

TO:	CHAIR AND MEMBERS STRATEGIC PRIORITIES & POLICY COMMITTEE MEETING ON MARCH 17 , 2014
FROM:	MARTIN HAYWARD MANAGING DIRECTOR OF CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	INDUSTRIAL LAND DEVELOPMENT STRATEGY ANNUAL MONITORING AND PRICING REPORT CITY OF LONDON

RECOMMENDATION

That, on the recommendation of the Managing Director of Corporate Services and City Treasurer, Chief Financial Officer, the following actions be taken with respect to the City of London's Industrial Land Development Strategy as it relates to annual monitoring and the Sale and Other Disposition of Land Policy:

- a) the annual monitoring report BE RECEIVED for information; and
- b) the attached proposed by-law BE INTRODUCED at the Municipal Council meeting to be held on March 18, 2014, for the purpose of amending By-law No. A.-6151-17 being "A By-law to establish policies for the sale and other disposition of land, hiring of employees, procurement of goods and services, public notice, accountability and transparency, and delegation of powers and duties, as required under section 270(1) of the *Municipal Act, 2001*" in order to update Attachment "B" to Schedule "A" (Sale and Other Disposition of Land Policy) of that by-law to reflect new pricing for industrial lands and to amend Section 5 of Attachment "A" to Schedule "A" (Sale and Other Disposition of Land Policy), under the heading "CLASS 1 SALE" to delete all references to "Section 19" and replace them with the words "Section 18".

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Board of Control Report – February 11, 2009 – Industrial Land Development Strategy Report
Board of Control Report - September 12, 2007- Industrial Land Pricing Report
Strategic Priorities and Policy Committee – November 18, 2013 – Industrial Land Development Strategy 2013 - 2023

BACKGROUND

Purpose

The purpose of this report is to provide information to Municipal Council relative to the City's Industrial Land Development Activity and review the current pricing and policy for City owned Industrial land.

Context:

This report is prepared in accordance with Municipal Council's resolution which directs that Civic Administration prepare a monitoring report on the City's Industrial Land Development Strategy (ILDS) as well as a review of the pricing of City owned Industrial land for Municipal Council's consideration.

The City of London owns seven major industrial land holdings. Land for three of the most recent industrial parks was acquired in direct response to the Industrial Land Development Strategy, and these three City-owned industrial parks have been fully developed since Council endorsed the strategy in November of 2001.

The existing price structure for City-owned industrial land was established in 2009. To be competitive with other municipalities in Southwestern Ontario, it is important that land pricing be reviewed on an annual basis.

The chart attached to this report as Table 1 is a survey of the price levels of industrial land in surrounding municipalities in Southwestern Ontario.

Examples of surrounding municipally-owned industrial land prices as of July 2013 are:

Brantford	\$75,000 per acre
Cambridge	\$210,000 per acre
Chatham/Kent	\$50,000 per acre
County of Brant	\$75,000 per acre
Guelph	\$300,000 per acre
Hamilton	\$205,000 per acre
Ingersoll	\$100,000 per acre
Kitchener	\$250,000 per acre
Sarnia/Lambton	\$50,000 per acre
St. Thomas	\$35,000 per acre
Stratford	\$75,000 per acre
Strathroy	\$35,000 per acre
Windsor	\$70,000 per acre
Woodstock	\$70,000 per acre

The closer to the Greater Toronto Metropolitan Area (GTA) the higher the land prices are for municipally owned industrial land. Slower economic conditions regionally, in the United States as well as globally, have significantly impacted the manufacturing sector in Southern Ontario, in particular the auto sector. This has resulted in decreased industrial land sales in many southwestern Ontario communities over the past two years.

Within London, the industrial land market has the following characteristics:

- Two-tiered, with lands serviced and sold by the City of London for industrial users constituting the first tier and lands sold by the private sector for a similar purpose forming the second tier. Over the last decade, the median sale price per acre of privately sold industrial land has been about \$20,000 greater than the median sale price of City sold industrial land. A part of this price difference has been attributed to the restrictions the City places on buyers of their land; the lands must be built upon within one year of closing. Most of the large parcel serviced industrial land sold in London is supplied by the City. Over the last several years, the volume of sales in the second tier has thinned considerably.
- As the City is the primary supplier of large serviced lots for industrial use, it has a major influence on market pricing for this type of land. The City has a blanket asking price policy for the serviced lots in its Industrial Parks, with price adjustments for location and sometimes size. In setting price levels for industrial land, the City considers prices for industrial land in other competing municipalities.
- Major market predictors of the price for industrial land in London include the availability and capacity of services, amount of and cost of site works needed to prepare (primarily grading) a parcel before building can commence, location linkages to transportation infrastructure and other industries, and the legal, regulatory, and physical restraints that govern the development cost and building capacity of any particular site to an end user/buyer. There also exists a moderate size-price relationship, where smaller parcels tend to sell at a higher rate per acre than larger parcels.
- Demand for serviced industrial lots over the last several years, particularly parcels under 5 acres, has been weak, consistent with the general economic downturn in Ontario. Overall, the general industrial market for larger parcels in the south-west Ontario region is characterized as many motivated sellers, primarily municipalities, chasing a few buyers during a period of economic uncertainty.

Competitive real estate markets generally include a large number of buyers and sellers, with available supply of product and frequent transactions, unlike the current industrial land market in London. Market participants compete freely with each other and prices are settled through competitive bidding. As the characteristics of a real estate market depart from this ideal, different market arrangements come into play - arrangements in which prices may well be the outcome of different factors.

As indicated before, when viewed on a regional basis, many sellers and few buyers characterize southwest Ontario's industrial land market. A direct result is prices that are lower than those obtained in a more competitive market.

SUMMARY OF CURRENT LAND HOLDINGS

A brief summary of the seven major City owned Industrial Parks is outlined on the following pages:

SERVICED LANDS:

Current Inventory – Serviced Industrial Land

PARK	Net Available (Acres)	Net Available (Hectares)
Innovation Park – Phases I to IV	236	95.5
Skyway Industrial Park	41.37	16.74
Forest City Industrial Park	3.22	1.3
River Road Industrial Park	14.15	5.73
Trafalgar Industrial Park	11.51	4.66
TOTAL	306.25	123.93

Of approximately 306 acres of City owned industrial land currently available for sale, 69 acres are under option in various City-owned Industrial Parks.

Innovation Park

(for Map of Park refer to Schedule 1 attached)

Innovation Park is located on both the west and east sides of Veteran's Memorial Parkway, north of Highway 401 and south of Hamilton Road.

598 acres of land were acquired between 2001 and 2003 for the development of all four phases of this park. An additional 55 acres were acquired in 2011; 43.5 acres were added to Innovation Park, Phase II, and approximately 12 acres set aside for a future interchange. Phase I was completed in 2005, Phase II in 2008, Phase IV in 2009 and Phase III by the end of 2010.

