

<b>TO:</b>	<b>CHAIR AND MEMBERS STRATEGIC PRIORITIES &amp; POLICY COMMITTEE  MEETING ON MARCH 9 , 2015</b>
<b>FROM:</b>	<b>MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>SUBJECT:</b>	<b>INDUSTRIAL LAND DEVELOPMENT STRATEGY ANNUAL MONITORING AND PRICING REPORT CITY OF LONDON</b>

<b>RECOMMENDATION</b>
-----------------------

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, on the advice of the Manager of Realty Services, the following actions be taken with respect to the annual monitoring and pricing of City-owned industrial lands:

- a) NO ACTION BE TAKEN at this time to adjust the current pricing of City-owned industrial land from the following prices that were established April 1, 2014:
  - Pricing for serviced industrial land in Innovation Park, Phases 3 and 4:  
All lot sizes \$ 75,000.00 per acre
  - Pricing 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
- b) the 2015 Annual Monitoring and Pricing Report related the Industrial Land Development Strategy (ILDS) BE RECEIVED for information.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
--

- Board of Control Report – February 11, 2009 – Industrial Land Development Strategy Report
- Strategic Priorities and Policy Committee – November 18, 2013 – Industrial Land Development Strategy 2013 – 2023
- Strategic Priorities and Policy Committee – March 17, 2014 – Industrial Land Development Strategy Annual Monitoring & Pricing Report

<b>BACKGROUND</b>
-------------------

**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 the 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.

### **City Owned Industrial Land Pricing in London, Ontario**

The current pricing levels of all other City owned industrial parks, established effective April 1, 2014, is 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.

### **Industrial Land Pricing in Surrounding Municipalities in Southwestern Ontario**

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 2014 are:

Brantford	\$75,000 per acre
Cambridge	\$285,000 per acre
Chatham/Kent	\$50,000 per acre
County of Brant	\$75,000 per acre
Guelph	\$325,000 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	\$65,000 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. The pricing for land in Cambridge, Guelph & Kitchener is more than three times the price of land in London.

The aggressive use of subsidies by other countries has been a negative factor for attraction of new manufacturing and assembly plants. Parts plants decisions have been impacted by the southward shift in the geographic centre of the assembly industry with Mexico and Southern U.S. states gaining share.

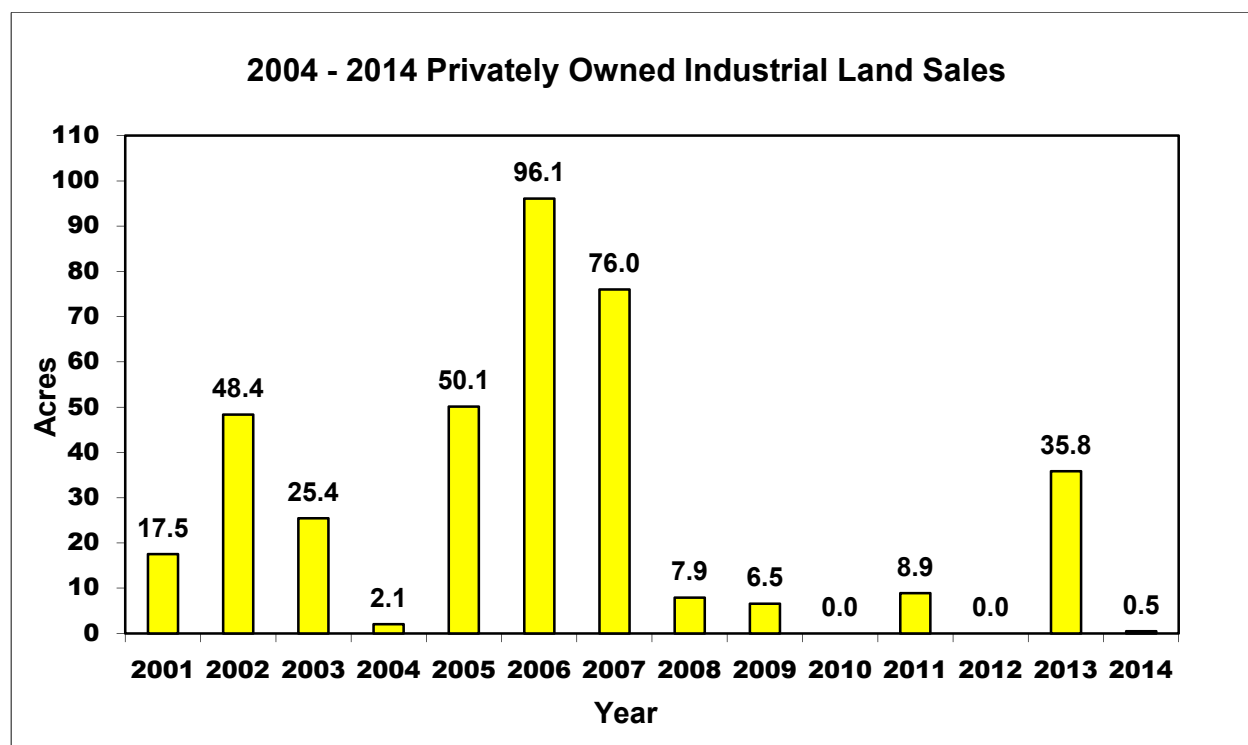
The recent oil price downgrade and accompanying depreciation in the Canadian dollar should provide a lift for non-resource based industries in 2015. Lower fuel prices and higher standards for delivery speeds will also continue to spur demand for land near Highway 401.

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. The chart below illustrates the number of privately-owned industrial land sales over the past 10 years.
- 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.
- Demand for serviced industrial lots over the last several years has been sporadic, 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**

City serviced industrial lands have access to full municipal servicing to the lot line, and in most cases, are shovel ready, being available for a client to purchase and develop.

<b>PARK</b>	<b>Net Available (Acres)</b>	<b>Net Available (Hectares)</b>
Innovation Park – Phases I to IV	238.76	96.62
Skyway Industrial Park	44.61	18.05
Forest City Industrial Park	3.22	1.3
River Road Industrial Park	10.79	4.37
Trafalgar Industrial Park	12.46	5.04
<b>TOTAL</b>	<b>310</b>	<b>125</b>

Of approximately 310 acres of City owned industrial land currently available for sale, 38 acres are under option in various City owned Industrial Parks.

The City serviced land inventory includes only one parcel of industrial land with size greater than 50 acres and this parcel is within the Advanced Manufacturing Innovation Park Phase 4. It is desirable to have more inventory of serviced larger block parcels to provide flexibility, enhanced competitiveness and to ensure there are no lost opportunities for future new light industrial plants looking to locate in London and Southwestern Ontario.

