

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING OF DECEMBER 13, 2016
FROM:	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES & CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	REVIEW OF CORPORATE ASSETS: INITIAL SCOPING REPORT

RECOMMENDATION

That on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer the following actions be taken:

- 1) this scoping report regarding a process for evaluating the City of London's asset portfolio **BE RECEIVED** for information;
- 2) the Council-adopted "Principles for Identifying Asset Sales and Revenue Alternatives" provided in Appendix 'A' **BE RECEIVED** for information, it being noted that the principles will be further developed into a Council policy;
- 3) the inventory of municipally-owned assets separated by category provided in Appendix 'B' **BE RECEIVED** for information;
- 4) the following related Council-approved "Sale and Other Disposition of Land Policy" provided in Appendix 'C' **BE RECEIVED** for information:
- 5) Civic Administration **BE DIRECTED** to update or develop policies for the disposal of vehicles, furniture and equipment to be included with the Council Policy Manual;
- 6) Civic Administration **BE DIRECTED** to report back on options for municipally-owned assets and the potential proceeds from the sale of assets for the following categories:
 - a. Class A – Vacant land and buildings (First Quarter, 2017)
 - b. Class C – Major venues, non-core services and assets (Third Quarter, 2017).
- 7) **NO ACTION BE TAKEN** to review Classes B, D, E, F and G assets as described in this report.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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"Capital Assets and Revenue Alternatives," Committee of the Whole, November 8, 2011

"Capital Assets and Revenue Alternatives – Discussion Paper," Committee of the Whole, June 21, 2011

PURPOSE OF REPORT

On November 10, 2015, Municipal Council resolved the following:

That the Civic Administration BE REQUESTED to review and report back with a scoping report, as part of the Multi-Year Budget deliberations, with respect to a process for evaluating the City of London's asset portfolio, which would include an identification of proposed actions in the short term; it being noted that the Managing Director, Corporate Services and City Treasurer/Chief Financial Officer will report back in mid-2016 with an updated inventory of assets.

This report responds to that request and identifies the next steps in the review process.

BACKGROUND

2011 Asset Review

In 2011, Administration conducted a review of municipally-owned capital assets and opportunities to generate additional non-tax revenue. The purpose of the review was to provide Council with financial information on City of London assets, user fees and revenue opportunities for consideration as a means of containing tax rate growth and/or for investing in new income producing assets.

Arising from that review, Council adopted “Principles for Identifying Asset Sales and Revenue Alternatives” (Appendix ‘A’). The principles are intended to provide guidance and structure to the difficult task of identifying assets to be sold and the many alternatives available for the use of the resulting proceeds. Importantly, the asset principles speak to the use of sale proceeds to generate future benefits, rather than funding for short-term priorities.

Highlighted in the 2011 report and of continued relevance today is the distinction between one-time revenue and permanent (ongoing) revenue. It is important to note that the sale of municipally-owned assets generally produces one-time revenue opportunities that should not be used to mitigate tax/rate increases.

Inventory of Municipally-owned Assets

As requested by Council, Appendix ‘B’ provides an inventory of municipally-owned assets, categorized by asset classes described further in this report. **The inventory provides a baseline for the asset review – it identifies the present status of an asset and will be further examined as part of this undertaking.** Staff will also use the asset review as an opportunity to assess gaps in inventories and process, with recommendations to be submitted to Council for further consideration.

The inventory provided in Appendix ‘B’ does not include assets categorized as Class G (Hard Services) below as disposal of these assets is beyond the scope of this report.

PARAMETERS OF REVIEW

A review of municipally-owned assets is a significant undertaking, impacting service areas throughout the Corporation. Staff have prepared the following scoping report to identify the parameters of the project, to determine expectations for the review and to establish the desired outcomes. The following sections provide important foundational information that will guide the completion of the project.

Definitions

A number of concepts require clear definitions to guide the asset review and to establish boundaries. Although there may be different perspectives on the below concepts, the following definitions are used for the purposes of the asset review:

- **Asset:** An asset is City-owned and controlled (i.e., does not include boards and commissions):
 - property (buildings and land);
 - equipment for the purpose of conducting municipal operations;
 - below grade and surface infrastructure; and,
 - ownership interest in corporations providing local services.
- **Productive asset:** A productive asset is an asset where revenues generated from the asset cover the cost of operating that asset, or the asset meets a municipal need.
- **Non-productive asset:** A non-productive asset is an asset where revenues generated from the asset do not cover the cost of operating that asset, or the asset does not meet a municipal need.
- **Non-core services and assets:** An asset or service is deemed to be non-core if the provision of the asset or service is discretionary (i.e., not required by provincial law), not essential to the operation of the City, or it is not traditionally a service provided by large municipalities.

