



**Expanding Fanshawe College's
Downtown Campus:
the business case for investment**

Presentation to the Corporate Service Committee
City of London
August 26, 2014

Downtown London

- London Downtown Business Association (LDBA)
 - Funds award winning MainStreet London program
 - **700+** member businesses/property owners
 - **\$1 million** per year budget paid by members (**no City money**)
 - Business led board includes property owners, merchants, developers, contractors, architects, bankers
- Downtown London is 0.2% of City's land area...
 - Over **80%** of London's office space (over **30,000** office workers)
 - Over **\$1 billion** in property assessments (**up 61%** over 10 years)
 - Pays nearly **10%** of London's property taxes

→ **INVESTMENTS IN DOWNTOWN REDUCE TAX ELSEWHERE**

Bringing Fanshawe Downtown

- The City of London approached Fanshawe with an idea
 - The City of London committed **\$20-million** for Fanshawe to buy/renovate downtown properties, invest **\$20-million** of their own funding, and establish a new campus for **1000 students**
 - Fanshawe bought and renovated 137 Dundas Street into the *Centre for Digital & Performance Arts*, with **400 students** so far
- Fanshawe was then asked to think “bigger and bolder”
 - While still searching for suitable properties for the remaining **600 students**, Fanshawe was asked by the City to “think bigger”
 - Fanshawe responded with a bold plan to move its **entire *Information Technology and Hospitality programs*** downtown, but this expanded proposal would require an additional **\$10-million** in funding

Why Are We Here?

- To express support from the business community
 - London's business community, including our members, are overwhelmingly in support of Fanshawe's expanded proposal and concerned that we may lose the opportunity forever
 - **THEY ASKED US...**
- To review and share the business case for investment
 - We were asked to bring together the stakeholders, keep the deal alive, and deliver any missing pieces of the business case
 - **THE OPPORTUNITY WAS SO GOOD...**
- We are proposing a new plan, adding our own \$1-million investment, to deliver an even higher return for the City

Think Bigger → Doubling Down

Original Commitment

\$20 million – Fanshawe

\$20 million – City of London

\$40 million

→ 1000 student campus

- 40% complete (**400 students**)
- Looking for 600 student building
- City approached Fanshawe to “**think bigger**” for next phase

Proposed Expansion

\$1 million – LDBA

\$66 million – Fanshawe

\$29 million – City of London

\$86 million

→ 2000 student campus

- **Double the students**
- Over **twice the investment** (construction jobs) for an extra **\$900,000 per year for 10 years**

Due Diligence

- We support Fanshawe's process for site selection
 - We believe that Fanshawe followed a professional process to find the right building and develop the project estimates
 - They reviewed over 20 other buildings (including conditional offers) before selecting one suitable for this expanded proposal
- Our experts have reviewed the project costs
 - Standard construction costs for academic buildings range from \$250/sq ft (lecture halls) to over \$450/sq ft (lab buildings)
 - Costs of acquisition, infill development, and special features add millions to the construction costs (5 industrial kitchens, high tech information technology labs, computers, furnishings are extra)
 - Our team found the costs reasonable → any downtown location would incur these extra costs on top of base construction

Return on Investment

- \$900,000 per year more than doubles total investment
 - Originally \$40-million → now **\$86-million** = more construction jobs
 - Originally 50/50 split with City → now the Province, Fanshawe, and the Private Sector are paying **majority** of expansion costs
 - Prevents 70k sq ft vacancy, and loss of an iconic streetscape
- 1000 + 1000 students = far more than double the impact
 - The impact of Wilfred Laurier's Downtown Brantford Campus is over \$6,000 per student (2000 students = **\$12-million** annually)
 - Restaurant owners tell us they will benefit from *Culinary School* (think Stratford's Chef School, George Brown College, etc.)
 - Expanding *Information Technology*, one of Fanshawe's signature programs, will support London's downtown-based tech sector

It Gets Even Better

- The money is already there
 - Funds already set aside for ecodev → No new taxes required
 - Biggest possible return of any foreseeable project → But...
 - Does not compete against other priorities → this one makes its money back fast enough to fund other projects, creates a tipping point on Dundas Street, and leaves no ongoing liability to the City
- Almost immediate payback
 - Downtown London pays nearly 10% of the City's property taxes
 - Assessment growth increased 61% after Bud Gardens, Market, etc.
 - 1%-2% further increase would cover the City of London's share (we expect actual assessment growth to exceed 10%)
 - Building on campus would not provide the same impact to London
 - **We liked the business case so much, we put up \$1-million**

Our Proposal

- Downtown London is prepared to invest \$1-million
 - \$100,000/year for ten years, from existing programs
 - 100% private sector funds (LDBA has never sought or received any tax funding from the City of London)
 - Requires approval of this plan from City Council
 - City provides reduced additional investment
 - \$900,000/year for ten years, reduced from \$10-million ask
 - Conditional on Fanshawe following public sector processes for purchasing/tendering construction services and funding the rest through Province, capital reserves, and private sector donations
 - Remaining details/conditions as per prior requests/commitments from Fanshawe and recommendations from staff
- **Targeting September 2018 for completion and opening**