

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JULY 17, 2018
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-OWNED INDUSTRIAL LAND

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, the following actions **BE TAKEN** with respect to the annual monitoring and pricing of City-owned industrial lands:

- a) the proposed attached by-law (Appendix “A”) **BE INTRODUCED** at the Municipal Council meeting to be held on July 24, 2018 to amend By-law No. A.-6151-17, as amended, being “A by-law to establish policies for the sale and other disposition of land, hiring of employees, procurement of goods and services, public notice, accountability and transparency, and delegation of powers and duties, as required under section 270(1) of the *Municipal Act, 2001*” by deleting Attachment “B” to Schedule “A” – Sale and other Disposition of land Policy of the By-law and by replacing it with a new Attachment “B” to Schedule “A” to amend the current pricing for City-owned serviced industrial land in Innovation Park, Skyway Industrial Park, River Road Industrial Park, Cuddy Boulevard Parcels and Trafalgar Industrial Park as follows:

Innovation Park, Skyway Industrial Park, River Road Industrial Park, and Cuddy Blvd Parcels:

:

- Lots up to 3.99 acres from \$75,000 per acre to \$80,000.00 per acre
- 4.00 acres and up from \$65,000 per acre to \$70,000.00 per acre

Pricing for serviced industrial land in Trafalgar Industrial Park:

- All lot sizes – from \$55,000 per acre to \$65,000.00 per acre;

- b) the staff report dated July 17, 2018 entitled “Industrial Land Development Strategy Annual Monitoring and Pricing Report – City-Owned Industrial Land”, **BE RECEIVED**.

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 – June 20, 2017 – 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, highlight strategic objectives, 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, are 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.

Effective October 1, 2018, pricing for serviced industrial land in Innovation Park, Skyway Industrial Park, River Road Industrial Park, and Cuddy Boulevard Parcels will be:

- Lots up to 3.99 acres - \$80,000.00 per acre
- 4.00 acres and up - \$70,000 per acre

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

- All lot sizes - \$65,000.00 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.

The recommendation for the price increase is based on the increase in market demand, while also recognizing that the pricing of City of London Municipal industrial land must remain competitive with surrounding municipalities. As such, staff are recommending a price increase. The next section highlights London's Industrial Land pricing compared to surrounding municipalities.

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.

SUMMARY OF CURRENT LAND HOLDINGS

A brief summary of the six major City owned Industrial Parks is outlined below and 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	3.2	1.3
TOTAL	264.74	107.14

Included within the approximate 265 acres of City owned industrial land currently available for sale are 31.1 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.

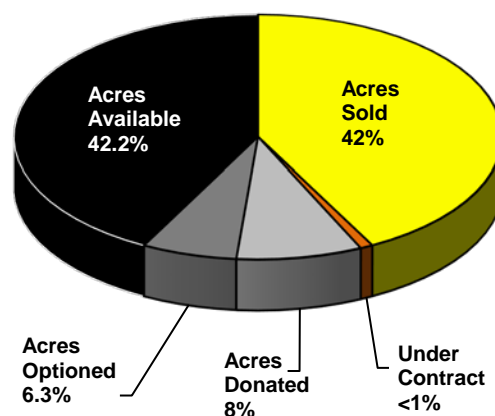
Innovation Park

(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)	30.1 Acres
Total Net Acres (Available)	<u>201.72 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

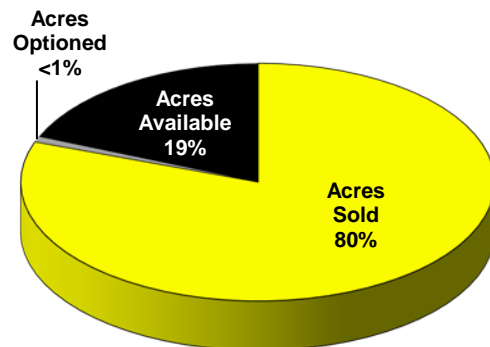


Skyway Industrial Park

(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

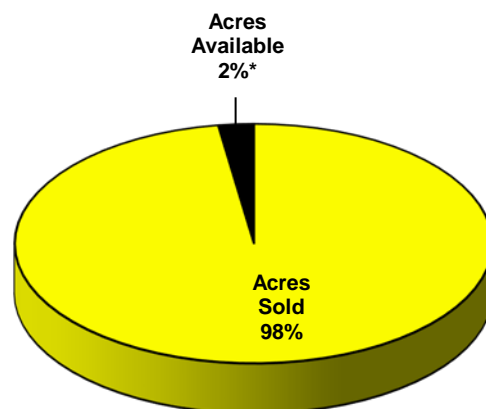


Forest City Industrial Park

(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	0 Acres
Total Net Acres (Available)	<u>3.2 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



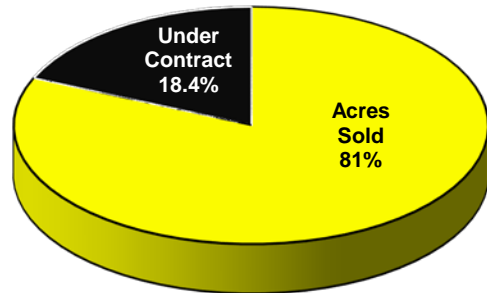
*3.2 Acres were previously Optioned by Brose and was recently released. The ILDS Implementation team is currently completing a feasibility review to determine the status of the net developable area for these lands.

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 Acres
Total Acres Sold: (to date)	37.48 Acres
Total Acres Under Contract	8.49 Acres
Total Net Acres (Available)	<u>0 Acres</u>
Average Selling Price Per Acre	\$53,492 per acre
# of Parcels Sold:	12
Average Size of Parcel Sold:	3.83 Acres
Types of businesses in the Park	Manufacturing, Warehousing

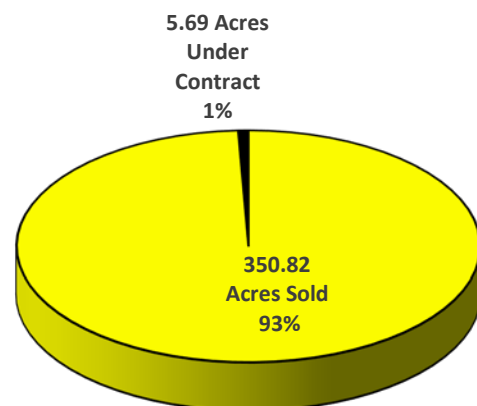


Trafalgar Industrial Park

(for Map of Park refer to Schedule 5 attached)

Trafalgar Industrial Park is located on the east side of Veteran’s Memorial Parkway, north of Gore Road and south of Dundas Street. Approximately 428 acres of raw land were acquired from 1976 to 1984 for this park, and development was phased from 1980 to 1985.

Total Gross Acres	428 Acres
Total Developable Acres	379 Acres
Total Acres Sold: (to date)	350.82 Acres
Total Acres Under Contract	5.69 Acres
Total Acres Optioned (to date)	0 Acres
Total Net Acres (Available)	<u>0 Acres</u>
Average Selling Price Per Acre	\$47,962 per acre
Types of businesses in the Park	Manufacturing, Warehousing



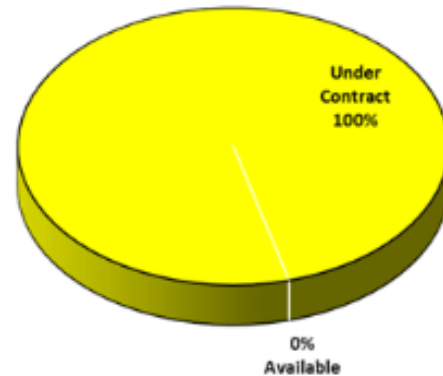
Cuddy Boulevard Industrial Lands

(for Map of Park refer to Schedule 6 attached)

In 2010, the City obtained land on Cuddy Boulevard from the London Optimists in exchange for land on Rectory Street destined to house the London Optimist Sports Centre (“BMO Centre”), which is now in operation. These lands are 8.81 acres in size, and zoned General Industrial. Environmental studies (SAR Report, Phase I ESA), were completed and the lands were made available to market in January, 2018.

