



REGION OF WATERLOO

CORPORATE RESOURCES

Legal Services

TRANSPORTATION AND ENVIRONMENTAL SERVICES

Rapid Transit

TO: Chair Ken Seiling and Members of Council

DATE: November 24, 2010

FILE CODE: L07-03

SUBJECT: MULTIMODAL TRANSIT FACILITY LANDS – KING STREET WEST/VICTORIA STREET NORTH, KITCHENER

RECOMMENDATION:

That the Regional Municipality of Waterloo direct its solicitor, Frank Volpini, to convey to The Regional Municipality of Waterloo legal title to the lands described as;

- Lot 6, Plan 374; Part Lot 7, Plan 374; Part Lot 35 Streets & Lanes, Part Lot 36 Streets & Lanes being Parts 2 and 3 on 58R-3500, Kitchener, municipally known as 16 Victoria Street North, Kitchener;
- Lots 8, 9 and Part Lots 10, 11, 12, Plan 374, Lot 153 Streets and Lanes, being Part 1 on 58R-6453, Kitchener, municipally known as 50 Victoria Street North, Kitchener;
- Part Lots 10, 11 and 12, Lots 13, 14, and 15, Part Lane Closed by By-law 971978, Parts 2 to 9, 58R-6453, Kitchener, municipally known as 60 Victoria Street, Kitchener; and
- Lot 4, Plan 374, Part Lots 3 and 5, Plan 374, Part Lot 36 Streets and Lanes, Kitchener, municipally known as 510 King Street West, in the City of Kitchener.

SUMMARY: Nil.

REPORT:

Background

Numerous initiatives, including the Regional Transportation Master Plan and the Rapid Transit Environmental Assessment, highlight the importance of better connection between the Regional transit system and inter-city transit options such as inter-city bus, GO Train and VIA Rail. The corner of King Street West and Victoria Street North in downtown Kitchener has been identified as a prime location for such a multimodal transit facility. Properties in the area of King Street and Victoria Street (where the CN Railway tracks cross King Street) show strong promise for the site of a future Multimodal Transit Facility by providing a focal point for various modes of transportation, including GO Transit, VIA Rail, Greyhound, Grand River Transit (GRT), rapid transit, walking and cycling, as well as potential for supportive levels of mixed-use development.

A multimodal facility in the area of King Street and Victoria Street is integral to the recently approved *Moving Forward 2031 – Regional Transportation Master Plan* and the land use intensification envisioned in the new *Regional Official Plan*. In particular, the planned conversion of GRT from the existing radial system to a more efficient grid system will rely on the proposed multimodal facility to effectively move people around the Region and to provide connections for trips to/from the Greater Toronto Area.

GO Transit announced on November 12, 2010 that local commuters will be able to take a new train to Toronto by the end of next year. The initial GO train service will include two morning trains to Toronto Union Station and two return afternoon trains. Staff continue to work with GO Transit and VIA Rail on their initiatives to provide new/improved inter-regional services connecting Waterloo Region with major destinations along the Greater Golden Horseshoe and on how these services can be integrated at the proposed multimodal facility to create a place where an intensity of land uses and destinations interact with high quality, customer-oriented transportation service.

Property Purchases

In August 2007, Regional Council directed staff in closed session to implement a strategic land purchasing initiative for the rapid transit project and a Multimodal Transit Facility. Pursuant to this initiative a third-party agent was utilized for the negotiation of the purchase of certain strategic properties and an external lawyer to hold legal title "in trust" to the acquired properties for the Region in order to preserve the anonymity of the Region during land assembly negotiations. The objective of this approach was to avoid potential "price inflation" that might be associated with public knowledge of the Region's interest in acquiring the adjacent properties.

