

TO:	CHAIR AND MEMBERS FINANCE AND ADMINISTRATIVE SERVICES COMMITTEE MEETING ON DECEMBER 12, 2011
FROM:	TOM JOHNSON MANAGING DIRECTOR - CORPORATE ASSETS
SUBJECT:	OFFER FROM DANCOR FOREST CITY INC. TO PURCHASE PARTS 4 AND 6 , PLAN 33R-15731 FOREST CITY INDUSTRIAL PARK

RECOMMENDATION

That, on the recommendation of the Managing Director - Corporate Assets, on the advice of the Manager Realty Services, with respect to the offer submitted by Dancor Forest City Inc. to purchase approximately 8.0 acres of land located on the northwest corner of Cheese Factory Road and Wilton Grove Road, described as Parts 4 and 6, Plan 33R-15731, as shown on Schedule "C" to this report, the following actions **BE TAKEN**:

- a) accept the offer submitted by Dancor Forest City Inc. to purchase from the City the land noted above in the amount of \$520,000.00, reflecting a price of \$65,000 per acre;
- b) the attached proposed by-law be introduced at the Municipal Council Meeting to be held on January 10, 2012, to approve this transaction and to authorize the Mayor and the City Clerk to execute the Agreement of Purchase and Sale.

BACKGROUND

Prospective Company

The offer is from a design/build company that has secured a long-term lease with a well-known small package courier company to construct a 58,000 square foot distribution facility, representing a building coverage of 16.6 percent (16.6%). A \$65,000.00 deposit has been received and deposited by our Finance Department.

Projected Employment

The initial facility will employ 38 full time employees. Construction on the 58,000 square foot facility will commence immediately following closing.

Projected Taxes

The assessed value of the land and building is \$4,000,000. The City portion of Municipal taxes will be approximately \$95,970 per year.

At its meeting held on June 11, 2003, the Board of Control asked the General Manager of Legal Services and City Solicitor and the Manager of Realty Services to include in all future reports about the sale of industrial lands a recap of then current expenditures the City has incurred with respect to the industrial park involved and an identification of the revenues that the City has realized at that point in time from land sales in the particular park involved. Schedule "A" contains a cost breakdown of estimated expenses and revenues to date.

A location map is attached for the Committee's information.

PREPARED BY:	RECOMMENDED BY:
BILL WARNER MANAGER REALTY SERVICES	TOM JOHNSON MANAGING DIRECTOR – CORPORATE ASSETS

December 1, 2011
Attach.

cc: David G. Munteer, Solicitor II
Mark Henderson, Director of Business Liaison

SCHEDULE "A"

**FOREST CITY INDUSTRIAL PARK
Estimated Revenue and Expense Breakdown As of December 2011**

ACTUAL REVENUE AND PROJECTED REVENUE:

Land Sales

TOTAL LAND SALES REVENUE TO DATE	\$6,736,177	
Acreage Sold to Date		126.4 Acres
Average Price Per Acre (based on actual sales to date)		\$53,293 /ac
Estimated Sales Revenue on Balance of Park (18.65 acres @ \$65,000 per acre)	<u>\$1,212,250</u>	
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$7,948,427	