Total Gross Acres/ Ha	653 Acres / 264 Ha
Total Acres/ Ha Sold: (to date)	198.2 Acres / 80.2 Ha
Total Acres Donated to UWO/Fanshawe:	39.7 Acres / 16.1 Ha
Total Acres Optioned (to date)	34 Acres / 13.8 Ha
Total Net Acres (Available)	<u>202 Acres / 81.7 Ha</u>
Average Selling Price Per Acre	\$48,280 per acre
# of Parcels Sold:	8
Average Size of Parcel Sold:	24.7 Acres / 10 Ha
Types of businesses in the Park	Hi-Tech Manufacturing

Skyway Industrial Park

(for Map of Park refer to Schedule 2 attached)

Skyway Industrial Park is located on the east side of Veteran's Memorial Parkway, north of Oxford Street and south of Huron Street.

172 acres of land were purchased from 1992 to 2000 as part of a co-venture agreement with the London International Airport for the development of an industrial park. Phase I of City land was completed by the end of 2004 and Phase II by the end of 2010.

Total Gross Acres	172 Acres / 69.6 Ha
Total Acres Sold: (to date)	84.06 Acres / 34 Ha
Total Acres Optioned (to date)	29.5 Acres / 11.9 Ha
Total Net Acres (Available)	<u>12 Acres / 4.8 Ha</u>
Average Selling Price Per Acre	\$50,065 per acre

# of Parcels Sold:	7
Average Size of Parcel Sold:	12.4 Acres / 5 Ha
Types of businesses in the Park	Manufacturing, Warehousing
Note * subject to stormwater management servicing design plans	

Forest City Industrial Park

(for Map of Park refer to Schedule 3 attached)

Forest City Industrial Park is located the north side of Wilton Grove Road, east of Highbury Avenue, and south of Highway 401.

178 acres of land were acquired in 2001 for the development of a two-phase park. Servicing of Phase I was completed by the end of 2002, and Phase II by the end of 2003.

Total Gross Acres	178 Acres / 72 Ha
Total Acres Sold: (to date)	130 Acres / 52.6 Ha
Total Acres Optioned: (to date)	3.2 Acres / 1.3 Ha
Total Net Acres (Available)	<u>0 Acres / 0 Ha</u>
Average Selling Price Per Acre	\$51,088 per acre
# of Parcels Sold:	16
Average Size of Parcel Sold:	8.2 Acres / 3.3 Ha
Types of businesses in the Park	Manufacturing, Warehousing and Logistics

River Road Industrial Park

(for Map of Park refer to Schedule 4 attached)

River Road Industrial Park is located on the west side of Veteran's Memorial Parkway, north of River Road.

52 acres of land were acquired from 1975 to 2001 for this Industrial park, and development was completed by the end of 2001.

Total Gross Acres	52 Acres / 21 Ha
Total Acres Sold: (to date)	31.8 Acres / 12.9 Ha
Total Acres Optioned: (to date)	0 Acres / 0 Ha
Total Net Acres (Available)	<u>14 Acres / 5.7 Ha</u>
Average Selling Price	\$50,019 per acre
# of Parcels Sold:	9
Average Size of Parcel Sold:	3.5 Acres / 1.4 Ha
Types of businesses in the Park	Manufacturing, Warehousing

Trafalgar Industrial Park

(for Map of Park refer to Schedule 5 attached)

Trafalgar Industrial Park is located on the east side of Veteran's Memorial Parkway, north of Gore Road and south of Dundas Street.

Approximately 428 acres of raw land were acquired from 1976 to 1984 for this park, and development was phased from 1980 to 1985.

Total Gross Acres	428 Acres / 173 Ha
Total Acres Sold: (to date)	344 Acres / 139 Ha
Total Acres Optioned (to date)	0 Acres / 0 Ha
Total Net Acres (Available)	<u>11.5 Acres / 4.7 Ha</u>
Average Selling Price Per Acre	\$47,823
Types of businesses in the Park	Manufacturing, Warehousing

UNSERVICED LANDS:

Current Inventory – Unserviced Industrial Land

PARK	Zoning	Inventory (Acres)	Inventory (Hectares)
Huron Industrial Park	Light Industrial & General Industrial	198.83	80.47
Oxford Business Park	General Industrial	20.00	8.09
S/W Corner Highbury & Highway 401	Light Industrial	5.35	2.17
	TOTAL	224.18	90.73

Huron Industrial Park

(for Map of Park refer to Schedule 6 attached)

238.5 acres (96.5 ha) of raw land were purchased in 1992 for a future industrial park. This Park is located on the north side of Huron Street west of Crumlin Road opposite the current northerly terminus of Veteran's Memorial Parkway. To date, approximately 139.4 acres (56.4 ha) is partially serviced and engineering studies are currently underway for stormwater management solutions. Parcels of land within Huron Industrial Park are currently not being offered for sale until the completion of the most appropriate and cost effective engineering studies to determine servicing solutions.

Portions of this area are subject to building height restrictions. The Sun Canadian high-pressure oil pipeline runs in a north-south direction through a large portion of the site, and the future Veteran's Memorial Parkway extension dissects the land on the north side of Huron Street.

Oxford Business Park

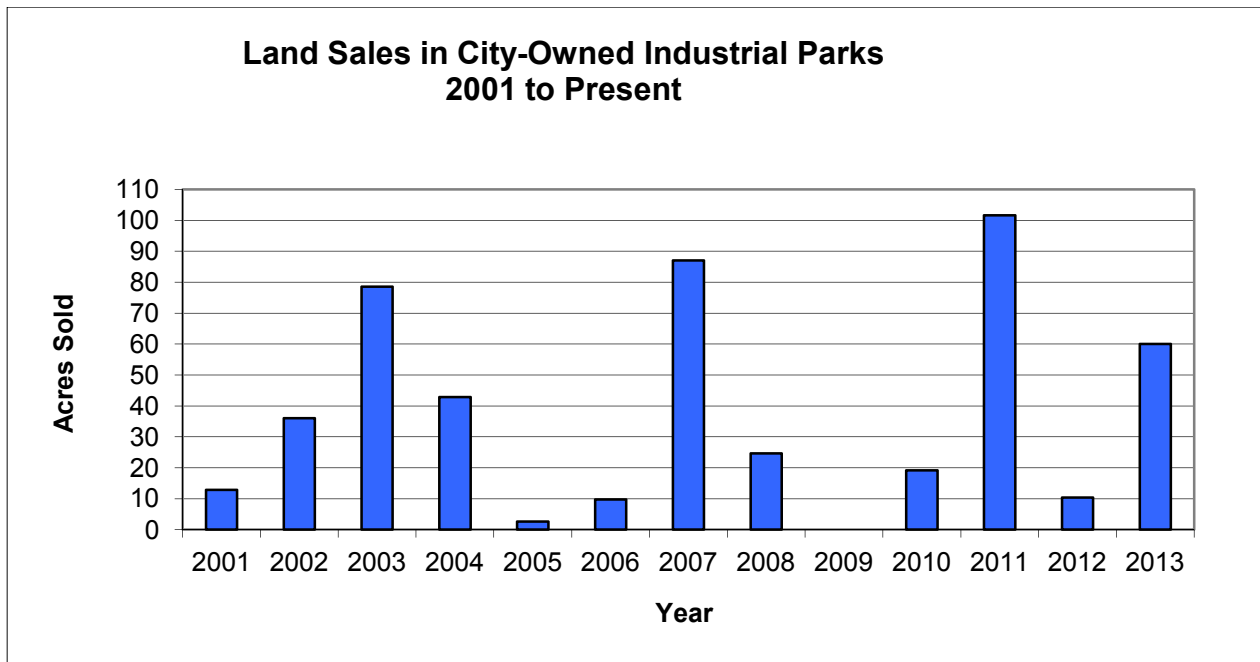
Approximately 28.8 acres (11.7 ha) of raw land were purchased by the City of London in 1993. This land is located on the north-east corner of Oxford Street and Veteran's Memorial Parkway. To date, this land is partially serviced; however, an Imperial Oil Pipeline crosses through the centre of the site on a 45 degree angle.

