

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JUNE 20, 2017
FROM:	ANNA LISA BARBON 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 with respect to the City of London's Industrial Land Development Strategy, as it relates to the annual monitoring of City owned industrial lands, the following actions **BE TAKEN**:

- 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, 2016:

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; and

- b) the 2017 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

Corporate Services Committee – May 25, 2016 – Industrial Land Development Strategy Annual Monitoring & Pricing Report

BACKGROUND

Purpose

The purpose of this report is to provide information to 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 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 several 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 June 1, 2016, is as follows:

Pricing for serviced industrial land in Innovation Park, Skyway Industrial Park, River Road Industrial Park, and Cuddy Blvd Parcels is:

*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 is:

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

Surcharges are 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 is 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.

Pricing of City of London Municipal industrial land must remain competitive with surrounding municipalities. As such, staff are recommending pricing remain the same as was established in 2016.

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.

2016 City Owned Industrial Land Sales

In 2016, the City sold 60.81 acres of land, making this the highest acreage sold since 2011. Sodecia Canada Inc. purchased 42.7 acres of land in Innovation Park to construct an ultimate 380,000 square foot manufacturing facility, and Dancor purchased 18.11 acres of land in Skyway Industrial Park for a proposed 100,000 square foot facility.

2017 has also proved to be a very active year for land transactions. Up until May 31, 2017, the City has sold 6.63 acres and has approximately 24.53 acres under contract with various end users and building companies. Transactions for the remaining part of 2017 will be reported out in the 2018 ILDS Monitoring Report.

SUMMARY OF CURRENT LAND HOLDINGS

A brief summary of the five 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	235.8	95.42
Skyway Industrial Park	25.74	10.42
Forest City Industrial Park	3.22	1.30
River Road Industrial Park	8.47	3.43
Trafalgar Industrial Park	6.65	2.69
TOTAL	279.88	113.26

Included within the approximate 280 acres of City owned industrial land currently available for sale are 24.5 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.

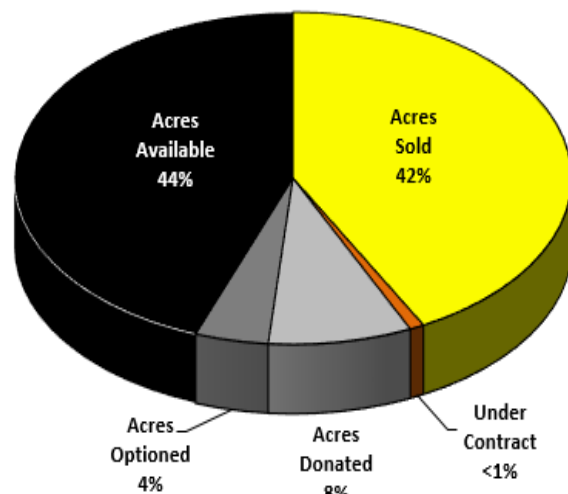
Innovation Park

(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)	201.5 Acres
Total Acres Under Contract:	4 Acres
Total Acres Donated to UWO/Fanshawe:	39.7 Acres
Total Acres Optioned (to date)	20.3 Acres
Total Net Acres (Available)	<u>211.5 Acres</u>
Average Selling Price Per Acre	\$48,287 per acre
# of Parcels Sold:	10
Average Size of Parcel Sold:	20.2 Acres
Types of businesses in the Park	Light/Advanced Manufacturing

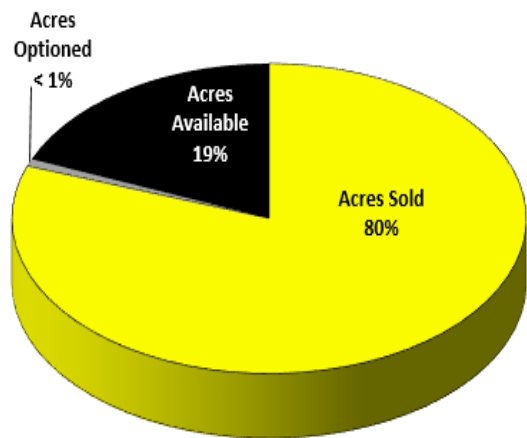


Skyway Industrial Park

(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 Developable Acres	130 Acres
Total Acres Sold: (to date)	105.2 Acres
Total Acres Optioned (to date)	1 Acre
Total Net Acres (Available)	<u>24.74 Acres</u>
Average Selling Price Per Acre	\$47,575 per acre
# of Parcels Sold:	9
Average Size of Parcel Sold:	11.7 Acres
Types of businesses in the Park	Manufacturing, Warehousing

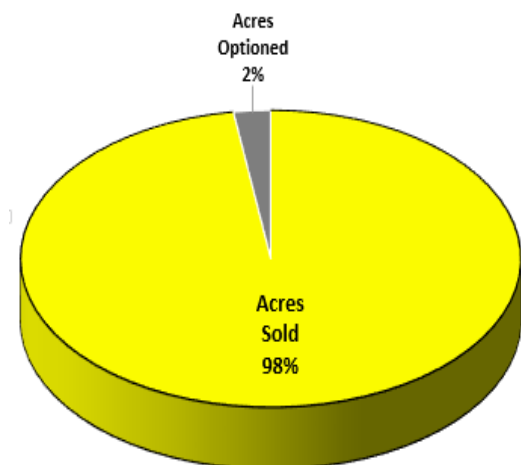


Forest City Industrial Park

(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	\$51,064 per acre
# of Parcels Sold:	16
Average Size of Parcel Sold:	8.2 Acres
Types of businesses in the Park	Manufacturing, Warehousing & Logistics

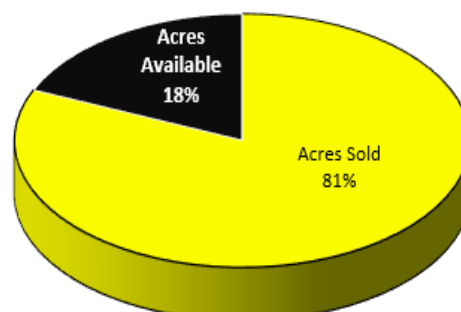


River Road Industrial Park

(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)	37.48 Acres*
Total Acres Optioned (to date)	0 Acres
Total Net Acres (Available)	<u>8.47 Acres</u>
Average Selling Price Per Acre	\$53,492 per acre
# of Parcels Sold:	11
Average Size of Parcel Sold:	3.4 Acres
Types of businesses in the Park	Manufacturing, Warehousing