Asset Categorization

For the purposes of this review, municipally-owned assets are categorized into several classes:

- **Class A – Vacant land and buildings:** In the course of municipal operations, property is frequently acquired to provide new or expanded services (e.g., road widenings, pumping stations, utility corridors, etc.). This asset category reflects land that could be disposed of, having served the purpose of its acquisition.
- **Class B – Industrial lands for sale:** As part of the Industrial Land Development Strategy (ILDS), the City actively acquires land for the purpose of development and sale to industrial users. City-owned industrial land is intended to be held for as brief of time as possible; however, some lands may be held in reserve to provide strategic opportunities for large employers.
- **Class C – Major venues, non-core services and assets:** The City owns land and/or buildings providing locations for a number of unique services that provide significant community benefits. This asset category also includes full or partial City ownership of services that consist of a variety of individual assets (indirectly owned by the City), whereby the ownership stake could be sold as a complete package. An illustrative list of Class C assets is provided below:
 - London Convention Centre
 - Covent Garden Market
 - Centennial Hall
 - Budweiser Gardens
 - Tourism London offices (267 Dundas St. and 696 Wellington Rd. S.)
 - London Hydro
 - Parking lots
 - London and Middlesex Housing Corporation
 - Housing Development Corporation (HDC)
 - Public Utilities Commission
- **Class D – Buildings and land associated with core municipal operations:** The provision of core municipal services requires a number of City-owned assets. Class D assets are recognized municipally-owned properties that Londoners engage with on a day-to-day basis. An illustrative list of Class D assets is provided below:
 - City Hall
 - Operations centres (AJ Tyler, Adelaide, Exeter Road, Oxford)
 - Wastewater treatment plants (Greenway, Adelaide, Oxford, Pottersberg, Vauxhall)
 - Pumping stations
 - Community centres, arenas, aquatic centres and gymnasiums
 - Fire stations
 - Municipal parks and outdoor recreation fields
 - Stormwater management facilities
 - W12A municipal landfill (and associated buffer lands)
 - Dearness Home
 - Storybook Gardens
 - Golf Courses
- **Class E – Furniture, equipment and vehicles:** Day-to-day operation of municipal services involves a variety of furniture, equipment and vehicles. These assets have a relatively short lifecycle and are acquired and disposed of in an ongoing manner.
- **Class F – Constrained land (non-developable):** The City owns a number of parcels of land that provide environmental and/or public protection benefits. This asset category reflects lands that are constrained from future development and are anticipated to be retained in municipal ownership in perpetuity. An illustrative list of Class F assets is provided below:
 - Environmentally Sensitive Areas
 - Woodlands and wetlands
 - Flood plain land
 - Former municipal landfills
 - Cemeteries
- **Class G – Hard services:** Londoners rely on fixed municipal infrastructure as part of their daily lives. Assets categorized as hard services reflect infrastructure that provide essential services and are permanently installed. All illustrative list of Class G assets is provided below:
 - Roadways and bridges
 - Water, wastewater and stormwater systems (pipes and sewers)

<p>RECOMMENDED APPROACH</p>

Using the definitions and asset categories provided in the previous section, Staff are recommending pursuing further review of certain assets. A more comprehensive approach to asset review is discussed later in this report and would require specific direction from Municipal Council.

Proposed Review of Municipal Assets

Table 1 summarizes Staff’s recommended approach to the asset review, including the scope of the undertaking and those service areas that will be involved with the review.

TABLE 1: RECOMMENDED ASSET REVIEW APPROACH

Category	Review Status	Rationale	Review Team
Class A	To be reviewed	There may be opportunity to dispose of some buildings and vacant land to generate revenue. A separate report regarding Class A assets will be submitted in Q1 of 2017.	Finance & Corporate Services (Realty Services and Facilities) Housing Development Corporation
Class B	Review not recommended	Industrial lands are being actively sold by the City’s Realty Services division as part of the Industrial Land Development Strategy. Further review is not deemed to be warranted at this time.	Finance & Corporate Services (Realty Services) Environmental & Engineering Services (Water & Wastewater)
Class C	To be reviewed	Council has a certain amount of discretionary ownership of Class C assets, which operate at an arms-length from the City as mostly independent entities. As a result, these assets may provide opportunities for sale to or partnership/merger with interested parties. The review of Class C assets is anticipated to be an involved task, due to substantial legal and financial considerations. A separate staff report regarding Class C assets will be submitted in Q3 of 2017.	Finance & Corporate Services (Financial Planning & Policy, Business Administration, Financial & Business Services, Realty Services, and Facilities) City Manager’s Office Legal & Corporate Services
Class D	Review not recommended	Should Council wish to more extensively explore potential proceeds from the sale of buildings and land associated with core municipal operations, further direction is requested as discussed in the “Link to Service Review” section below.	Senior Leadership Team
Class E	Review not recommended	Furniture, equipment and vehicles are minor assets that are generally replaced when no longer operational or when obsolete. Disposal of these assets is addressed in the Policy Development section of this report below. Future review of Class E assets is not deemed necessary as part of the asset review.	Finance & Corporate Services (Facilities and Information Technology Services) Environmental & Engineering Services (Fleet)

