

Region of Waterloo
Planning, Development, and Legislative Services
Economic Development

To: Planning and Works Committee
Meeting Date: June 6, 2023
Report Title: Charles St. Terminal, Risk Assessment and Record of Site Condition Approach

1. Recommendation

That the Regional Municipality of Waterloo take the following actions as part of the Charles Street Terminal Visioning process:

1. Direct staff to proceed with a municipally led Risk Assessment (“RA”) and Record of Site Condition (“RSC”) process to address identified soil and groundwater contamination on the property in advance of a future Request for Proposal on the lands for redevelopment, as outlined in report PDL-ECD-23-010, dated June 6, 2023.

2. Purpose / Issue:

This Report provides a recommendation to Council on the approach to environmental remediation and completion of a Risk Assessment and Record of Site Condition for the site at 15 Charles Street West, Kitchener, following analysis of considerations associated with either a municipally led or proponent-led process, as committed to in Report PDL-ECD-23-003.

3. Strategic Plan:

Environmental Remediation for the Charles Street Terminal site supports the Environment and Climate Action Objectives 3.1 and 3.5 of the Regional Strategic Plan.

4. Report Highlights:

- **Risk Assessment Approach:** The recommended approach to address identified soil and groundwater contaminants on this site is through a Risk Assessment (“RA”) process to achieve Record of Site Condition (“RSC”).
- **Timeline:** General Timelines for an RA/RSC process range between 12 and 24 months, pending on the approval process directed by the Ministry. Starting the

RA/RSC process during the visioning process will allow the City/Region to dovetail the approvals timeline to work concurrent to the community engagement process for the site.

- **Financial Implications:** Total costs anticipated to achieve a RSC through a risk assessment range from \$50,000-\$150,000 depending on the extent of Ministry feedback. There is sufficient capital budget capacity in 2023-2032 Economic Development capital program (Project 99088; funded from the General Tax Supported Capital Reserve) to complete the work outlined in this report.
- **Development Restrictions / Risk Management Measures:** The benefit of the Risk Assessment process is that it allows contamination to be managed through the redevelopment process. The anticipated Risk Management Measures are not assumed to result in significant redevelopment restrictions.
- **Liability:** Liability risk to Region/City is greatly reduced by filing RSC with the Ministry of Environment, Conservation and Parks (“MECP”) prior to sale of property. Liability to the public is better mitigated through a Region/City led RSC process as it allows for greater input on Risk Management Measures.

5. Background:

As summarized previously in Report PDL-ECD-23-003, an environmental work program completed by MTE Consultants Inc. in 2022 identified environmental concerns in both soil and groundwater at the site. These results are not dissimilar to other urban infill sites with former industrial uses either on, or in proximity, but do verify the complexity of the redevelopment program.

Risk Assessment (RA) is a scientific tool that can be used for the assessment and management of environmental contamination to support Record of Site Condition (RSC) filing. A RA would develop Property Specific Standards, which are often less stringent than generic standards, by considering site-specific characteristics and implementing Risk Management Measures (RMMs) to reduce exposure and risk to acceptable levels.

The RA for the Charles Street Terminal will allow for an RSC to be filed and for redevelopment to proceed without full physical removal or treatment of contaminants, which would be difficult to achieve given the nature of the groundwater impacts. Instead, contamination will be managed during the redevelopment process through RMMs, such as the excavation and appropriate relocation and storage of contaminated materials during construction.

The RMMs resulting from an RA are not anticipated to result in significant redevelopment restrictions, but could include:

- Soil and Groundwater Management Plan for future excavations, which addresses appropriate relocation and storage of contaminated materials during construction.
- Restriction on the installation of potable wells (site is serviced with municipal water).
- A Health and Safety Plan for construction workers.
- Engineered Cap Barriers. Typical asphalt and concrete surfaces, including building foundations, driveways, etc., would likely provide sufficient cover. Fill cap consisting of clean soil may be required for any landscaped areas.
- Vapour Intrusion Controls to prevent indoor air concerns within future buildings. This requirement could be accomplished through an underground parking/storage structure across the entire building footprint, which would likely be part of redevelopment plans.
- Potential restriction on residential or daycare units on first floor of a future building. On review of this potential land use restriction to the property with City staff, it could be assumed that zoning of the site would likely encourage non-residential uses at grade, and the incorporation of a day-care facility on the property could be incorporated into a 2nd floor or upper floor space.