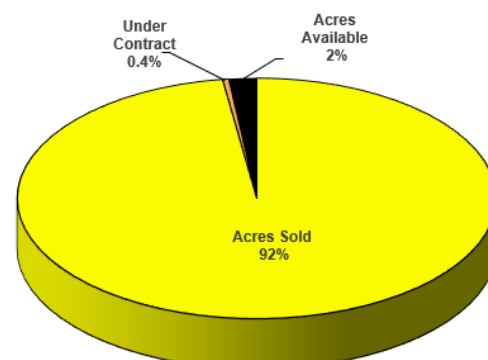
* This figure includes a 2.32 acre parcel that sold in 2016, and officially closed in January, 2017.

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)	348.3 Acres**
Total Acres Under Contract	1.51 Acres
Total Acres Optioned (to date)	0 Acres
Total Net Acres (Available)	<u>6.65 Acres</u>
Average Selling Price Per Acre	\$47,912 per acre
Types of businesses in the Park	Manufacturing, Warehousing



** This figure includes 4.31 acres that sold in 2016 and officially closed in 2017.

UNSERVICED LANDS

Current Inventory – Unserviced Industrial Land

PARK	Zoning	Inventory (Acres)	Inventory (Hectares)
Huron Industrial Park	Light Industrial & General Industrial	238.54	96.53
Forest City South Industrial Park	Light Industrial	117.27	47.45
Innovation Park, Phase V	Light Industrial	84.18	34.07
Cuddy Industrial Lands	General Industrial	8.81	3.57
2150 Oxford Street East	Light Industrial	19.02	7.70
Highbury & Highway 401 Lands	Light Industrial	5.35	2.17
	TOTAL	473.17	191.49

Huron Industrial Park

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 Robin's Hill Road opposite the current northerly terminus of Veteran's Memorial Parkway. To date, approximately 139.4 acres (56.4 ha) is partially serviced and environmental and engineering studies are currently underway. 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.

Forest City South Industrial Park

In 2016, 117.3 acres (47.5 hectares) of land was acquired on Wilton Grove Road to be developed for light industrial land uses. It is located east of Highbury Avenue, directly opposite Forest City Industrial Park. These lands have been recently rezoned with design work underway, which includes a StormWater Management (SWM) solution planned for construction this year.

Innovation Park, Phase V

In 2013, 84 acres (34 hectares) of land was acquired on Bradley Avenue to be developed for light industrial land uses. It is located east of Veteran's Memorial Parkway, directly opposite Innovation Park, Phase IV. These lands are currently undergoing further engineering and archaeological studies in preparation for future servicing.

Cuddy Industrial Lands

In 2010, the City obtained land on Cuddy Boulevard from the London Optimist Sports Centre in exchange for land on Rectory Street destined to house London's new Soccer Dome. These lands are 8.81 acres in size, zoned General Industrial, and are currently undergoing further environmental studies.

2150 Oxford Street East

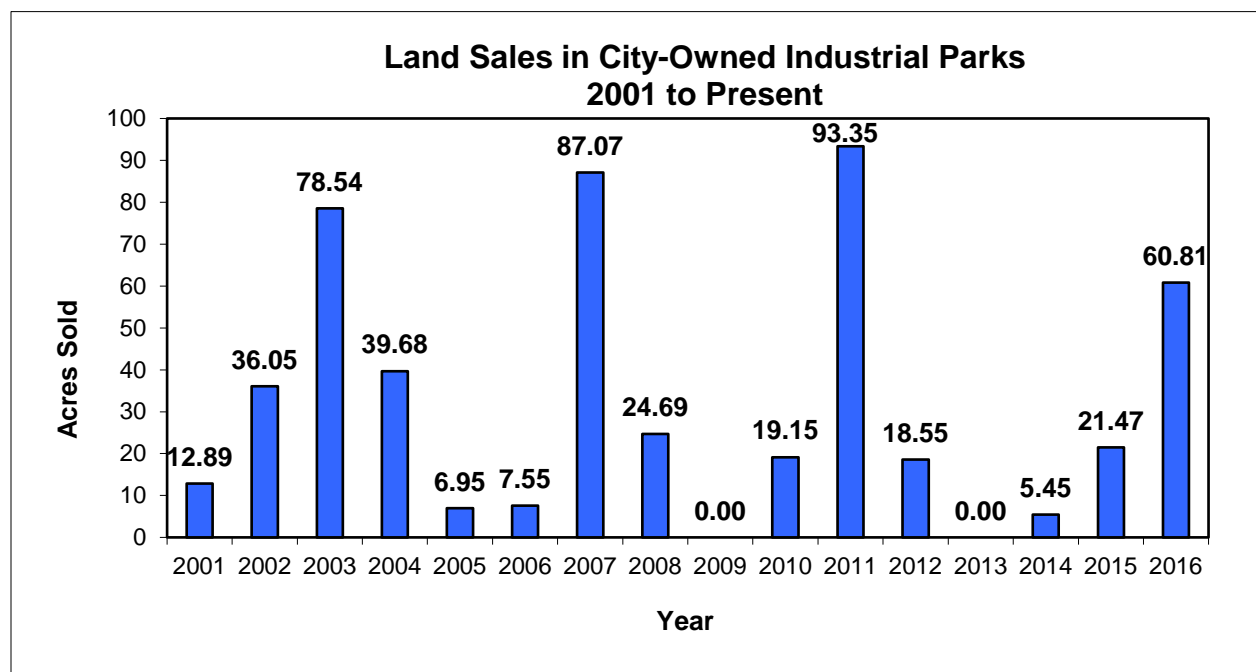
Approximately 19.02 acres (7.7 ha) remains under contract to Dancor, (the purchaser) a design-build firm, which was approved by Council in August last year for a new 4-phase campus-style development. This was an "as is" sale, given that considerable investments are required by the Purchaser to bring the lands to a shovel-ready status, given existing storm and low-grade conditions, holding provisions, and the requirement to bring an access road into the property.

