

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON MAY 25, 2016
FROM:	MARTIN HAYWARD MANAGING DIRECTOR, 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, 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) THE FOLLOWING ACTION BE TAKEN 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, Skyway Industrial Park, River Road Industrial Park, and Cuddy Blvd Parcels:
 Lots up to 3.99 acres \$75,000.00 per acre
 4.00 acres and up \$65,000.00 per acre
- Pricing for serviced industrial land in Trafalgar Industrial Park:
 All lot sizes - \$55,000.00 per acre.
- b) The 2016 Annual Monitoring and Pricing Report related the Industrial Land Development Strategy (ILDS) BE RECEIVED for information.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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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 9, 2015 – Industrial Land Development Strategy Annual Monitoring & Pricing Report

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 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.

In the Strategic Plan for the City of London 2015 – 2019 and the Economic Roadmap, ILDS remains an important strategy in growing our economy and bringing more employment to the City.

City Owned Industrial Land Pricing in London, Ontario

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

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

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

All lot sizes \$ 75,000.00 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.

Effective June 1, 2016, pricing for serviced industrial land in Innovation Park, Skyway Industrial Park, River Road Industrial Park, and Cuddy Blvd Parcels will be:

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

Pricing for serviced industrial land in Trafalgar Industrial Park will be:

All lot sizes - \$55,000.00 per acre.

The pricing for industrial lots in Trafalgar Industrial Park is slightly lower due to the age of the industrial park, the reduced road frontage for each parcel, the adjacent residential land uses, the requirement for a “noise study” prior to development, and limited demand.

Surcharges will remain as follows:

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

Also, 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.

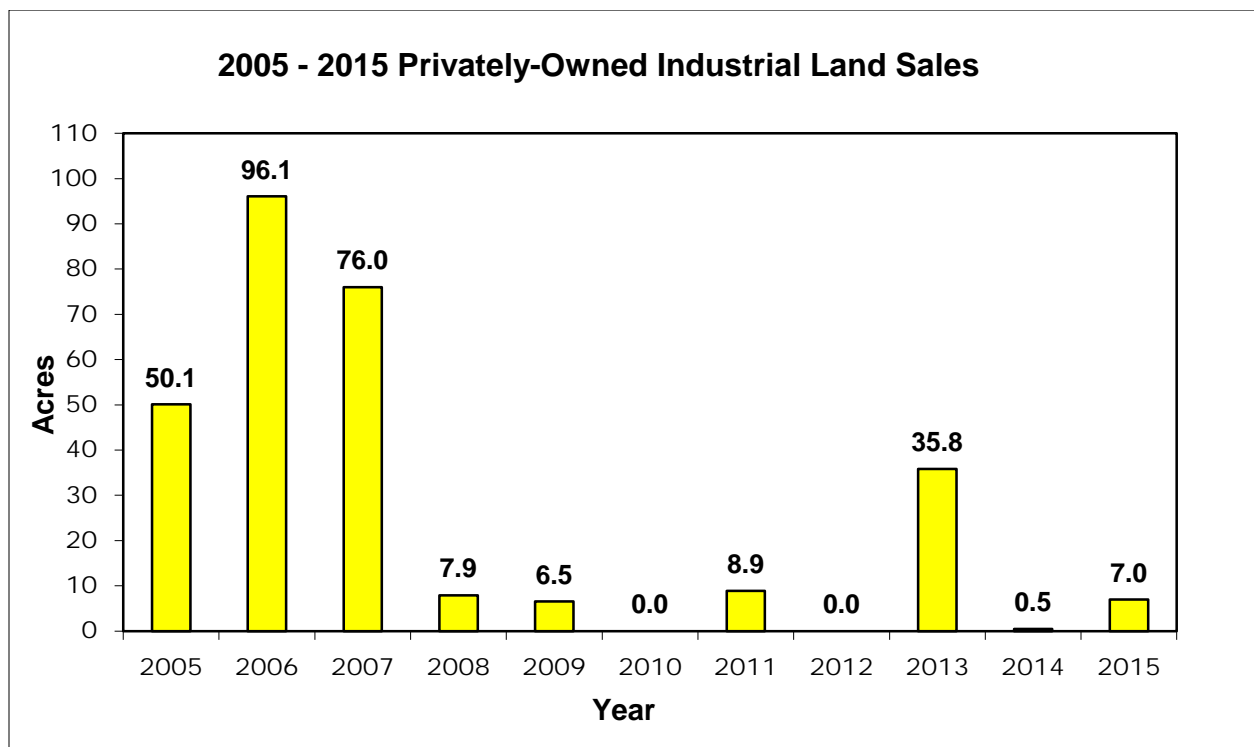
Examples of surrounding municipally owned industrial land prices as of April, 2016 are:

Municipality	Price Per Acre	DC Charges Applicable	Shovel Ready Parcel *
Brantford	\$75,000 - \$125,000	Yes	Yes
Cambridge	\$285,000	Yes	Yes
Chatham/Kent	\$50,000	No	Yes
County of Brant	\$75,000	Yes	Yes
Guelph	\$300,000 - 325,000	Yes	Yes
Hamilton	\$205,000	Yes	Yes
Ingersoll	\$100,000	Yes	Yes
Kitchener	\$250,000	Yes	Yes
Sarnia/Lambton	\$55,000	Yes	Yes
St. Thomas	\$35,000	No	Yes
Stratford	\$75,000	No	Yes
Strathroy	\$35,000	Yes	Yes
Thames Centre	\$50,000	Yes	Yes
Windsor	\$65,000	No	Yes
Woodstock	\$70,000	No	Yes

shovel ready describes construction projects where planning and engineering is advanced enough that, given sufficient funding, construction can begin within a very short time.