Total costs anticipated to achieve an RSC through a risk assessment range from \$50,000-\$150,000 depending on the extent of Ministry feedback. A consultant would be engaged to lead this work program. The current project budget can absorb these costs. In a municipally led process, the Region/City will pay directly for up front costs including any extra costs associated with additional fieldwork resulting from MECP reviews. It is anticipated that these costs would be assumed by the City/Region regardless of a municipally led or proponent-led process, given the likely application to the Brownfield Tax Increment Grant program. Additional costs associated with remediation are anticipated on the property through the construction program.

Additional costs are anticipated during the construction phase of the project related to remediation of soil, and potential dewatering of contaminated groundwater, along with ongoing RMM monitoring requirements. Staff will assess the appropriate mechanisms to address anticipated costs and will report to Council on a preferred approach.

The broader visioning process for the Charles Street Terminal project continues to progress. As outlined in report PDL-ECD 23-003, community consultation and technical studies are anticipated to continue over the remainder of the year. Initiation of the RA / RSC process in line with the current engagement program, will allow the project team to take advantage of the next six (6) to twelve (12) months to secure environmental approvals concurrently. Timing of a future RFP to the market will need to align with this work. A proponent-led process would delay the start of the RSC filing by at least a year, and in turn, construction start.

6. Communication and Engagement with Area Municipalities and the Public

Area Municipalities:

Regional staff have established an integrated working group with the City of Kitchener with representation from both organization's Planning, Economic Development, Housing, Equity Services, and Communications departments. The composition of this working group structure will be expanded to include (5) Community Connector roles starting this summer. These paid, temporary positions will bring broader community voices with relevant expertise or lived experience to the planning table.

The Working Group sets the framework for community engagement, and direction on analysis of technical findings, and informs the recommendations which will move forward to Council.

City staff are aware of and have reviewed this report coming forward to Regional Council, and will be communicating these materials with City Council in alignment with council meeting timelines.

Public:

Phase 1 & 2 of community-wide engagement is complete. The Charles Street Terminal ("CST") team is currently advancing Phase 3 of the engagement program including Visioning Labs and Community Roundtables throughout spring-summer 2023, with Phase 4 Design analysis and discussion commencing end of summer-fall 2023.

Progress updates on all technical analysis including the recommendation to proceed with a municipally led RA/RSC process on the site, will be included on the EngageWR page for the public.

7. Financial Implications:

The funds allocated for this work (\$800,000) were initially approved in the Region's 2022 capital budget. Costs incurred to date on this project amount to \$228,000, leaving a balance of \$572,000. The Region's approved 2023-2032 Economic Development Capital Program includes \$572,000 in 2023 for the Charles Street Disposition (Project 99088) to be funded from the General Tax Supported Capital Reserve.

Costs associated with engaging a consultant to lead the Risk Assessment and Record of Site Condition process and any associated additional testing on site (\$50,000-\$150,000) will be accommodated within the approved budget.

8. Conclusion / Next Steps:

The Working Group will engage a consultant to complete the Risk Assessment process and file applications for Record of Site Condition on this direction from Council. Urban

design analysis, financial modelling and community engagement will be completed over the course of 2023.

Staff will report to Council at key milestones in the project plan, and continue to evaluate the preferred consolidated ownership structure, and mechanism to address anticipated brownfield costs through the construction and development phases. Recommendations will be brought forward to Council seeking direction in the coming months.

9. Attachments:

Appendix A: Report PDL-ECD 23-003

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