Highbury Avenue and Highway 401 Lands

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

Between 2001 and 2016, the Realty Services Division sold approximately 512 acres (182.5 ha) of industrial land for a total of \$25,508,401. The estimated municipal tax revenue since 2001 on these land sales totals more than \$5,144,764 per year. Based on historical building permit data, the estimated cost to construct the industrial manufacturing and warehousing establishments totaled approximately \$241,559,517.



The above Chart shows the absorption of City industrial land over the past 16 years. In 2016, 60.81 acres of land were sold for \$2,028,000.

Sodecia Canada Inc. closed on 42.7 acres of land in Innovation Park, Phase II for the construction of a 65,014 square foot hot stamping facility, which is the first phase of an overall 380,000 square foot manufacturing complex. Dancor Development Corporation closed on 18.11 acres of land in Skyway Industrial Park, Phase II for a 100,000 square foot re-processing facility. A more comprehensive overview of the investments being made in our industrial parks is provided in the following section.

Significant Investments Made in our Industrial Parks

Over the past year, significant investments are being made by companies which have purchased lands in our parks. Many of these investments have been for expansions to existing plant and facility operations, as well as new builds. A summary of the investments being made are provided below:

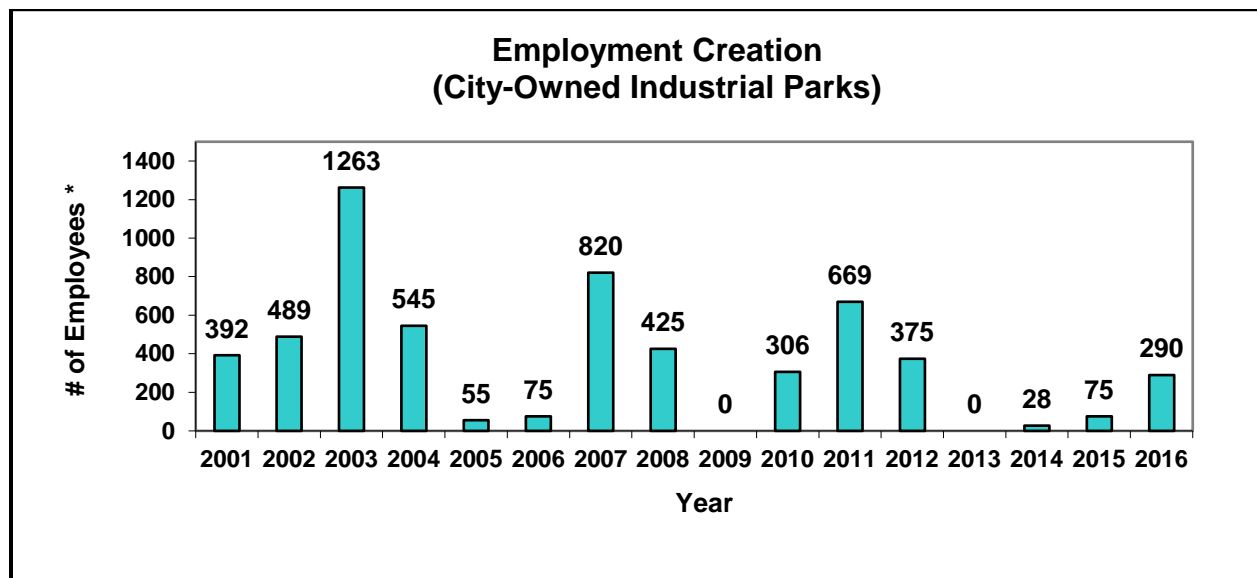
<u>Innovation Park</u>	Total Sq Ft.	Total Sq M.
New Build Construction	66,532	6,181
Expansions to Existing Facilities	88,746	8,245

<u>Forest City Industrial Park</u>	Total Sq Ft.	Total Sq M.
New Build Construction	25,941	2,410
Expansions to Existing Facilities	13,616	1,265

River Road Industrial Park	Total Sq Ft.	Total Sq M.
New Build Construction	0	0
Expansions to Existing Facilities	4,500	418
GRAND TOTAL – New Build Construction	92,473	8,591
GRAND TOTAL - Expansions to Existing Facilities	106,862	9,928

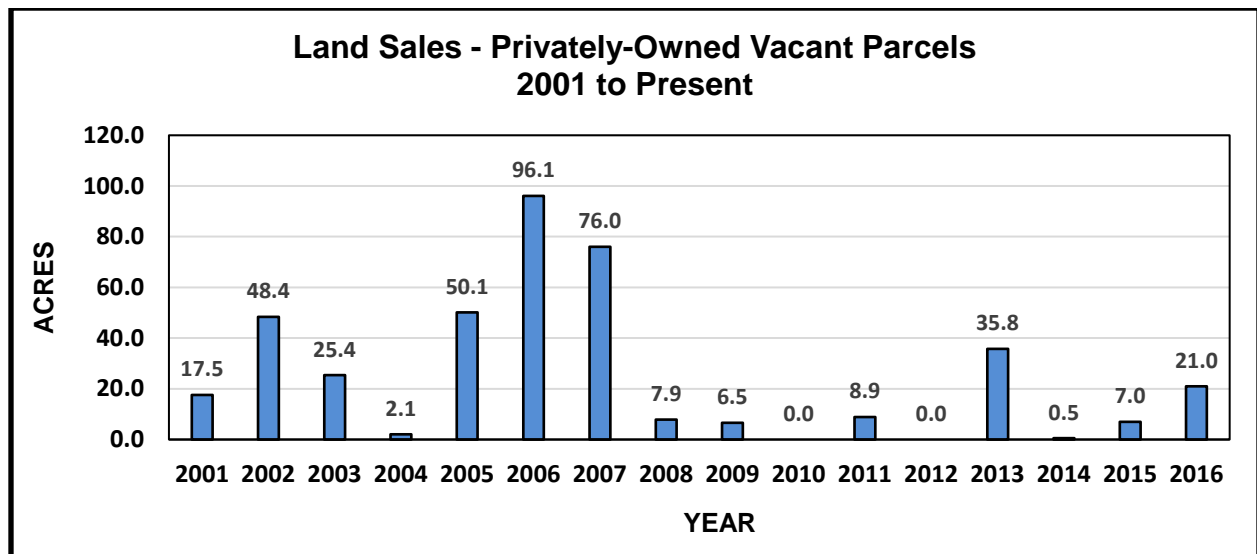
Employment Creation

Since 2001, sales of City owned industrial lands have created over 5,000 direct new jobs. An additional 4,000 spinoff jobs are believed to have been created through construction, logistics, service providers and manufacturing related supply chains. These jobs have significantly contributed to the sustainability of advanced manufacturing in the London region through the attraction of new global manufacturing companies such as Dr. Oetker and Hanwha. Further economic spinoffs are provided in Tables 2, 3 and 4.