As of May 22nd 2018, these lands were under contract by two (2) companies which are currently working through their conditions. Both transactions are anticipated to close in Q3 of 2018.

Total Developable Acres 8.81 Acres
 Total Acres Under Contract 8.81 Acres
 (to date)
 Total Net Acres (Available) 0 Acres



UNSERVICED LANDS

Current Inventory – Unserviced Industrial Land

PARK	Zoning	Inventory (Acres)	Inventory (Hectares)
Huron Industrial Park	Light Industrial & General Industrial	238.54	96.53
Innovation Park, Phase V	Light Industrial	84.18	34.07
Highbury & Highway 401 Lands	Light Industrial	5.35	2.17
	TOTAL	328.07	132.77

Huron Industrial Park

238.5 acres (96.5 ha) of raw land were purchased in 1992 for a future industrial park. These lands are 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. Other characteristics to note with these lands are the following:

- Portions of the lands are subject to building height restrictions as related to the proximity of the London International Airport and Transport Canada regulations.
- The Sun Canadian high-pressure oil pipeline which 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 which is scheduled to commence construction in 2020.
- Access and a servicing solution is currently underway for approximately 35 acres which is anticipated to be made available the end of 2018 or early 2019.

These lands are further described as part of the Strategic Objectives covered later in the report.

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 have undergone an archaeological assessment.

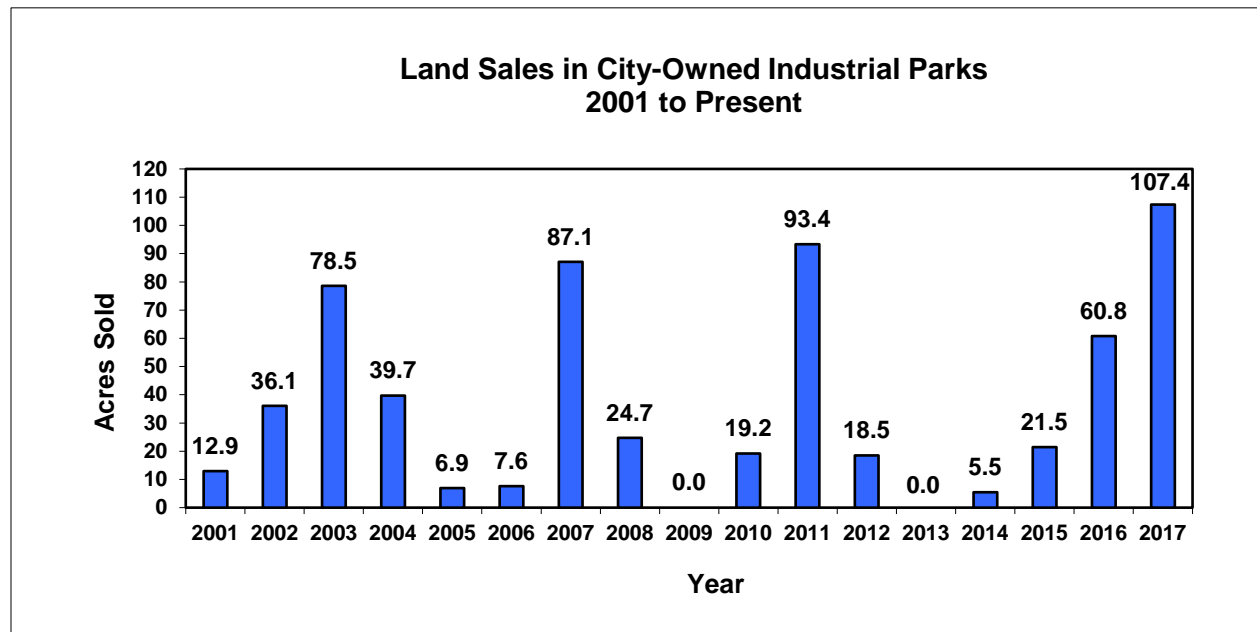
The ILDS Implementation team is currently discussing with the City’s Industrial SWOT team to determine the most preferable engineering and design options as it related to the preparation for future servicing.

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 2017, the City has sold approximately 619 acres (250.5 ha) of industrial land for a total of \$31,646,281. The estimated municipal tax revenue since 2001 on these land sales totals more than \$6,196,126 per year. Based on historical building permit data, the estimated cost to construct the industrial manufacturing and warehousing establishments totaled approximately \$289,735,251.



The above Chart shows the absorption of City industrial land over the past 17 years. 2017 represented a record year for annual land sales by the City. A total of 107.41 acres have sold for a total of \$5,114,442.

The above Chart shows the absorption of City industrial land over the past 17 years. 2017 represented a record year for annual industrial land sales by the City.

A total of 107.41 acres have sold for a total of \$5,114,442 throughout various parks and industrial lands held by the City. The sales represent a mix of small to larger industrial users and a local design build firm who is building for tenants locating to or expanding operations in London.

As of June 1, 2018, approximately 24.8 acres are also under contract to several companies which are currently working through their conditions. Pending the successful completion of these transactions, the information will be reported out in 2019.

Other investments made in 2017 in our industrial parks, in terms of new buildings and expansions, are highlighted in the following section.

Investments Made in our Industrial Parks

Despite a record year for land sales in 2017, actual investments made, in terms of new building construction or expansions, was lower than in 2016. A summary of investments made in our parks for 2017 is shown below. The ILDS implementation team anticipates that 2018 and 2019 will mark an increase as there is generally a time lag between the land transaction date and time required to obtain a site plan and building permit approval to begin construction.