#### **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
Total Acres/ Ha Sold: (to date)	200.7 Acres
Total Acres Donated to UWO/Fanshawe:	39.7 Acres
Total Acres Optioned (to date)	33.9 Acres
Total Net Acres (Available)	<u>200.5 Acres</u>
Average Selling Price Per Acre	\$48,487 per acre
# of Parcels Sold:	9
Average Size of Parcel Sold:	22.3 Acres
Types of businesses in the Park	Advanced 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
Total Acres Sold: (to date)	87.1 Acres
Total Acres Optioned (to date)	1 Acres
Total Net Acres (Available)	<u>44.6 Acres</u>
Average Selling Price Per Acre	\$50,556 per acre
# of Parcels Sold:	8
Average Size of Parcel Sold:	12.4 Acres
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
Total Acres Sold: (to date)	130 Acres
Total Acres Optioned: (to date)	3.2 Acres
Total Net Acres (Available)	<u>0 Acres</u>
Average Selling Price Per Acre	\$51,088 per acre
# of Parcels Sold:	16
Average Size of Parcel Sold:	8.2 Acres
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
Total Acres Sold: (to date)	35.16 Acres
Total Acres Optioned: (to date)	0 Acres
Total Net Acres (Available)	<u>10.7 Acres</u>
Average Selling Price	\$56,201 per acre
# of Parcels Sold:	10
Average Size of Parcel Sold:	3.5 Acres
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
Total Acres Sold: (to date)	344 Acres
Total Acres Optioned (to date)	0 Acres
Total Net Acres (Available)	<u>12.5 Acres</u>

Average Selling Price Per Acre  
Types of businesses in the Park

\$47,823  
Manufacturing, Warehousing

## **UNSERVICED LANDS**

### **Current Inventory – Unserviced Industrial Land**

<b>PARK</b>	<b>Zoning</b>	<b>Inventory (Acres)</b>	<b>Inventory (Hectares)</b>
Huron Industrial Park	Light Industrial & General Industrial	238	96.5
Oxford Business Park	General Industrial	24.94	10
S/W Corner Highbury & Highway 401	Light Industrial	5.35	2.16
	<b>TOTAL</b>	<b>268.29</b>	<b>108.66</b>

#### **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**

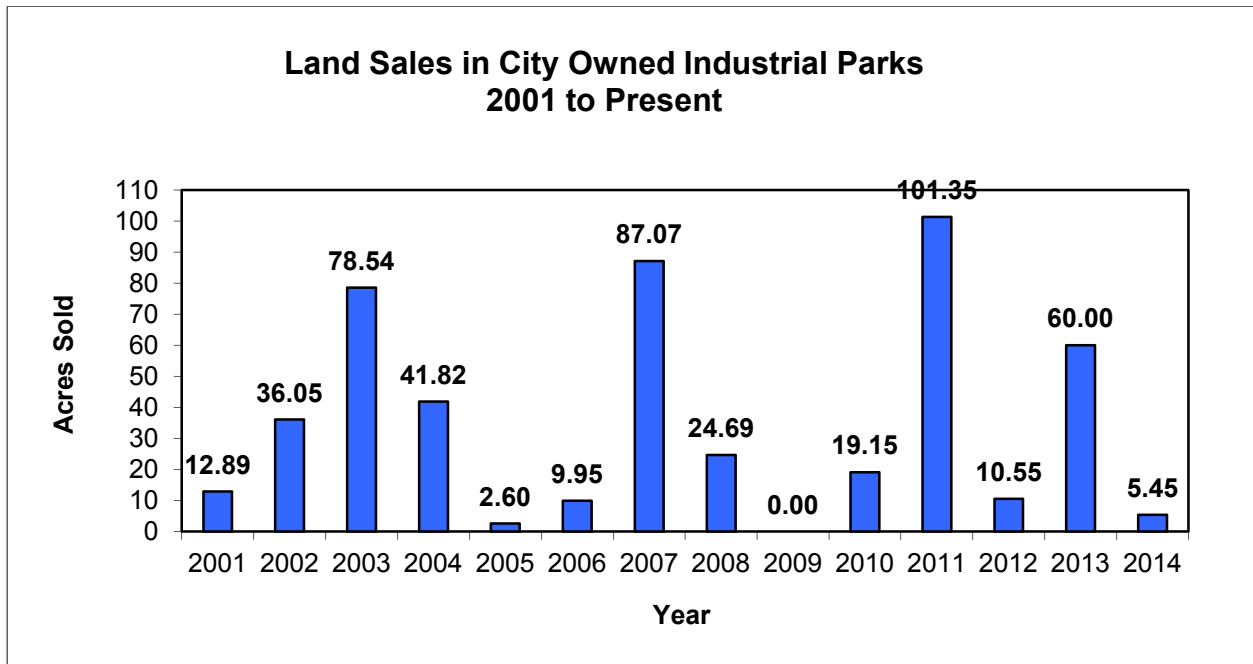
Approximately 28.8 acres (11.7 ha) of raw land were purchased by the City of London in 1993. This land is located on the north-east corner of Oxford Street and Veteran's Memorial Parkway. To date, this land is partially serviced; however, an Imperial Oil Pipeline crosses through the centre of the site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