Category	Review Status	Rationale	Review Team
Class F	Review not recommended	Beyond their benefits to the municipality, constrained lands do not have development opportunity and have very limited disposal value. As a result, Staff do not recommend a further review of constrained lands as part of the asset review.	Planning Services (Environmental & Parks Planning) Finance & Corporate Services (Realty Services)
Class G	Review not recommended	Given the fixed nature of hard services, Staff do not recommend further review of these assets. Additionally, there is limited scrap value that would be realized from disposal. Scrap materials are addressed as part of lifecycle renewal projects.	Environmental & Engineering Services (Water & Wastewater and Roads & Transportation)

Link to Service Review

Presently, Civic Administration is actively pursuing a service review program to identify cost savings for targets established by Council to find the \$4 million budget reduction included as part of the Multi-Year Budget. This program has been focused on identifying efficiencies and service adjustments that can be accommodated without significant impacts on service delivery and/or the scope of services that the City provides. To date, there has not been a review of municipal assets associated with service delivery as part of the service review process.

As outlined above, **Staff does not recommend the sale of municipal assets associated with core municipal services without a more comprehensive service review process.** This would involve a comprehensive examination of changes to levels of service provided, and/or whether services should continue to be provided to the public by the municipality. As a result of the service review outcomes, “surplus” assets would likely be identified that would generate proceeds for the municipality. It should be noted that such a process would be a major undertaking and Staff are not recommending a comprehensive service review at this time.

Although Staff does not recommend the sale of Class D assets through this process, service area managers will be engaged and encouraged to review their asset portfolios to determine if opportunities exist to dispose of assets no longer central to the provision of their services.

Policy Development

As part of the asset review process, Staff intend to establish/update policies associated with asset sales and disposal:

- **Proceeds from the sale of municipally-owned assets:** Although the Council-adopted principles in Appendix ‘A’ will guide the asset review, the principles need to be structured and formalized as a Council policy. The new policy will be included with Council’s Policy Manual and will help inform subsequent reviews of municipally-owned assets, as outlined later in this report.
- **Disposal of assets:** Recently, Council approved amendments to the Sale and Other Disposition of Land policy as part of Civic Administration’s efforts to update Council’s Policy Manual. Policies for the disposal of minor assets (e.g., furniture, equipment, vehicles) are either substantially out-of-date or not clearly stated in a single source. As a result, Staff will revise or draft new policies regarding the disposal of assets (according to the categories identified above) for inclusion with Council’s Policy Manual.

Factors Informing the Asset Review

The asset review will aim to identify candidates for disposal and the generation of proceeds. Financial analyses will be undertaken and internal stakeholders will be consulted as part of the review. In addition, several factors will be considered through the review process, such as:

- Is the asset productive or unproductive?
 - If productive, will its sale result in the loss of an ongoing revenue stream that will need to be replaced from other sources (e.g., tax/user fee increases)?
 - If unproductive, is it anticipated that there will be market interest from the sale of the asset?
- Are there benefits to repurposing the asset for other municipal purposes that outweigh the sale of the asset?
- Will the sale of the asset disproportionately affect a vulnerable population?
- Will the sale of the asset have significant impacts on other service providers?
- Does the environmental impact and any potential remediation costs offset the benefits received from the sale?
- Can the asset be sold without significant legal and financial difficulties?

These questions will inform the recommendations that are submitted to Council for consideration.

Other Considerations in the Review of Municipally-owned Assets

Two important legal and policy considerations will affect the proposed asset review:

- **Sale at fair market value:** According to Section 106(1) of the *Municipal Act, 2001*, municipal property cannot be sold below fair market value to industrial or commercial enterprises outside of an established Community Improvement Plan (CIP). As a result, any assets identified for sale through the asset review will require appraisal and cannot be sold at a discount.
- **Housing Development Corporation:** Council's land disposal policy provides a “first right of refusal” to the Housing Development Corporation (HDC) once land has been deemed surplus. As a result, the HDC may express an interest in the Class A and C assets being considered as part of the asset review process. In the event that such interest is identified, the staff report will communicate the request and resultant exclusion from assets that are recommended for disposal.

Future Review of Municipally-owned Assets

Although previous “ad hoc” reviews of municipal assets have been performed, Civic Administration recognizes that Council would benefit from a formal process for regular asset reviews. Table 2 identifies a proposed timeline that will be finalized at the completion of this asset review.

TABLE 2: PROPOSED TIMELINES FOR FUTURE ASSET REVIEWS

Category	Review Cycle	Comments
Class A	Every 3 years	A comprehensive review of vacant municipal land and buildings will be undertaken every 3 years and reported out to Corporate Services Committee with recommendations.
Class B	Ongoing	Realty Services will continue to actively sell municipally-owned industrial lands as part of the Industrial Land Development Strategy and will report holistically to Council with the Industrial Land Development Strategy Annual Monitoring and Pricing Report.
Class C	Every 5 years	A comprehensive review of Class C assets will occur every 5 years, with recommendations to be provided to the Corporate Services Committee.

