

TO:	CHAIR AND MEMBERS FINANCE AND ADMINISTRATIVE SERVICES COMMITTEE
MEETING ON OCTOBER 15, 2012	
FROM:	BILL WARNER MANAGER, REALTY SERVICES
SUBJECT:	OFFER FROM 1803302 ONTARIO LIMITED TO PURCHASE 2.87 ACRES IDENTIFIED AS PART LOT 27, PLAN 33M-251 TRAFALGAR INDUSTRIAL PARK – PHASE III

RECOMMENDATION

That, on the recommendation of the Manager, Realty Services, with respect to the offer submitted by 1803302 Ontario Limited to purchase approximately 2.87 acres of land located on the west side of Sovereign Road, described as Part Lot 27, Plan 33M-251, as shown on Appendix "B", the following actions be taken:

- a) the offer submitted by 1803302 Ontario Limited to purchase the land noted above in the amount of \$215,500.00, reflecting a price of \$75,000.00 per acre, **BE ACCEPTED**, subject to the following condition:
 - i) the City will require that the existing natural vegetation be retained by the Purchaser as much as possible on the east and north property frontages and to be included into site landscaping. Densely planted trees are to implement the required tree management plan in areas where existing mature vegetation is removed on the north and east property frontages; and
- b) the attached proposed by-law (Appendix "C") **BE INTRODUCED** at the Municipal Council Meeting held on October 30, 2012, to approve this transaction and to authorize the Mayor and the City Clerk to execute the Agreement of Purchase and Sale.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

Planning & Environmental Committee Report – June 18, 2012 – Application by City of London regarding 585, 613, 687 & 604-650 Sovereign Road.

BACKGROUND

This offer is from an established manufacturer of vinyl windows and doors, currently operating in London and throughout South-Western Ontario, for a new 52,500 square foot industrial manufacturing facility. This building would be in addition to their current 40,000 square foot facility located at 687 Sovereign Road.

In 2004 and in 2010, this company purchased a total of 2.69 acres of land from the City for its existing facility at 687 Sovereign Road. At that time, the company had 35 employees. Today, the company has over 257 full-time employees. The business has experienced major growth and is now netting over four times the operating revenue since 2004 when they relocated to Trafalgar Industrial Park.

The assessed value of this land and proposed building, is approximately \$3,627,750.00. The City portion of Municipal taxes would be approximately \$111,082.50 per year. A \$21,525.00 deposit has been received and deposited by our Finance Department.

Lands within Trafalgar Industrial Park are subject to the City's Tree Preservation Policy, which encourages preservation of mature trees to the extent that they do not adversely affect the ability to develop the site. The subject site was zoned for Light Industrial uses but was deemed

Open Space under the Official Plan. The City initiated an Official Plan Amendment and Zoning By-law Amendment for 585, 613, 687 & 604 to 650 Sovereign Road. On June 18, 2012, the Planning & Environmental Committee forwarded a recommendation to City Council to amend the Official Plan to:

- i) Change the zoning of 585 and 613 Sovereign Road **FROM** a Light Industrial (LI2/LI7) Zone which permits manufacturing uses **TO** a Holding Light Industrial (h-h-(_)*LI2/LI7) Zone which permits manufacturing uses and requires that site plan approval be obtained, a development agreement be entered into and a tree management plan is prepared and all mitigation measures, including measures that support the revegetation plan of the lands on the east side at 604-650 Sovereign Road, are implemented to the satisfaction of Council; and
- ii) Change the zoning of 604-650 Sovereign Road **FROM** a Light Industrial (LI1) Zone which permits manufacturing uses **TO** an Open Space (OS5) Zone to allow for passive recreational uses including woodlands.

On July 26, 2012, Amendment No. 534 to the Official Plan was finalized without modifications.

In order to prepare this site for sale, the City has initiated control of the tree management plan and tree clearing contract for 613 Sovereign Road. This tree clearing contract will include the preservation of trees on the site, as outlined in the Tree Management Report and the Reforestation of the first phased lands on the east side of Sovereign Road.

At its meeting held 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. Appendix "A" contains a cost breakdown of estimated expenses and revenues to date.

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

PREPARED BY:	RECOMMENDED BY:
DIANE COFFIN INDUSTRIAL LAND OFFICER	BILL WARNER MANAGER, REALTY SERVICES

October 3, 2012

cc: Harvey Filger, Director of Corporate Investments & Partnerships
David G. Mounteer, Solicitor
Mark Henderson, Director of Business Liaison
Andrew Macpherson, Manager, Parks Planning & Design

APPENDIX "A"

TRAFalgar Industrial Park Estimated Expense Breakdown as of September, 2012

REVENUE – ACTUAL AND ESTIMATED:

Land Sales:

TOTAL LAND SALES REVENUE TO DATE (Including this sale)	\$16,451,192*
Estimated Sales Revenue on Balance of Park (12.5 acres @ \$75,000 per acre)	\$937,500
Acreage Sold to Date	354.5
Estimated Average Price Per Acre	\$46,407*

