

To: York Region Rapid Transit Corporation Board of Directors
From: Mary-Frances Turner, President
Subject: Request for Proposals and Pre-Approval to Award
Environmental Remediation Services for
Procured/Expropriated Land on Davis Drive

Recommendations

It is recommended that:

1. The President of York Region Rapid Transit Corporation be authorized to release a request for proposals for the remediation of environmental and occupational health and safety issues related to expropriated properties along Davis Drive.
2. The Chief Executive Officer and President of York Region Rapid Transit Corporation be authorized to enter into all necessary agreements to effect the award of work to the successful proponent.
3. YRRTC staff report back to the Board through the Quarterly Project Status Report on the outcome of the procurement process.

Purpose

The purpose of this report is to:

- Obtain pre-approval of the award of contract for environmental remediation services for expropriated/procured land on Davis Drive

Background

The Region now owns approximately 125 parcels of land along Davis Drive

- 3 properties were acquired through purchase/sale agreements and 122 were acquired through expropriation. The prior uses of the properties range from residential to commercial, inclusive of gas stations.
- Expropriated properties have had, or are in the process of having Phase 1 and Phase 2 Environmental assessments and hazardous material surveys conducted, as appropriate, to identify issues related to such things as contaminated soil, and building-specific matters such as containment and proper disposal requirements for hazardous material; for example, asbestos insulation.

Property Services is responsible for handing property over to the Rapid Transit project free and clear of buildings and structures

- Property Services will procure appropriate services to demolish any standing structures on properties owned by the Region. The Phase 1 and Phase 2 environmental assessments and hazardous materials surveys are provided to the demolition team to inform them of any contamination and hazardous material issues.
- The Rapid Transit office is responsible for any environmental remediation that is necessary on the lands, post-demolition.

Analysis

We must move expediently to ensure that land is in a state of readiness for construction

- A number of sequential activities must occur to ready land for utility relocation and/or construction:
 - Transfer of title to York Region.
 - Permission to Enter properties for which the Region owns but does not yet have possession (for Environmental assessment purposes).
 - Environmental Assessments – Phase 1 and Phase 2, where necessary as per recommendations from the Phase 1 assessment. These are being coordinated through Borden Ladner Gervais LLP.
 - Demolition Services procurement by Property Services. The service provider needs to be informed of environmental conditions identified in the Phase 1 and Phase 2 environmental assessments and hazardous materials surveys to properly resource the demolition and mitigate environmental risks.
 - Further to the findings of Phase 1 and Phase 2 environmental assessments and hazardous materials surveys, environmental remediation services need

- to be deployed, where necessary to deliver the land in an environmental condition that meets accepted practices.
- Environmental remediation services will be able to commence once the site has been cleared of existing buildings.

YRRTC will work with Metrolinx to ensure that the procurement process used meets the funding requirements

- Staff will work with Metrolinx on a procurement process that meets Provincial/Metrolinx policy and protocols. This process may be that outlined in York Region's purchasing by-law; a process specific to Metrolinx/the Province; or a hybrid of the two.
- A request for proposal will be developed and will be evaluated based on both qualitative and quantitative elements consistent with guidelines approved by Metrolinx in a manner that promotes openness, fairness and transparency.

Finance

Section 25 offers under the Expropriations Act, contemplate environmental remediation costs and will result in a nil offer, where remediation costs are deemed to be higher than the market value of the property

- Properties are identified for Phase 2 environmental audits based on the outcome of Phase 1 audits.
- Phase 2 environmental audits provide an assessment of the risk and environmental remediation costs to better inform the Section 25 offer.
- The market value of a property is adjusted downward to reflect all or a portion of the remediation costs.
- The portion of the remediation costs that a private owner would have had to allow as a credit against market value in a private transaction (chargeable portion) will be a deduction from the market value the Region pays. Usually this will be 100% of the remediation costs.
- Where remediation costs are deemed to be equal to or higher than the market value of the property, a nil Section 25 offer will be made.

The Land budget contains a 22% contingency over market price

- To account for legal fees and injurious affection, a 22% contingency rate has been applied to the estimated market value of land, for budget purposes.
- It is anticipated that this contingency should cover the cost of any remediation cost deficit.

Funding for the property has been secured in the Metrolinx Memorandum of Agreement

- Metrolinx has approved a project budget of \$67.5 million for properties procured along Davis Drive by December 31, 2009.

Conclusion

- York Region recently acquired approximately 125 parcels of land along Davis Drive in Newmarket, some of which may require environmental remediation to ready the site for construction.
- YRRTC intends to consult with Metrolinx to define and confirm the procurement process necessary for services for environmental remediation such that funding is not compromised and the process is open, fair and transparent.
- Pre-approval of the award of contract will streamline the remediation process.
- Staff with report back to the YRRTC Board through the Quarterly Project Status report.

For more information on this report, please contact, Susan Tuckey, Chief Finance and Strategy Officer/Treasurer, York Region Rapid Transit Corporation at 905-886-6767, Ext. 1015.

Mary-Frances Turner
President

Date signed

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