Category	Review Cycle	Comments
Class D	By specific Council direction (i.e., service review)	No actions will be undertaken to consider the sale of Class D assets without specific direction of Council for a service review. On an annual basis, Service Areas will assess whether opportunities exist to dispose of assets no longer central to the provision of their services and dispose of these assets per Council-approved policies.
Class E	Ongoing	The disposal of furniture, equipment and vehicles is ongoing as these items become obsolete, surplus or beyond their useful life. Given the nature of these assets, future comprehensive reviews are not required and disposal will occur per Council-approved policies.
Class F	No comprehensive review required	Although these assets will continue to be tracked as part of Tangible Capital Assets records and the Corporate Asset Management Plan, future reviews of these lands from an asset sale perspective will only be undertaken in the event that a regulatory change occurs that impacts the “developability” of the lands.
Class G	No comprehensive review required	It is not anticipated that these assets will be disposed of holistically. Components may be sold as salvage as part of asset renewal, which will generate minor proceeds. Comprehensive reviews of these assets is not deemed to be necessary.

CONCLUSION

Over the coming months, Staff will undertake a review of i) vacant lands and buildings and ii) major venues, non-core services and assets to determine candidates for disposal and sale. Service Areas will also be encouraged to review their asset portfolio to determine if opportunities exist to dispose of assets no longer central to the provision of their services.

Staff will also draft a policy for Council consideration based on the previously-approved “Principles for Identifying Asset Sales and Revenue Alternatives” (Appendix ‘A’). The policy will inform the use of proceeds from the sale of municipally-owned assets. Additional policies will be prepared/revised regarding the disposal of minor assets (e.g., vehicles and equipment).

The asset review process is anticipated to be concluded early in the third quarter of 2017 to inform next year’s Multi-year Budget Update.

PREPARED AND SUBMITTED BY:
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PAUL YEOMAN, RPP, PLE BUSINESS PLANNING PROCESS MANAGER FINANCE AND CORPORATE SERVICES
REVIEWED AND RECOMMENDED BY:
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MARTIN HAYWARD, CGA, CPA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER

December 5, 2016

cc. Senior Leadership Team
L. Palarchio, Director, Financial Planning & Policy
A.L. Barbon, Director, Financial Services
I. Collins, Senior Financial Business Administrator
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**Appendix 'A': "Principles for Identifying Asset Sales and Revenue Alternatives"
(Council-adopted)**

Appendix 'B': Inventory of Municipally-owned Assets (as at December 31, 2015)

Appendix 'C': Sale and Other Disposition of Land Policy (Council-adopted)

APPENDIX 'A'

PRINCIPLES FOR IDENTIFYING ASSET SALES AND REVENUE ALTERNATIVES

1. A long term view should be considered when contemplating an asset sale.
2. The proceeds from the sale of asset should be used in the following priority order:
 - a. reduce debt, it being noted that reducing debt reduces current and future tax increases due to reduced interest costs;
 - b. invest in assets that produce a return on the investment that considers both the financial and non financial (service value adds); or,
 - c. invest the proceeds and use the interest to provide on-going contributions to economic development initiatives.
3. The proceeds from the sale of an asset should not be used:
 - a. to reduce tax rate/budget pressure;
 - b. to provide a source of funding for a new asset that does not produce a return on investment; or,
 - c. to fund on-going/permanent expenditures.
4. The short and long term impact of an asset sale must be carefully analyzed and should be supported by a business case. For example, the sale of a redundant parcel of land generally makes good business sense. However, most other divestment opportunities require an analysis of relocation and/or exit/re-entry costs, valuation and market timing, community impact, and long term cost and service standard issues (e.g. a sale-lease back of recreational facilities).
5. Assets that are owned by the municipality and provide non-core services, as deemed by Council, represent the best opportunity for sale. Some asset sales or service divestments may generate a perfect win-win result by generating short term revenue and long term operating cost reductions.
6. The community impact and continuation of provision of service must be considered with any sale of City assets. Assets that create a new revenue stream are of most interest to potential purchasers. It is important to realize however that a profit element and financing cost often enters into the rate setting process provided by the purchaser.
7. With the sale of any asset, the City's risk associated with carrying the asset should transferred to the buyer. For example, a City owned parking lot carries the risk that the expense of maintaining the lot exceeds the revenue received from the lot. If the City sells the parking lot, the buyer assumes this risk after purchase.
8. Any transfer of assets should be at fair market value to avoid any contravention of the *Municipal Act* such as bonusing.

The Best Means of Achieving These Principles

- Keep these principles front and centre in discussions on revenue opportunities.
- Allow sufficient time for Civic Administration to adequately review revenue opportunities and invest in consultants where necessary to provide specific expertise.
- Public engagement and consultation with appropriate community partners should be considered a best practice when considering the sale of any City asset.