Industrial Land Sales in the Private Sector

Private sector industrial land sales remained low in 2014 and 2015, partly due to the higher pricing of land than City-owned lands. In general, pricing can be \$20,000 to \$30,000 per acre higher. It should be noted that the only privately-held industrial land sale in 2015 was a 7 acre parcel sold to Middlesex County for the purpose of a new EMS station.



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.

PARK	Net Available (Acres)	Net Available (Hectares)
Innovation Park – Phases I to IV	236.59	95.74
Skyway Industrial Park	24.74	10.01
Forest City Industrial Park	3.22	1.3
River Road Industrial Park	10.79	4.37
Trafalgar Industrial Park	12.46	5.04
TOTAL	287.80	116.46

Included within the approximate 287 acres of City owned industrial land currently available for sale are 34.3 acres 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.

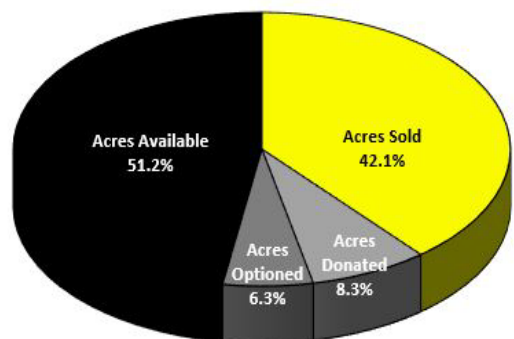
Innovation Park

(for Map of Park refer to Schedule 1 attached)

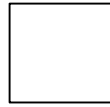
Innovation Park is located on both the west and east sides of Veteran’s Memorial Parkway, north of Highway 401 and south of Hamilton Road.

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	653 Acres
Total Developable Acres	477 Acres
Total Acres Sold: (to date)	200.71 Acres **
Total Acres Donated to UWO/Fanshawe:	39.7 Acres
Total Acres Optioned (to date)	30.1 Acres
Total Net Acres (Available)	<u>206.49 Acres</u>
Average Selling Price Per Acre	\$48,485 per acre
# of Parcels Sold:	9
Average Size of Parcel Sold:	22.3 Acres
Types of businesses in the Park	Light/Advanced Manufacturing



** 41.88 acres under contract recently sold in April, 2016.



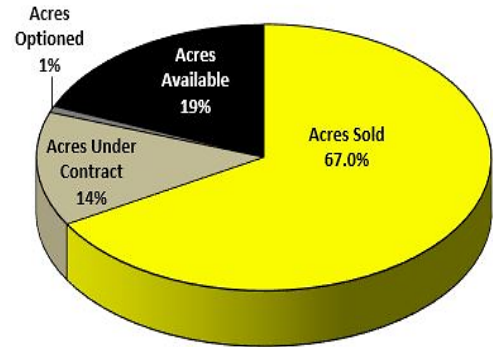
Skyway Industrial Park

(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 Developable Acres	130 Acres
Total Acres Sold: (to date)	87.06 Acres
Total Acres under Contract	18.10 Acres

Total Acres Optioned (to date)	1 Acre
Total Net Acres (Available)	<u>24.74 Acres</u>
Average Selling Price Per Acre	\$50,579 per acre
# of Parcels Sold:	8
Average Size of Parcel Sold:	9.7 Acres
Types of businesses in the Park	Manufacturing, Warehousing



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 Developable Acres	134 Acres
Total Acres Sold: (to date)	130.06 Acres
Total Acres Optioned (to date)	3.2 Acres
Total Net Acres (Available)	<u>0 Acres</u>
Average Selling Price Per Acre	\$51,063 per acre
# of Parcels Sold:	16
Average Size of Parcel Sold:	8.2 Acres
Types of businesses in the Park	Manufacturing, Warehousing & 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 Developable Acres	46.2 Acres
Total Acres Sold: (to date)	35.16 Acres
Total Acres Optioned (to date)	0 Acres
Total Net Acres (Available)	<u>10.79 Acres</u>
Average Selling Price Per Acre	\$52,406 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 Developable Acres	379 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	\$47,823 per acre
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	238.54	96.5
Oxford Business Park	Light Industrial	28.8	11.66
S/W Corner Highbury & Highway 401	Light Industrial	5.35	2.17
	TOTAL	272.69	110.35

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. Several studies are currently underway to review stormwater management solutions for this parcel, along with a development schedule.

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.



