

Report to Planning and Environment Committee

To: Chair and Members
Planning & Environment Committee
From: John M. Fleming
Managing Director, Planning and City Planner
Subject: 1156 Dundas Street – Property Tax Assistance By-Law –
Extension Request
Meeting on: June 17, 2019

Recommendation

That, on the recommendation of the Managing Director, Planning and City Planner, the following actions be taken with respect to the application made under the Community Improvement Plan for Brownfield Incentives by McCormick Villages Inc. (“McCormick Villages”) relating to the property located at 1156 Dundas Street:

- (a) the proposed attached by-law (Appendix “A”) being “A by-law to amend By-law No. C.P.-1520-548 being “A by-law to cancel a portion of the Municipal and Education taxes at 1156 Dundas Street” by changing the time period by which the Owner is required to file a record of site condition in the Environmental Site Registry” **BE INTRODUCED** at the Municipal Council meeting to be held on June 25, 2019”; and,
- (b) subject to the enactment of the by-law noted in a) above, the Civic Administration **BE DIRECTED** to forward the above-noted by-law and related Municipal Council resolution with an appropriate covering letter to the Minister of Finance for consideration.

Executive Summary

McCormick Villages is approximately 95% finished the environmental remediation work program at 1156 Dundas Street; however, McCormick Villages do not believe that they will be able to complete the remediation efforts and file the necessary record of site condition before the end of the rehabilitation period as required by the approved property tax cancellation by-law.

On behalf of McCormick Villages, the City will apply to the Minister of Finance for an extension to file the record of site condition for the property at 1156 Dundas Street. If the extension is granted, it will allow McCormick Villages to remain eligible for the cancellation of 25% of education property taxes. An amended by-law is needed to allow the filing of the Record of Site Condition within either of the Rehabilitation Period or Development Period and not just the Rehabilitation Period as prescribed in the by-law.

Discussion

1.0 Background

At its meeting held on May 2, 2017, Municipal Council resolved:

That, on the recommendation of the Managing Director, Planning and City Planner, the following actions be taken with respect to the application made under the Community Improvement Plan for Brownfield Incentives and the business case submission received from McCormick Villages Inc. (“McCormick”), relating to the property located at 1156 Dundas Street:

- a) a total expenditure of up to a maximum of \$2,500,000 in municipal brownfield financial incentives **BE APPROVED** and allocated under the

following three programs in the Community Improvement Plan (CIP) for Brownfield Incentives:

- i. provide a rebate equivalent to 50% of the Development Charges that are required to be paid by McCormick Villages Inc. on the project;
 - ii. provide tax increment equivalent grants on the municipal component of property taxes for up to three years post development; and,
 - iii. provide for cancellation of 25% of municipal property taxes for up to three years during the rehabilitation period and development period, as defined in the CIP;
- b) the Civic Administration BE DIRECTED to introduce a by-law at a future Municipal Council meeting after the draft Property Tax Assistance by-law has been reviewed by the Ministry of Finance, which will provide for the cancellation of 25% of matching Education taxes by the Province during the rehabilitation and development period; it being noted that this separate request is subject to evaluation and approval by the Minister of Finance;
- c) the Civic Administration BE DIRECTED to process the brownfield incentive application to provide for eligibility for tax increment equivalent grants for up to three years for the development project under the Brownfields CIP and up to the full 10 year term of the Tax Increment Grant Program of the Heritage CIP for the project;
- d) the applicant BE REQUIRED to enter into an agreement with The Corporation of the City of London outlining the relevant terms and conditions for the incentives that have been approved by the Municipal Council under the Brownfield CIP;

it being noted that the Agreement between the Corporation of the City of London and McCormick Villages Inc. will be transferable and binding on any subsequent property owner(s).

Further, at its meeting held on November 28, 2017, Municipal Council resolved:

That, on the recommendation of the Managing Director, Planning and City Planner, with respect to the application made under the Community Improvement Plan for Brownfield Incentives by McCormick Villages Inc. ("McCormick"), relating to the property located at 1156 Dundas Street, the proposed by-law appended to the staff report dated November 20, 2017 BE INTRODUCED at the Municipal Council meeting to be held on November 28, 2017 to cancel a portion of the Municipal and Education property taxes.

