

TO:	CHAIR AND MEMBERS FINANCE AND ADMINISTRATION COMMITTEE MEETING ON NOVEMBER 16, 2011
FROM:	TOM JOHNSON MANAGING DIRECTOR – CORPORATE ASSETS
SUBJECT:	REQUEST FROM LONDON MACHINERY INC TO EXTEND ITS OPTION ON PARTS 15 TO 19, PLAN 33R-17397 SKYWAY INDUSTRIAL PARK

RECOMMENDATION

That, on the recommendation of the Managing Director - Corporate Assets, on the advice of the Manager Realty Services, the Civic Administration **BE AUTHORIZED** to take the following actions:

- a) to extend London Machinery Inc.'s current option on approximately 29.5 acres of land located on the west side of Robin's Hill Road, described as Parts 15 to 19, Plan 33R-17397, as outlined on the location map attached as Schedule "C" to this report, and
- b) the attached proposed By-law be introduced at the Municipal Council meeting to be held on November 21, 2011, to approve this request and to authorize the Mayor and the City Clerk to execute the amended Option Agreement.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Board of Control Report - Nov. 14, 2007 (Offer to Purchase – London Machinery Inc.)
Board of Control Report - Dec. 17, 2007 (Amended Offer to Purchase – London Machinery Inc.)

BACKGROUND

On December 17, 2007, City Council accepted an offer from London Machinery Inc. to purchase 15 acres of land and to option an additional 29.5 acres of land in Skyway Industrial Park at a purchase price of \$47,250.00 per acre until December 31, 2011.

On December 8, 2008, London Machinery's contractor, Dancor, took ownership of the 15 acre parcel and constructed a 140,358 square foot facility. They manufacture truck equipment including concrete mixers and garbage trucks at this location. The 29.5 acre optioned land was to accommodate future business operations of its parent company Oshkosh Corporation.

In anticipation of the December 31, 2011 deadline, London Machinery Inc. has requested a one-year extension to its current option agreement to support its efforts to win contracts for two major Canadian Department of National Defence military vehicle programmes: the Tactical Armoured Patrol Vehicle (TAPV) and the Standard Military Pattern portion of the Medium Support Vehicle Systems (MSVS). The anticipated TAPV contract award date is June 2012.

As part of Oshkosh Corporation, London Machinery will play a critical role working with the Oshkosh Defence and General Dynamics Land Systems – Canada (GDLS-C) team, which is prequalified for the TAPV and MSVS programs. These programs are intended to enhance the capabilities of Canadian Forces with highly-protected, life saving vehicles. London Machinery is eager to win these contracts and provide local manufacturing support here in London. The combined total of these two projects calls for more than 2,000 vehicles and 300 trailers valued at approximately \$1.7 billion.

If awarded one or both contracts, London Machinery's workforce alone could nearly double with the creation of a new plant and up to 80 additional jobs. London Machinery, Oshkosh Defense and GDLS-Canada would also collaborate with other local companies for ongoing support of the TAPV and MSVS, exceeding the direct industrial and regional benefits.

A new plant would also allow Oshkosh Corporation's product lines in Canada to include fire trucks and front-charge mixers.

London Machinery is asking Municipal Council to extend the option on this property for a one (1) year period until the Canadian Government announces the contract awards some time in 2012.

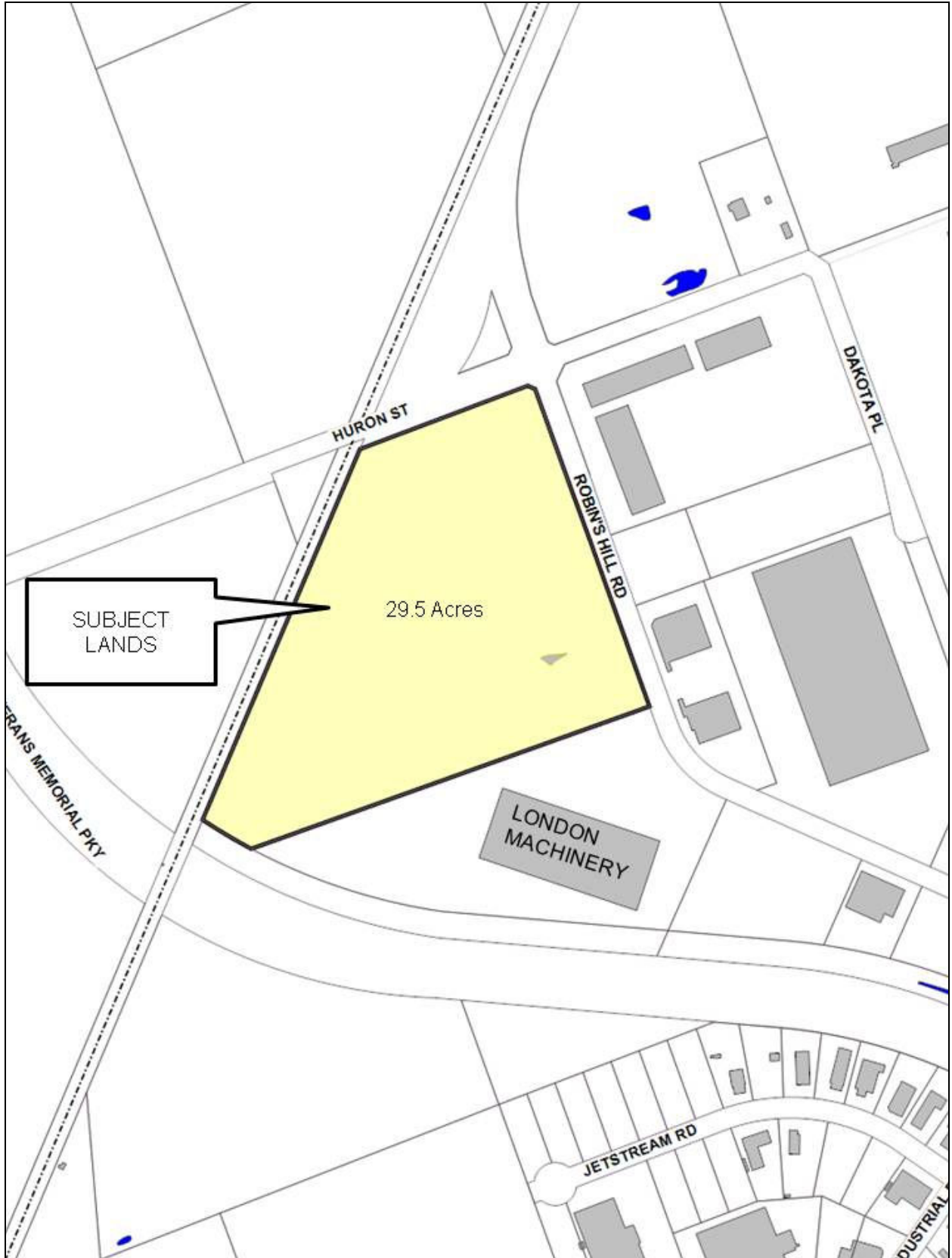
A location map of the subject property is attached as Schedule "C".

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

November 1, 2011
Attach.

cc: Mark Henderson, Director of Business Liaison
David G. Mounteer, Solicitor II

SCHEDULE "C"



Bill No.

By-law No.

A By-law to authorize an amended Option Agreement between The Corporation of the City of London and London Machinery Inc., and 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 amended Option Agreement with London Machinery 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 Option Agreement between The Corporation of the City of London and London Machinery 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 , 2011

Joe Fontana
Mayor

Catharine Saunders
City Clerk

First reading -
Second reading –
Third reading –