

TO:	CHAIR AND MEMBERS FINANCE AND ADMINISTRATION SERVICES COMMITTEE MEETING ON MAY 7, 2012
FROM:	TOM JOHNSON MANAGING DIRECTOR - CORPORATE ASSETS
SUBJECT:	OFFER FROM ANDLAUER MANAGEMENT GROUP INC. TO PURCHASE THE WESTERLY 4 ACRES PART 4, PLAN 33R-15788 FOREST CITY INDUSTRIAL PARK

RECOMMENDATION

That, on the recommendation of the Managing Director - Corporate Assets, on the advice of the Manager of Realty Services, with respect to the offer submitted by Andlauer Management Group Inc. to purchase approximately 4.0 acres of land located on the south side of Max Brose Road, described as the westerly 4 acres of Part 4, Plan 33R-15788, as outlined on the sketch attached as Schedule "B" to this report, the following actions be taken:

- a) the offer submitted by Andlauer Management Group Inc. to purchase the land noted above in the amount of \$260,000.00, reflecting a price of \$65,000.00 per acre, **BE ACCEPTED**, subject to the following conditions:
 - i) the City agreeing to permit an initial building coverage of 9% in place of the required 15%;
 - ii) the City agreeing to prepare a reference plan prior to closing;
 - iii) the City requiring a 10 meter buffer strip along the easterly boundary of the site for the protection of the neighbouring woodlot; and
- b) the attached proposed by-law **BE INTRODUCED** at the Municipal Council Meeting held on May 22, 2012, to approve this transaction and to authorize the Mayor and the City Clerk to execute the Agreement of Purchase and Sale.

BACKGROUND

Prospective Company

The offer is from a local distributor of consumer, healthcare, and pharmaceutical products. The initial plan for the subject site is to immediately construct an initial 15,300 square facility, representing a building coverage of 9%, with a 15,000 to 40,000 square foot expansion within a year or two thereafter (representing an ultimate building coverage range from 17% to 31%. A \$26,000.00 deposit has been received and deposited by our Finance Department.

Projected Employment

The initial facility will house a newly created branch of the Andlauer (ATS) transportation network, and will initially employ 25 new full time employees, with projected future employment numbers increasing by another 25 to 40 at the time of completion of their phase 2 expansion.

Projected Taxes

The assessed value of the land and initial building is \$1,254,500.00. The City portion of Municipal taxes will be approximately \$31,000.00 per year.

Forest City Industrial Park Cost Breakdown

At its meeting on June 11, 2003, the Board of Control asked the General Manager of Legal Services and City Solicitor and the Manager of Realty Services to include in all future reports about the sale of industrial lands a recap of then current expenditures the City has incurred with respect to the industrial park involved and an identification of the revenues that the City has realized at that point in time from land sales in the particular park involved. Schedule "A" contains a cost breakdown of estimated expenses and revenues to date. Schedule "A" has been reviewed by the Finance Department for reasonableness, and we are continuing to work with Finance Department to confirm the accuracy of the cost accounting for the park.

A plan showing the location of the subject property is attached as Schedule "B".

PREPARED BY:	RECOMMENDED BY:
BILL WARNER MANAGER, REALTY SERVICES	TOM JOHNSON MANAGING DIRECTOR – CORPORATE ASSETS

April 27, 2012
Attach.

cc: Peter Christiaans, Director of Development Finance
Mark Henderson, Director of Business Liaison
David G. Munteer, Solicitor
Mike Turner, Deputy City Treasurer

SCHEDULE "A"

**FOREST CITY INDUSTRIAL PARK
Estimated Revenue and Expense Breakdown As of May 2012**

ACTUAL REVENUE AND PROJECTED REVENUE:

Land Sales

1.	TOTAL LAND SALES REVENUE TO DATE	\$6,745,106
2.	Acreage Sold to Date	130.6 Acres
3.	Average Price Per Acre (based on actual sales to date)	\$51,647 /ac
4.	Estimated Sales Revenue on Balance of Park (14.4 acres @ \$65,000 per acre)	<u>\$936,000</u>
5.	TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$7,681,106

Annual Municipal Tax Estimate – On Land Sales to Date

6.	TOTAL ANNUAL MUNICIPAL TAX ESTIMATE	\$1,763,931
7.	Average Estimated Annual Taxes Per Acre	\$13,506 /ac

ACTUAL EXPENSES:

Acquisition Costs

8.	A) Land Costs: Total Actual Land Acquisition Cost (145 net acres)	\$5,213,621
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BUDGETED EXPENSES:

Design & Construction Costs: ¹

9.	B) TOTAL SERVICING COSTS: Design & Construction Costs	\$10,984,139
10.	Net Acreage of City-owned Land	145 Acres

11.	C) TOTAL COST (A + B) Land plus Servicing Cost	\$16,197,760
12.	Average Expenditures Per Net Acre	\$111,709 /ac

13.	D) SuperBuild Funding (Provincial)	- <u>\$2,819,784</u>
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14.	E) TOTAL COST (A + B) Land plus Servicing Cost - Net of Superbuild	\$13,377,976
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15.	Average Expenditures Per Net Acre (after deducting senior Government Funding)	\$92,262 /ac
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¹ Figures in this section are based on budgeted amounts.

Note: Finance Department has reviewed the above for reasonableness.

SCHEDULE "B"

LAND TO BE PURCHASED



Bill No.

By-law No.

A By-law to authorize an Agreement between The Corporation of the City of London and Andlauer Management Group Inc., to authorize the Mayor and City Clerk to execute the Agreement.

WHEREAS section 5(3) of the *Municipal Act, 2001* S.O. 2001, c.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS it is deemed expedient for The Corporation of the City of London (the "City") to enter into an Agreement of Purchase and Sale with Andlauer Management Group Inc., (the "Agreement");

AND WHEREAS it is appropriate to authorize the Mayor and City Clerk to execute the Agreement on behalf of the City;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Agreement attached as Schedule "A" to this By-law, being an amended Agreement of Purchase and Sale between the City and Andlauer Management Group Inc. is hereby AUTHORIZED AND APPROVED.
2. The Mayor and City Clerk are authorized to execute the Agreement authorized and approved under section 1 of this by-law.
3. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council

Joe Fontana
Mayor

Catharine Saunders
City Clerk

First reading -
Second reading -
Third reading -