APPENDIX ‘B’

INVENTORY OF MUNICIPALLY-OWNED ASSETS (AS AT DECEMBER 31, 2015)

Asset Class	Asset Sub-category	Asset Details	Number of Assets	Land (L) or Land & Buildings (L&B)	Notes
Class A - Vacant land and buildings					
Class A	Vacant land and buildings	Vacant land and buildings	138	L/L&B	Includes both large-size parcels for potential development and small parcels for potential sale to abutting landowners
Class B - Industrial lands for sale					
Class B	Parcels of industrial land for sale	Parcels of industrial land for sale	43	L	-
Class C - Major venues, non-core services and assets					
Class C	Major venues	Major venues	7	L&B	-
Class C	Non-core assets	Non-core assets	5	L&B	-
Class C	Corporations wholly owned by the City	Corporations wholly owned by the City	4	L&B	Reflects bundled assets where City has an ownership interest (e.g., London Hydro (all assets))
Class C	Heritage properties	Heritage properties	12	L&B	Reflects heritage properties in municipal ownership not being used for core municipal operations
Class C	Parking lot parcels	Parking lot	15	L	-
Class D - Buildings and land associated with core municipal operations					
Class D	Administrative facilities	Administrative facilities	2	L&B	-
Class D	Fire Services locations	Fire Services locations	18	L&B	Includes stations, training facilities and communications towers
Class D	Operations Centres	Operations Centres	5	L&B	Each operations centre includes a number of buildings for equipment storage, salt storage, administration, etc.
Class D	Pollution Control Plants	Pollution Control Plants	5	L&B	Each wastewater treatment facility includes a number of buildings associated with plant operations
Class D	Wastewater pumping stations	Wastewater Pumping Stations	33	L&B	-
Class D	Future Pollution Control Plant lands	Future Pollution Control Plant Lands	2	L	Lands held for the construction of the future Southside Pollution Control Plant
Class D	Water facilities	Water Facilities	20	L&B	-
Class D	Dearness Home	Dearness Home (all assets)	1	L&B	-
Class D	Community and recreation facilities	Community and Recreation Facilities	95	L&B	Includes arenas, community centres, pools, field houses, washrooms, maintenance buildings and Storybook Gardens
Class D	Golf courses	Golf Courses	3	L&B	Each golf course includes a number of club house and maintenance buildings
Class D	Parkland parcels	Park parcels	524	L	Excludes recreation facilities located within parks
Class D	Stormwater Management facilities	Stormwater Management Facilities	116	L	Includes storm ponds and storm channels
Class D	W12A Landfill lands	W12A and buffer lands	23	L&B	Includes W12A properties and buffer lands
Class E - Furniture, equipment and vehicles					
Class E	City-owned vehicles	City-owned vehicles	466	N/A	-
Class E	Furniture, equipment, technology	Furniture, equipment, technology and contents	N/A	N/A	Asset inventories are being examined as part of Corporate Asset Management Plan efforts
Class F - Constrained land (non-developable)					
Class F	Cemetery parcels	Cemetery land	6	L	Reflects non-active cemeteries
Class F	Natural heritage and hazard parcels	Natural heritage and hazard parcels	322	L	Includes floodplain lands, woodlands, wetlands and Environmentally Sensitive Areas
Class F	Former landfill parcels	Former landfill parcels	67	L	Sites formerly used for landfill purposes
Class G - Hard services					
Class G	Hard services	N/A	N/A	N/A	Not included in asset review inventory

APPENDIX ‘C’

SALE AND OTHER DISPOSITION OF LAND POLICY

PART 1 - APPLICATION

This policy applies to the sale or other disposal of land by The Corporation of the City of London (the City).

This policy does not apply to the sale or other disposition of land by the City to the Housing Development Corporation, London.

PART 2 - POLICY STATEMENT

The City will dispose of surplus land in an open and transparent process to ensure that the consideration for such disposal is fair, reasonable and in the best interest of the City.

PART 3 - DEFINITIONS

In this policy, the following terms shall have this meaning ascribed to them:

“appraisal” means a fair market valuation of the land that is satisfactory to the Manager of Realty Services.

“disposition” means the sale, transfer, conveyance or exchange of the fee simple interest in land or the granting of a lease for a term of twenty-one (21) years or longer, and does not include the granting of an easement or right of way, and “disposal” shall have a similar meaning;

“land” means real property owned by the City;

“surplus” means property that the City no longer requires to meet its current or future needs;

PART 4 - PROCEDURES

The following procedures shall apply to the disposal of real property by the City. Prior to the disposal of any real property by the City of London which has the potential for development as affordable housing, the Housing Development Corporation will be provided with the opportunity to advise Council if the property should be retained by the City or transferred to the Housing Development Corporation for affordable housing purposes.

