

Staff Report



Development Services Department

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REPORT TO: Finance and Corporate Services Committee

DATE OF MEETING: April 22, 2024

SUBMITTED BY: Cory Bluhm, Executive Director of Economic Development
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PREPARED BY: Cory Bluhm, Executive Director of Economic Development
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WARD(S) INVOLVED: Ward 9

DATE OF REPORT: April 11, 2024

REPORT NO.: DSD-2024-144

SUBJECT: Charles Street Terminal – Memorandum of Understanding

RECOMMENDATION:

That the General Manager of Development Services be authorized to enter into a Memorandum of Understanding with the Region of Waterloo pertaining to the pre-development work on the Charles Street Terminal lands, including any additional approvals/documents required to facilitate the pre-development work, as described in report DSD-2024-144, with said documentation to the satisfaction of the City Solicitor.

REPORT HIGHLIGHTS:

- The purpose of this report is to authorize a Memorandum of Understanding with the Region of Waterloo that outlines the responsibilities and cost sharing structure of the joint work of the City and Region to prepare the Charles Street Terminal Lands for a future redevelopment.
- The key finding of this report is that a range of pre-development work is required in order to prepare the Charles Street Terminal lands for future redevelopments. As the Region and City each own a portion of the lands, the City will contribute accordingly.
- The financial implications are that the City will cover a proportionate share of the costs of pre-development work, paid to the Region at the time the land is sold.
- Community engagement includes an ongoing and extensive engagement process as part of the overall redevelopment of the Charles Street Terminal.
- This report supports **the delivery of core services**.

BACKGROUND:

The Region of Waterloo owns approximately 2.59 acres (88%) of 15 Charles Street West (Charles Street Terminal) and the City of Kitchener owns a 0.35-acre (12%) parking lot as part of the approximate 2.94-acre block. In June of 2021, Council directed City staff to collaborate with the Region to advance technical work for the Charles Street Terminal lands

(DSD-2021-95). Accordingly, Region and City staff have been collaborating on a comprehensive community engagement process. Simultaneously, the Region has led a range of pre-development work (ex: Phase 1 and Phase 2 Environmental Site Assessment) with City support. Council also directed staff to report back with a more detailed “Memorandum of Understanding”, which is the subject of this report.

REPORT:

The City and Region have been working collaboratively toward a future disposition and redevelopment of the overall Charles Street Terminal lands, to which the City owns a portion thereof. As the majority landowner, the Region has acted as the project lead with City staff supporting in various capacities.

City and Regional staff have developed a ‘Memorandum of Understanding’ (MOU) which outlines the obligations of each municipality, including the following terms:

- City staff shall participate in all applicable processes and provide any available documents pertaining to the lands;
- The Region shall be the final decision maker on consultant selections with the City providing input;
- The Region will lead all processes/preliminary work;
- The Region will carry all costs for preliminary work. At the time the land is sold to a purchaser, the Region will deduct the City’s portion of expenses from the purchase value. Should both Councils decide to discontinue the Charles Street Terminal process, resulting in no sale of the land, the City will reimburse the Region for its share of expenses incurred to that point; and,
- The signing of an MOU does not constitute approval by either Council of the future development of the Charles Street Terminal Lands, as such decisions will be subject to future Council deliberations.

Costs

The MOU further refines the anticipated costs of preliminary work which includes an extensive community consultation process. The total cost is estimated at \$840,000. This work includes, but not limited to, environmental work, technical studies, urban design briefs and a heritage impact assessment. City and Regional staff have agreed that costs associated with community consultation should be shared equally (with the City paying 50%) and costs associated with all other preliminary work to be proportioned to the percentage of land ownership (with the City paying 12%). The estimated City costs would be up to \$120,000.

This report seeks Council authorization for staff to enter into the MOU with the Region to guide this preliminary phase of work as described above. As certain preliminary works may require administrative or technical approvals by the City, staff recommend the General Manager of Development Services be authorized to make such decisions on Council’s behalf, subject to the satisfaction of the City Solicitor. Any decisions that would result in significant financial impact to the City would be referred back to Council.

STRATEGIC PLAN ALIGNMENT:

This report supports **the delivery of core services.**

FINANCIAL IMPLICATIONS:

Capital Budget – In 2021, Council had authorized up to \$100,000 from the Economic Development Reserve to cover costs associated with preliminary work. Staff are now recommending that the City's costs would be reimbursed to the Region through the future land sale revenue for its portion of the lands. Should a land sale not occur, Council will be presented with options for covering incurred expenses, such as the Economic Development Reserve. City costs are now estimated to be up to \$120,000

Operating Budget – The recommendation has no impact on the Operating Budget.

COMMUNITY ENGAGEMENT:

INFORM – This report has been posted to the City's website with the agenda in advance of the council / committee meeting.

CONSULT – The Region and City have been collaborating since 2021 on a comprehensive community consultation to guide the future redevelopment of the Charles Street Terminal lands.

COLLABORATE – If applicable.

ENTRUST – If applicable.

PREVIOUS REPORTS/AUTHORITIES:

Report DSD-2021-95: Council endorsed a set of guiding principles and directed staff to collaborate with the Region to advance preliminary work on the Charles Street Terminal Lands. Staff were directed to report back with a more detailed 'Memorandum of Understanding'.

APPROVED BY: Dan Chapman, Chief Administrative Officer

ATTACHMENTS:

None.