S/W Corner Highbury Avenue and Highway 401

Approximately 16.7 acres (6.75 ha) of land were purchased from the Ministry of Transportation in 1993. This land is located on the west side of Highbury Avenue, south of Highway 401. At present, approximately 50% of this parcel is designated as a historical forest and zoned "Open Space", and approximately 3 acres will be utilized by the Ministry of Transportation for the re-configuration of the Highbury/Highway 401 interchange. There is approximately 5.35 acres (2.17 ha) remaining that could be developed in the future for light industrial and commercial uses including a hotel and service commercial.

SALES ACTIVITY

Since 2001, the Realty Services Division has sold approximately 485 acres (196 ha) of industrial land for a total of \$24,302,148. The estimated municipal tax revenue on these land sales totals more than \$6,385,695. The cost to construct these new industrial manufacturing and warehousing establishments is approximately \$232,789,215.



The above Chart shows the absorption of City industrial land over the past 13 years. Table 2, which is attached to this report, sets out in detail the City owned industrial land sold. In 2011, 101.35 acres (41 ha) were sold for a total of \$5,643,453; in 2012, an additional 10.55 acres (4.3 ha) of land were sold for a total of \$705,150; and in 2013, 60 acres of land were under agreement for \$2,040,000.

Employment Creation

Since 2001, approximately 5,659 people are employed in City-owned industrial parks.

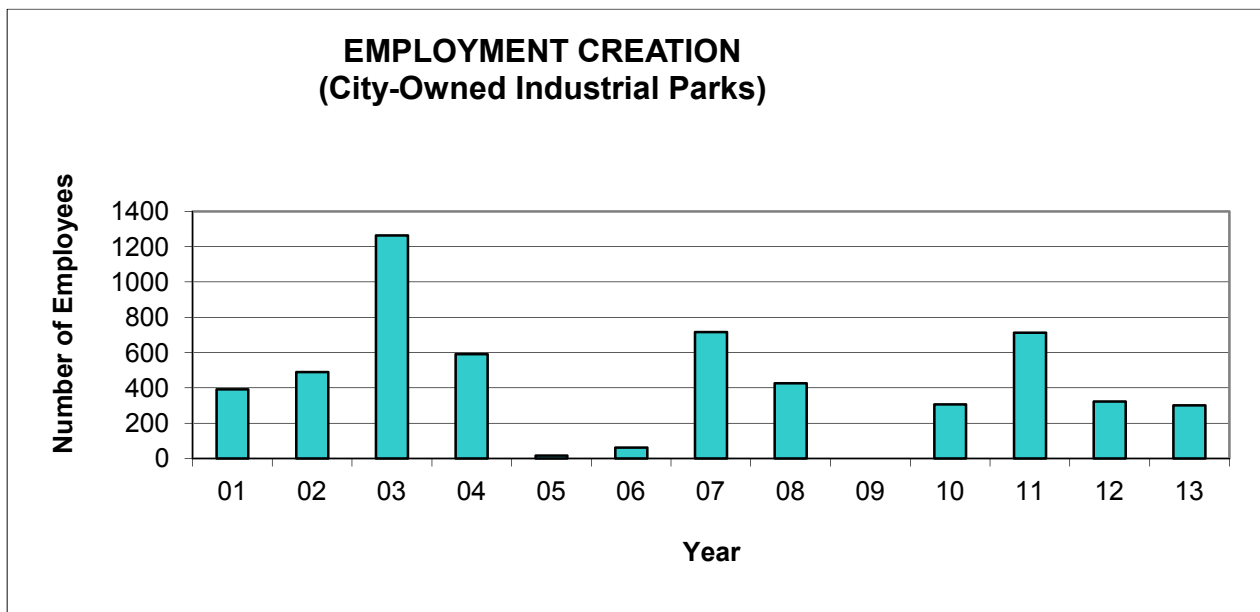


Table 3 shows the Economic Spinoffs following analysis on job and tax generation resulting from the City's Industrial Land Development Strategy (ILDS) as prepared by Kapil Lakhotia of the London Economic Development Commission (LEDC), dated January 2014.

Conclusion

In summary, the Industrial Land Development Strategy is a vital component of the City's economic development strategy with continued commitment by City Council, LEDC and Civic Administration to its successful implementation. The current economic conditions will present challenges in the near term, however the focus on Economic Development providing job creation and company retention during this time will be of amplified importance. The process of acquiring additional land inventory for future growth should continue over the next few years to facilitate the innovative planning and design, delivery of above-standard construction, and proactive marketing of high quality industrial / business parks which forms the cornerstone of achieving a vibrant industrial land development strategy.

Pricing of City of London Municipal Industrial Land must remain competitive with surrounding municipalities. As such, staff are recommending Pricing remain the same, with the exception of the elimination of pricing for parcels less than 1 acre in size.

A copy of the current policy is attached for Council's information.

PREPARED BY:	RECOMMENDED BY:
BILL WARNER MANAGER, REALTY SERVICES	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER

Attach.

cc: Kapil Lakhotia, London Economic Development Corporation
David G. Mounteer, Solicitor
Mark Henderson, Director of Business Liaison
John Braam, Managing Director - Environmental & Engineering Services & City Engineer
John Fleming Managing Director, Planning and City Planner
Robert Sutton, Manager of Industrial Land Development
John Lucas, Director - Water and Wastewater

SCHEDULE 1

INNOVATION PARK



SCHEDULE "1A"

**INNOVATION PARK – PHASES I TO IV
Estimated Revenue and Expense Breakdown as of February, 2014**

ACTUAL REVENUE AND PROJECTED REVENUE:

Land Sales

TOTAL LAND SALES REVENUE TO DATE	\$9,572,087
Acreage Sold to Date	198.26 Acres
Average Price Per Acre (based on actual sales to date)	\$48,280 /ac
Estimated Sales Revenue on Balance of Park (202 acres @ \$65,000 per acre plus 34 acres @ \$56,500 per acre)	<u>\$15,051,000</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$24,623,087

Annual Municipal Tax Estimate – On Land Sales to Date

ANNUAL MUNICIPAL TAX ESTIMATE	\$2,833,473
Estimated Annual Taxes Per Acre	\$14,292 /ac

BUDGETED EXPENSES:

Budgeted Acquisition, Design & Construction Costs:

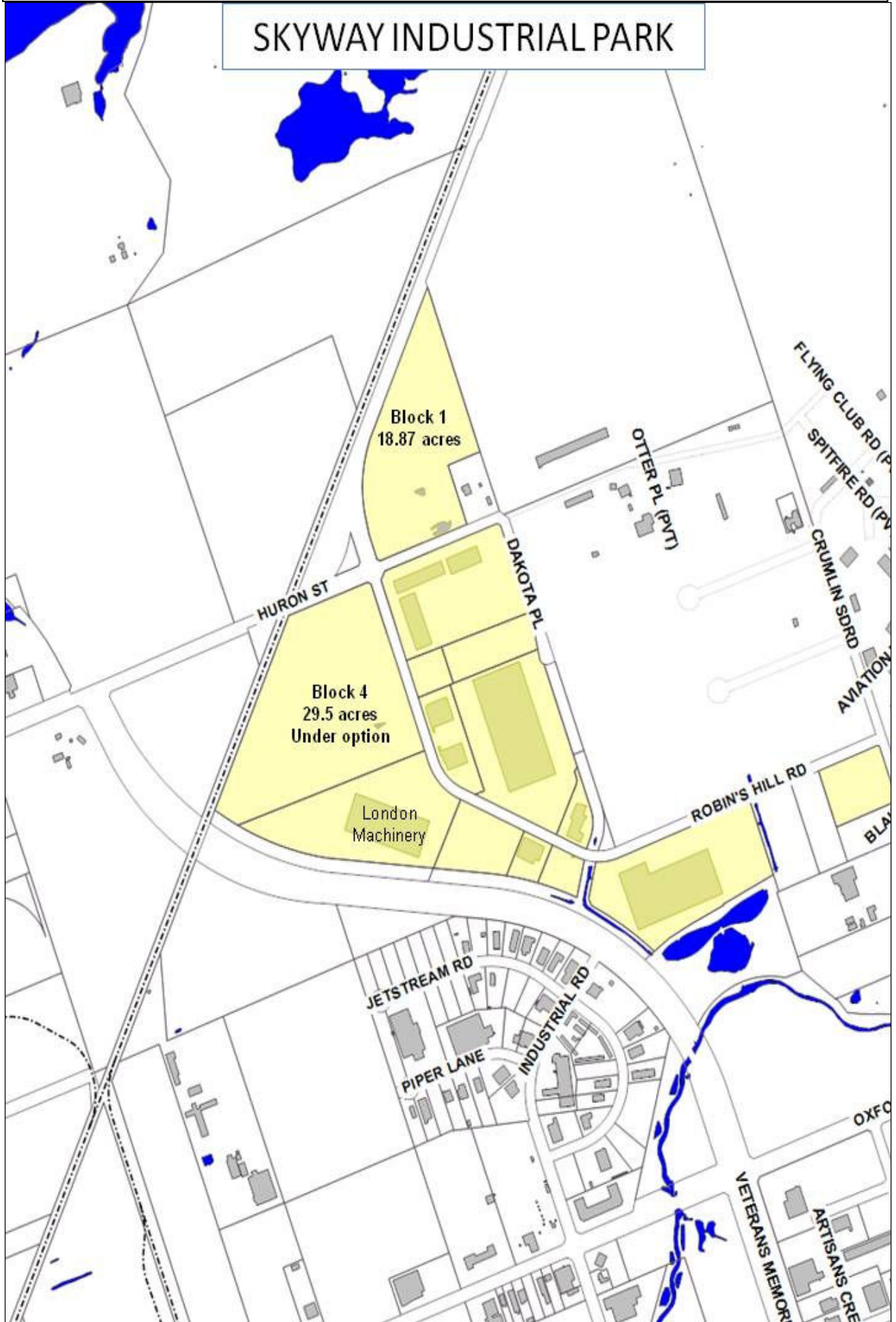
A) Land Costs: Total Land Acquisition Cost (477 net acres)	\$12,222,016
B) Servicing Costs: Design & Construction Costs	\$59,688,987
Less: Estimated Oversizing Component *	<u>- \$22,992,350</u>
TOTAL LOCAL SERVICES	\$36,696,637
Net Acreage of City-owned Land	477 Acres
C) TOTAL COST (A + B) Land plus Local Servicing Cost	\$48,918,653
Average Expenditures Per Net Acre	\$102,555 /ac
D) SuperBuild Funding (Provincial) Senior Government Infrastructure Funding MIII Funding (Provincial)	<u>- \$17,448,457</u>
E) TOTAL COST (A + B) Land plus Local Servicing cost - Net of Superbuild, MIII & ISF Funding	\$31,470,196
Average Expenditures Per Net Acre (after deducting senior Government Funding)	\$65,975 /ac

* It should be noted that Oversizing costs are ultimately borne by the City.

Note: Estimates are based on Current Approved Budget Allocation as reported in JD Edwards

SCHEDULE 2

SKYWAY INDUSTRIAL PARK



SCHEDULE "2A"

**SKYWAY INDUSTRIAL PARK
Estimated Revenue and Expense Breakdown as of February, 2014**

ACTUAL REVENUE AND PROJECTED REVENUE:

Land Sales

TOTAL LAND SALES REVENUE TO DATE (including this sale)	\$4,208,428
Acreage Sold to Date	84.1 Acres
Average Price Per Acre (based on actual sales to date)	\$50,065 /ac
Estimated Sales Revenue on Balance of Park (29.5 acres @ \$47,250 per acre plus 11.87 acres @ \$45,000 per acre)	<u>\$1,928,025</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$6,136,453

Annual Municipal Tax Estimate – On Land Sales to Date

TOTAL ANNUAL MUNICIPAL TAX ESTIMATE	\$1,254,450
Average Estimated Annual Taxes Per Acre	\$14,923 /ac

BUDGETED EXPENSES:

Budgeted Acquisition, Design & Construction Costs:

A) Land Costs: Total Land Acquisition Cost (123 net acres)	\$3,527,517
B) Servicing Costs: Design & Construction Costs	\$12,425,298
Less: Estimated Oversizing Component *	<u>- \$2,663,892</u>
TOTAL LOCAL SERVICES	\$9,761,406
Net Acreage of City-owned Land	123 Acres
C) TOTAL COST (A + B) Land plus Local Servicing Cost	\$13,288,923
Average Expenditures Per Net Acre	\$108,040 /ac
D) SuperBuild Funding (Provincial)	<u>- \$4,531,616</u>
E) TOTAL COST (A + B) Land plus Local Servicing cost - Net of Superbuild	\$8,757,307
Average Expenditures Per Net Acre (after deducting senior Government Funding)	\$71,198 /ac

* It should be noted that Oversizing costs are ultimately borne by the City.

