

# Property Management at Ontario Hydro Lands

by Ken Crombie

In order to give some insight into the property management function at Ontario Hydro, it is worthwhile to look at the past, the present, and the future and to outline the various types of property management transactions with which we are involved.

Prior to 1972 the property management function was handled by the head office staff in Toronto. It was generally a reactive type of management whereby the staff responded to requests received from the private and public sectors. There was some planned work but because of the volume of requests, and the expanding economy during the 50s and 60s, there was very little time for effective planning by the staff.

Consequently efforts in disposing of surplus lands and promoting secondary uses of our lands was not given the priority that it required. It was during this period that our head office staff developed its expertise in the property management field and began to formulate practices and policies. These practices and policies were very necessary as we are a public organization and we handle property management issues across the province. It is very important for us to deal with every issue in a fair and uniform manner.

In 1971 a study team was formed to identify those activities that could be performed more effectively by the regions. At this point I should explain what is meant by 'regions.' Ontario Hydro has a head office in Toronto, seven regional offices and 57 area offices. The seven regional offices are located in Toronto, Hamilton, London, Belleville, Barrie, North Bay and Thunder Bay.

In 1971 we had a property group in each of the regional offices. Its responsibilities were limited and were mainly directed to the securing of property rights for the construction of pole lines. The study team that was formed in 1971 developed the philosophy that the Hydro

employee closest to the property and possessing the necessary skills should perform the activity. Using this philosophy, a number of recommendations were put forward and it was decided to decentralize the bulk of the property management activities to the regional offices. In 1972 an implementation program was developed for each region, i.e., training, staffing, timing, etc.

That brings us very quickly to the present. The property management function in our head office is now limited to functional guidance and assistance to the property groups in each region. We establish policies, develop procedures and assist the regions when required in their property management activities and audit their major proposals. During the decentralization period, a property management manual was put together and this document has become the bible for the staff performing the property management function in the regions. It is revised and updated as required by the staff in our head office as part of their ongoing functional guidance.

The head office group has undertaken and implemented a number of studies and policy reviews over the past five years, with some studies currently being worked on and a number scheduled for review this year and beyond.

The decision in 1972 to decentralize the property management function would appear to have been a good sound decision. We now have staff around the province who are familiar with local conditions, can respond quickly to local requests, give a more direct and personal service to the community and last but not least, improve the Hydro image through increased local contact. As noted previously, the head office group is a policy setting group and generally does not become involved in the day to day property management activities. This is another plus for decentralization as it permits the head office group

to look at problem areas in isolation but not without having concerns for the whole provincial picture.

Where are we headed in the 1980s with the property management function? In our crystal ball gazing we see an expanded use of Hydro lands by the private and public sectors. We are feeling the effects of some new uses of our lands now, for example: storm water detention ponds. These ponds are used in severe storms to take the excess water from storm sewers. The pond holds the water and when the storm has subsided and the normal storm sewers empty, the ponds are drained. We see an expanded use of our lands for parks in urban centres: the possible use of our lands for transportation corridors, for suburban commuters and for surface transportation from Ottawa to Windsor. The possible use of our lands around thermal and nuclear generating stations for agri-parks where the hot water from the stations is used to heat greenhouses for the growing of fresh vegetables 12 months of the year.

In disposing of surplus lands we may become involved in the development of the parcel. In other words, we will be a partner in the development not only with the surplus lands but also with the operating lands adjacent to the surplus parcel. These are just a few of the areas we can anticipate being involved in during the next ten years. It is by no means a complete list and before we could become involved in some of the uses of our lands Hydro will require a thorough examination of its future uses.

Ontario Hydro becomes involved in a diverse number of transactions: leases, licences on agricultural lands, orchards, market gardens, nurseries, tobacco lands, municipal parks, car parking in conjunction with commercial business, municipal lots for subway patrons, churches, apartment buildings and shopping plazas.

We have a number of residential homes on existing rights-of-ways which we lease. We grant rights for watermains, sewers, hydro carbon pipelines, pole lines, rail sidings and detention ponds. We sell lands which are surplus and we sell lands which are not—road widenings, highways, etc.

The management of Ontario Hydro-owned properties and various rights are subject to provisions of the Power Corporation Act. In addition other statutes which are particularly applicable include: the Landlord and Tenant Act, the Expropriations Act, the Municipal Act, the Drainage Act, the Line Fences Act, the Weed Control Act, the Assessment Act, the Planning Act, the Local Improvement Act, etc., as well as municipal by-laws and zoning regulations. Within these acts the administration of the property management activities are governed by corporate policy and direction.

One of the most important policies in the property management function is good public relations, developed and maintained during direct contact and correspondence, providing fast and courteous service with appropriate supportive agreements. Cooperative assistance is necessary with many organizations, such as federal and provincial government agencies, railways, pipeline companies, municipalities, developers, farm groups and the general public for mutual benefits.

A fundamental policy is to attempt to optimize revenue income by the most feasible utilization of Hydro's properties, minimize maintenance and management costs with the application of accepted administrative practices, and to develop strategies which contribute to the economic/social benefit of the corporation. For many management transactions there are set rates to be applied or charges which may be based upon an appraised value, and may include taxes or a portion thereof. On some transactions nominal or minimal charges apply. The revenue derived is determined by some of the following conditions, depending on the nature and type of transaction: previous practices or agreements of a reciprocal nature with outside organizations for joint or shared facilities, arrangements with pipeline companies under approved policies, executive policy decisions, the minimizing of rights-of-way maintenance, legal constraints and government statutes, current market interest rates, cost of relocating facilities or buildings, conditions established at time of acquiring property, an appraisal which considers land value, physical condition of buildings, reimbursements for Ontario Hydro costs, and the exchange of property based on a current appraisal. Overall, Ontario Hydro attempts to ensure that its charges adequately reflect the current demand, and

local market conditions applicable to the optimum use of the property.

In 1975, Ontario Hydro owned approximately 130,600 acres and enjoyed easement rights over another 133,400 acres. By the end of 1980 we owned approximately 136,300 acres and we enjoyed easement rights over another 153,700 acres. Our grants in lieu of taxes in 1975 were \$12,234,000. In 1980 they were approximately \$29,000,000.

For the first three quarters of 1980 we derived \$2,817,000 for our continuing annual payment agreements, leases, etc. and from our single payment agreements and sale of land \$3,295,000. Totalled together for the first three quarters of 1980 we have revenue of \$6,112,000. We consider that a sizeable income.



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