Approval from the Minister of Finance to cancel the matching education property taxes was received by a letter dated May 8, 2018.

2.0 Extension Request

The Property Tax Assistance Program provides tax relief through the cancellation of 25% of current municipal and education property taxes for up to three years during the site Rehabilitation Period and Development Period as defined under the Community Improvement Plan (CIP) for Brownfield Incentives.

The matching education component which is under the jurisdiction of the Ministry of Finance was applied for separately by the City on behalf of McCormick Villages.

The potential value of incentive that may be provided under the Property Tax Assistance Program is limited to 25% of current property taxes.

On May 8, 2018, the City received approval from the Minister of Finance for the application to provide relief in the amount of 25% of the education property tax for 1156 Dundas Street. The total amount of education property tax relief over the Rehabilitation Period and Development Period is estimated at \$9,854.

McCormick Villages and its environmental consultant, Englobe Corp. (“Englobe”) have been working diligently to remediate the site to allow for the conservation and adaptive re-use of the heritage designated McCormick’s Biscuit Company factory. As of writing this report, Englobe estimates 95% of the environmental remediation work program is completed (see Appendix B); however, McCormick Villages and Englobe do not believe that they will be able to complete the remediation efforts and file the necessary record of site condition before the end of the Rehabilitation Period as required by the approved property tax cancellation by-law.

As a result, with Municipal Council’s enactment of the attached by-law, the City will formally request on behalf of McCormick Villages, to the Minister of Finance that an extension be granted to allow Englobe to file the record of site condition within either of the Rehabilitation Period or Development Period.

This request will be made by a formal letter to the Ministry of Finance which will include the amended by-law, Municipal Council resolution, and Englobe letter.

If the request is denied by the Minister of Finance, McCormick Villages would remain eligible for the municipal property tax cancellation estimated at approximately \$18,000 over three years.

3.0 By-law Amendment

The only change to the by-law is to replace the existing section 9 with the following:

The Owner shall, within either of the Rehabilitation Period or Development Period, ~~18 months of the anniversary of the commencement of Tax Assistance,~~ or such later date agreed to in writing by The Corporation of the City of London and the Minister of Finance, file a record of site condition with respect to the Eligible Property in the Environmental Site Registry under section 168.4 of the Environmental Protection Act. The Owner shall, within 30 days, notify The Corporation of the City of London of the filing. Within 30 days after receiving the notice from the Owner, The Corporation of the City of London shall advise the Minister of Finance of the filing.

Prepared by:	Graham Bailey, MCIP, RPP Planner II, Urban Regeneration
Submitted by:	Britt O'Hagan, MCIP, RPP Manager, Urban Regeneration
Recommended by:	John M. Fleming, MCIP, RPP Managing Director, Planning and City Planner
Note: The opinions contained herein are offered by a person or persons qualified to provide expert opinion. Further detail with respect to qualifications can be obtained from City Planning	

June 7, 2019
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Appendix A

Bill No. (number to be inserted by Clerks Office)
2019

By-law No. C.P.-

A by-law to amend By-law No. C.P.-1520-548 being “A by-law to cancel a portion of the Municipal and Education taxes at 1156 Dundas Street” by changing the time period by which the Owner is required to file a record of site condition in the Environmental Site Registry.

WHEREAS By-law No. C.P.-1450-56, designated the lands within the City of London Urban Growth Boundary as a Community Improvement Project Area pursuant to Section 28(2) of the *Planning Act*, was passed by Municipal Council on February 6, 2006;

AND WHEREAS By-law No. C.P.-1451-70, being “A by-law to adopt the City of London Community Improvement Plan for Brownfield Incentives”, was passed by Municipal Council on February 20, 2006;

AND WHEREAS Section 365.1 of the *Municipal Act, 2001* enables municipalities to provide municipal property tax assistance in connection with a community improvement plan, and Minister of Finance approval is required before matching education property tax assistance will be provided;

AND WHEREAS McCormick Villages Inc., the registered owner of the property known as 1156 Dundas Street applied to The Corporation of the City of London for brownfield incentives including the cancellation of property taxes for this property, in accordance with the Community Improvement Plan and section 365.1 of the *Municipal Act, 2001*;