Note: Estimates are based on Current Approved Budget Allocation as reported in JD Edwards

SCHEDULE 3

FOREST CITY INDUSTRIAL PARK



SCHEDULE "3A"

**FOREST CITY INDUSTRIAL PARK
Estimated Revenue and Expense Breakdown as of February, 2014**

ACTUAL REVENUE AND PROJECTED REVENUE:

Land Sales

TOTAL LAND SALES REVENUE TO DATE	\$6,641,400
Acreage Sold to Date	130 Acres
Average Price Per Acre (based on actual sales to date)	\$51,088 /ac
Estimated Sales Revenue on Balance of Park (3.2 acres @ \$45,000 per acre)	<u>\$144,000</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$6,785,400

Annual Municipal Tax Estimate – On Land Sales to Date

TOTAL ANNUAL MUNICIPAL TAX ESTIMATE	\$1,254,450
Average Estimated Annual Taxes Per Acre	\$9,650 /ac

EXPENSES:

Budgeted Acquisition, Design & Construction Costs:

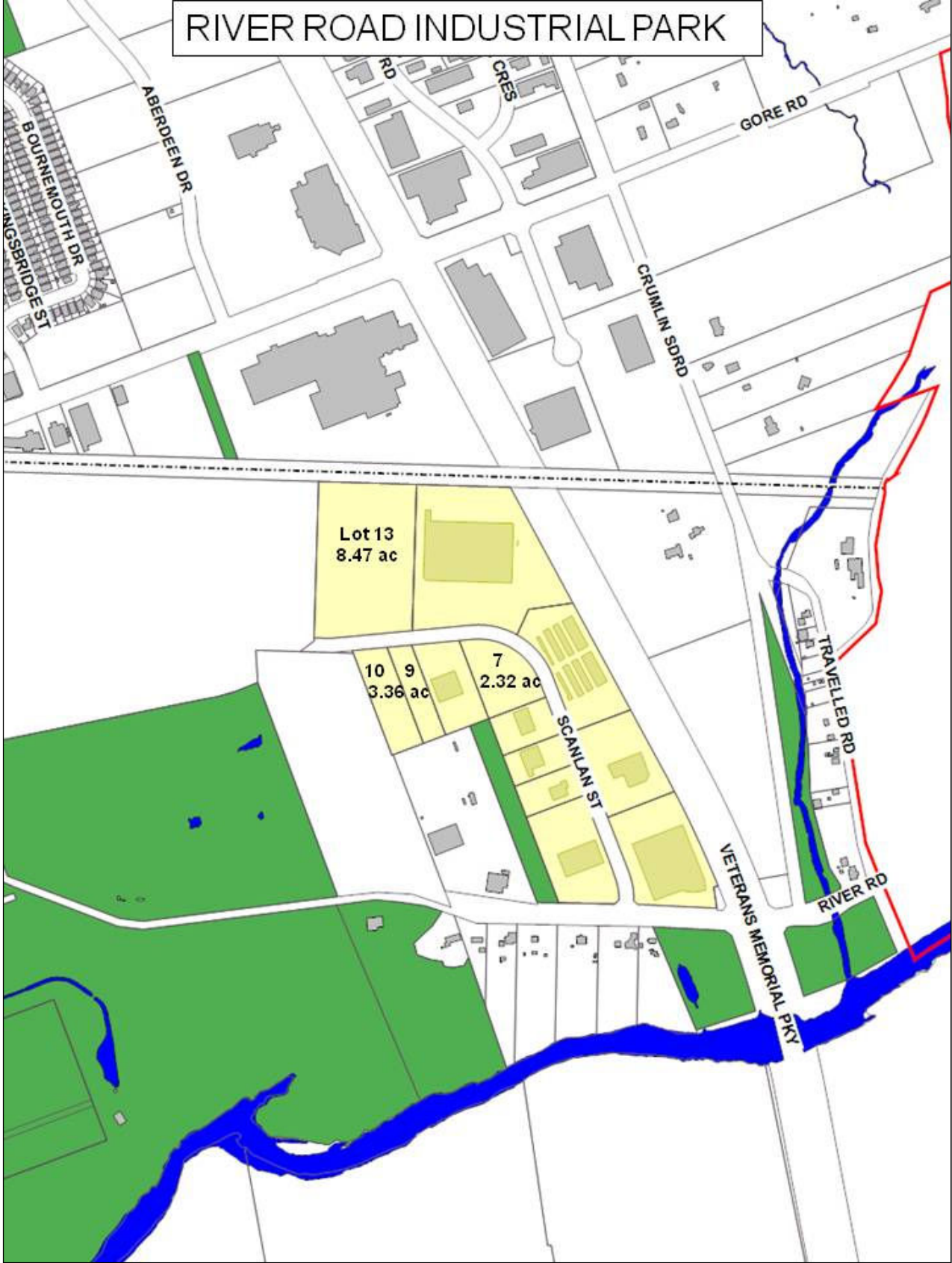
A) Land Costs: Total Land Acquisition Cost (134 net acres)	\$5,243,912
B) Servicing Costs: Design & Construction Costs	\$10,942,326
Less: Estimated Oversizing Component *	<u>- \$1,355,040</u>
TOTAL LOCAL SERVICES	\$9,587,286
Net Acreage of City-owned Land	134 Acres
C) TOTAL COST (A + B) Land plus Local Servicing Cost	\$14,831,198
Average Expenditures Per Net Acre	\$110,681 /ac
D) SuperBuild Funding (Provincial)	<u>- \$2,503,501</u>
E) TOTAL COST (A + B) Land plus Local Servicing cost - Net of Superbuild	\$12,327,697
Average Expenditures Per Net Acre (after deducting senior Government Funding)	\$91,998

* It should be noted that Oversizing costs are ultimately borne by the City.

Note: Estimates are based on Current Approved Budget Allocation as reported in JD Edwards

SCHEDULE 4

RIVER ROAD INDUSTRIAL PARK



SCHEDULE "4A"

**RIVER ROAD INDUSTRIAL PARK
Estimated Revenue and Expense Breakdown as of February, 2014**

REVENUE – ACTUAL AND ESTIMATED:

Land Sales

TOTAL LAND SALES REVENUE TO DATE	\$1,590,599
Acreage Sold to Date	31.8 Acres
Average Price Per Acre (based on actual sales to date)	\$50,019 /ac
Estimated Sales Revenue on Balance of Park (5.6 acres @ \$75,000/acre / 8.47 acres @ \$65,000/acre)	<u>\$970,550</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$2,561,149

Annual Municipal Tax Estimate – On Land Sales to Date

TOTAL ANNUAL MUNICIPAL TAX ESTIMATE	\$385,051
Average Estimated Annual Taxes Per Acre	\$12,109 /ac

EXPENSES:

Budgeted Acquisition, Design & Construction Costs:

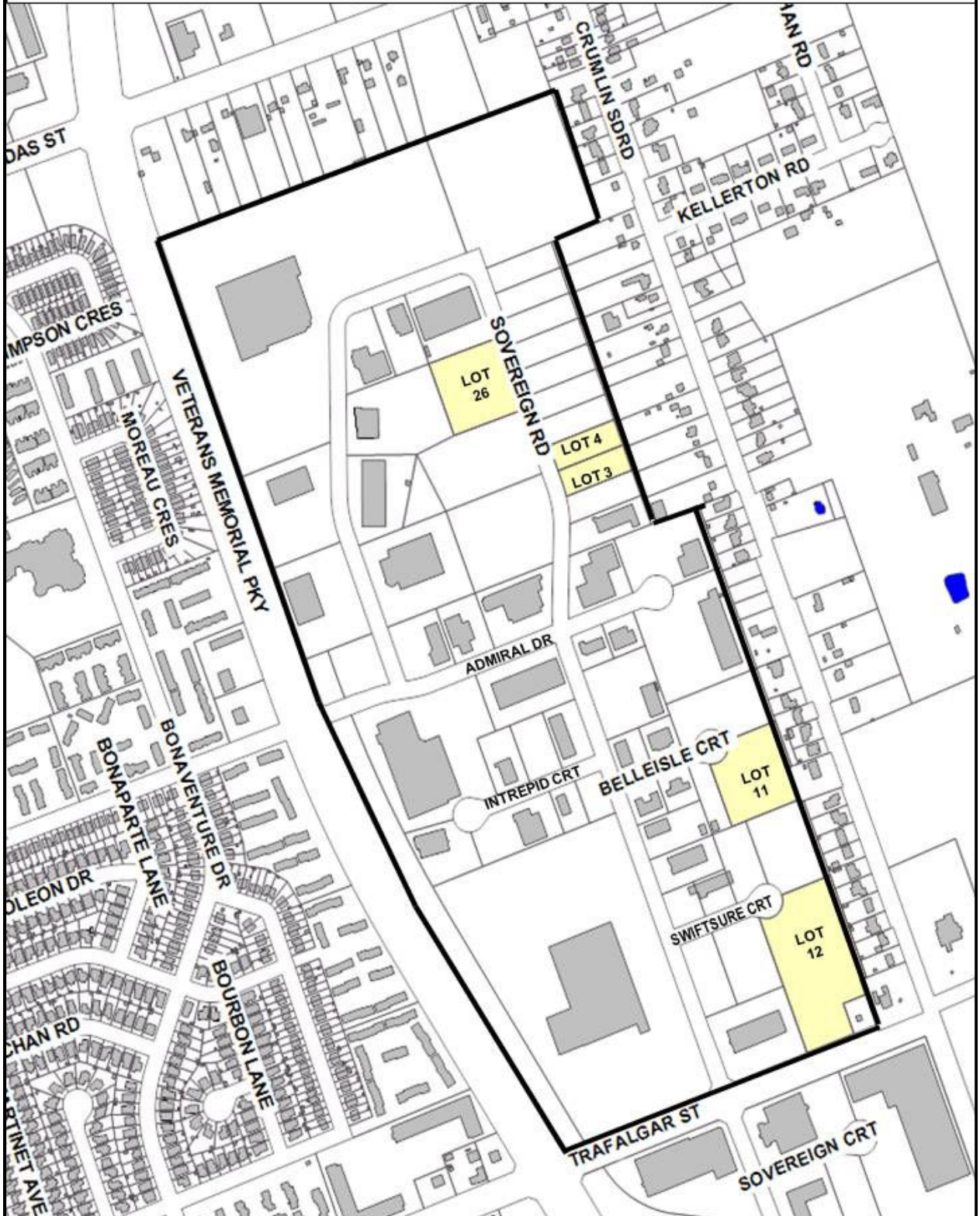
A) Land Costs: Total Land Acquisition Cost (46.2 net acres)	\$878,011
B) Servicing Costs: Design & Construction Costs	\$6,208,903
Less: Estimated Oversizing Component *	<u>- \$2,563,303</u>
TOTAL LOCAL SERVICES	\$3,645,600
Net Acreage of City-owned Land	46.2 Acres
C) TOTAL COST (A + B) Land plus Local Servicing Cost	\$4,523,611
Average Expenditures Per Net Acre	\$97,914 /ac

* It should be noted that Oversizing costs are ultimately borne by the City.

Note: Estimates are based on Current Approved Budget Allocation as reported in JD Edwards

SCHEDULE 5

TRAFALGAR INDUSTRIAL PARK



SCHEDULE "5A"

**TRAFALGAR INDUSTRIAL PARK
Estimated Expense Breakdown as of February, 2014**

REVENUE – ACTUAL AND ESTIMATED:

Land Sales

TOTAL LAND SALES REVENUE TO DATE	\$16,451,192
Acreage Sold to Date	344 Acres
Average Price Per Acre (based on actual sales to date)	\$47,823 /ac
Estimated Sales Revenue on Balance of Park (11.5 acres @ \$75,000/acre)	<u>\$862,500</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$17,313,692

Annual Municipal Tax Estimate – On Land Sales to Date

TOTAL ANNUAL MUNICIPAL TAX ESTIMATE	\$3,666,439
Average Estimated Annual Taxes Per Acre	\$10,658 /ac

EXPENSES:

Budgeted Acquisition, Design & Construction Costs:

A) Land Costs: Total Land Acquisition Cost (428 net acres)	\$4,408,828
B) Servicing Costs: Design & Construction Costs	\$9,006,048
TOTAL LAND AND LOCAL SERVICES	\$13,414,876
Net Acreage of City-owned Land	379 Acres
Average Expenditures Per Net Acre	\$35,395 /ac

Note: Estimates are based on Current Approved Budget Allocation as reported in JD Edwards

TABLE 1 – JULY 2013 MUNICIPAL PRICE COMPARISON FOR VACANT INDUSTRIAL LAND

Municipality	Land Price (Per Acre)	DC's (Per Sq.Ft.)	DC's (Per Acre)	Total Land Cost (Per Acre)	Serviced Land (Acreage)	Non-Serviced Land (Acreage)	Total (Acreage)
St.Thomas	\$35,000	\$0	\$0	\$35,000	120	0	120
Chatham-Kent	\$50,000	\$0	\$0	\$50,000	160	13	173
Windsor	\$70,000	\$0	\$0	\$70,000	171	900	1071
Woodstock	\$70,000	\$0	\$0	\$70,000	242	48	290
London	\$75,000	\$0	\$0	\$75,000	378	284	662
Stratford	\$75,000	\$0	\$0	\$75,000	78	56	134
Strathroy-Caradoc	\$35,000	\$4.81	\$52,381	\$87,381	75	70	145
Sarnia-Lambton	\$50,000	\$4.25	\$46,283	\$96,283	210	50	260
Ingersoll	\$100,000	\$0	\$0	\$100,000	27	0	27
County of Brant	\$75,000	\$5.33	\$58,044	\$133,044	50	128	178
Brantford	\$75,000	\$5.35	\$58,262	\$133,262	45	0	45
Hamilton	\$205,000	\$8.78	\$95,614	\$300,614	35	0	35
Cambridge	\$210,000	\$10.73	\$116,850	\$326,850	0	220	220
Kitchener	\$250,000	\$12.06	\$131,333	\$381,333	2	0	2
Guelph	\$300,000	\$9.97	\$108,573	\$408,573	80	100	180
Waterloo	\$350,000	\$14.60	\$158,994	\$508,994	29	125	154
Median	\$75,000	\$4.53	\$49,332	\$98,142	77	53	164