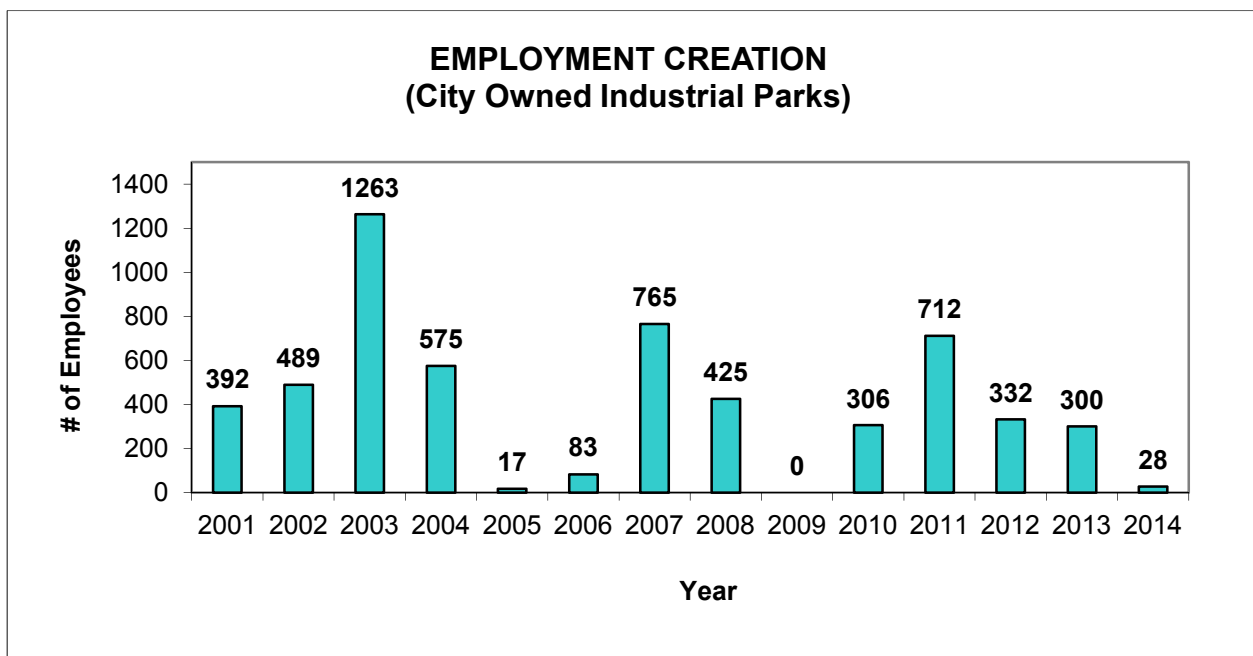
Since 2001, the Realty Services Division has sold approximately 493.5 acres (199.7 ha) of industrial land for a total of \$24,908,398. The estimated municipal tax revenue on these land sales totals more than \$6,494,045. The cost to construct these new industrial manufacturing and warehousing establishments is approximately \$237,136,315.



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 2013, 60 acres of land were sold or under contract for \$2,040,000, and in 2014, 5.45 acres were sold for \$354,250.

## **Employment Creation**

Since 2001, approximately 5,759 people are employed in City owned industrial parks.



## **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.

The City Industrial Land Team works with potential buyers to meet their development timelines in a business-friendly manner. There are numerous other municipalities throughout Southwestern Ontario that monitor industrial land activity in London, making it critical for London to maintain competitiveness by being proactive in developing suitable lands that are shovel ready at attractive prices.

Pricing of City of London Municipal industrial Land must remain competitive with surrounding municipalities. As such, staff are recommending pricing remain the same, as in the previous year.

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

## **Acknowledgement**

This report has been prepared with assistance from Diane Coffin, Industrial Land Officer and Kapil Lakhotia, London Economic Development Corporation.

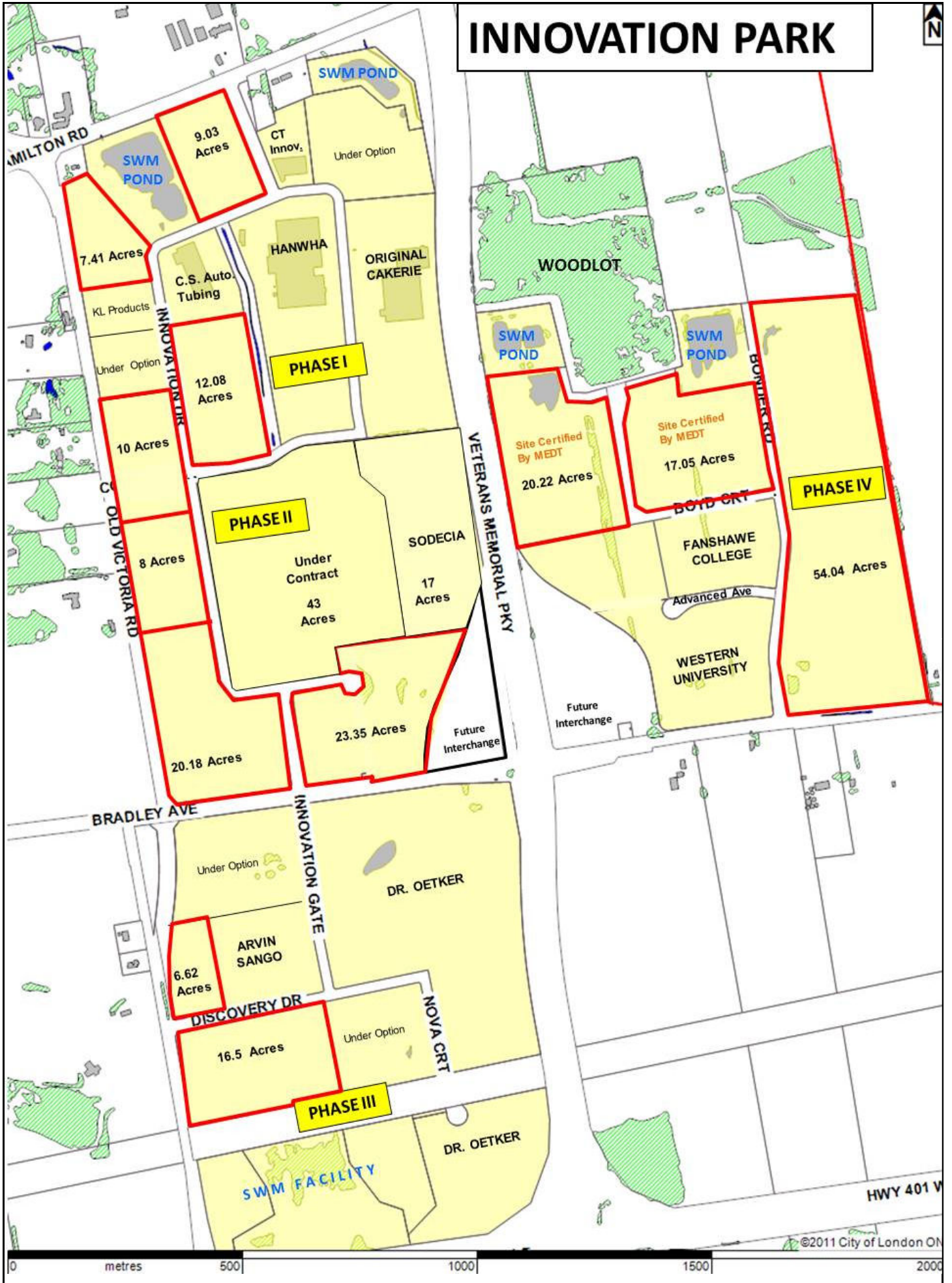
<b>PREPARED BY:</b>	<b>RECOMMENDED BY:</b>
<b>BILL WARNER MANAGER OF REALTY SERVICES</b>	<b>MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>

February 24, 2015  
Attach.