Industrial Land Sales in the Private Sector

Private sector industrial land sales were mixed in 2016. There were 3 sales in the 1 to 3.5 acre size range, and one larger sale (14.6 acres). With the exception of the larger sale, all vacant parcels had services nearby.



Industrial Development Charge Grant Program

On May 2, 2017 Municipal Council approved changes to the City's Industrial Development Charges Grant Program. These changes, to come into effect on January 1, 2018, would retain the current 100% development charge grant for targeted industrial uses, but would decrease the value of the grant to 50% of the value of the development charges to a maximum grant of \$250,000 for non-targeted industrial uses. Targeted uses have been defined in the program to be consistent with the targeted uses of the Industrial Land Development Strategy. As part of the approved changes to the program, the program will expire on December 31, 2023. There is, however, a requirement that Council be provided with a review of the program, and any recommendations to confirm the expiry of the program, its extension, or any program changes in advance of this so that funding is available for the program if it is extended beyond December 31, 2023.

Consistent with the current program, the DC grant will be provided at the time of building permit application so that the applicant would not pay the applicable DCs for targeted uses. For non-targeted uses, an applicant would pay any DCs greater than the \$250,000 grant at the time of building permit.

ILDS Strategic Initiatives

The Industrial Land Development Strategy Implementation Team continues to monitor and oversee the implementation of the strategy. There is significant effort required to plan, purchase, service, sell, develop, and provide customer care. It is important from a team prospective that we remain nimble and able to adjust our planned parcels to best suit the strategy and Council's direction while meeting the needs of the client.

SWOT Review Group

To better serve our industrial clients while further aligning with our Service London Implementation Plan, the Industrial Land Development Strategy (ILDS) Implementation Team has established a SWOT Review Group with representatives from various divisions to review development plans, as it relates to addressing emergent recruitment, expansion, and retention matters arising from various existing and prospective clients.

By applying an efficient and customer-focused review process through the SWOT Review Group, existing and prospective clients receive important information to assist in their development plans, while regulatory and City policies and procedures are adhered to.

Conclusion

A relatively healthy U.S. demand and the depreciation of the Canadian dollar have been good news for manufacturing. The outlook is decent for London's automotive manufacturing industry, with U.S. vehicle sales returning to pre-recession levels.

The industrial land development strategy in London has certainly worked well since 2001. The City has been able to attract several new advanced manufacturing companies and help existing firms expand. London's industrial parks have seen a significant level of new green field manufacturing investments in south-western Ontario over the past several years. That led to the province piloting its new certified investment-ready site program in London first, before rolling out in other jurisdictions.

Industrial investment inquiries over the past year have come from:

- LEDC's new investment attraction and local retention and growth activities
- Provincial economic development efforts
- large users requiring 20+ acres for facilities over 100,000 sq.ft.
- smaller companies requiring less than 4 acres for 5,000 – 20,000 sq.ft. buildings
- existing small and medium sized companies looking to expand

The general incentives climate for new manufacturing investments is highly competitive. For instance, Windsor recently implemented a new industrial CIP through which municipal property taxes for new industrial construction are being waived for 10 years.

The current inventory of City owned serviced land is low for small parcels while there is adequate supply of medium parcels. As the future serviced lands come on-line, there will be a greater supply of large parcels and flexibility in the land inventory.

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.

Acknowledgement

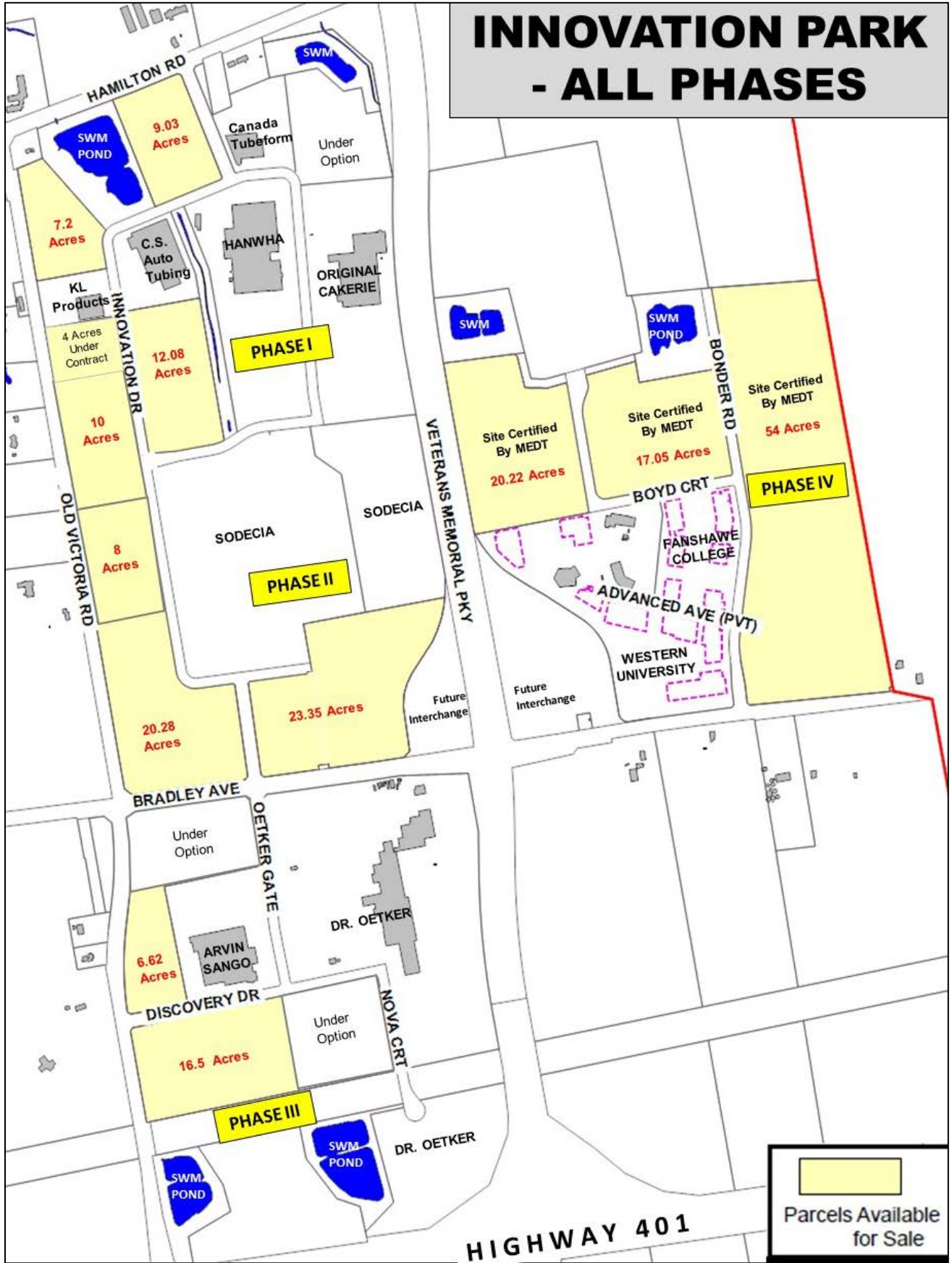
This report has been prepared with assistance from Diane Coffin, Industrial Land Officer, Adam Ostrowski, Realty Services, Manager Industrial Land Development, Gregg Barrett, Manager – Long Range Planning and Research, Mark Henderson, Director of Business Liaison, and Kapil Lakhotia, London Economic Development Corporation.