Innovation Park**Total Sq Ft.****Total Sq M.**

New Build Construction	0	0
Expansions to Existing Facilities	8,460	786

Forest City Industrial Park**Total Sq Ft.****Total Sq M.**

New Build Construction	22,023	2,046
Expansions to Existing Facilities	0	0

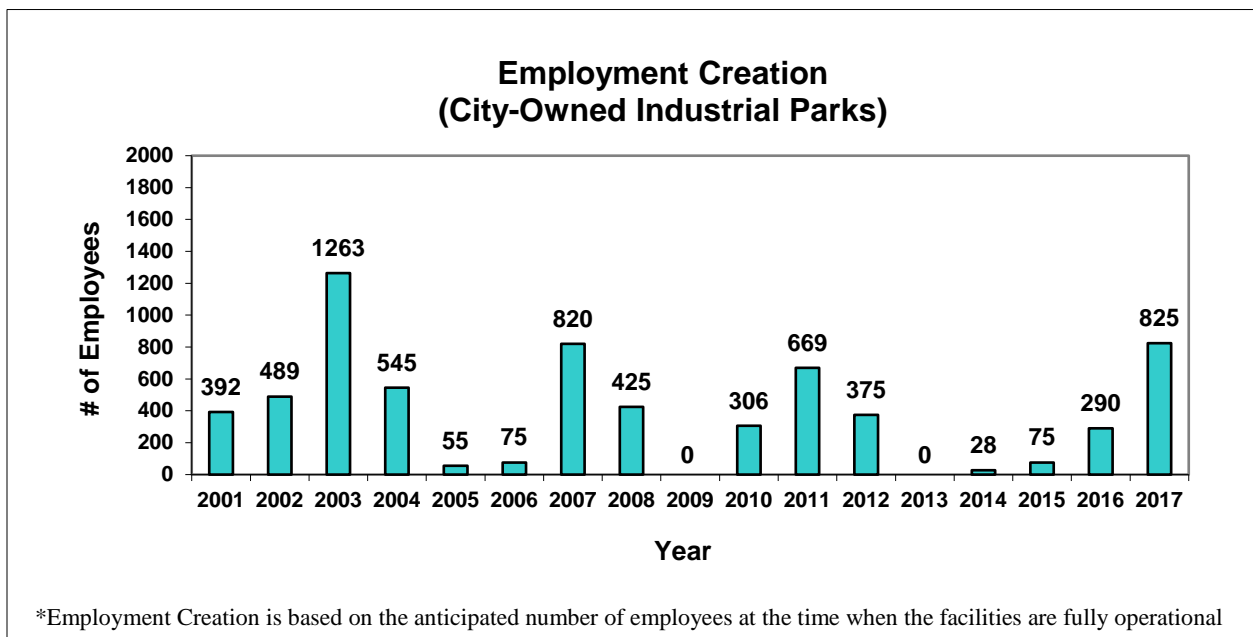
Trafalgar Industrial Park**Total Sq Ft.****Total Sq M.**

New Build Construction	0	0
Expansions to Existing Facilities	9,343	868

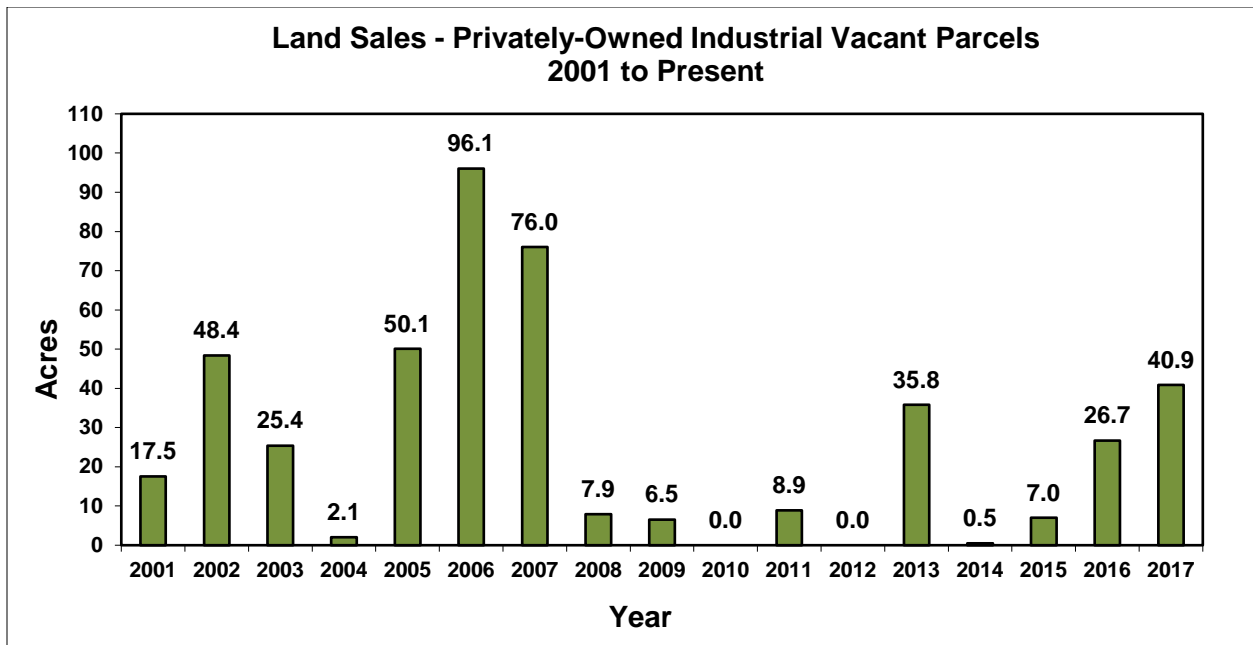
GRAND TOTAL – New Build Construction	22,023	2,046
GRAND TOTAL - Expansions to Existing Facilities	17,803	1,654

Employment Creation

Since 2001, sales of City owned industrial lands have created over 5,825 direct new jobs. An additional 5,000 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.

**Industrial Land Sales in the Private Sector**

Private sector industrial land sales were 40.87 acres in 2017. There were 3 sales that were less than 1 acre, and 2 large sales in the 20 acre range. All vacant parcels sold 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, that came into effect on January 1, 2018, retain the current 100% development charge grant for targeted industrial uses, but 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.

To date, the ILDS implementation team including LEDC have experienced some pushback from stakeholders on the revised Industrial Development Charges Grant Program. However, these changes are still too new to see what impact it will have on City industrial land sales. Realty Services will continue to monitor activity and provide a further update in the 2019 ILDS monitoring report.

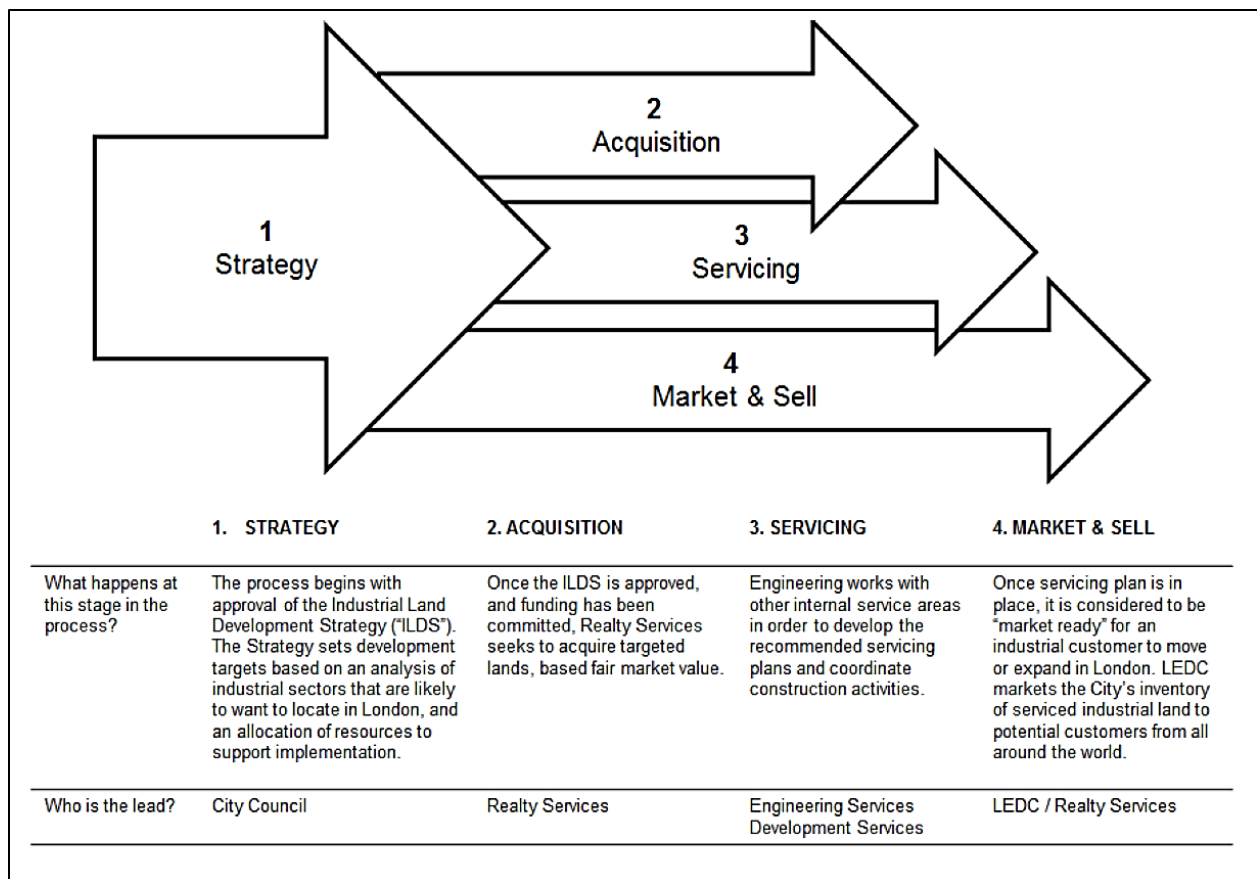
Getting People to Work Using Public Transit: Challenges and Solutions