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



**SCHEDULE 1**



**SCHEDULE "1A"**

**INNOVATION PARK – PHASES I TO IV**  
**Estimated Revenue and Expense Breakdown as of February, 2015**

**ACTUAL REVENUE AND PROJECTED REVENUE:**

**Land Sales**

TOTAL LAND SALES REVENUE TO DATE	\$9,731,337
Acreage Sold to Date	200.7 Acres
Average Price Per Acre (based on actual sales to date)	\$48,484 /ac
Estimated Sales Revenue on Balance of Park (202.57 acres @ \$65,000 per acre plus (33.89 acres @ \$56,500 per acre)	<u>\$15,081,835</u>
<b>TOTAL ACTUAL AND ESTIMATED SALES REVENUE</b>	<b>\$24,813,172</b>

**Annual Municipal Tax Estimate – On Land Sales to Date**

ANNUAL MUNICIPAL TAX ESTIMATE	\$2,883,860
<b>Estimated Annual Taxes Per Acre</b>	<b>\$14,368 /ac</b>

**BUDGETED EXPENSES:**

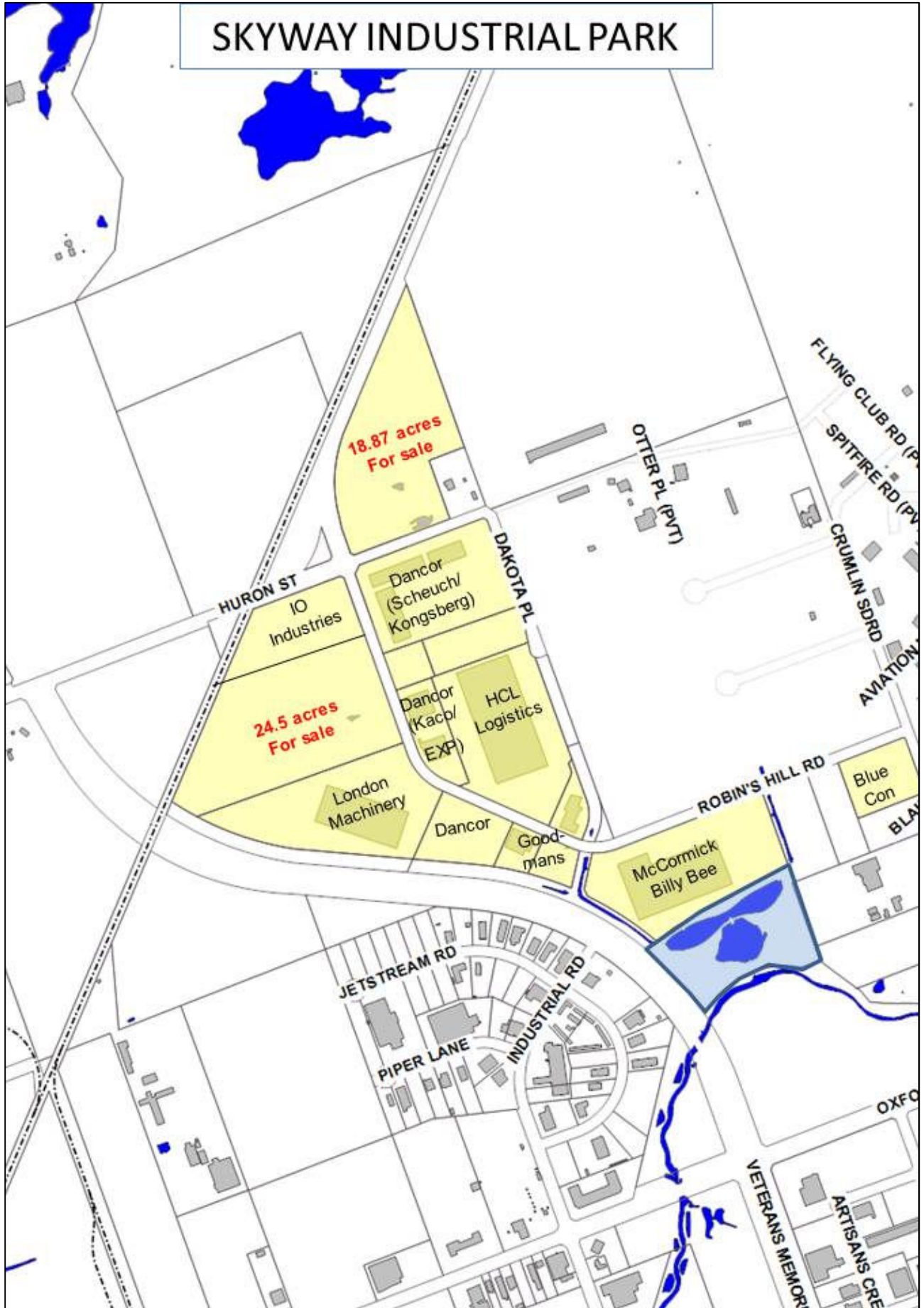
**Budgeted Acquisition, Design & Construction Costs:**

A) Land Costs: Total Land Acquisition Cost (477 net acres)	\$12,222,016
B) Servicing Costs: Design & Construction Costs	\$60,013,987
Less: Estimated Oversizing Component *	<u>- \$23,317,350</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
<b>Average Expenditures Per Net Acre (after deducting senior Government Funding)</b>	<b>\$65,975 /ac</b>

\* 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



**SCHEDULE "2A"**

**SKYWAY INDUSTRIAL PARK  
Estimated Revenue and Expense Breakdown as of February, 2015**

**ACTUAL REVENUE AND PROJECTED REVENUE:**

**Land Sales**

TOTAL LAND SALES REVENUE TO DATE (including this sale)	\$4,403,428
Acreage Sold to Date	87.1 Acres
Average Price Per Acre (based on actual sales to date)	\$50,556 /ac
Estimated Sales Revenue on Balance of Park (25.74 acres @ \$65,000 per acre plus (18.87 acres @ \$45,000 per acre)	<u>\$2,522,250</u>
<b>TOTAL ACTUAL AND ESTIMATED SALES REVENUE</b>	<b>\$6,925,678</b>

**Annual Municipal Tax Estimate – On Land Sales to Date**

TOTAL ANNUAL MUNICIPAL TAX ESTIMATE	\$1,282,923
<b>Average Estimated Annual Taxes Per Acre</b>	<b>\$14,729 /ac</b>