1. Declaration of Surplus Property

a) Prior to the disposal of land by the City, the Municipal Council shall declare the land to be surplus in the following manner:

- i) the City Treasurer, upon the advice of the Manager of Realty Services will submit a report to the appropriate Standing Committee recommending that the land in question be declared surplus to the needs of the City;
- ii) where the appropriate Standing Committee deems it advisable to adopt the recommendation of the City Treasurer with respect to declaring any land owned by the City to be surplus, the Standing Committee will submit a recommendation to the Municipal Council recommending that the land in question be declared surplus to the needs of the City;
- iii) where the Municipal Council deems it advisable to adopt any recommendation from the Standing Committee with respect to declaring any land owned by the City surplus;
- iv) the Municipal Council will, in a meeting open to the public, pass a resolution declaring any such land surplus to the needs of the City.

b) Notwithstanding the foregoing, the following classes of land are exempt from the requirement to declare such land surplus prior to its disposal:

- i) all land owned by the City that is zoned for industrial uses;

- ii) all cemetery plots owned by the City;
- iii) any land transferred to the City for security or for temporary roads or other works in connection with any agreement to which the City is a party under the *Planning Act*, R.S.O. 1990, c. P. 13 as amended.

2. Appraisal

a) The City, before disposing of land, shall obtain at least one appraisal of the land to be disposed of.

b) Notwithstanding the foregoing, the following classes of land are exempt from the requirement to obtain an appraisal prior to its disposal:

- i) land 0.3 metres or less in width acquired in connection with an approval or decision under the *Planning Act*;
- ii) closed highways, road and road allowances;
- iii) land formerly used for railway branch lines if sold to an owner of land abutting the former railway land;
- iv) land that does not have direct access to a highway if sold to the owner of land abutting that land;
- v) land repurchased by an owner in accordance with Section 42 of the *Expropriations Act*;
- vi) land to be used for sites for the establishment and carrying on of industries and of industrial operations and incidental uses;
- vii) cemetery plots;
- viii) disposal to a local board as defined in the *Municipal Affairs Act*;
- ix) disposal to an authority under the *Conservation Authorities Act*; and
- x) disposal to the Crown in Right of Ontario or of Canada and their agencies.

3. Notice

a) Upon the Municipal Council having declared land surplus to the needs of the City but before any such land is disposed of by the City, the City Clerk will give notice to the public of the intention of the City to dispose of the land in question.

b) Where the land to be disposed of is, in the opinion of the Manager of Realty Services, developable as a separate parcel of land, the notice referred to in paragraph 3 a) shall be in the following forms:

- i) publication once of an advertisement in a newspaper of general circulation;
- ii) the posting of a "For Sale" sign on the land in question; and
- iii) posting a notice on the City of London "Web Site".

c) Where the land being disposed of is, in the opinion of the Manager of Realty Services, not developable except in conjunction with other adjacent land, the notice referred to in paragraph 3 a) may be in one or more of the forms identified in paragraph 3 b) of this Policy.

d) Notwithstanding the foregoing, no notice to the public of the proposed disposal of any land zoned for industrial uses is required, other than the general marketing of such land by the Manager of Realty Services.

4. Methods of Sale

Depending on the nature of the land, various methods may be employed for the disposal of land including, public auction; tender process; listing through the Multiple Listing Service, direct advertising; through direct negotiations with an abutting property owner; or through other direct negotiations when authorized by Municipal Council. The City Treasurer, upon the advice of the Manager of Realty Services, shall be responsible for determining the appropriate method of sale.

5. Procedures for Disposal of Industrial Land

a) In addition to the requirements set out in Parts 1 to 6 inclusive of this policy, the disposal of serviced industrial land owned by the City will be undertaken in accordance with the applicable part or parts of the Sale of Land Procedures set out in Attachment "A" of the policy.

b) The sale price for serviced industrial land as adopted by Municipal Council is as set out in Attachment "B" of this policy.

c) The fee to be paid to Real Estate Agents properly involved in the disposition of City-owned industrial land shall be as set out in Attachment "C" of this policy.

6. Procedures for Disposal of Proposal Call

In addition to the requirements set out in Parts 1 to 6 inclusive of this policy, the disposal of land by proposal call shall be in accordance with the procedures set out in Attachment "D" of the policy.

7. Procedures for Disposal of Public Tender

In addition to the requirements set out in Parts 1 to 6 inclusive of this policy, the disposal of land by public tender shall be in accordance with the procedures set out in Attachment "E" of the policy.

8. Procedures for Disposal by Direct Negotiation

In addition to the requirements set out in Parts 1 to 6 inclusive of this policy, the disposal of land by direct negotiation shall be in accordance with the procedures set out in Attachment "F" of this policy.

9. Procedure for Disposal by Public Auction

In addition to the requirements set out in Parts 1 to 6 inclusive of this policy, the disposal of land by public auction shall be in accordance with the procedures set out in Attachment "G" of this policy.