LEDC works closely with companies in our industrial corridor, where inadequate public transit services have been raised consistently. The London Transit Commission (LTC) in partnership with LEDC conducted surveys with industrial stakeholders to better understand their transit needs. Following the survey, a workshop was held to better understand the industry, its operational constraints and opportunities, to share perspectives and ideas relating to service models and partnerships that could be utilized to better serve the industrial areas of the city with public transit in the future. The results have been incorporated into the LTC Industrial Service Strategy update which is currently underway. The ILDS team recognizes the importance of transit to industrial areas and will continue to participate in discussions.

ILDS Strategic Initiatives

The Industrial Land Development Strategy (ILDS) remains extremely important to the economy. Approximately 30% of all employment occurs on industrial land as per the City's Official Plan (OP). In addition, broader benefits are achieved for the City in terms of investments such as land sale value, tax revenue, direct and indirect job creation, spin-off industry attraction.

To help compete aggressively for industrial employment and economic prosperity, ILDS needs to be clear in terms of acquisition, servicing, and market and selling of these lands. A summary of the roles and functions is illustrated below:



The strategic initiatives carried out for 2017 is summarized below. The ILDS implementation team will carry out a comprehensive review and update of the strategy and present to Council in 2019 as it will mark five years since the current strategy has been enacted.

Implement the Industrial Land Development Strategy by Taking an Acting Role in Developing and Selling Industrial Land

- Ensure the ILDS implementation team remains strong, nimble, with decisions reached quickly by the appointment of Director, Business Liaison as ILDS team lead to replace former Director of Wasterwater.
- Appointment of new Industrial Engineer to continue with delivery of engineering and related services to support the ILDS objectives.
- Establish an Industrial SWOT interdepartmental/external agency review group to review development plans from conceptual to construction. This team addresses emergent recruitment, expansion and retention matters in an expedited manner.
- London Economic Development Corporation (LEDC) and Realty Services active in the selling of industrial lands which is further described in the *Market our land aggressively on international stage* below.

Understand our target sectors' needs

- London Economic Development Corporation (LEDC) provides the ILDS team with regular monthly updates and Council with annual updates.
- Appointment of new Industrial Land Officer (Realty Services) who prepares monthly updates to the ILDS team highlighting activity tracking and reporting prospective companies inquiring about City and private industrial parks and parcels.
- Periodic updates from the brokerage community and design build firms as it relates to current industrial needs and trends.
- Review of economic and market publications related to industrial updates for London and region.

Ensure an adequate supply of land

- One of the key goals of the strategy is to develop an ongoing supply of 200 hectares (494 acres) of strategically located and fully serviced industrial land. To meet this target, considerable efforts have been made in 2017 for the Huron Industrial Park in terms of finalizing the Environmental Assessment (EA) and the master servicing plan. Both the EA and servicing plan are on schedule be completed in 2018.
- To remain nimble and adjust plans to best suit the overall strategy, the marketing and disposition of un-serviced parcels has also been implemented to meet market demand.

- Other initiatives include active participation by Realty Services in acquiring new lands from willing sellers in strategic locations targeted by the strategy.

Establish a plan to deliver investment-ready land

- Monthly meetings with the ILDS implementation team to establish priorities and key milestone dates for delivery of investment-ready land.
- Engage external agencies such as UTRCA, London Hydro, Union Gas to ensure they are aware of the strategic growth
- Meeting investment ready criteria for select parcel(s) through the Provincial Site Certification Program.
- Report to Council on an annual basis on the strategy and monitoring of our industrial lands.

Market our land aggressively on international stage

- Marketing actively through partnerships with the Ministry of Economic Development and Growth (MEDG) via the Site Certification Program.
- Industrial lands being showcased globally through events and conferences by the London Economic Development Corporation (LEDC).
- Dedicated City industrial website with creation of marketing brochures.
- Installation of new *available* signage for our lands at Innovation Park.

Enhance our industrial land offering by making London attractive to investment

- Continue to work with existing industrial land owners City wide to ensure their delivery of service meeting the need of their industrial clientele (i.e. Local Improvement for services with older industrial parks).
- LEDC and Realty Services recognize and capitalize on industrial clientele relationships and networks.
- LEDC advocating and marketing unique assets and resources available in London to manufacturing and other targeted industrial sectors.

Pricing of Municipal Industrial Land

The City industrial land pricing remained relatively unchanged for the past several years given the demand remained relatively low to moderate and manufacturing has still not recovered since the last 2008 recession. However over the past couple of years, there has been a greater demand for vacant industrial lands which can be attributed to a number of factors.

On a macro perspective, the Conference Board of Canada has reported in the 2018 Winter Outlook report that total manufacturing output London has finally caught up to pre-recession levels. The recovery can be attributed to the depreciated Canadian dollar and healthy U.S. demand particularly for automobiles.

On a more localized perspective, recent trends observed by Realty and LEDC have been that some companies are leaving the Greater Golden Horseshoe area and locating to London given the greater affordability in terms of real estate prices and the added benefit of a strong labour market.

Another observation has been local companies are building new or amalgamating several locations to one location to better optimize business operations while still taking advantage of lower borrowing rates.

In the 2018 Real Estate Market Outlook for Canada report by CBRE, the commercial real estate brokerage firm has also identified a “flight-to-quality” momentum where tenants are seeking quality buildings and spaces which there is an inadequate supply of. As a result, vacant land is sought after to meet this demand.

Lastly, by comparison to private industrial land pricing and pricing with other comparable southwestern municipalities, the City’s land prices have recently lagged. To remain competitive while optimizing the City’s revenue position for future lands sales, Civic administration is recommending an overall increase to the industrial land prices. This coincides too with the improved market conditions and lowering of inventory which the ILDS implementation team is looking to increase by bringing Huron Industrial Park to market in the near term and focusing on

other strategic initiatives to bring new land into City inventory and other engineering and design solutions for existing supply.

Conclusion

The Industrial Land Development Strategy (ILDS) in London has worked well since inception dating back to 2001. 2017 was a record year in terms of industrial land sales and the last couple of years has marked a good period thus far in terms of new businesses locating to London and existing companies building new or expanding existing operations.

The future however does bring some uncertainty given the current status of negotiations with the North American Free Trade Agreement (NAFTA) and the U.S. recently introducing tariffs for imported steel and aluminum. The Bank of Canada has also recently increased interest rates and has hinted further increases which could further put a damper on investments made by companies.