**BUDGETED EXPENSES:**

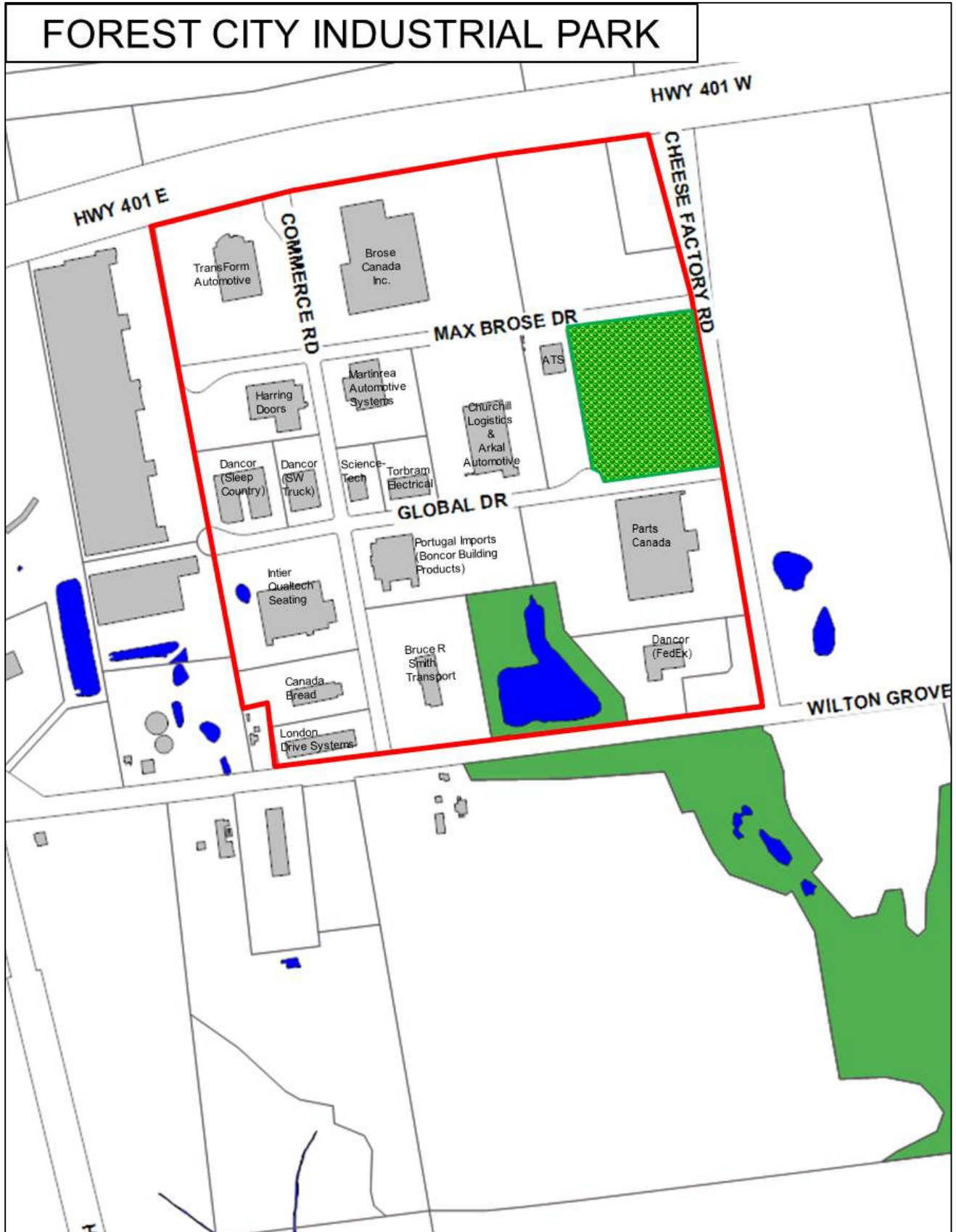
**Budgeted Acquisition, Design & Construction Costs:**

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>
<b>TOTAL LOCAL SERVICES</b>	<b>\$9,761,406</b>
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) & ISF Funding (Federal)	<u>- \$4,531,616</u>
E) TOTAL COST (A + B) Land plus Local Servicing cost - Net of Superbuild & ISF Funding	\$8,757,307
<b>Average Expenditures Per Net Acre (after deducting senior Government Funding)</b>	<b>\$71,198 /ac</b>

\* 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**



**SCHEDULE "3A"**

**FOREST CITY INDUSTRIAL PARK  
Estimated Revenue and Expense Breakdown as of February, 2015**

**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>
<b>TOTAL ACTUAL AND ESTIMATED SALES REVENUE</b>	<b>\$6,785,400</b>