FUTURE INDUSTRIAL LANDS

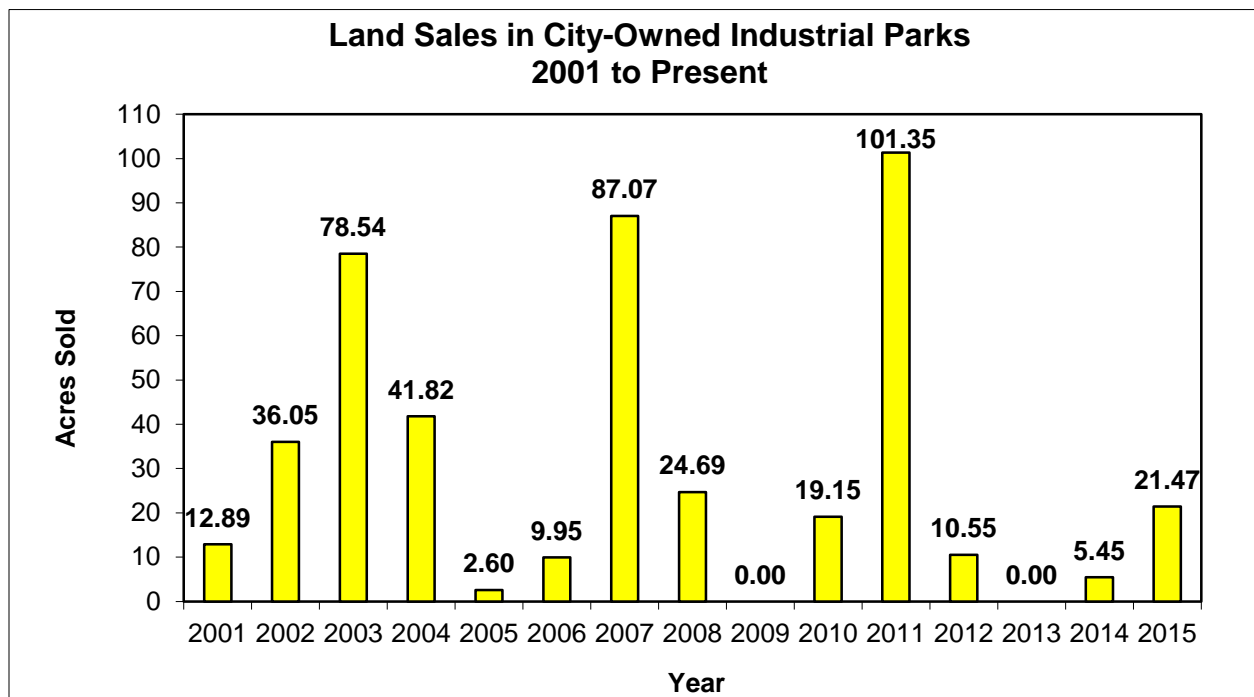
Since April of 2013, the City has acquired four parcels of greenfield land to be developed for light industrial land uses. The total lands acquired are 201.11 acres (81.47 hectares) gross, or 171 acres (69.08 hectares) net developable after servicing.

Parcel	Total		Net Developable (estimated)	
	Acres	Hectares	Acres	Hectares
2555 – 2591 Bradley Ave	84	33.99	82	33.1
1577 Wilton Grove Road	101	40.87	77	31.16
1687 Wilton Grove Road	16.33	6.61	12	4.82
TOTAL	201.22	81.47	171	69.08

The ILDS team is working on active interests that could change the status of our inventory. Once the outcome of these are known, the team will prepare an Investment Plan to create more shovel ready properties in the short term, and a Land Acquisition Strategy Update for the medium term.

SALES ACTIVITY

Since 2001, the Realty Services Division has sold approximately 451.6 acres (182.8 ha) of industrial land for a total of \$23,480,398. The estimated municipal tax revenue since 2001 on these land sales totals more than \$5,833,600 per year. Based on historical building permit data, the estimated cost to construct these new industrial manufacturing and warehousing establishments was approximately \$217,607,390.



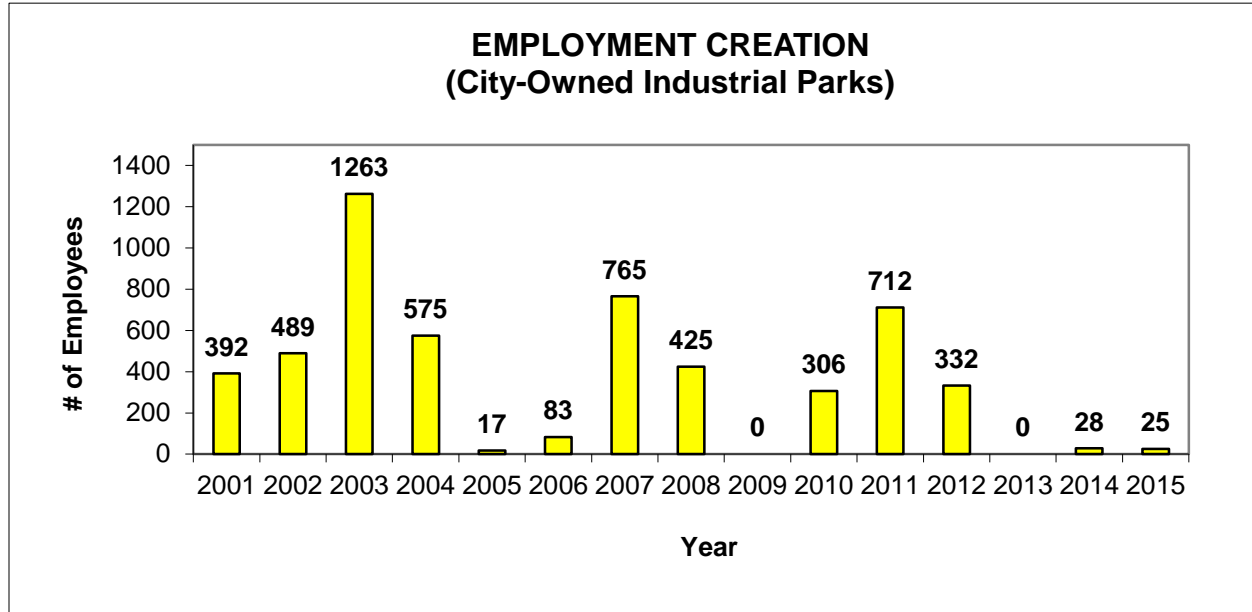
The above Chart shows the absorption of City industrial land over the past 14 years. Table 2, which is attached to this report, sets out in detail the City owned industrial land sold. In 2015, 21.47 acres of land were sold for \$864,000.