ATTACHMENT "A"

Disposal of Industrial Land Procedures

1. The purpose of this policy is to establish the terms upon which City-owned serviced industrial land is to be sold and transferred.
2. This policy is to be read and applied fairly and beneficially with such variations as circumstances or the nature of the subject matter require provided the general purpose, intent, meaning and spirit of the policy are maintained.
3. In this policy,
 - (a) Commencement of construction means the date upon which a building permit is issued by the City;
 - (b) Completion of construction is reached when the building or structure or a substantial part thereof is ready for use or is being used for the purpose intended, and;

- (c) Coverage has the meaning ascribed to it under the applicable zoning by-law

CLASS 1 SALE

4. A class 1 sale is a sale of a land for the purpose of the construction thereon of a building or structure for a detached industrial use.
5. A class 1 sale shall be subject to the following conditions:
- (a) The purchaser shall commence construction within one year of the registration of the deed or transfer and shall diligently complete construction of the building or structure, in default of which the purchaser shall in the sole discretion of the City reconvey the land to the City in accordance with Section 18 of this policy and free and clear of all encumbrances, easements, restrictions or covenants except as to those originally assumed by the purchaser from the City.
 - (b) The minimum coverage of the building or structure shall be 15 per cent, provided however that, where the maximum coverage permitted under the applicable zoning by-law is 15 percent or less, the maximum coverage under the zoning by-law shall be deemed to be the minimum coverage required by this condition.
 - (c) The purchaser shall not within 10 years of the registration of the deed or transfer convey any vacant part of the land by deed, transfer, grant, assignment, appointment, mortgage, charge, lease or sub-lease (Planning Act, R.S.O. 1990, Chapter P .13), without first notifying the City and, where it has been so notified, the City may either grant its consent (which shall not be unreasonably withheld) to the conveyance or application or may in its sole discretion require the purchaser to reconvey the vacant part to the City in accordance with Section 18 of this policy and free and clear of all encumbrances, easements, restrictions or covenants except as to those originally assumed by the purchaser from the City.
 - (d) The purchaser shall pay local improvement charges and any other special levies assessed at any time against the land on and after completion of the purchase.
6. The Manager of Realty Services may grant one or more extensions (which in total shall not exceed two years) of the time set out in paragraph 5 (a) of Section 5 of this policy within which construction of a building or structure is to be commenced provided the purchaser has filed a written request with the Manager of Realty Services for the extension.
7. A purchaser wishing to notify the City under condition 5 (c) of this policy shall file a written request with the Manager of Realty Services who shall submit a recommendation thereon to Council through Board of Control.

CLASS 2 SALE

8. A class 2 sale is a sale of a land for the purpose of the extension or enlargement of a building or structure erected or to be erected upon land of the purchaser abutting the land.
9. A class 2 sale shall be subject to conditions (c) and (d) of Section 5 of this policy and the further condition that the land shall not be used for any purpose other than the extension or enlargement of a building or structure erected or to be erected upon lands of the purchaser abutting the land.

CLASS 3 SALE

10. A class 3 sale is a sale that is not a class 1 or class 2 sale and that is a sale of a land for the purpose of a use ancillary to a building or structure erected or to be erected upon land of the purchaser abutting the parcel.

11. A class 3 sale shall be subject to conditions (c) and (d) of Section 5 of this policy and the further condition that the land shall not be used for any purpose other than a use ancillary to a building or structure erected or to be erected upon land of the purchaser abutting the parcel.

GENERAL

12. At least annually, the Manager of Realty Services shall review the pricing of industrial land and if a change in pricing is recommended, shall make a recommendation to Board of Control as to the price per acre at which land should be offered for sale during the ensuing year.
13. Pending receipt of an offer to purchase from a prospective purchaser, land may be reserved for a period of 30 days, provided however that, if during the reserve period the City receives an offer to purchase the same land in accordance with this policy from another prospective purchaser, the first prospective purchaser shall be allowed 5 days after notification within which to submit an offer to purchase at the same price and on the same terms; otherwise the City shall be at liberty to accept the second offer to purchase.
14. A prospective purchaser shall complete and execute an offer to purchase in the form provided by the City accompanied by a deposit payable to the City Treasurer by cash or certified cheque equal to 10 per cent of the total purchase price, and the balance shall be payable subject to usual adjustments upon completion of the transaction.
15. The Manager of Realty Services may submit an offer to purchase for acceptance by the City.
16. The transaction shall be completed within 90 days of the passing of the by-law accepting the offer to purchase or within such further period as may be agreed to between the City Solicitor and the purchaser's solicitor in the best interests of the City.
17. Where, in the City's opinion, land is properly sold through a real estate agent, the City shall pay a fee to the agent not exceeding the scale established by the City upon completion of the transaction but no fee shall be payable if the purchaser is permitted to withdraw from the agreement of purchase and sale prior to the completion of the transaction.
18. Where the whole or any part of land is reconveyed by the purchaser to the City pursuant to a condition of sale or otherwise, the amount payable upon the reconveyance shall be 90 per cent of either the original purchase price (exclusive of interest thereon), if the whole land is reconveyed, or the portion thereof that is in the same ratio as the area of the reconveyed part is to the whole land, subject to adjustments as of the date of reconveyance for taxes, local improvements and other rates and subject, where the City considers necessary, to the City's withholding until a new purchaser is found, an amount sufficient to compensate the City for the cost of restoring the land to its original condition if so required by the new purchaser.
19. The development of the property will be subject to the requirements of the Architectural Control Guidelines as published by the City of London from time to time and the purchaser acknowledges the contents thereof and agrees to conform to those Guidelines.
20. The cost of service connections from the main to the property line is the responsibility of the purchaser.
21. The purchaser accepts the current condition of the site and the cost of removal of topsoil from the site if required is the responsibility of the purchaser.

