Tricar Properties Limited has not contributed to the environmental impacts present on the subject site.
- There are no outstanding taxes, municipal orders, or by-law infractions on the subject site.



- The Phase II Environmental Site Assessment report will be provided to the City of London for information purposes.
- The requested incentives are considered necessary to facilitate the remediation and redevelopment of the subject site in an economically feasible manner.

Based on the information presented herein, this business case outlines the components of the proposed development and confirms that the development will meet the objectives of the CIPBI for design and intensification and request the support of the City of London for the costs required for the remediation of the soil impacts present at the subject site under the Brownfield program.

We trust the enclosed submission is sufficient for your consideration at this time. If you have any questions, please contact the undersigned.

Yours very truly,

XCG CONSULTING LIMITED

A handwritten signature in black ink, appearing to read 'T. Williams'. The signature is fluid and cursive, with a large, stylized initial 'T'.

Tom Williams, B.A. Sc., P.Eng., QP  
President

cc: Adam Carapella, Tricar Properties Limited  
Chris Leigh, Tricar Properties Limited

Attachments: Table 1

***TABLE 1***

**Table 1  
Remediation  
Estimated Costs  
40 York Street  
London, ON**

<b>Task Description</b>	<b>Item</b>	<b>Unit</b>	<b>Qty</b>	<b>Rate</b>	<b>\$</b>	<b>Task Subtotal</b>
<b>Project Initiation</b>						
	Field Technician	hr	10	\$85	\$850	
	Project Manager	hr	20	\$135	\$2,700	
	<i>Task Subtotal</i>					<i>\$3,550</i>
<b>Remedial Activities</b>						
	Building Demolition (to provide access to impacted soil)	building	1	\$79,000	\$79,000	
	Excavation, loading, transport and disposal of non-hazardous soil (25% contingency on volume)	cubic metre	1375	\$120	\$165,000	
	Excavation Oversight of Excavation, Sample and Screening (man-days)	person-day	7	\$1,020	\$7,140	
	Project Management	hr	21	\$135	\$2,835	
	Field supplies (RKL, sampling supplies, camera, mileage)		1	\$600	\$600	
	<i>Task Subtotal</i>					<i>\$254,575</i>
<b>Lab Analyses</b>						
	Soil - BTEX, F1-F4 (eight excavation samples plus one QA/QC)		9	\$140	\$1,449	
	Soil - VOCs (10 excavation samples plus two QA/QC)		12	\$100	\$1,380	
	Methanol Kits		25	\$5	\$144	
	Sample Disposal		21	\$2	\$48	
	<i>Task Subtotal</i>					<i>\$3,021</i>
<b>Data Analysis / Report Preparation/Project Management</b>						
	Field Technician		24	\$85	\$2,040	
	Project Manager		28	\$135	\$3,780	
	Senior QA review		10	\$170	\$1,700	
	CAD (figure preparation in accordance with O. Reg. 153/04)		24	\$75	\$1,800	
	Word Processing		4	\$75	\$300	
	<i>Task Subtotal</i>					<i>\$9,620</i>
<b>PROJECT TOTAL (T&amp;M NTE basis)</b>						<b>\$270,766</b>

All subcontracted services (laboratory ) have a 5% mark up added  
All applicable taxes extra