Annual Municipal Tax Estimate – On Land Sales to Date

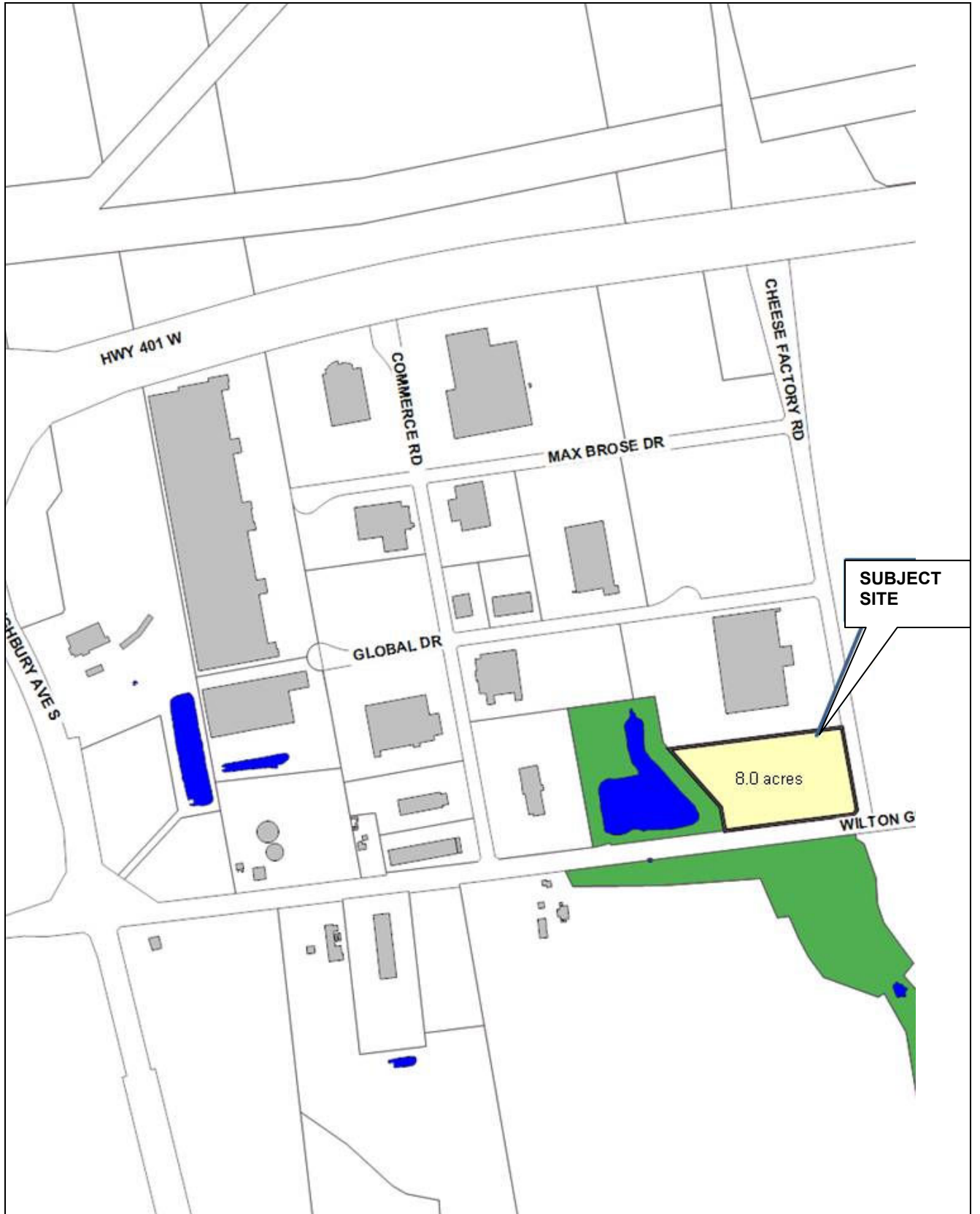
TOTAL ANNUAL MUNICIPAL TAX ESTIMATE	\$1,380,101	
Average Estimated Annual Taxes Per Acre		\$10,919 /ac

EXPENSES:

Budgeted Acquisition, Design & Construction Costs:

A) Land Costs: Total Land Acquisition Cost (145 net acres)	\$5,083,381	\$35,058 /ac
B) Servicing Costs: Design & Construction Costs ²⁾	\$10,756,139	
Less: Estimated Oversizing Component ³⁾	<u>- \$1,355,040</u>	
TOTAL LAND AND LOCAL SERVICES	\$9,401,099	
Net Acreage of City-owned Land	145 Acres	\$64,835 /ac
TOTAL COST (A + B) Land plus servicing cost	\$14,484,480	
Average Expenditures Per Net Acre		\$99,893 /ac
SuperBuild Funding (Provincial) Senior Government Infrastructure Funding ¹⁾	- \$2,819,784	
TOTAL COST (A + B) Land plus servicing cost - NET OF SUPERBUILD	\$11,664,696	
Average Expenditures Per Net Acre (after deducting senior Government Funding)		\$80,446 /ac

SCHEDULE "C"



Bill No.

By-law No.

A By-law to authorize an Agreement of Purchase and Sale between The Corporation of the City of London and Dancor Forest City Inc., and to authorize the Mayor and City Clerk to execute the Agreement.

WHEREAS section 5(3) of the *Municipal Act, 2001* S.O. 2001, c.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS it is deemed expedient for The Corporation of the City of London (the "City") to enter into an Agreement of Purchase and Sale with Dancor Forest City Inc., (the "Agreement");

AND WHEREAS it is appropriate to authorize the Mayor and City Clerk to execute the Agreement on behalf of the City;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Agreement attached as Schedule "A" to this By-law, being an amended Agreement of Purchase and Sale between the City and Dancor Forest City Inc. is hereby AUTHORIZED AND APPROVED.
2. The Mayor and City Clerk are authorized to execute the Agreement authorized and approved under section 1 of this by-law.
3. This By-law shall come into force and effect on the day it is passed.

PASSED in Open Council , 2011

Joe Fontana
Mayor

Catharine Saunders
City Clerk

First reading -
Second reading -
Third reading -