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

June 9, 2017
Attach.

- Cc: John Fleming, Managing Director, Planning and City Planner
- Mark Henderson, Director of Business Liaison
- Kapil Lakhotia, President & CEO, London Economic Development Corporation
- David G. Mounteer, Solicitor, City Solicitor's Office
- Kelly Scherr, Managing Director, Environmental & Engineering Services & City Engineer

SCHEDULE 1



SCHEDULE "1A"

**INNOVATION PARK – PHASES I TO IV
Revenue and Expense Breakdown as of May, 2017**

ACTUAL REVENUE AND PROJECTED REVENUE:

Land Sales

TOTAL LAND SALES REVENUE TO DATE (2006 – 2017)	\$9,731,337
Acreage Sold to Date	201.53 Acres
Average Price Per Acre (based on actual sales to date)	\$48,287 /ac
Estimated Sales Revenue on Balance of Park (216.2 acres @ \$65,000 per acre plus (20.3 acres @ \$56,500 per acre)	<u>\$15,199,950</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$24,931,287

Annual Municipal Taxes – On Land Sales to Date

ANNUAL MUNICIPAL TAXES (2016 Actual)	\$1,416,022
Annual Taxes Per Acre (2016 Actual)	\$7,026 /ac
Cumulative Taxes to Date (2006 – 2016)	\$9,214,689

Other Subsidies

Development Charge Exemptions (CIP)	\$20,774,817
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BUDGETED EXPENSES:

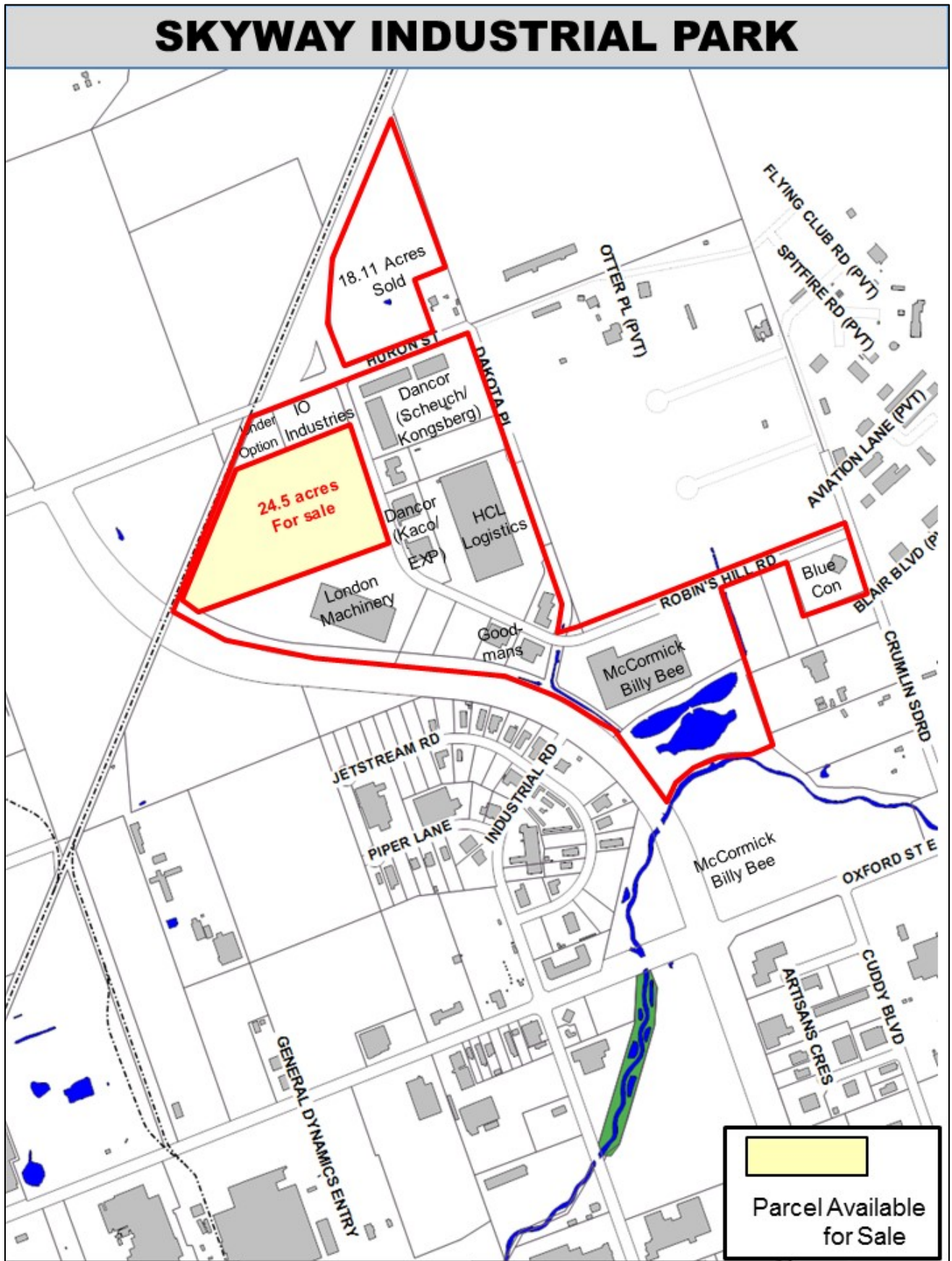
Budgeted Acquisition, Design & Construction Costs:

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
- Lands "under contract" are not reflected in figures above.

SCHEDULE 2



SCHEDULE "2A"

**SKYWAY INDUSTRIAL PARK
Revenue and Expense Breakdown as of May, 2017**

ACTUAL REVENUE AND PROJECTED REVENUE:

Land Sales

TOTAL LAND SALES REVENUE TO DATE	\$5,003,429
Acreage Sold to Date	105.17 Acres
Average Price Per Acre (based on actual sales to date)	\$47,575 /ac
Estimated Sales Revenue on Balance of Park (25.74 acres @ \$65,000 per acre)	<u>\$1,673,100</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$6,676,528

Annual Municipal Taxes – On Land Sales to Date

ANNUAL MUNICIPAL TAXES (2016 Actual)	\$1,115,174
Annual Taxes Per Acre (2016 Actual)	\$10,604 /ac
Cumulative Taxes to Date (2007 to 2016)	\$8,136,775

Other Subsidies

Development Charge Exemptions (CIP)	\$14,465,093
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BUDGETED EXPENSES:

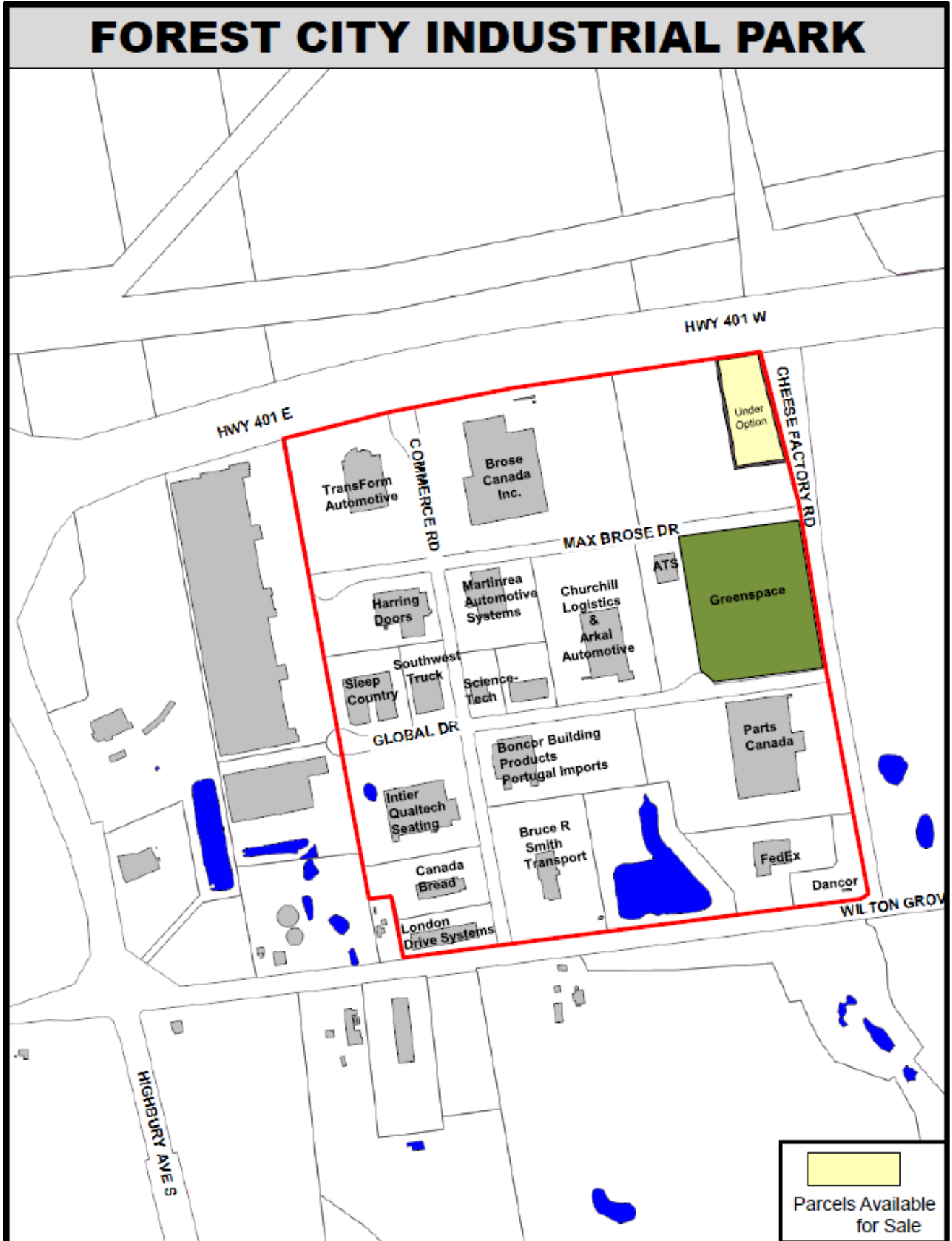
Budgeted Acquisition, Design & Construction Costs:

A) Land Costs: Total Land Acquisition Cost (130 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 May, 2017**

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)	\$51,064 /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 (2016 Actual)	\$1,263,422
Annual Taxes Per Acre (2016 Actual)	\$9,714 /ac
Cumulative Taxes to Date (2003 to 2016)	\$14,341,424