ATTACHMENT “B”

The current pricing levels of all other City industrial parks be established effective June 23, 2016, as follows:

Pricing for serviced industrial land in Innovation Park, Skyway Industrial Park, River Road Industrial Park, and Cuddy Boulevard 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.

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.

ATTACHMENT “C”

Real Estate Commissions for Industrial Land

The fee payable to Real Estate Agents properly involved in the disposal of City owned industrial land be as follows:

- (a) Transactions up to \$100,000 - 5%
- (b) Transactions up to \$200,000 - 5% for the first \$100,000
3% above \$100,000 to \$200,000
- (c) Transactions over \$200,000 - 5% for the first \$100,000
3% above \$100,000 to \$200,000
2% above \$200,000 for remainder

ATTACHMENT “D”

Disposal of Land – Proposal Call Procedure

1. Where land, in the opinion of the Manager of Realty Services, may be suitable for major redevelopment, the General Manager of Finance and Corporate Services will recommend that proposal call documents be drafted.
2. When the document has been prepared, notice of the proposal call will be in accordance with the notice provisions of this policy.
3. Sealed proposal calls will be opened at the appointed time in accordance with the City's tendering policy and referred to the Civic Administration for its consideration and recommendation through the General Manager of Finance and Corporate Services to Board of Control.
4. Further direct negotiations with proponents will be at the direction of Board of Control and Municipal Council.

ATTACHMENT “E”

Disposal of Land – Public Tender Procedure

1. The Realty Services Division will forward inquiries to each City Department, local Board or Commission, requesting their opinions as to the potential sale of the land.
2. Where, subject to the inquiry procedure, land is deemed to be surplus to City requirements, the Realty Services Division will suggest a market value for the land and recommend through the City Treasurer to the appropriate Standing Committee that the Manager of Purchasing be authorized to call tenders for the sale of the land.
3. Notice of the tender call will be in accordance with the notice provisions of this policy.
4. Offers to Purchase will be opened at the appointed time in accordance with the City’s tendering policy.
5. The terms of sale of such properties will be a deposit of 10% in the form of a certified cheque and/or cash to accompany the offer and cash on closing.
6. The offers will be referred to the Realty Services Division for review and recommendation through the City Treasurer to the appropriate Standing Committee.
7. If the successful tenderer is introduced to the land by a realtor, a commission may be payable if appropriate as follows:
 - (i) transactions up to \$100,000 - 5%
 - (ii) transactions up to \$200,000 - 5% first \$100,000
3% between \$100,000 and \$200,000
 - (iii) transactions over \$200,000- 5% first \$100,000
3% between \$100,000 and \$200,000
2% all amounts above \$200,000, or
 - (iv) as otherwise approved by Municipal Council.
8. The payment of commission as provided for in paragraph 8 be payable only in the event that the realtor has:
 - (i) completed and deposited with the Manager of Realty Services, the Realtor Registration Form approved by the City not prior to the calling of each tender and not later than the closing of each tender;
 - (ii) obtained the signature of the proposed tenderer on the Realtor Registration Form approved by the City as an acknowledgement of the registration and on the understanding that the payment of the real estate commission may lower the net amount payable to the City which may result in the tender not being accepted;

ATTACHMENT “F”

Disposal of Land – Direct Negotiation Procedure

1. The Realty Services Division will send the appropriate inquiries to each relevant City Department, local Board or Commission, regarding their opinions as to the potential sale of the land.
2. When it has been established through the inquiry procedure that a land is surplus to City requirements and when, in the opinion of the Manager of Realty Services, considering the current market value of the land as well as the value of the said lands to the abutting land owners or other prospective purchasers, it is advisable to dispose of the land through direct negotiations, the Realty Services Division will conduct direct negotiations with the abutting owner(s) or other prospective purchasers and report the

results and recommendations to the appropriate Standing Committee through the City Treasurer.

ATTACHMENT “G”

Disposal of Land – Public Auction Procedure

1. Where, in the opinion of the Manager of Realty Services, it is advisable to dispose of real property through a public auction, the following procedures shall apply
2. The Manager of Realty Services shall be authorized to retain a licenced real estate auctioneer to conduct the auction
3. All costs of advertising being borne by the City on the understanding that the method and format of advertising will be agreed to by the auctioneer and approved by the Manager of Realty Services, prior to publication.
4. The City shall maintain the right to establish a reserve bid based on the results of an internal appraisal on the subject land by City staff, or an external appraisal carried out by an independent appraiser assigned by the City, and on the understanding that the reserve bid will remain confidential until the conclusion of the auction.
5. The conditions of sale being established, in each case, by the City, in conjunction with the Manager of Realty Services and the City Treasurer.
6. The Manager of Realty Services shall report the results of the auction to the appropriate Standing Committee.