**Annual Municipal Tax Estimate – On Land Sales to Date**

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

**EXPENSES:**

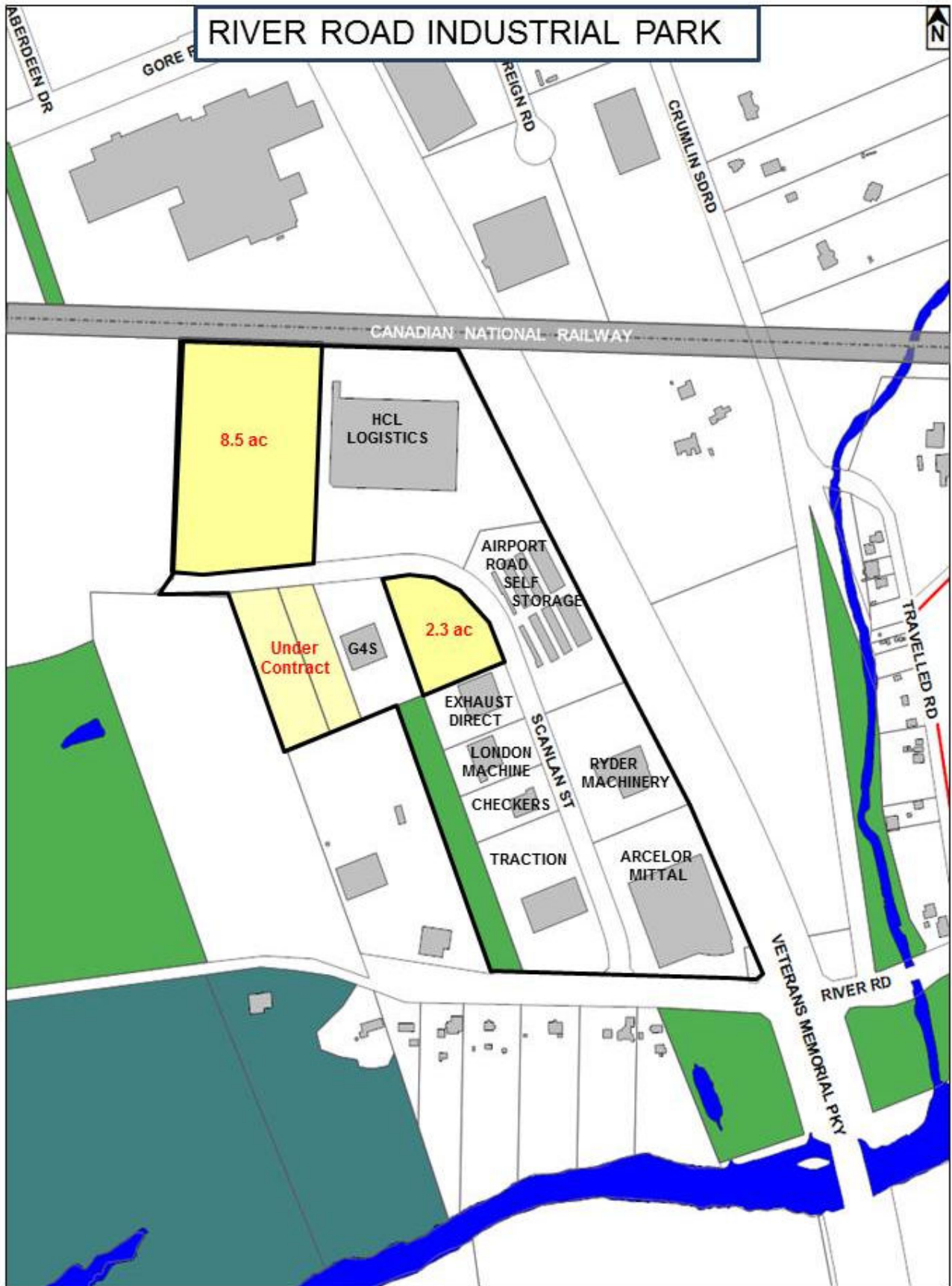
**Budgeted Acquisition, Design & Construction Costs:**

<b>A) Land Costs:</b> 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)	<b>\$91,998</b>

\* 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**



**SCHEDULE "4A"**

**RIVER ROAD INDUSTRIAL PARK  
Estimated Revenue and Expense Breakdown as of February, 2015**

**REVENUE – ACTUAL AND ESTIMATED:**

**Land Sales**

TOTAL LAND SALES REVENUE TO DATE	\$1,976,040
Acreage Sold to Date	35.16 Acres
Average Price Per Acre (based on actual sales to date)	\$56,201 /ac
Estimated Sales Revenue on Balance of Park (2.3 acres @ \$75,000/acre / 8.47 acres @ \$65,000/acre)	<u>\$723,050</u>
<b>TOTAL ACTUAL AND ESTIMATED SALES REVENUE</b>	<b>\$2,699,090</b>

**Annual Municipal Tax Estimate – On Land Sales to Date**

TOTAL ANNUAL MUNICIPAL TAX ESTIMATE	\$477,647
<b>Average Estimated Annual Taxes Per Acre</b>	<b>\$13,585 /ac</b>

**EXPENSES:**

**Budgeted Acquisition, Design & Construction Costs:**

<b>A) Land Costs:</b> 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

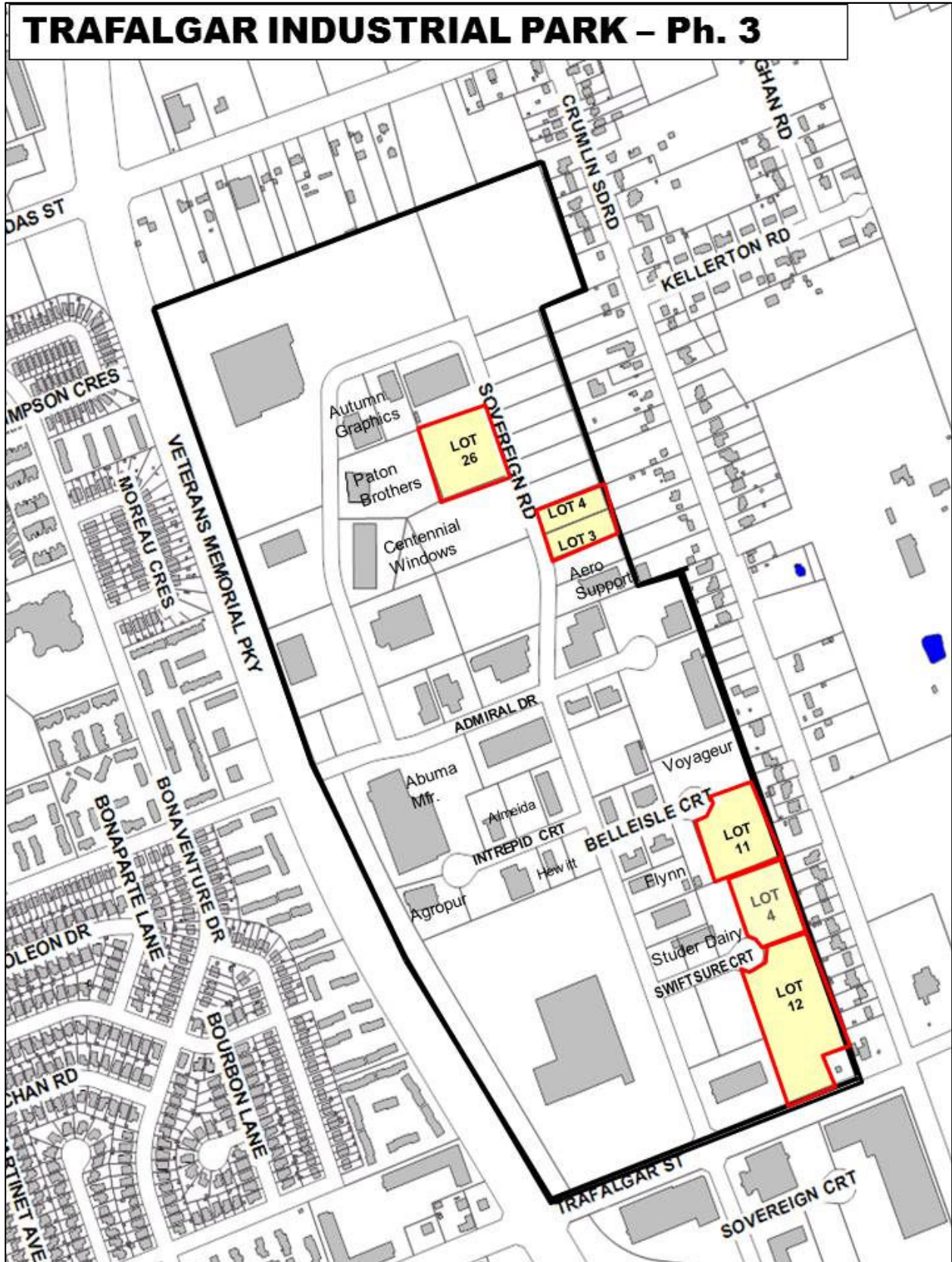
\* It should be noted that Oversizing costs are ultimately borne by the City.