Tire Supplier Inc. purchased 3.36 acres of land in River Road Industrial Park for the construction of a 16,200 square foot facility, notably their first London operation. Sodecia Canada Inc. purchased 18.11 acres of land in Innovation Park to construct a 70,281 square foot highly automated technical centre that utilizes robotic processing and robotic laser assembly systems to supply new build contracts with GM, Chrysler and Ford, including production parts for hybrid vehicles.



Employment Creation

Since 2001, sales of City owned industrial land have created approximately 3,720 new jobs in City owned industrial parks.



Conclusion

While economic growth has been lacklustre, industrial property interest remains steady due to continuing low interest rates.

Distribution and logistics inquiries remain strong as these companies strive to improve service and costing to their customers.

Industrial inquiries over the past year have been consistently split between:

- Large users requiring 20 acres and over for 100,000 to 500,000 sf facilities.
- Smaller users requiring 2 to 5 acres for 10,000 to 50,000 sq. ft. buildings within close proximity to Highway 401.
- Existing small to medium-size owners/users looking at expansion opportunities.

Favourable foreign exchange rates spurred hope of an increase in industrial land sales, but there has been a negligible impact on demand so far. Mexico, China and other manufacturing powerhouses remain strong competitors.

The current inventory of City owned serviced land is adequate for small to medium sized parcels while there is limited supply of larger block parcels. The recent purchase of greenfield lands to the south of the Forest City Industrial Park may provide short term supply of one large block industrial lands.

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.

In addition, to help London compete for industrial employment on an international stage, the goal is to maintain an ample supply of market-ready industrial land that is strategically located to suit the various needs of the target sectors which include:

- Advanced manufacturing
- Renewal and Clean Tech
- Automotive
- Food Processing
- Defence and Aerospace
- Life and Health Sciences
- IT and Digital Media
- Enhanced Transportation/Logistics
- Research & Development

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 with the exception of the Trafalgar Park which has limited demand and is of inferior quality to the other parks.

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

Acknowledgement

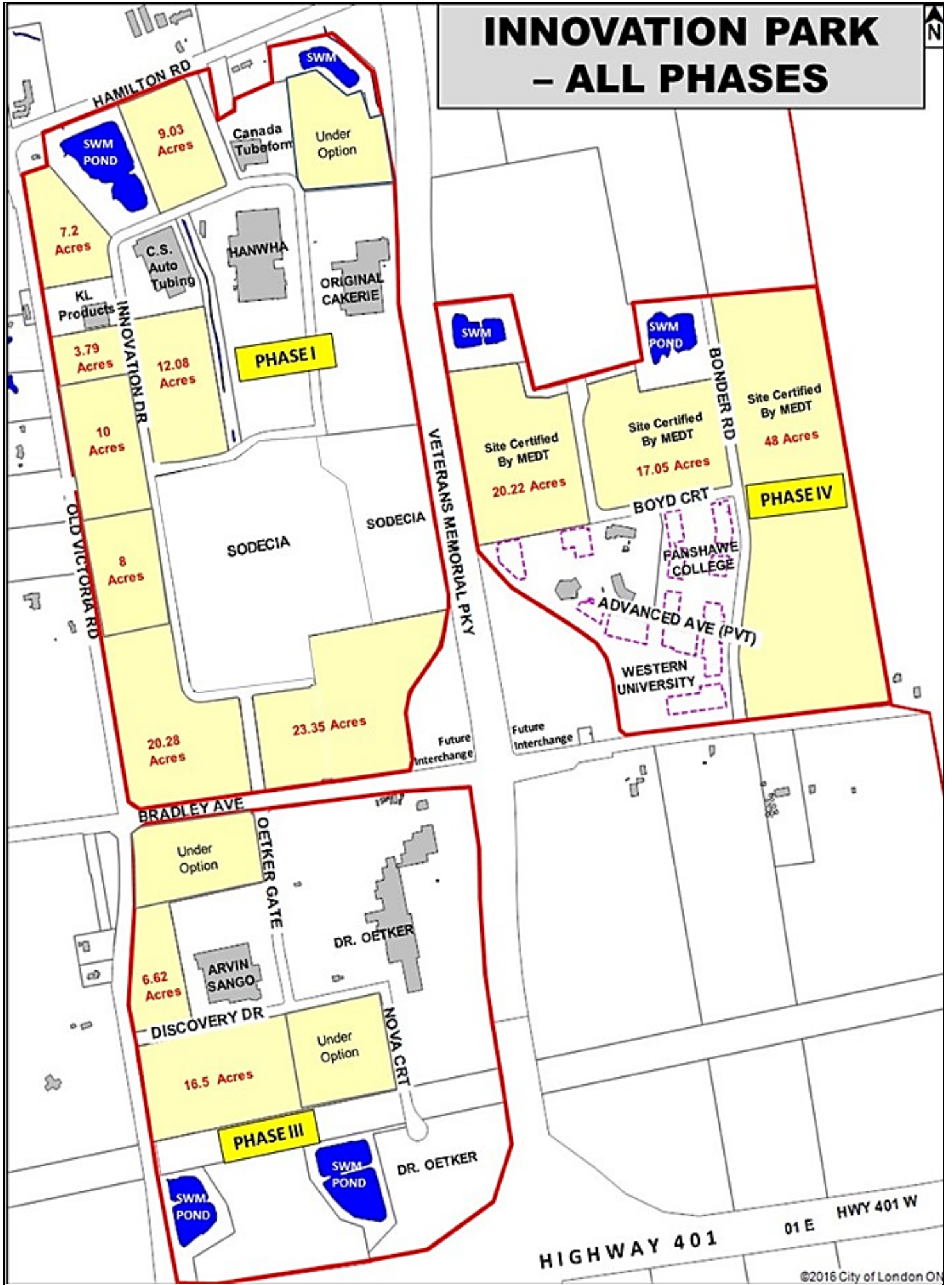
This report has been prepared with assistance from Diane Coffin, Industrial Land Officer, Adam Ostrowski, Realty Services, Robert Sutton, Manager Industrial Land Development, John Lucas, Director- Water and Wastewater, Mark Henderson, Director of Business Liaison, and Kapil Lakhotia, London Economic Development Corporation.