Other Subsidies

Development Charge Exemptions (CIP)	\$9,170,365
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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 May, 2017**

REVENUE – ACTUAL AND ESTIMATED:

Land Sales

TOTAL LAND SALES REVENUE TO DATE	\$2,004,999
Acreage Sold to Date	37.48 Acres
Average Price Per Acre (based on actual sales to date)	\$53,492 /ac
Estimated Sales Revenue on Balance of Park (8.47 acres @ \$65,000/acre)	<u>\$550,550</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$2,555,549

Annual Municipal Taxes – On Land Sales to Date

ANNUAL MUNICIPAL TAXES (2016 Actual)	\$467,750
Annual Taxes Per Acre (2016 Actual)	\$12,480 /ac

EXPENSES:

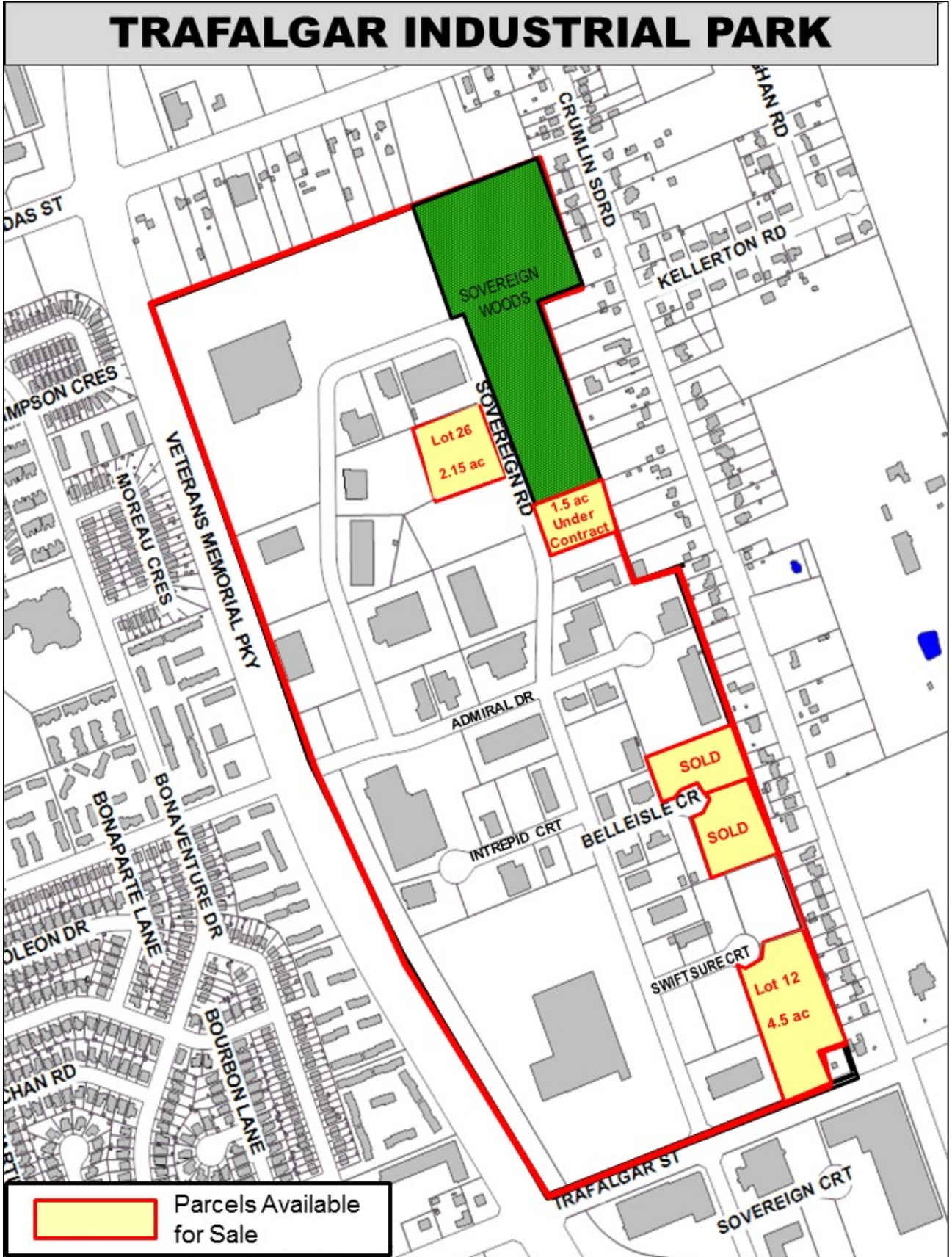
Budgeted Acquisition, Design & Construction Costs:

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 May, 2017**

REVENUE – ACTUAL AND ESTIMATED:

Land Sales

TOTAL LAND SALES REVENUE TO DATE	\$16,688,242
Acreage Sold to Date	348.31 Acres
Average Price Per Acre (based on actual sales to date)	\$47,912 /ac
Estimated Sales Revenue on Balance of Park (8.15 acres @ \$55,000/acre)	<u>\$448,250</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$17,136,492

Annual Municipal Taxes – On Land Sales to Date

ANNUAL MUNICIPAL TAXES (2016 Actual)	\$3,708,300
Annual Taxes Per Acre (2016 Actual)	\$10,647 /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
 - Lands "under contract" are not reflected in figures above.