TABLE 2 – MUNICIPAL LAND SALES

Industrial Land Sales Negotiated between 2001 and Present									
SALE	PURCHASER	BUILDING ENVELOPE	PROJECTED EMP'EEES	ACREAGE	PARK	PRICE/ACRE	LAND PRICE	MUNICIPAL TAX ESTIMATE	TOTAL TAX ESTIMATE
2001-03	Keiper Canada *	141,502	350	10.10	River Road Ind Pk	\$30,009	\$303,091	\$214,342	\$318,642
2001-08	Flynn Equipment	2,654	34	1.00	Trafalgar Ind Pk	\$74,000	\$74,000	\$6,685	\$11,296
2001-09	Aero Support Canada Inc.	11,204	8	1.79	Trafalgar Ind Pk	\$74,000	\$132,460	\$15,906	\$26,877
2002-03	Wiler - PCCA, ULC	25,222	30	2.29	London Enterprise Pk	\$65,000	\$148,850	\$20,286	\$34,278
2002-03	Blue-Con Inc.	9,731	40	9.79	Crumlin Side Road	\$30,000	\$293,700	\$41,494	\$70,114
2002-04	Trudell Medical Ltd.	0	0	1.86	London Enterprise Pk	\$56,000	\$104,160	\$2,305	\$3,895
2002-06	Autumn Graphics	15,754	26	1.20	Trafalgar Ind Pk	\$70,000	\$84,000	\$23,052	\$38,952
2002-06	Trudell Medical Marketing Limited	70,098	85	10.65	London Enterprise Pk	\$40,000	\$426,000	\$43,800	\$74,010
2002-06	Copperweld	84,555	85	4.60	River Road Ind Pk	\$55,000	\$253,000	\$34,579	\$58,429
2002-07	Microtronix Datacom Ltd.	10,264	40	1.02	London Enterprise Pk	\$65,000	\$66,300	\$16,137	\$27,267
2002-08	Traction	24,428	33	3.61	River Road Ind Pk	\$52,000	\$187,720	\$27,663	\$46,743
2002-10	Abuma Manufacturing Ltd.	87,887	150	1.03	Trafalgar Ind Pk	\$55,000	\$56,650	\$137,791	\$204,841
2003-05	Exhaust Direct	17,500	15	1.37	River Road Ind Pk	\$55,912	\$76,600	\$10,717	\$15,932
2003-05	Airport Road Self Storage	43,003	1	4.00	River Road Ind Pk	\$57,750	\$231,000	\$23,250	\$39,286
2003-08	Bruce R. Smith / Rosedale Group	24,872	100	8.1	Forest City Industrial Park	\$45,000	\$364,500	\$30,744	\$51,949
2003-05	Harring Doors	60,173	50	5.00	Forest City Industrial Park	\$58,230	\$291,150	\$55,116	\$81,936
2003-02	Intier Automotive	82,620	210	8.5	Forest City Industrial Park	\$42,353	\$360,000	\$73,489	\$109,249
2003-04	T.K. Budd Automotive	40,200	105	4.68	Forest City Industrial Park	\$55,000	\$257,400	\$76,551	\$113,801
2003-07	Brose Canada, Inc.	425,391	650	31.63	Forest City Industrial Park	\$49,258	\$1,558,031	\$350,295	\$520,751
2003-12	Ryder Machinery Limited	20,816	47	3.46	River Road Ind Pk	\$68,250	\$236,418	\$27,663	\$46,743
2003-08	Geologistics Corp.	50,003	35	7.80	Forest City Industrial Park	\$44,827	\$349,650	\$41,494	\$70,114
2003-10	Canada Bread	19,800	50	4.00	Forest City Industrial Park	\$55,000	\$220,000	\$27,558	\$40,968
2004-01	TransForm Automotive Canada	207,962	99	10.65	Forest City Industrial Park	\$51,731	\$550,723	\$124,104	\$184,493
2004-05	Centennial Windows	42,000	257	1.99	Trafalgar Ind Pk	\$65,000	\$129,350	\$34,907	\$51,893
2004-05	Churchill Logistics	72,417	112	10.00	Forest City Industrial Park	\$45,000	\$450,000	\$70,610	\$119,311
2004-05	Parts Canada	272,947	74	15.51	Forest City Industrial Park	\$45,000	\$697,950	\$143,386	\$242,284
2004-10	Hewitt	1,220	3	0.50	Trafalgar Ind Pk	\$85,000	\$42,500	\$2,997	\$5,064
2004-12	Torbram Electrical Supply	21,730	30	2.15	Forest City Industrial Park	\$65,000	\$139,497	\$19,595	\$33,110
2004-12	OE Canada	0	0	1.03	London Enterprise Pk	\$65,000	\$66,950	\$1,936	\$3,272
2005-12	New Apostolic Church	10,312	3	1.45	London Enterprise Pk	\$70,998	\$102,947	\$0	\$0
2005-04	London Machine & Manufacturing	5,570	14	1.15	River Road Ind Pk	\$65,000	\$74,815	\$9,400	\$13,975
2006-03	London Drive Systems	19,800	8	2.40	Forest City Industrial Park	\$55,000	\$132,000	\$54,626	\$81,208
2006-04	Voyageur Transportation	19,160	30	1.98	Trafalgar Ind Pk	\$55,000	\$109,169	\$23,237	\$39,264
2006-04	CT Innovations	36,856	40	3.69	Innovation Park	\$65,000	\$239,850	\$68,497	\$101,829
2006-08	Flynn Equipment	0	0	0.67	Trafalgar Ind Pk	\$65,000	\$43,550	\$991	\$1,675
2006-04	Alex Almeida Construction	0	0	0.85	Trafalgar Ind Pk	\$65,000	\$55,139	\$1,268	\$2,142
2006-08	Masciotra Paving	2,500	5	0.36	Trafalgar Ind Pk	\$37,000	\$13,320	\$692	\$1,169
2007-02	Checkers Marketing	10,000	12	1.15	River Road Ind Pk	\$65,000	\$74,555	\$14,385	\$24,306
2007-02	Paton Brothers	11,154	13	2.93	Trafalgar Ind Pk	\$52,901	\$155,000	\$21,434	\$31,864
2007-05	Ceva Logistics	264,000	258	20.00	Skyway Industrial Pk	\$45,000	\$900,000	\$398,461	\$592,355
2007-07	C.S. Automotive Tubing	107,696	100	6.50	Innovation Park	\$62,970	\$409,303	\$87,696	\$130,370
2007-08	Scienetech Inc.	10,000	32	1.50	Forest City Industrial Park	\$65,000	\$97,500	\$19,827	\$30,122
2007-11	G4S Securicor	15,430	15	2.36	River Road Ind Pk	\$65,000	\$153,400	\$23,052	\$38,952
2007-12	London Machinery	140,358	125	15.00	Skyway Industrial Pk	\$47,250	\$708,750	\$253,995	\$377,590
2007-12	McCormick Canada	216,782	60	15.25	Skyway Industrial Pk	\$47,250	\$720,563	\$269,714	\$455,744
2007-12	Hanwha	218,694	150	22.38	Innovation Park	\$50,532	\$1,130,900	\$435,909	\$648,026
2008-01	Original Cakerie	143,465	400	23.16	Innovation Park	\$58,523	\$1,355,393	\$325,554	\$494,603
2008-07	Agropur	12,000	25	1.53	Trafalgar Ind Pk	\$50,000	\$76,540	\$20,263	\$34,239
2010-02	Dancor Construction	82,328	226	12.60	Skyway Industrial Pk	\$65,000	\$819,000	\$174,535	\$259,465
2010-02	Dancor Construction	20,000	20	2.97	Skyway Industrial Pk	\$68,250	\$202,703	\$42,654	\$63,410
2010-05	Centennial Windows	0	0	0.70	Trafalgar Ind Pk	\$45,000	\$31,500	\$33,000	\$55,760
2010-05	Studer Dairy	12,000	30	2.00	Trafalgar Ind Pk	\$45,000	\$90,000	\$14,569	\$24,618
2010-11	O'Drowsky	0	30	0.88	Trafalgar Ind Pk	\$75,000	\$66,000	\$2,030	\$3,018
2011-03	Southwest Truck Supply	82,000	24	6.05	Forest City Industrial Park	\$65,000	\$393,000	\$175,821	\$261,377
2011-04	Dr. Oetker	250,000	400	66.35	Innovation Park	\$52,904	\$3,510,176	\$660,968	\$982,599
2011-05	Runway's End Holdings	10,000	125	4.00	Skyway Industrial Pk	\$65,000	\$260,000	\$16,367	\$27,656
2011-07	Dancor Construction	25,000	0	4.45	Skyway Industrial Pk	\$68,250	\$303,713	\$57,229	\$85,077
2011-03	Arvin Sango	127,937	120	12.51	Innovation Park	\$52,500	\$656,565	\$367,443	\$546,243
2011-11	FedEx	58,000	43	8.00	Forest City Industrial Park	\$65,000	\$520,000	\$92,210	\$155,810
2012-06	KL Products Inc.	22,500	40	3.68	Innovation Park	\$62,500	\$229,900	\$65,558	\$97,459
2012-06	ATS	15,300	35	4.00	Forest City Industrial Park	\$65,000	\$260,000	\$22,926	\$38,738
2012-10	Centennial Windows	52,500	257	2.87	Trafalgar Ind Pk	\$75,000	\$215,250	\$111,083	\$156,792
2013-10	Sodecia Canada Inc.	450,000	300	60.00	Innovation Park	\$34,000	\$2,040,000	\$821,847	\$1,160,031
TOTAL		4,337,295	5,659	484.67		\$57,304	\$24,302,148	\$6,385,695	\$9,662,989
		square feet		acres					

