



July 12<sup>th</sup> 2012

Mayor J. Fontana, Members of City Council  
City of London  
300 Dufferin Avenue  
London, Ontario  
N6A 4L9

**Re: Due Diligence Checklist for establishing priority list of projects**

As a follow up to our earlier letter to you requesting more detail around several of the projects that had been announced (or suggested) for London, particularly in the core area, and - in response to our meeting with the Mayor and members of the City's Financial and Planning teams, we respectfully submit the following observations and recommendations.

It is our view that within the many and varied projects that have been recommended or suggested for London, there exists a real opportunity for some transformational changes for our City. And while the list of potential projects is a long one, we have to begin somewhere and with some guidelines that afford us the best opportunity for success while at the same time ensuring there is a strong business case on which to proceed.

The arguments for the changes are as many and varied as the projects themselves and we understand that some Londoners will be resistant to change. This is not a phenomenon that is exclusive to London but we believe that change is necessary for a number of reasons.

If a city does not change it does not grow and most experts will tell you that if you are not growing you are dying. The age and condition of some of the City's buildings will also dictate a need for change - sooner or later. There is also the intangible need for change, which in London's case can be predicated on our economic circumstances, our need to compete, and our need to continually strive to enhance our reputation both nationally and abroad. These types of changes are fundamental to the wellbeing of any City and in particular, London.

It is our belief that we are well guided by the expertise and skills of our Financial Administration at the City and that the addition of a Director of Corporate Investments and Partnerships is a wise and timely move. That being said, they will need the support of the Mayor and Council in ensuring that, as a City, we make the best and most prudent decisions on behalf of the taxpayer and the City's private sector partners.

As we had indicated to you, the Chamber is quite prepared to offer its expert technical advice on these projects which ultimately will include more in depth analysis on areas including the due diligence associated with the “Financial and Managerial” elements of these proposed projects. In addition we will certainly want to take into consideration a more rigorous evaluation of the “Economic Spinoffs” that may be forthcoming from these projects as well as any “Legal” considerations that need to be taken into account.

However, before we can begin to contemplate any of these considerations there is an overwhelming need to start at a place that allows you (the City) an initial review that could at least compartmentalize the largest of these suggested/recommended projects against a set criteria that would act as a “first cull” if you will - in other words a basic formula by which you can select a project(s) that makes the most sense as a starting point.

It’s the view of the Chamber that the Initial Review should be guided by the following recommendations:

- 1. All external requests for consideration of a project should specifically detail what the City is being asked to contribute, e.g. direct cash contributions, tax concessions, DC charges to be modified etc.**
- 2. Suggested Economic Spinoffs must be validated by qualified and quantified data and supported by third party, bona fide experts.**
- 3. A base line formula that establishes for argument sake, a maximum 25% contribution from City coffers against 75% to be contributed by the proponent(s) must be put in place. This may be adjusted under extraordinary circumstances if the case for Economic Spinoffs is exceptionally compelling.**
- 4. Any project that is proposed which has “Bonusing as a condition” should in our view, not be considered a priority project in the first go-around.**
- 5. Proponents of all projects must be able to justify the investment risks of any projects and be prepared to subject their proposals to expert analysis.**

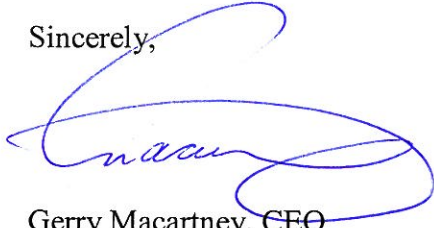
In summary, we believe that these recommendations/guidelines are in order and that they represent common, accepted practices that can and should be in place in both public and private sector settings.

We also want to be on the record in stating that while some of these projects may indeed be transformational for the City of London, their associated costs must be carefully measured against the need to ensure that our basic infrastructure is well managed, well maintained, and well funded now and into the future.

Similarly, we have long advocated for the security of an Industrial Land Strategy that enables us to respond to the needs of future development for London which matches the strategic objectives of the London Economic Development Commission and the City itself.

Transformational or not, none of the proposed projects that have been suggested/recommended should in any way jeopardize or threaten either of these two critical pieces in the current and future health of our community.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gerry Macartney", with a large, stylized flourish extending upwards and to the right.

Gerry Macartney, CEO  
London Chamber of Commerce

Copies: The City Clerk's office c/o Ms. C. Saunders, The Executive Directors of the Chamber of Commerce, The Municipal Affairs Committee of the LCOC