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



SCHEDULE 5

**TRAFALGAR INDUSTRIAL PARK – Ph. 3**



**SCHEDULE "5A"**

**TRAFALGAR INDUSTRIAL PARK  
Estimated Expense Breakdown as of February, 2015**

**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 (12.5 acres @ \$65,000/acre)	<u>\$812,500</u>
<b>TOTAL ACTUAL AND ESTIMATED SALES REVENUE</b>	<b>\$17,263,692</b>

**Annual Municipal Tax Estimate – On Land Sales to Date**

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

**EXPENSES:**

**Budgeted Acquisition, Design & Construction Costs:**

<b>A) Land Costs:</b> Total Land Acquisition Cost (428 net acres)	\$4,408,828
B) Servicing Costs: Design & Construction Costs	\$9,006,048
<b>TOTAL LAND AND LOCAL SERVICES</b>	<b>\$13,414,876</b>
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 – MUNICIPAL PRICE COMPARISON – SOUTHWESTERN ONTARIO**

<b>Municipality</b>	<b>Land Price</b>	<b>Serviced Land</b>	<b>Non-Serviced Land</b>	<b>Total</b>
	<b>(Per Acre)</b>	<b>(Acreage)</b>	<b>(Acreage)</b>	<b>(Acreage)</b>
St.Thomas	\$35,000 - \$45,000	120	0	120
Chatham-Kent	\$50,000	160	13	173
Windsor	\$65,000 - \$130,000	171	900	1071
Woodstock	\$70,000	242	48	290
London	\$75,000	310	280	590
Stratford	\$75,000 - \$100,000	78	56	134
Strathroy-Caradoc	\$35,000	75	70	145
Sarnia-Lambton	\$50,000 - \$70,000	210	50	260
Ingersoll	\$100,000	27	0	27
County of Brant	\$75,000	50	128	178
Brantford	\$75,000	45	0	45
Hamilton	\$205,000	35	0	35
Cambridge	\$210,000 - \$285,000	0	220	220
Kitchener	\$250,000	2	0	2
Guelph	\$275,000 - \$325,000	80	100	180