Updated: March 2014

TOTAL OF LAND + BUILDING COSTS = \$257,091,363

TABLE 3 – LONDON ECONOMIC DEVELOPMENT CORPORATION ECONOMIC ANALYSIS

ECONOMIC SPIN OFFS

The following analysis on job and tax generation resulting from the City’s Industrial Land Development Strategy (ILDS) was prepared by Kapil Lakhotia of the London Economic Development Commission (LEDC), dated March 2014. This analysis has not been reviewed by Finance Staff.

Summary tables to illustrate return on investment (ROI) on Innovation and Forest City Industrial Parks:

PANEL A – INNOVATION PARK

EXPENDITURES	INNOVATION PARK:
Gross expenditure on land and local services	\$ 48.9 million
(Less) Government Grants	\$ 17.5 million (Superbuild, M-III & ISF)
NET expenditure on land and local services	\$ 31.4 million
REVENUES	
Land sales	\$ 9.5 million (from 198 acres)
Annual Municipal Industrial Taxes	\$ 2.8 million
Cumulative Industrial Taxes over 10 years	\$ 13 million
Total Cash Inflow over 10 years (from land sales, building permits, industrial taxes and residential tax benefits coming from new job creation)	\$ 32.2 million
Net City Cash Position after 10 years (Revenue – Expenditure)	\$ 800,000
ECONOMIC BENEFITS (over 10 years)	
Employment Created (direct jobs data reported by companies purchasing land; indirect jobs calculated by LEDC using multipliers)	2,900 direct and indirect jobs
Income Generated	\$ 140 million
BENEFITS TO OTHER LEVELS OF GOVERNMENT (over 10 years)	
Provincial education tax	\$ 5.3 million
Provincial income taxes from new employment	\$ 9.8 million
Federal income taxes from new employment	\$ 28.1 million

Note: These estimates have been provided by LEDC.

PANEL B – FOREST CITY INDUSTRIAL PARK

EXPENDITURES	FOREST CITY PARK:
Gross expenditure on land and local services	\$ 14.8 million
(Less) Government Grants	\$ 2.5 million (Superbuild)
NET expenditure on land and local services	\$ 12.3 million
REVENUES	
Land sales	\$ 6.6 million (from 130 acres)
Annual Municipal Industrial Taxes	\$ 1.5 million
Cumulative Industrial Taxes over 10 years	\$ 13 million
Total Cash Inflow over 10 years (from land sales, building permits, industrial taxes and residential tax benefits coming from new job creation)	\$ 39.1 million
Net City Cash Position after 10 years (Revenue – Expenditure)	\$ 26.8 million
ECONOMIC BENEFITS (over 10 years)	
Employment Created (direct jobs data reported by companies purchasing land; indirect jobs calculated by LEDC using multipliers)	3,100 direct and indirect jobs
Income Generated	\$ 135 million
BENEFITS TO OTHER LEVELS OF GOVERNMENT (over 10 years)	
Provincial education tax	\$ 5.4 million
Provincial income taxes from new employment	\$ 9.5 million
Federal income taxes from new employment	\$ 27 million

Note: These estimates have been provided by LEDC.

APPENDIX "A"

Bill No.
2014

By-law No. A.-

A by-law to amend By-law No. A.-6151-17 being "A By-law to establish policies for the sale and other disposition of land, hiring of employees, procurement of goods and services, public notice, accountability and transparency, and delegation of powers and duties, as required under section 270(1) of the *Municipal Act, 2001*" in order to revise the Sale and Other Disposition of Land Policy.

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 the Municipal Council wishes to amend its industrial land pricing and make other housekeeping amendments to its Sale and Other Disposition of Land Policy;

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

1. Attachment "B" to Schedule "A" (Sale and Other Disposition of Land Policy) of By-law No. A.-6151-17 is hereby deleted and replaced with the attached Attachment "B" to Schedule "A" (Sale and Other Disposition of Land Policy), appended as Schedule 1 to this by-law, which reflects revised pricing for industrial land.
2. Section 5 of Attachment "A" to Schedule "A" (Sale and Other Disposition of Land Policy), under the heading "CLASS 1 SALE" is hereby amended by deleting all references to "Section 19" and by replacing them with the words "Section 18".
3. This by-law shall come into force and effect on April 1, 2014.

PASSED in Open Council

Joe Fontana
Mayor

Catharine Saunders
City Clerk

First Reading - March 18, 2014
Second Reading - March 18, 2014
Third Reading - March 18, 2014

Schedule 1

ATTACHMENT "B"

The current pricing levels of all other City industrial parks be established effective April 1, 2014, as follows:

Pricing for serviced industrial land in Innovation Park, Phases 3 and 4:

All lot sizes \$ 75,000.00 per acre

Price for serviced industrial land in Innovation Park, Phases 1 & 2 and all other City owned Industrial Parks:

Lots up to 3.99 acres \$75,000.00 per acre
4.00 acres and up \$65,000.00 per acre

Surcharges to be added as follows:

Highway 401 Exposure – 15%;
Veteran’s Memorial Parkway Exposure – 5%; and

The cost of service connections from the main to the property line being the responsibility of the purchaser.

Industrial lots are sold on a where is, as is basis, with grading, stripping and removal of excess topsoil being the purchaser’s responsibility and cost. The City will strive to provide grading of the municipal industrial parks on a level-graded basis. Site specific final grading is the responsibility of a purchaser.