TABLE 1

2017 Municipal Price Comparison

Municipality	Land Price (Per Acre)	City Development Charges (Per Sq.Ft.)	County Development Charges (Per Sq.Ft.)	Serviced Land (Acreage)	Non-Serviced Land (Acreage)	Total (Acreage)
St. Thomas	\$45,000	\$4.71	\$0	55	0	55
Chatham-Kent	\$15,000 - \$50,000	\$0	\$1.92	140	13	153
Windsor	\$80,000	\$0	\$0	37	112	149
Woodstock	\$95,000 - \$125,000	\$0	\$0	89	80	169
London	\$65,000 - \$75,000	\$16.53 *	\$0	280	473	753
Stratford	\$100,000	\$0	\$0	61.5	56	117.5
Strathroy-Caradoc	\$35,000	\$3.03	\$0	112	0	112
Sarnia-Lambton	\$30,000 - \$60,000	\$4.60	\$0	299	214	513
Ingersoll	\$90,000 - \$100,000	\$0	\$6.65	75	0	75
County of Brant	\$75,000 - \$125,000	0	\$6.29	10	20	30
Brantford	\$75,000 - \$125,000	6.63	\$0	18	0	18
Hamilton	\$250,000 - \$400,000	\$12.16 after 7/6/17	\$0	26	1360	1386
Cambridge	\$300,000	\$2.75	\$4.92	0	76	76
Kitchener	\$250,000	\$2.58	\$4.92	0	30	30
Guelph	\$300,000 - \$325,000	\$10.06	\$0	53	94	147
Waterloo	\$325,000 - \$350,000	\$6.36	\$4.92	30	110	140

Note: Table provided by Realty Services. Information provided herein was sourced through available online information via municipal websites and 2016 price comparison information provided through the City of Cambridge Economic Development Division.

*Industrial development is not required to pay development charges as per the DC By-law and current Industrial Development Charges Grant Program. Note: On May 2, 2017 Municipal Council approved changes to the City's Industrial Development Charges Grant Program. These changes, to come into effect on January 1, 2018, would retain the current 100% development charge grant for targeted industrial uses, but would decrease the value of the grant to 50% of the value of the development charges to a maximum grant of \$250,000 for non-targeted industrial uses.

TABLE 2

ECONOMIC SPIN OFFS - INNOVATION PARK

The following analysis on job and tax generation resulting from the City's Industrial Land Development Strategy (ILDS) was prepared with input from 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:

EXPENDITURES	INNOVATION PARK: (For 201.53 Acres Sold from 2006 - 2016)	COST/BENEFIT PER ACRE (For 201.53 Acres Sold from 2006 - 2016)
Gross expenditure on land and local services	\$ 21.02 million	\$ 104,337
(Less) Government Grants	\$ 7.4 million (Superbuild, M-III & ISF)	\$ 36,580
NET expenditure on land and local services: (A)	\$ 13.6 million	\$ 67,757
REVENUES		
Total Land sales over 11 years	\$ 9.7 million	\$ 48,287
Annual Municipal Industrial Taxes (2016)	\$ 1.4 million	\$ 7,026
Cumulative Industrial Taxes over 11 years	\$ 9.2 million	\$ 45,724
Building Permits over 11 years	\$ 949,327	\$ 4,711
Total Cash Inflow over 11 years: (B)	\$ 19.9 million	\$ 98,722
Net Cash Position after 11 years (B - A)	\$ 6.2 million	\$ 30,964
OTHER SUBSIDIES		
Development Charge Exemptions (CIP)	\$ 20.7 million	\$ 103,085
ECONOMIC BENEFITS (Provided by LEDC) (over 11 years)		
Employment Created	1,430 Direct Jobs 1,258 Indirect Jobs	7.10 Direct Jobs 6.24 Indirect Jobs
Income Generated	\$ 125 million	\$ 761,820

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.
- LEDC multiplier for indirect jobs is 88%.
- 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.

TABLE 3

ECONOMIC SPIN OFFS – FOREST CITY INDUSTRIAL PARK

The following analysis on job and tax generation resulting from the City's Industrial Land Development Strategy (ILDS) was prepared with input from the 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:

EXPENDITURES	FOREST CITY PARK: (FOR 130.06 ACRES SOLD FROM 2003 to 2016):	COST/BENEFIT PER ACRE (FOR 130.06 ACRES SOLD FROM 2003 to 2016):
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 14 years	\$ 6.6 million (from 130.06 acres)	\$ 51,064
Annual Municipal Industrial Taxes (2016)	\$ 1.26 million	\$ 9,714
Cumulative Industrial Taxes over 14 years	\$ 14.3 million	\$ 110,268
Building Permits over 14 years	\$ 525,420	\$ 4,040
Total Cash Inflow over 14 years: (B)	\$ 21.5 million	\$ 165,372
Net Cash Position after 14 years (B – A)	\$ 9.5 million	\$ 73,374
OTHER SUBSIDIES		
Development Charge Exemptions (CIP)	\$ 9.17 million	\$ 70,508
ECONOMIC BENEFITS (Provided by LEDC) (over 14 years)		
Employment Created	2,048 direct jobs 1,802 indirect jobs	15.75 direct jobs 13.86 indirect jobs
Income Generated	\$ 180 million	\$ 1.38 million

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.
- LEDC multiplier for indirect jobs is 88%.
- 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

ECONOMIC SPIN OFFS - SKYWAY INDUSTRIAL PARK

The following analysis on job and tax generation resulting from the City's Industrial Land Development Strategy (ILDS) was prepared with input from the London Economic Development Commission (LEDC). This analysis has not been reviewed by Finance Staff.

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

EXPENDITURES	SKYWAY PARK: (FOR 105.17 ACRES SOLD FROM 2007 to 2016):	COST/BENEFIT PER ACRE (FOR 105.17 ACRES SOLD FROM 2007 to 2016):
Gross expenditure on land and local services	\$ 10.7 million	\$ 102,222
(Less) Government Grants	\$ 3.6 million (Superbuild)	\$ 34,859
NET expenditure on land and local services: (A)	\$ 7.1 million	\$ 67,364
REVENUES		
Total Land sales over 10 years (105.17 acres)	\$ 5.0 million	\$ 47,575
Annual Municipal Industrial Taxes (2016)	\$ 1.1 million	\$ 10,604
Cumulative Industrial Taxes over 10 years	\$ 8.1 million	\$ 77,368
Building Permits over 10 years	\$ 825,093	\$ 7,845
Total Cash Inflow over 10 years: (B)	\$ 13.9 million	\$ 132,788
Net Cash Position after 10 years (B – A)	\$ 6.8 million	\$ 65,424
OTHER SUBSIDIES		
Development Charge Exemptions (CIP)	\$ 14.4 million	\$ 137,540
ECONOMIC BENEFITS (Provided by LEDC) (over 10 years)		
Employment Created	587 direct jobs 517 indirect jobs	5.6 direct jobs 4.9 indirect jobs
Income Generated	\$ 53 million	\$ 0.5 million

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.
- LEDC multiplier for indirect jobs is 88%.
- 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.