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

April 22, 2016
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. Mounteer, Solicitor
 Robert Sutton, Manager, Industrial Land Development

SCHEDULE 1



SCHEDULE "1A"

**INNOVATION PARK – PHASES I TO IV
Revenue and Expense Breakdown as of April, 2016**

ACTUAL REVENUE AND PROJECTED REVENUE:

Land Sales

TOTAL LAND SALES REVENUE TO DATE (2006 – 2016)	\$9,731,337
Acreage Sold to Date	200.71 Acres
Average Price Per Acre (based on actual sales to date)	\$48,485 /ac
Estimated Sales Revenue on Balance of Park (208.66 acres @ \$65,000 per acre plus (30.1 acres @ \$56,500 per acre)	<u>\$15,263,550</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$24,994,887

Annual Municipal Taxes – On Land Sales to Date

ANNUAL MUNICIPAL TAXES (2015 Actual)	\$1,358,880
Annual Taxes Per Acre (2015 Actual)	\$8,556 /ac

BUDGETED EXPENSES:

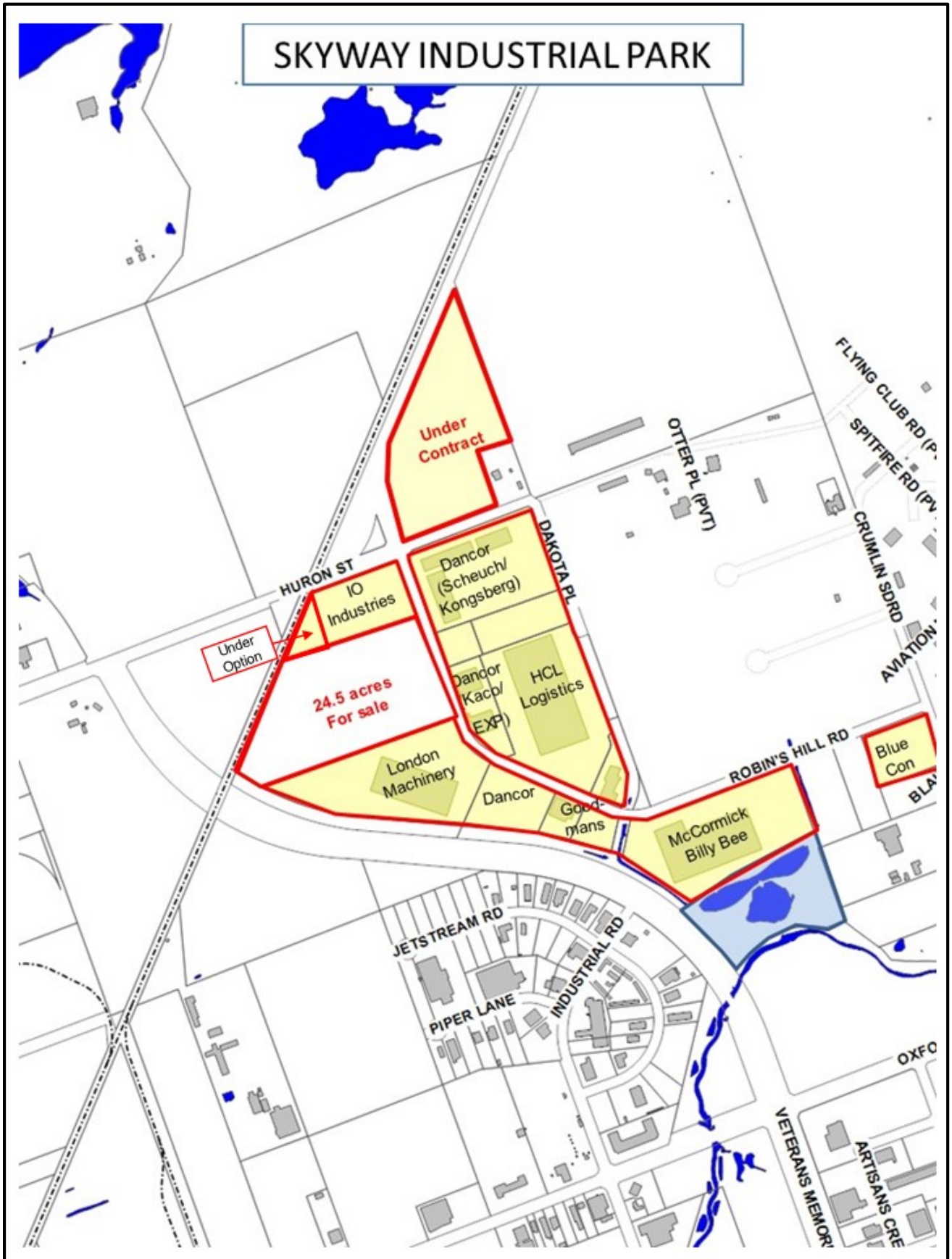
Budgeted Acquisition, Design & Construction Costs:

A) Land Costs: Total Land Acquisition Cost (477 net acres)	\$12,222,016
B) Servicing Costs: Design & Construction Costs	\$61,413,987
Less: Estimated Oversizing Component *	<u>- \$23,867,350</u>
TOTAL LOCAL SERVICES	\$37,546,637
Net Acreage of City owned Land	477 Acres
C) TOTAL COST (A + B) Land plus Local Servicing Cost	\$49,768,653
Average Expenditures Per Net Acre	\$104,337 /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	\$32,320,196
Average Expenditures Per Net Acre (after deducting senior Government Funding)	\$67,757 /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



SCHEDULE “2A”

**SKYWAY INDUSTRIAL PARK
Revenue and Expense Breakdown as of April, 2016**

ACTUAL REVENUE AND PROJECTED REVENUE:

Land Sales

TOTAL LAND SALES REVENUE TO DATE	\$4,403,429
Acreage Sold to Date	87.06 Acres
Average Price Per Acre (based on actual sales to date)	\$50,579 /ac
Estimated Sales Revenue on Balance of Park (24.74 acres @ \$65,000 per acre plus (18.1 acres for \$600,000)	<u>\$2,208,100</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$6,611,529

Annual Municipal Taxes – On Land Sales to Date

ANNUAL MUNICIPAL TAXES (2015 Actual)	\$1,065,422
Annual Taxes Per Acre (2015 Actual)	\$12,238 /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	130 Acres
C) TOTAL COST (A + B) Land plus Local Servicing Cost	\$13,288,923
Average Expenditures Per Net Acre	\$102,222 /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
Average Expenditures Per Net Acre (after deducting senior Government Funding)	\$67,364/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



SCHEDULE “3A”

**FOREST CITY INDUSTRIAL PARK
Revenue and Expense Breakdown as of April, 2016**

ACTUAL REVENUE AND PROJECTED REVENUE:

Land Sales

TOTAL LAND SALES REVENUE TO DATE	\$6,641,405
Acreage Sold to Date	130.06 Acres
Average Price Per Acre (based on actual sales to date)	\$51,063 /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	\$6,785,405

Annual Municipal Taxes – On Land Sales to Date

ANNUAL MUNICIPAL TAXES (2015 Actual)	\$1,245,754
Annual Taxes Per Acre (2015 Actual)	\$9,578 /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



SCHEDULE "4A"

**RIVER ROAD INDUSTRIAL PARK
Revenue and Expense Breakdown as of April, 2016**

REVENUE – ACTUAL AND ESTIMATED:

Land Sales

TOTAL LAND SALES REVENUE TO DATE	\$1,842,599
Acreage Sold to Date	35.16 Acres
Average Price Per Acre (based on actual sales to date)	\$52,406 /ac
Estimated Sales Revenue on Balance of Park (2.3 acres @ \$75,000/acre / 8.47 acres @ \$65,000/acre)	<u>\$723,050</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$2,565,649

Annual Municipal Taxes – On Land Sales to Date

ANNUAL MUNICIPAL TAXES (2015 Actual)	\$431,404
Annual Taxes Per Acre (2015 Actual)	\$12,270 /ac

EXPENSES:

Budgeted Acquisition, Design & Construction Costs:

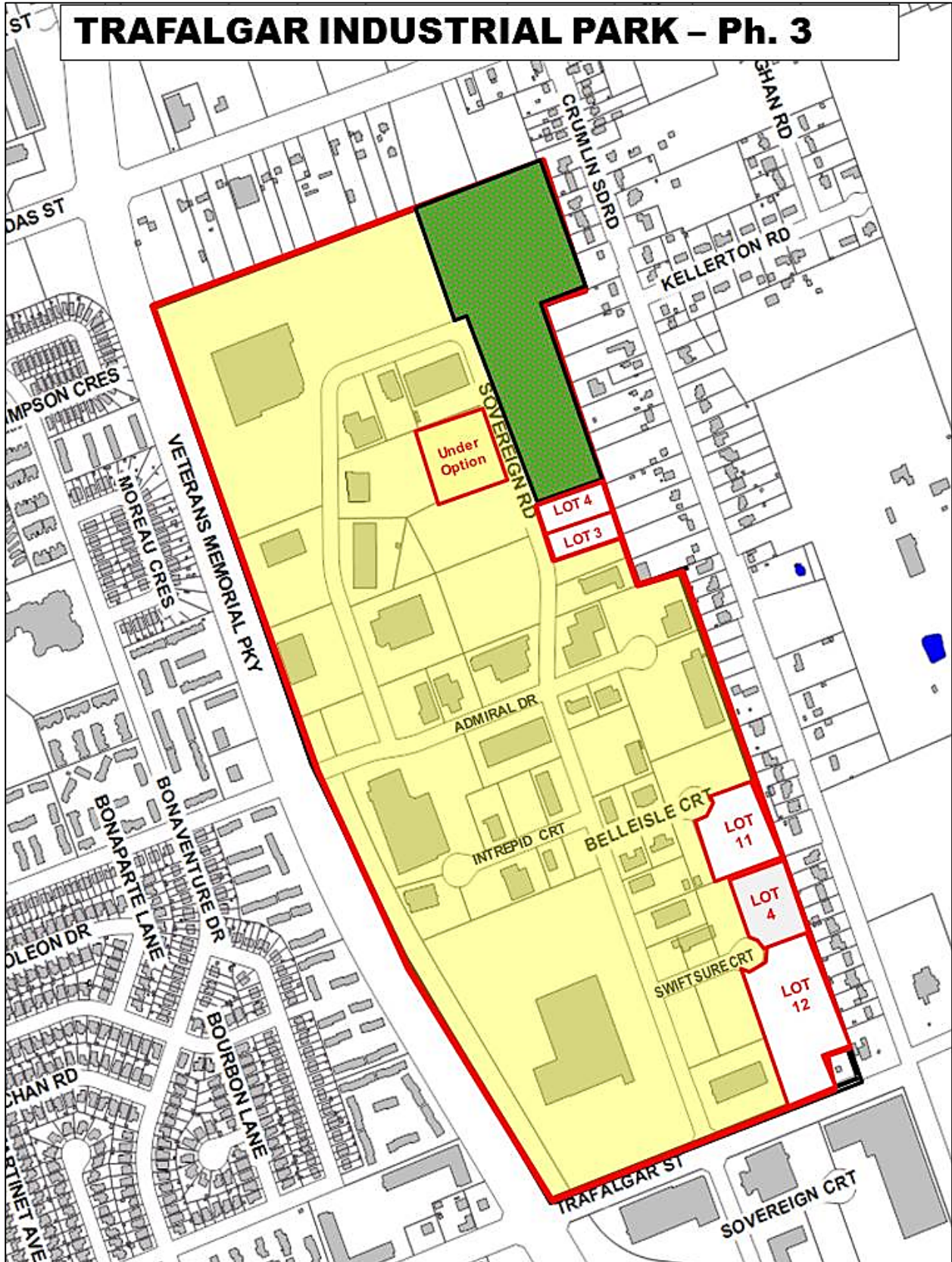
A) Land Costs: Total Land Acquisition Cost (46.2 net acres)	\$878,011
B) Servicing Costs: Design & Construction Costs	\$6,208,903
Less: Estimated Oversizing Component *	<u>-\$2,563,303</u>
TOTAL LOCAL SERVICES	\$3,645,600
Net Acreage of City owned Land	46.2 Acres
C) TOTAL COST (A + B) Land plus Local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