AND WHEREAS the property is located within the Community Improvement Project Area and is eligible for Tax Assistance pursuant to section 365.1 of the *Municipal Act*;

AND WHEREAS the subject property meets the definition of an “eligible property” as set out in subsection 365.1(1) of the *Municipal Act, 2001*;

AND WHEREAS the Municipal Council of The Corporation of the City of London enacted By-law C.P.-1520-548 being “A by-law to cancel a portion of the Municipal and Education taxes at 1156 Dundas Street” on November 28, 2017;

AND WHEREAS the Municipal Council deems it appropriate to amend section 9 of By-law C.P.-1520-548 to change the time period by which the Owner is required to file a record of site condition in the Environmental Site Registry;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. By-law C.P.-1520-548 be amended by deleting section 9 in its entirety and by replacing it with the following new section 9:

“9. The Owner shall, within either of the Rehabilitation Period or Development Period, or such later date agreed to in writing by The Corporation of the City of London and the Minister of Finance, file a record of site condition with respect to the Eligible Property in the Environmental Site Registry under section 168.4 of the Environmental Protection Act. The Owner shall, within 30 days, notify The Corporation of the City of London of the filing. Within 30 days after receiving the notice from the Owner, The Corporation of the City of London shall advise the Minister of Finance of the filing.”

2. This by-law shall come into force and effect on the date of passage.

PASSED in Open Council on June 25, 2019.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First reading – June 25, 2019
Second reading – June 25, 2019
Third reading – June 25, 2019



Email Correspondence

May 14, 2019

Corporation of the City of London
300 Dufferin Avenue
London, ON N6B 1Z2

Attn: Mr. Graham Bailey
Planner

Subject: Status Update
Environmental Site Remediation Work
Former McCormick's Facility, 1156 Dundas Street, London, Ontario

Dear Sirs:

At the request of our Client, McCormick Villages Inc., we have prepared this letter to serve as an update regarding the status of the Environmental Site Remediation Work completed to-date at the Former McCormick's Facility, 1156 Dundas Street, London, Ontario (subject property).

Based on the findings of previous Environmental Site Assessment work, the scope of the Environmental Site Remediation Work required at the subject property consisted of the following:

- the removal and off-site disposal of one (1) out-of-service underground fuel oil storage tank and associated liquid waste contents;
- the remediation of petroleum-impaired soils at four (4) locations on-site;
- the remediation of soils/fill materials impaired with Metals and PAH Compounds at three (3) locations on-site;
- the management of groundwater at one (1) location on-site impaired with Selenium and Vanadium; and,
- the assessment of soils and groundwater in the area of the four (4) in-ground hydraulic elevator systems, and the decommissioning/removal of the elevator systems and remediation of any associated environmental impacts.

The first four (4) above-noted components of the environmental site remediation work program are now complete. The out-of-service underground fuel oil storage tank, and its liquid waste contents and associated impacted soils and groundwater, the petroleum-impaired soils, and the soils/fill materials impaired with Metals and PAHs have all been remediated. During the final component of the program, the assessment of soils and groundwater in the area of the four (4) in-ground hydraulic elevator systems, an elevated concentration of petroleum hydrocarbons was detected in groundwater sampled near one (1) of the four (4) locations. Accordingly, Englobe is currently re-assessing the groundwater to confirm this previous finding, and if required, will develop an action plan to manage the petroleum-impacted groundwater. At this time, Englobe anticipates that the management (i.e. either the remediation or the management through risk assessment) of this groundwater issue at one (1) single location should be of minor consequence to attaining of the Record of Site Condition for the site.

To-date, Englobe estimates that greater than 95% of the environmental remediation work program is complete.

I trust this letter meets your current needs. Should there be any questions or the need for clarification, please do not hesitate to contact the undersigned.

Englobe Corp.

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Subject: Status Update
Environmental Site Remediation Work
Former McCormick's Facility, 1156 Dundas Street, London, Ontario

May 14, 2019

Yours truly,
Englobe Corp.



Kevin Barendregt, C.E.T., EP
Team Leader, Environmental Services

Englobe Corp.