* estimated from historical records

Annual Municipal Tax Estimate – City-Owned Land

TOTAL ANNUAL MUNICIPAL TAX ESTIMATE	\$3,666,439*
Average Estimated Annual Taxes Per Acre	\$10,343*

* estimated from historical records

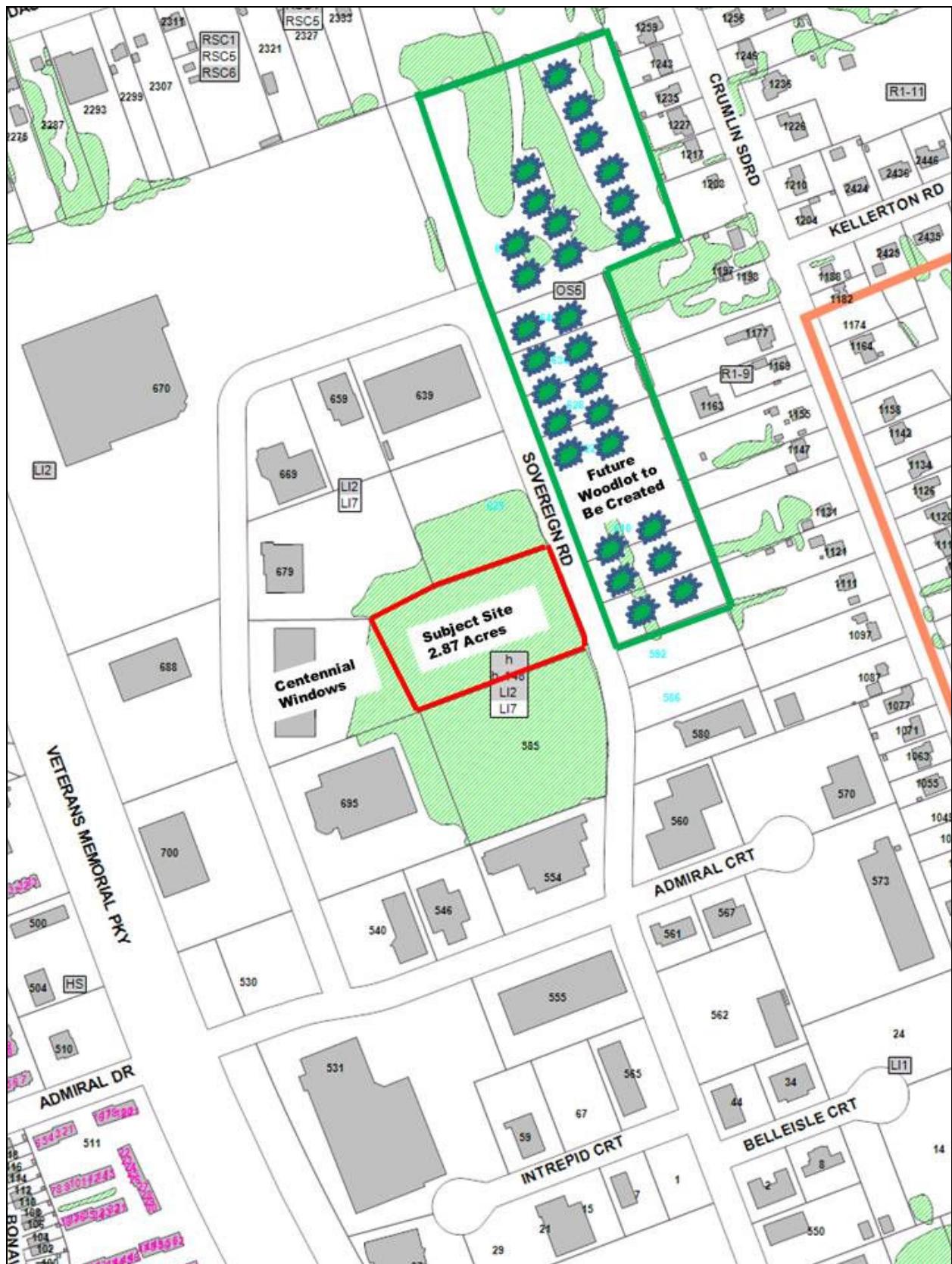
EXPENSES:

Budgeted Acquisition, Design & Construction Costs:

Land Acquisition Cost (428 acres at an average price of 10,301/acre)	\$4,408,828
Design & Construction Costs – All Phases	\$9,006,048
TOTAL LAND AND LOCAL SERVICES	\$13,414,876

Net Acreage of City-owned Land	379
Average Expenditures Per Acre	\$35,395

APPENDIX "B"



APPENDIX “C”

Bill No.

By-law No.

A By-law to authorize an Agreement between The Corporation of the City of London and 1803302 Ontario Limited, and to authorize the Mayor and the 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 1803302 Ontario Limited, (the “Agreement”);

AND WHEREAS it is appropriate to authorize the Mayor and the 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 1803302 Ontario Limited is hereby AUTHORIZED AND APPROVED.
2. The Mayor and the 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 -