SCHEDULE "5A"

**TRAFALGAR INDUSTRIAL PARK
Revenue and Expense Breakdown as of April, 2016**

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>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$17,263,692

Annual Municipal Taxes – On Land Sales to Date

ANNUAL MUNICIPAL TAXES (2015 Actual)	\$3,666,439
Annual Taxes Per Acre (2015 Actual)	\$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	\$9,022,648
TOTAL LAND AND LOCAL SERVICES	\$13,431,476
Net Acreage of City owned Land	379 Acres
Average Expenditures Per Net Acre	\$35,439 /ac

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

TABLE 1 – BMA MUNICIPAL STUDY 2015 – INDUSTRIAL PARKS**

Municipality	Land Price	Total
	(Per Acre)	(Acreage)
Cambridge	\$145,000	850
Guelph	\$275,000 - \$475,000	178
Niagara Falls	\$20,000 - \$40,000	100
Sarnia	\$50,000 - \$70,000	265
St. Thomas	\$35,000 - \$45,000	150
Stratford	\$75,000 - \$100,000	164
Windsor	\$65,000 - \$130,000	9

** BMA Management Consulting Inc. completes a municipal comparative study annually on behalf of 104 Ontario Municipalities.

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TABLE 2

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 the London Economic Development Commission (LEDC). This analysis has not been reviewed by Finance Staff.

Summary table to illustrate return on investment (ROI) on Innovation Park:

PANEL A – INNOVATION PARK

EXPENDITURES	INNOVATION PARK: (For 158.83 Acres Sold from 2006 - 2015)	COST/BENEFIT PER ACRE (For 158.83 Acres Sold from 2006 - 2015)
Gross expenditure on land and local services	\$ 16.6 million	\$ 104,337
(Less) Government Grants	\$ 5.8 million (Superbuild, M-III & ISF)	\$ 36,580
NET expenditure on land and local services: (A)	\$ 10.8 million	\$ 67,757
REVENUES		
Total Land sales over 10 years	\$ 8.3 million	\$ 52,315
Annual Municipal Industrial Taxes (2015)	\$ 1.4 million	\$ 8,556
Cumulative Industrial Taxes over 10 years	\$ 7.8 million	\$ 49,101
Building Permits over 10 years	\$ 751,271	\$ 4,730
Total Cash Inflow over 10 years: (B)	\$ 16.9 million	\$ 106,146
Net Cash Position after 10 years (B – A)	\$ 6.1 million	\$ 38,388
OTHER SUBSIDIES		
Development Charge Exemptions (CIP)	\$ 17.0 million	\$ 106,847
ECONOMIC BENEFITS (Provided by LEDC) (over 10 years)		
Employment Created	835 Direct Jobs 418 Indirect Jobs	5.26 Direct Jobs 2.63 Indirect Jobs
Income Generated	\$ 121 million	\$ 761,820
Municipal Residential Tax from new job creation over 10 years	\$ 8.7 million	\$ 54,775

Note: These estimates have been provided by the City of London and LEDC.

Additional Notes & Assumptions:

- The totals and Per Acre amounts for Gross and Net Expenditures above have been pro-rated for lands which have sold to date.
- Municipal Residential Taxes are defined as the estimated taxes generated from the housing impact of new direct and indirect employment created by the industrial park development. Net Cash Position above is based on lands which have currently sold to date.
- No expenditures shown for maintenance related costs for the industrial park.
- Civic Administration multiplier for indirect jobs is 50%.
- Indirect jobs are defined as employment created through construction, raw material providers, local supply chains, transportation, logistics, maintenance and other spin-off businesses that benefit from the industrial park development.
- Direct jobs are defined as employment created directly by the companies purchasing land within the industrial park.
- Information contained herein has not been verified by the Property Tax Department or Finance Department.
- Net Cash Position will continue to increase over time as industrial park sells out.
- Return is based on a building coverage ratio of 17 to 23 percent.
- Lands under contract which sold in April, 2016, are not included in the ROI calculation above.