It is even more critical than ever to bring on new industrial land and maintain a good supply of inventory for companies looking at London. A slight price increase is warranted given the current market conditions while still maintaining competitiveness in southwestern Ontario.

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

Acknowledgement

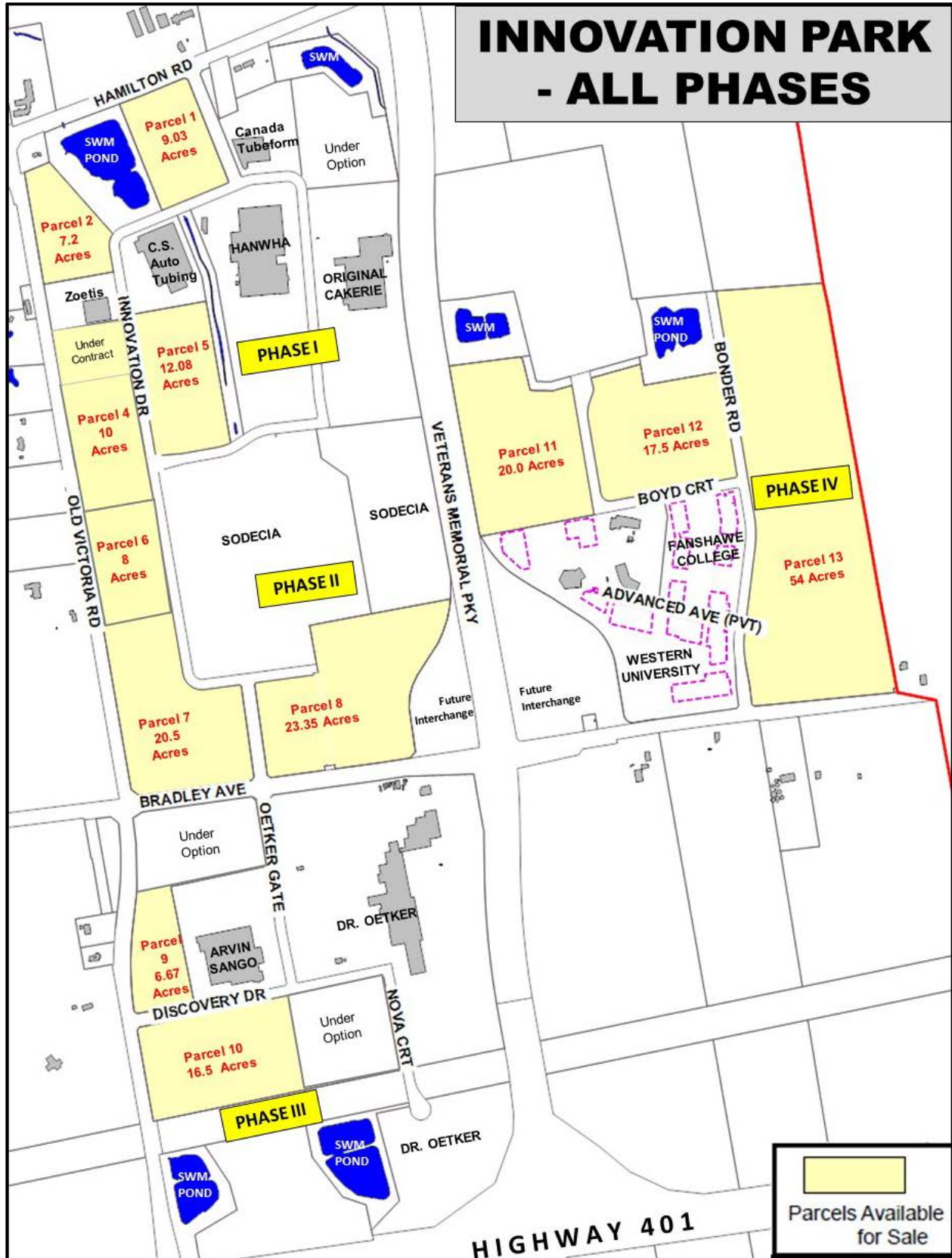
This report has been prepared with assistance from Stacy Badeen, Industrial Land Officer; Adam Ostrowski, Manager I, Realty Services; Chris McIntosh, Manager, Engineering Planning (Industrial Land); Gregg Barrett, Manager - Long Range Planning and Research; Mark Henderson, Director of Business Liaison and Kapil Lakhotia, President and CEO, London Economic Development Corporation.

PREPARED BY:	SUBMITTED BY :
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RECOMMENDED BY:	
ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICE AND CITY TREASURER, CHIEF FINANCIAL OFFICER	

July 6, 2018
Attach.

- cc: John Fleming, Managing Director, Planning and City Planner
- George Kotsifas, Director of Development and Compliance Services and Chief Building Official
- Mark Henderson, Director of Business Liaison
- Kapil Lakhotia, President & CEO, London Economic Development Corporation
- David G. Munteer, 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 April 2018**

ACTUAL REVENUE AND PROJECTED REVENUE:

Land Sales

TOTAL LAND SALES REVENUE TO DATE (2006 – 2018)	\$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 (2017 Actual)	\$1,730,384
Annual Taxes Per Acre (2017 Actual)	\$8,586
Cumulative Taxes to Date (2006 – 2017)	\$10,945,073

Other Subsidies

Development Charge Exemptions (CIP)	\$20,914,709
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BUDGETED EXPENSES:

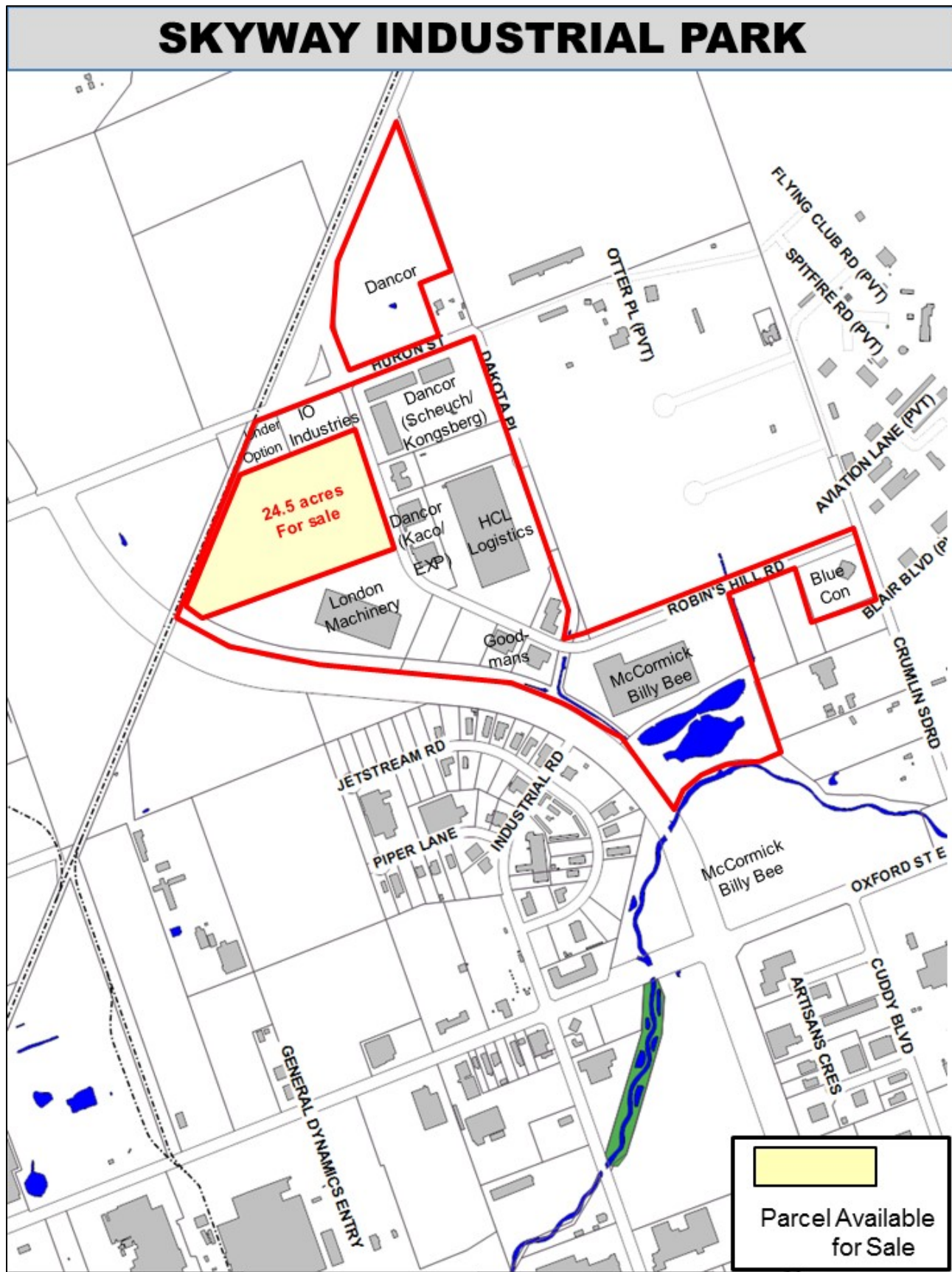
Budgeted Acquisition, Design & Construction Costs:

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 April 2018**

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 (2017 Actual)	\$1,169,248
Annual Taxes Per Acre (2017 Actual)	\$11,118
Cumulative Taxes to Date (2007 to 2017)	\$9,306,023

Other Subsidies

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

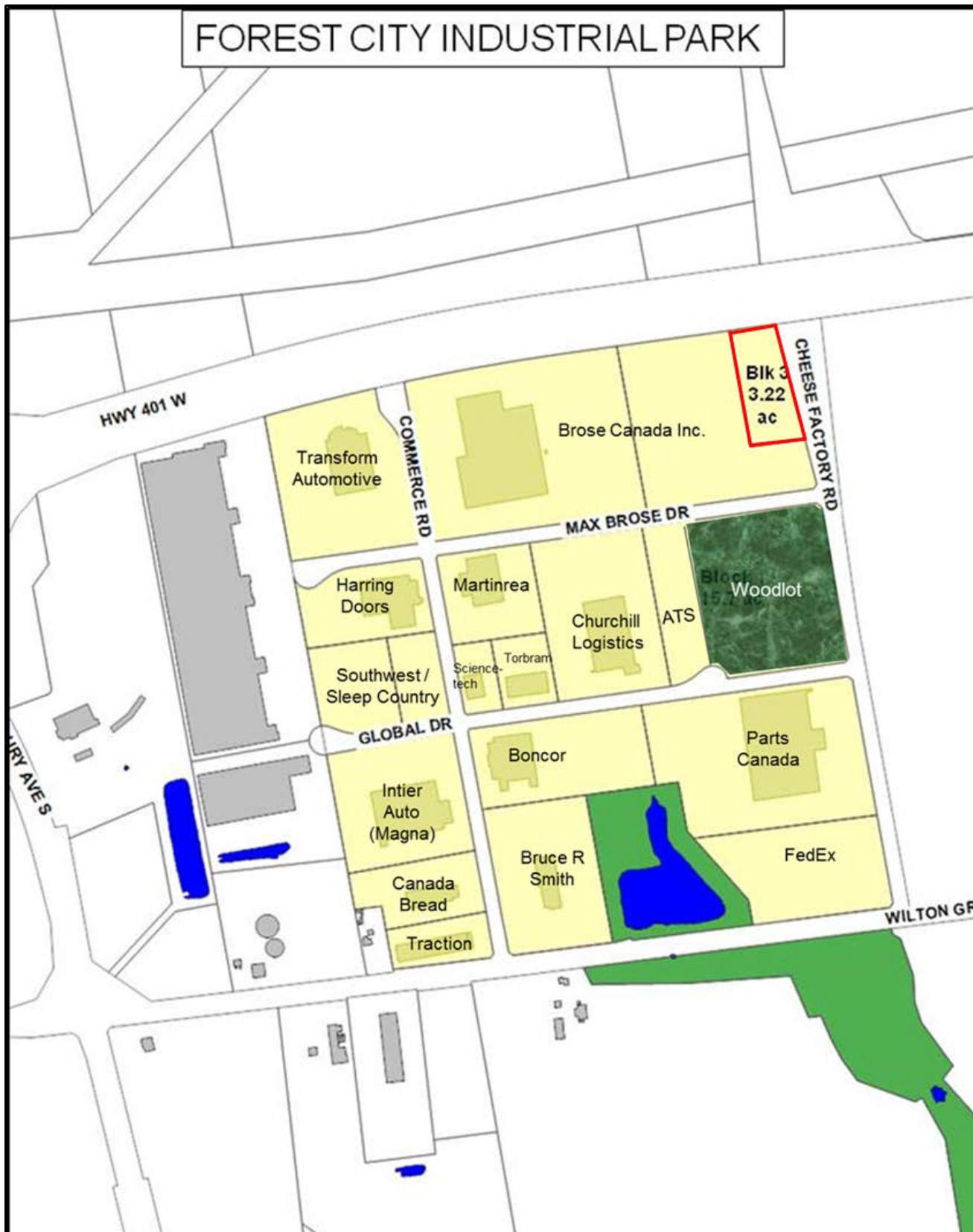
Budgeted Acquisition, Design & Construction Costs:

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



** ILDS implementation team is currently assessing the feasibility of Blk 3 to determine the net developable area for this parcel.

SCHEDULE "3A"

**FOREST CITY INDUSTRIAL PARK
Revenue and Expense Breakdown as of April 2018**

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 (2017 Actual)	\$1,550,812
Annual Taxes Per Acre (2017 Actual)	\$11,924
Cumulative Taxes to Date (2003 to 2017)	\$15,892,236

Other Subsidies

Development Charge Exemptions (CIP)	\$9,534,462
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EXPENSES:

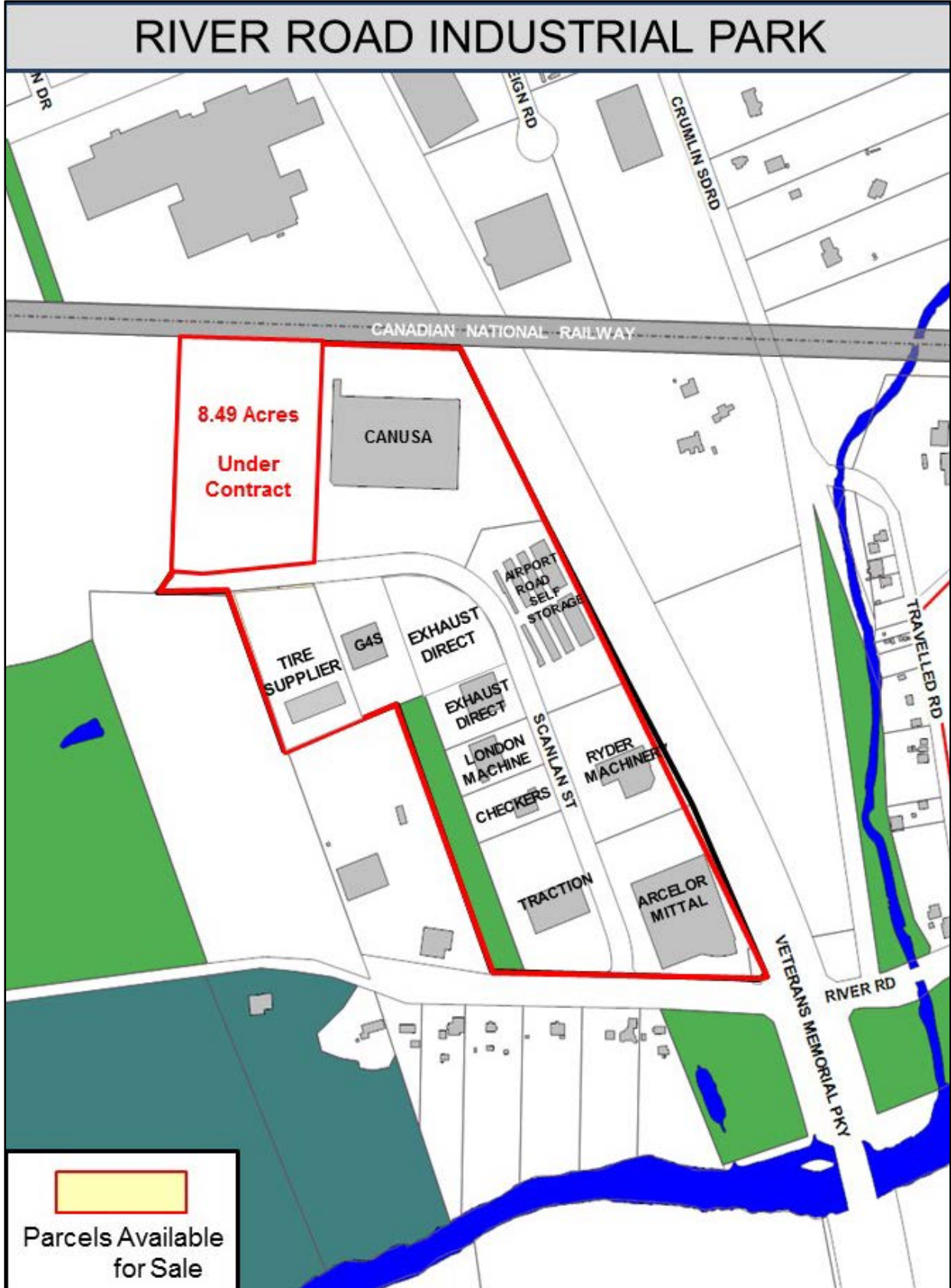
Budgeted Acquisition, Design & Construction Costs:

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 April 2018**

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 (8.49 acres @ \$60,000/acre)	<u>\$509,400</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$2,514,399

Annual Municipal Taxes – On Land Sales to Date

ANNUAL MUNICIPAL TAXES (2017 Actual)	\$474,145
Annual Taxes Per Acre (2017 Actual)	\$12,650

EXPENSES:

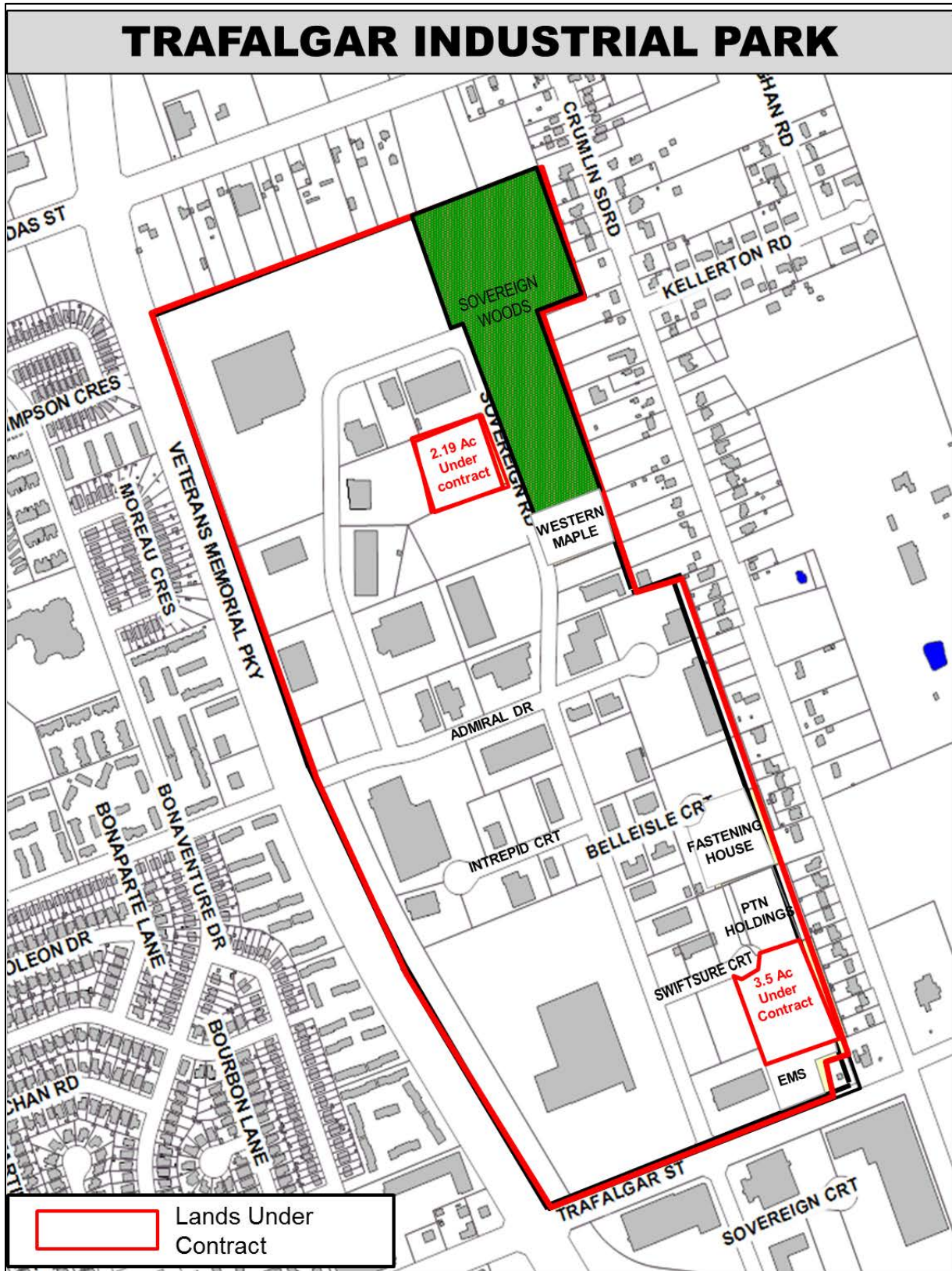
Budgeted Acquisition, Design & Construction Costs:

A) Land Costs: Total Land Acquisition Cost (46.2 net acres)	\$878,011
B) Servicing Costs: Design & Construction Costs	\$6,208,903
Less: Estimated Oversizing Component *	<u>-\$2,563,303</u>
TOTAL LOCAL SERVICES	\$3,645,600
Net Acreage of City owned Land	46.2 Acres
C) TOTAL COST (A + B) Land plus Local Servicing Cost	\$4,523,611
Average Expenditures Per Net Acre	\$97,914 /ac

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

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

SCHEDULE 5



SCHEDULE "5A"

**TRAFALGAR INDUSTRIAL PARK
Revenue and Expense Breakdown as of April 2018**

REVENUE – ACTUAL AND ESTIMATED:

Land Sales

TOTAL LAND SALES REVENUE TO DATE	\$16,826,292
Acreage Sold to Date	350.82 Acres
Average Price Per Acre (based on actual sales to date)	\$47,962 /ac
Estimated Sales Revenue on Balance of Park (5.69 acres @ \$55,000/acre)	<u>\$312,950</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$17,139,242

Annual Municipal Taxes – On Land Sales since 2001

ANNUAL MUNICIPAL TAXES (2017 Actual)	\$4,161,427
Annual Taxes Per Acre (2017 Actual)	\$11,862

Other Subsidies

2017 Development Charge Exemptions (CIP)	\$154,487
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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.