**TABLE 2 – MUNICIPAL LAND SALES**

SALE	PURCHASER	PROJECTED EMP'YES	ACREAGE	PARK	LAND PRICE	PROJECTED BUILDING COST	MUNICIPAL TAX ESTIMATE	TOTAL TAX ESTIMATE
2001-03	Keiper Canada *	350	10.10	River Road Ind Pk	\$303,091	\$7,000,000	\$214,342	\$318,642
2001-08	Flynn Equipment	34	1.00	Trafalgar Ind Pk	\$74,000	\$280,000	\$6,685	\$11,296
2001-09	Aero Support Canada Inc.	8	1.79	Trafalgar Ind Pk	\$132,460	\$720,000	\$15,906	\$26,877
2002-03	Wiler - PCCA, ULC	30	2.29	London Enterprise Pk	\$148,850	\$1,200,000	\$20,286	\$34,278
2002-03	Blue-Con Inc.	40	9.79	Skyway Industrial Pk	\$293,700	\$1,800,000	\$41,494	\$70,114
2002-04	Trudell Medical Ltd.	0	1.86	London Enterprise Pk	\$104,160	\$0	\$2,305	\$3,895
2002-06	Autumn Graphics	26	1.20	Trafalgar Ind Pk	\$84,000	\$1,000,000	\$23,052	\$38,952
2002-06	Trudell Medical Marketing Limited	85	10.65	London Enterprise Pk	\$426,000	\$4,000,000	\$43,800	\$74,010
2002-06	Copperweld	85	4.60	River Road Ind Pk	\$253,000	\$3,016,000	\$34,579	\$58,429
2002-07	Microtronix Datacom Ltd.	40	1.02	London Enterprise Pk	\$66,300	\$750,000	\$16,137	\$27,267
2002-08	Traction	33	3.61	River Road Ind Pk	\$187,720	\$1,300,000	\$27,663	\$46,743
2002-10	Abuma Manufacturing Ltd.	150	1.03	Trafalgar Ind Pk	\$56,650	\$3,219,000	\$137,791	\$204,841
2003-05	Exhaust Direct	15	1.37	River Road Ind Pk	\$76,600	\$398,000	\$10,717	\$15,932
2003-05	Airport Road Self Storage	1	4.00	River Road Ind Pk	\$231,000	\$1,129,000	\$23,250	\$39,286
2003-08	Bruce R. Smith / Rosedale Group	100	8.1	Forest City Industrial Park	\$364,500	\$1,850,000	\$30,744	\$51,949
2003-05	Harring Doors	50	5.00	Forest City Industrial Park	\$291,150	\$1,995,000	\$55,116	\$81,936
2003-02	Intier Automotive	210	8.5	Forest City Industrial Park	\$360,000	\$3,750,000	\$73,489	\$109,249
2003-04	T.K. Budd Automotive	105	4.68	Forest City Industrial Park	\$257,400	\$2,988,000	\$76,551	\$113,801
2003-07	Brosse Canada, Inc.	650	31.63	Forest City Industrial Park	\$1,558,031	\$15,461,000	\$350,295	\$520,751
2003-12	Ryder Machinery Limited	47	3.46	River Road Ind Pk	\$236,418	\$1,500,000	\$27,663	\$46,743
2003-08	Geologistics Corp.	35	7.80	Forest City Industrial Park	\$349,650	\$1,934,000	\$41,494	\$70,114
2003-10	Canada Bread	50	4.00	Forest City Industrial Park	\$220,000	\$850,000	\$27,538	\$40,968
2004-01	Transform Automotive Canada	99	10.65	Forest City Industrial Park	\$550,723	\$3,848,000	\$124,104	\$184,493
2004-05	Centennial Windows	257	1.99	Trafalgar Ind Pk	\$129,350	\$1,300,000	\$34,907	\$51,893
2004-05	Churchill Logistics	112	10.00	Forest City Industrial Park	\$450,000	\$3,320,000	\$70,610	\$119,311
2004-05	Parts Canada	74	15.51	Forest City Industrial Park	\$697,950	\$6,300,000	\$143,386	\$242,284
2004-10	Hewitt	3	0.50	Trafalgar Ind Pk	\$42,500	\$100,000	\$2,997	\$5,064
2004-12	Torbram Electrical Supply	30	2.15	Forest City Industrial Park	\$139,497	\$1,150,000	\$19,595	\$33,110
2004-12	OE Canada	0	1.03	London Enterprise Pk	\$66,950	\$0	\$1,936	\$3,272
2005-12	New Apostolic Church	3	1.45	London Enterprise Pk	\$102,947	\$3,000,000	\$0	\$0
2005-04	London Machine & Manufacturing	14	1.15	River Road Ind Pk	\$74,815	\$500,000	\$9,400	\$13,975
2006-03	London Drive Systems	8	2.40	Forest City Industrial Park	\$132,000	\$1,784,000	\$54,626	\$81,208
2006-04	Voyageur Transportation	30	1.98	Trafalgar Ind Pk	\$109,169	\$660,000	\$23,237	\$39,264
2006-04	Canada Tubeform	40	3.69	Innovation Park	\$239,850	\$1,872,000	\$68,497	\$101,829
2006-08	Flynn Equipment	0	0.67	Trafalgar Ind Pk	\$43,550	\$0	\$991	\$1,675
2006-04	Alex Almeida Construction	0	0.85	Trafalgar Ind Pk	\$55,139	\$0	\$1,268	\$2,142
2006-08	Masciotra Paving	5	0.36	Trafalgar Ind Pk	\$13,320	\$0	\$692	\$1,169
2007-02	Checkers Marketing	12	1.15	River Road Ind Pk	\$74,555	\$800,000	\$14,385	\$24,306
2007-02	Paton Brothers	13	2.93	Trafalgar Ind Pk	\$155,000	\$1,000,000	\$21,434	\$31,864
2007-05	Ceva Logistics	258	20.00	Skyway Industrial Pk	\$900,000	\$10,848,000	\$398,461	\$592,353
2007-07	C.S. Automotive Tubing	100	6.50	Innovation Park	\$409,303	\$3,624,000	\$87,696	\$130,370
2007-08	Sciencetech Inc.	32	1.50	Forest City Industrial Park	\$97,500	\$939,000	\$19,827	\$30,122
2007-11	GAS Securitor	15	2.36	River Road Ind Pk	\$153,400	\$850,000	\$23,052	\$38,952
2007-12	London Machinery	125	15.00	Skyway Industrial Pk	\$708,750	\$7,500,000	\$253,995	\$377,590
2007-12	McCormick Canada	60	15.25	Skyway Industrial Pk	\$720,563	\$13,900,000	\$269,714	\$455,744
2007-12	Hanwha	150	22.38	Innovation Park	\$1,130,900	\$16,753,000	\$435,909	\$648,026
2008-01	Original Cakeite	400	23.16	Innovation Park	\$1,355,393	\$11,996,000	\$325,534	\$494,603
2008-07	Agropur	25	1.53	Trafalgar Ind Pk	\$76,540	\$800,000	\$20,263	\$34,239
2010-02	Dancor Construction	226	12.60	Skyway Industrial Pk	\$819,000	\$4,116,400	\$174,535	\$259,465
2010-02	Dancor Construction	20	2.97	Skyway Industrial Pk	\$202,703	\$1,000,000	\$42,654	\$63,410
2010-05	Centennial Windows	0	0.70	Trafalgar Ind Pk	\$31,500	\$1,500,000	\$33,000	\$55,760
2010-05	Studer Dairy	30	2.00	Trafalgar Ind Pk	\$90,000	\$650,000	\$14,569	\$24,618
2010-11	O'Drowsky	30	0.88	Trafalgar Ind Pk	\$66,000	\$0	\$2,030	\$3,018
2011-03	Southwest Truck Supply	24	6.05	Forest City Industrial Park	\$393,000	\$5,742,000	\$175,821	\$261,377
2011-04	Dr. Oetker	400	66.35	Innovation Park	\$3,510,176	\$24,300,000	\$660,968	\$982,599
2011-05	Runway's End Holdings	125	4.00	Skyway Industrial Pk	\$260,000	\$710,000	\$16,367	\$27,656
2011-07	Dancor Construction	0	4.45	Skyway Industrial Pk	\$303,713	\$1,869,000	\$57,229	\$85,077
2011-03	Arvin Sango	120	12.51	Innovation Park	\$656,565	\$8,356,565	\$367,443	\$546,243
2011-11	FedEx	43	8.00	Forest City Industrial Park	\$520,000	\$4,000,000	\$92,210	\$155,810
2012-06	KL Products Inc.	40	3.68	Innovation Park	\$229,900	\$2,141,000	\$65,558	\$97,459
2012-06	ATS	35	4.00	Forest City Industrial Park	\$260,000	\$994,500	\$72,926	\$108,738
2012-10	Centennial Windows	257	2.87	Trafalgar Ind Pk	\$215,250	\$3,627,750	\$111,083	\$156,792
2013-10	Sodecia Canada Inc.	300	60.00	Innovation Park	\$2,040,000	\$24,800,000	\$821,847	\$1,160,031
2014-08	IO Industries	40	3.00	Skyway Industrial Pk	\$195,000	\$1,101,100	\$28,473	\$47,177
2014-08	Canada Tubeform	60	2.45	Innovation Park	\$159,250	\$1,794,000	\$46,390	\$72,986
<b>TOTAL</b>		<b>5,759</b>	<b>490.12</b>		<b>\$24,656,398</b>	<b>\$235,684,315</b>	<b>\$6,460,558</b>	<b>\$9,708,152</b>

**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 February 2015. 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**

<b>EXPENDITURES</b>	<b>INNOVATION PARK:</b>
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
<b>REVENUES</b>	
Land sales	\$ 9.7 million (from 201 acres)
Annual Municipal Industrial Taxes	\$ 2.9 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)	\$ 32.5 million
Net City Cash Position after 10 years (Revenue – Expenditure)	\$ 1,100,000
<b>ECONOMIC BENEFITS</b> (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
<b>BENEFITS TO OTHER LEVELS OF GOVERNMENT</b> (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**

<b>EXPENDITURES</b>	<b>FOREST CITY PARK:</b>
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
<b>REVENUES</b>	
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
<b>ECONOMIC BENEFITS</b> (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
<b>BENEFITS TO OTHER LEVELS OF GOVERNMENT</b> (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.