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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 London Economic Development Commission (LEDC). This analysis has not been reviewed by Finance Staff.

Summary table to illustrate return on investment (ROI) on Forest City Industrial Park:

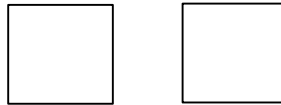
PANEL B – FOREST CITY INDUSTRIAL PARK

EXPENDITURES	FOREST CITY PARK: (FOR 130.06 ACRES SOLD FROM 2003 to 2015):	COST/BENEFIT PER ACRE (FOR 130.06 ACRES SOLD FROM 2003 to 2015):
Gross expenditure on land and local services	\$ 14.4 million	\$ 110,681
(Less) Government Grants	\$ 2.4 million (Superbuild)	\$ 18,683
NET expenditure on land and local services: (A)	\$ 12.0 million	\$ 91,998
REVENUES		
Total Land sales over 13 years	\$ 6.6 million (from 130.06 acres)	\$ 51,064
Annual Municipal Industrial Taxes (2015)	\$ 1.2 million	\$ 9,578
Cumulative Industrial Taxes over 13 years	\$ 13.0 million	\$ 100,554
Building Permits over 13 years	\$ 454,024	\$ 3,491
Total Cash Inflow over 13 years: (B)	\$ 20.2 million	\$ 155,109
Net Cash Position after 13 years (B – A)	\$ 8.2 million	\$ 63,111
OTHER SUBSIDIES		
Development Charge Exemptions (CIP)	\$ 8.2 million	\$ 62,857
ECONOMIC BENEFITS (Provided by LEDC) (over 13 years)		
Employment Created	1,941 direct 971 indirect jobs	14.93 direct 7.47 indirect jobs
Income Generated	\$ 150 million	\$ 1.15 million
Municipal Residential Tax from new job creation over 13 years	\$ 9.2 million	\$ 70,758

Note: These estimates have been provided by the City of London and LEDC.

Additional Notes & Assumptions:

- The totals and per acre amounts for Gross and Net expenditures above have been pro-rated for lands which have sold to date.
- Approximately 3.2 acres is under option and not included in above calculations.
- Municipal Residential Taxes are defined as the estimated taxes generated from the housing impact of new direct and indirect employment created by the industrial park development.
- Net Cash Position above is based on lands which have currently sold to date.
- No expenditures shown for maintenance related costs for the business park.
- Civic Administration multiplier for indirect jobs is 50%.
- Indirect jobs are defined as employment created through construction, raw material providers, local supply chains, transportation, logistics, maintenance and other spin-off businesses that benefit from the industrial park development.
- Direct jobs are defined as employment created directly by the companies purchasing land within the industrial park.
- Information contained herein has not been verified by the Property Tax Department or Finance Department.
- Return is based on a building coverage ratio of 17 to 23 percent.



**TABLE 4
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 the London Economic Development Commission (LEDC). This analysis has not been reviewed by Finance Staff.

Summary table to illustrate return on investment (ROI) on Innovation Park:

PANEL C – SKYWAY INDUSTRIAL PARK

EXPENDITURES	SKYWAY IND. PARK: (For 87.06 Acres Sold from 2007 - 2015)	COST/BENEFIT PER ACRE (For 87.06 Acres Sold from 2007 - 2015)
Gross expenditure on land and local services	\$ 8.9 million	\$ 102,222
(Less) Government Grants	\$ 3.0 million (Superbuild)	\$ 34,859
NET expenditure on land and local services: (A)	\$ 5.9 million	\$ 67,364
REVENUES		
Total Land sales over 9 years	\$ 4.4 million	\$ 50,579
Annual Municipal Industrial Taxes (2015)	\$ 1.1 million	\$ 12,238
Cumulative Industrial Taxes over 9 years	\$ 7.0 million	\$ 80,652
Building Permits over 9 years	\$500,144	\$ 5,745
Total Cash Inflow over 9 years: (B)	\$ 11.9 million	\$ 136,976
Net Cash Position after 9 years (B – A)	\$ 6.1 million	\$ 69,613
OTHER SUBSIDIES		
Development Charge Exemptions (CIP)	\$ 14.6 million	\$ 168,384
ECONOMIC BENEFITS (Provided by LEDC) (over 9 years)		
Employment Created	1,142 Direct Jobs 571 Indirect Jobs	13.12 Direct Jobs 6.56 Indirect Jobs
Income Generated	\$ 102 million	\$ 1.2 million
Municipal Residential Tax from new job creation over 9 years	\$ 7.7 million	\$ 88,800

Note: These estimates have been provided by the City of London and LEDC.

Additional Notes & Assumptions:

- The totals and per acre amounts for Gross and Net expenditures above have been pro-rated for lands which have sold to date.
- Approximately 1 acre is under option and not included in above calculations.
- Municipal Residential Taxes are defined as the estimated taxes generated from the housing impact of new direct and indirect employment created by the industrial park development.
- Net Cash Position above is based on lands which have currently sold to date.
- No expenditures shown for maintenance related costs for the business park.
- Civic Administration multiplier for indirect jobs is 50%.
- Indirect jobs are defined as employment created through construction, raw material providers, local supply chains, transportation, logistics, maintenance and other spin-off businesses that benefit from the industrial park development.
- Direct jobs are defined as employment created directly by the companies purchasing land within the industrial park.
- Information contained herein has not been verified by the Property Tax Department or Finance Department.
- Return is based on a building coverage ratio of 17 to 23 percent.