2018 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	\$0	\$0	60	0	60
Chatham-Kent	\$15,000 - \$50,000	\$0	\$1.92	145	13	158
Windsor	\$99,000 - \$132,900	\$0	\$0	0 (all parcels temporarily on hold)	0	0
Woodstock	\$85,000 - \$125,000	\$0	\$0	89	93	89
London	\$65,000 - \$75,000	\$17.02*	\$0	237	328	565
Stratford	\$100,000	\$0	\$0	60	0	60
Strathroy-Caradoc	\$35,000	\$3.03	\$0	112	0	112
Sarnia-Lambton	\$30,000 - \$60,000	\$0	\$0	299	214	513
Ingersoll	\$100,000 - \$150,000	\$0	\$6.84	85	85	170
County of Brant	\$125,000 - \$175,000	\$0	\$6.48	10	5	15
Brantford	\$75,000 - \$125,000	6.83	\$0	0	24	24
Hamilton	\$350,000 - \$400,000	\$12.16	\$0	36	44	80
Cambridge	\$315,000	\$0	\$5.84	62	0	62
Kitchener	\$300,000	\$1.60 (\$0.80 until March 1, 2019)	\$5.84	0	40	40
Guelph	\$300,000 - \$325,000	\$9.97	\$0	34	85	119
Waterloo	\$350,000	\$6.76	\$5.84	100	Not determined	100

Note: Table provided by Realty Services. Information provided herein was sourced through available online information via municipal websites and 2017 price comparison information provided through City of Cambridge Economic Development office.

*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. On January 1, 2018, 100% development charge grant for targeted industrial uses. For non-targeted industrial uses a decrease in the value of the grant to 50% of the value of the development charges to a maximum grant of \$250,000.

TABLE 1

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 - 2017)	COST/BENEFIT PER ACRE (For 201.53 Acres Sold from 2006 - 2017)
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 12 years	\$ 9.7 million	\$ 48,287
Annual Municipal Industrial Taxes (2017)	\$ 1.7 million	\$ 8,586
Cumulative Industrial Taxes over 12 years	\$ 10.9 million	\$ 54,310
Building Permits over 12 years	\$ 956,553	\$ 4,746
Total Cash Inflow over 12 years: (B)	\$ 19.9 million	\$ 98,722
Net Cash Position after 12 years (B – A)	\$ 7.98 million	\$ 39,586
OTHER SUBSIDIES		
Development Charge Exemptions (CIP)	\$20.9 million	\$103,780
ECONOMIC BENEFITS (Provided by LEDC) (over 12 years)		
Employment Created	1,430 Direct Jobs 1,258 Indirect Jobs	7.10 Direct Jobs 6.24 Indirect Jobs
Income Generated	\$129 million	\$645,000

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 - 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 2017)	COST/BENEFIT PER ACRE (For 105.17 Acres Sold from 2007 to 2017)
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 11 years (105.17 acres)	\$ 5.0 million	\$ 47,575
Annual Municipal Industrial Taxes (2017)	\$ 1.17 million	\$ 11,118
Cumulative Industrial Taxes over 11 years	\$ 9.3 million	\$ 88,486
Building Permits over 11 years	\$ 829,571	\$ 7,888
Total Cash Inflow over 11 years: (B)	\$ 15.1 million	\$ 143,948
Net Cash Position after 11 years (B - A)	\$ 8.0 million	\$ 76,584
OTHER SUBSIDIES		
Development Charge Exemptions (CIP)	\$ 14.4 million	\$ 137,540
ECONOMIC BENEFITS (Provided by LEDC) (over 11 years)		
Employment Created	587 direct jobs 517 indirect jobs	5.6 direct jobs 4.9 indirect jobs
Income Generated	\$53 million	\$503,000

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.

TABLE 4**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 2017)	COST/BENEFIT PER ACRE (For 130.06 Acres Sold from 2003 to 2017)
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 15 years	\$ 6.6 million (from 130.06 acres)	\$ 51,064
Annual Municipal Industrial Taxes (2017)	\$ 1.55 million	\$ 11,924
Cumulative Industrial Taxes over 15 years	\$ 15.9 million	\$ 122,192
Building Permits over 15 years	\$ 540,170	\$ 4,153
Total Cash Inflow over 15 years: (B)	\$ 23.07 million	\$ 177,409
Net Cash Position after 15 years (B – A)	\$ 11.1 million	\$ 85,411
OTHER SUBSIDIES		
Development Charge Exemptions (CIP)	\$ 9,534,462	\$ 73,308
ECONOMIC BENEFITS (Provided by LEDC) (over 15 years)		
Employment Created	2,048 direct jobs 1,802 indirect jobs	15.75 direct jobs 13.86 indirect jobs
Income Generated	\$184 million	\$1.4 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.

APPENDIX "A"

Bill No.

By-law No.

A by-law to amend By-law No. A.-6151-17, as amended, being "A by-law to establish policies for the sale and other disposition of land, hiring of employees, procurement of goods and services, public notice, accountability and transparency, and delegation of powers and duties, as required under section 270(1) of the *Municipal Act, 2001*" by deleting Attachment "B" to Schedule "A" – Sale and other Disposition of land Policy of the By-law and by replacing it with a new Attachment "B" to Schedule "A" to amend the current pricing for City-owned serviced industrial land in Innovation Park, Skyway Industrial Park, River Road Industrial Park, Cuddy Boulevard Parcels and Trafalgar Industrial Park.

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 section 270(1) of the *Municipal Act, 2001* requires that a municipality adopt and maintain policies with respect to the sale and other disposition of land; hiring of employees; procurement of goods and services; circumstances in which the municipality shall provide notice to the public and, if notice is to be provided, the form, manner and times notice shall be given; the manner in which the municipality will try to ensure that it is accountable to the public for its actions and the manner in which the municipality will try to ensure that its actions are transparent to the public; and, the delegation of its powers and duties;

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

1. Attachment "B" to Appendix "A" of By-law No. A.-6151-17, as amended, is hereby deleted and replaced with a new attached Attachment "B" to Appendix "A".

This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on July 24, 2018

Matt Brown
Mayor

Catharine Saunders
City Clerk

First Reading - July 24, 2018
Second Reading – July 24, 2018
Third Reading – July 24, 2018

ATTACHMENT "B"

The current pricing levels of all other City industrial parks be established effective October 1, 2018, 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	\$80,000
4.00 acres and up	\$70,000

Pricing for serviced industrial land in Trafalgar Industrial Park:

All lots sizes - \$65,000

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 the purchaser.