The *Environmental Assessment Act* permits the purchase of land before approval of an undertaking by the Minister of the Environment, in recognition of the need for proponents to take steps to mitigate price escalation and delays associated with land acquisitions. In so doing, careful attention is given to ensuring the integrity of the Environmental Assessment process while carrying out the strategic land acquisition initiative. To allow for unbiased comparison of alternatives through the Environmental Assessment process for the rapid transit project, the value of any properties acquired prior to finalizing the route and station locations was reflected in the evaluation as though they still were required to be purchased, and in this way, did not influence the technical assessment of technology, route and station locations.

For the purposes of the Multimodal Transit Facility, Regional staff identified and evaluated several candidate strategic properties in the area bounded by King Street West, Victoria Street North, Duke Street West and the CN Railway tracks. Please refer to the attached map (Appendix A). Consequently, the following properties were assembled:

- 510 King Street West, acquired in October 2010. Purchase price: \$1.35 million;
- 50 and 60 Victoria Street North, acquired in December 2008. Purchase price: \$3.2 million; and
- 16 Victoria Street North, acquired in May 2008. Purchase price: \$1.2 million

The purchase price paid for each of the properties was supported by independent real estate appraisal reports. The value of these lands collectively has been enhanced by a premium known as a "plottage value" because, assembled, these lands have a greater range of development potential/uses, broader market appeal and attract a higher order of developer. For illustration purposes, it is noted that the 3.3 acre parcel being developed by the Province of Ontario for the new courthouse project at the corner of Weber and Frederick Streets in Kitchener was acquired for \$10.7 million or \$3.176 million per acre, well above the \$1.917 million average price per acre that the Region paid for the assemblage at King Street West and Victoria Street North.

The land assemblage totals approximately 3 acres that spans the area between King Street West and Duke Street West, with approximately 240 metres of frontage along the CN Railway tracks. A parcel of this size, in the subject area, has a much increased and far greater range of potential redevelopment scenarios than any of the individual parcels. Further, the assemblage has strong appeal for attracting large developers interested in partnering with the Region in future redevelopment of the site.

The latest part of the land assemblage, being 510 King Street West, was acquired on October 29 2010. This Report is being brought forward at the earliest opportunity upon completion of that transaction. Staff now recommends that the Region proceed with conveyance of legal title from its trustee, Mr. Volpini, a local lawyer, to the Region.

Next Steps

With Council approval, the next steps will involve:

- Refining the development and strategic objectives for the new multimodal facility. These objectives will become the foundation for all future steps. This process will further investigate and confirm a number of issues including: expected users and functional requirements of the facility; commercial opportunities; and cost and revenue analysis.
- Preparing a conceptual plan and undertaking studies on how the facility will operate and how the Region's requirements can be accommodated on the lands, as well as how these requirements interrelate with other redevelopment opportunities, such as office or commercial density on these lands. This process will result in a project definition.
- Developing a Business Case for the lands. This would include studies on development potential, financial analyses (e.g. costs and revenues), transaction analyses (e.g. own or lease, financing, and payment scheme) and risk assessment. This would become an essential component of future procurement documents.

It is expected that these steps could take over 2 years, from now to the beginning of the construction that will redevelop the assembled lands into a Multimodal Transit Facility and ancillary land uses.

CORPORATE STRATEGIC PLAN:

One of the goals of the Corporate Strategic Plan is to ensure that infrastructure necessary to support economic objectives is in place.

FINANCIAL IMPLICATIONS:

Funding for land acquisitions that occurred in 2008 was provided through capital projects approved by Regional Council. Funding for the acquisition in 2010 was provided through the Council-approved capital budget for property acquisitions and other activities related to the rapid transit project and associated multimodal facility.

OTHER DEPARTMENT CONSULTATIONS/CONCURRENCE:

Corporate Resources, Finance, Transportation and Environmental Services staff have been consulted in the preparation of this report

ATTACHMENTS

Appendix A – Location Map

PREPARED BY: *Darshpreet Bhatti*, Manager, Rapid Transit Engineering
Tom Penwarden, Administrator, Real Estate Services

APPROVED BY: *Thomas Schmidt*, Commissioner, Transportation and Environmental Services
Gary Sosnoski, Commissioner of Corporate Resources

Appendix "A"

