



# Building the City of Opportunity

An Investment Strategy

November 25, 2011



# Our Agenda

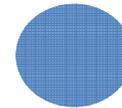
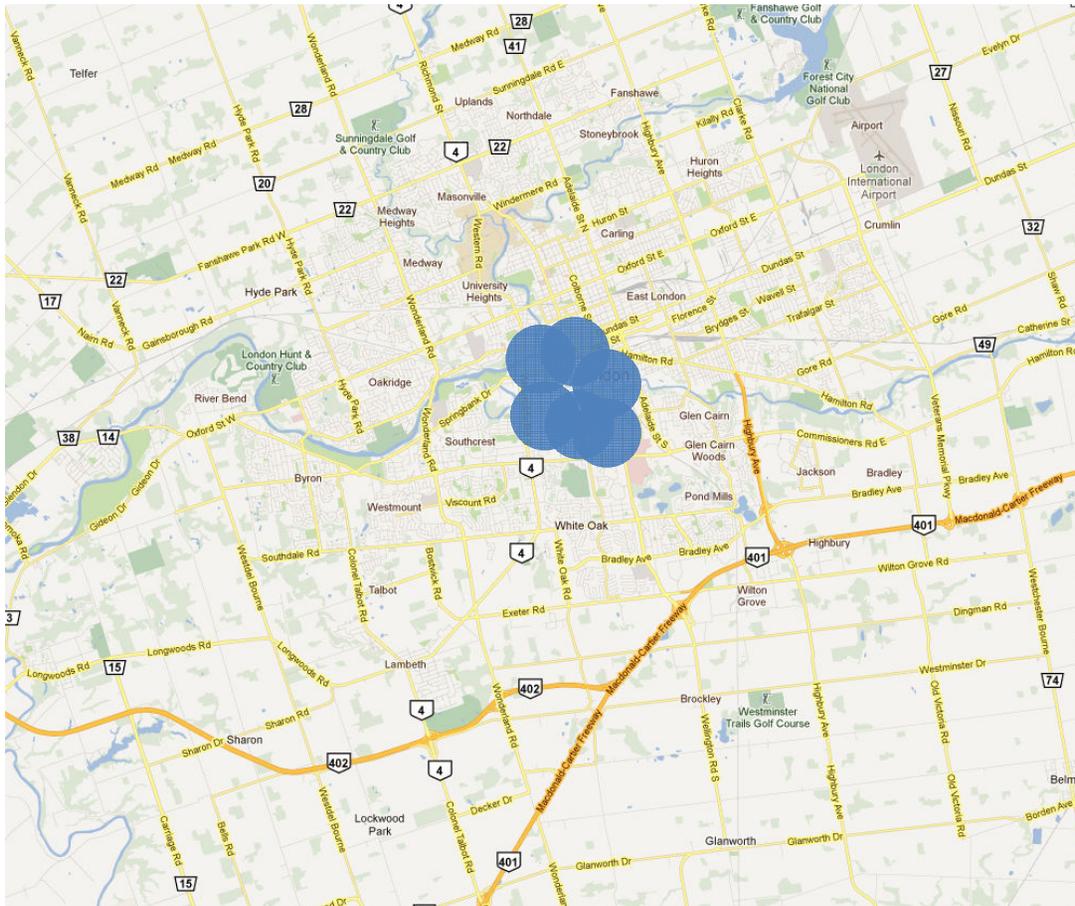
1. Context
2. Challenges
3. Building an Investment Strategy
4. Opportunities
5. Recommendations & Next Steps

# Context

- Downtown Vision
- Growth Presentation
- Industrial Land Strategy
- City Manager / Chief Financial Officer discussion at November 18  
Investment & Economic Prosperity Committee meeting

# The Challenge

Many different types of projects:

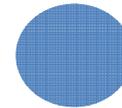
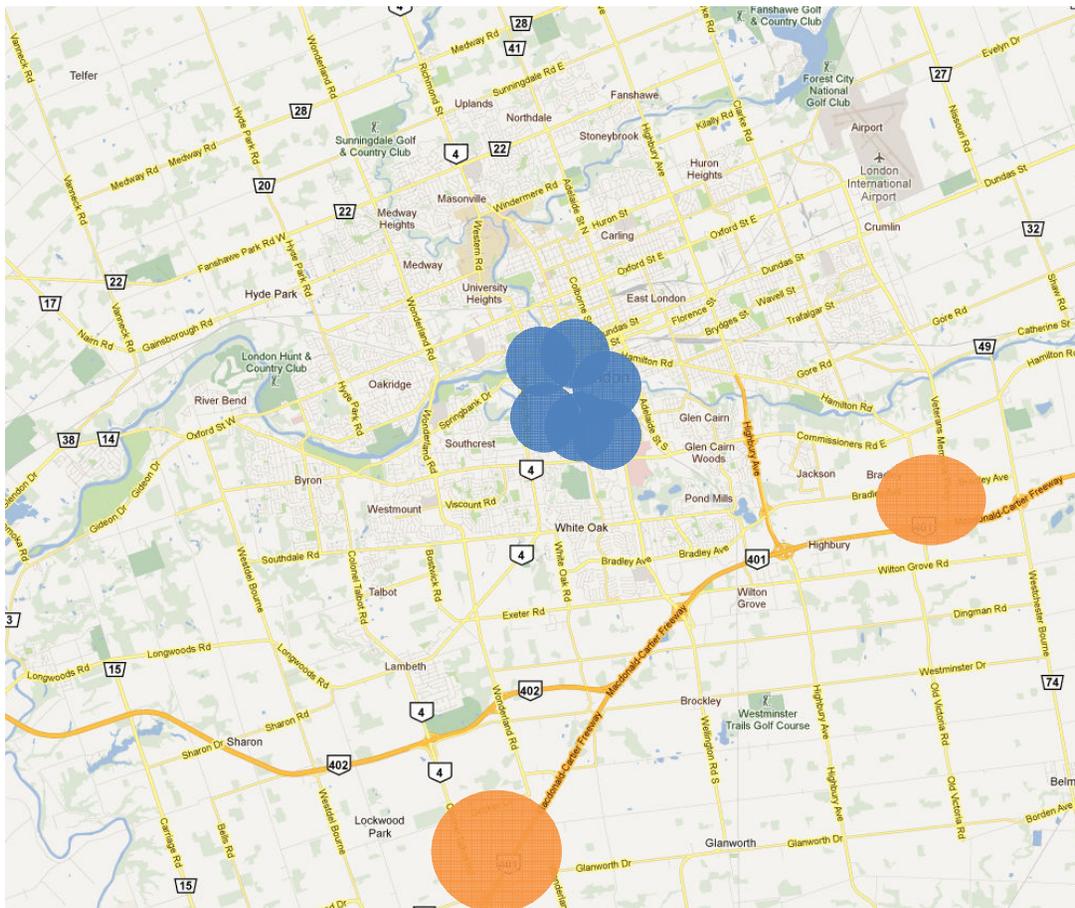


## Core Area

- Residential
- Office
- Commercial
- Institutional

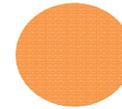
# The Challenge

Many different types of projects:



## Core Area

- Residential
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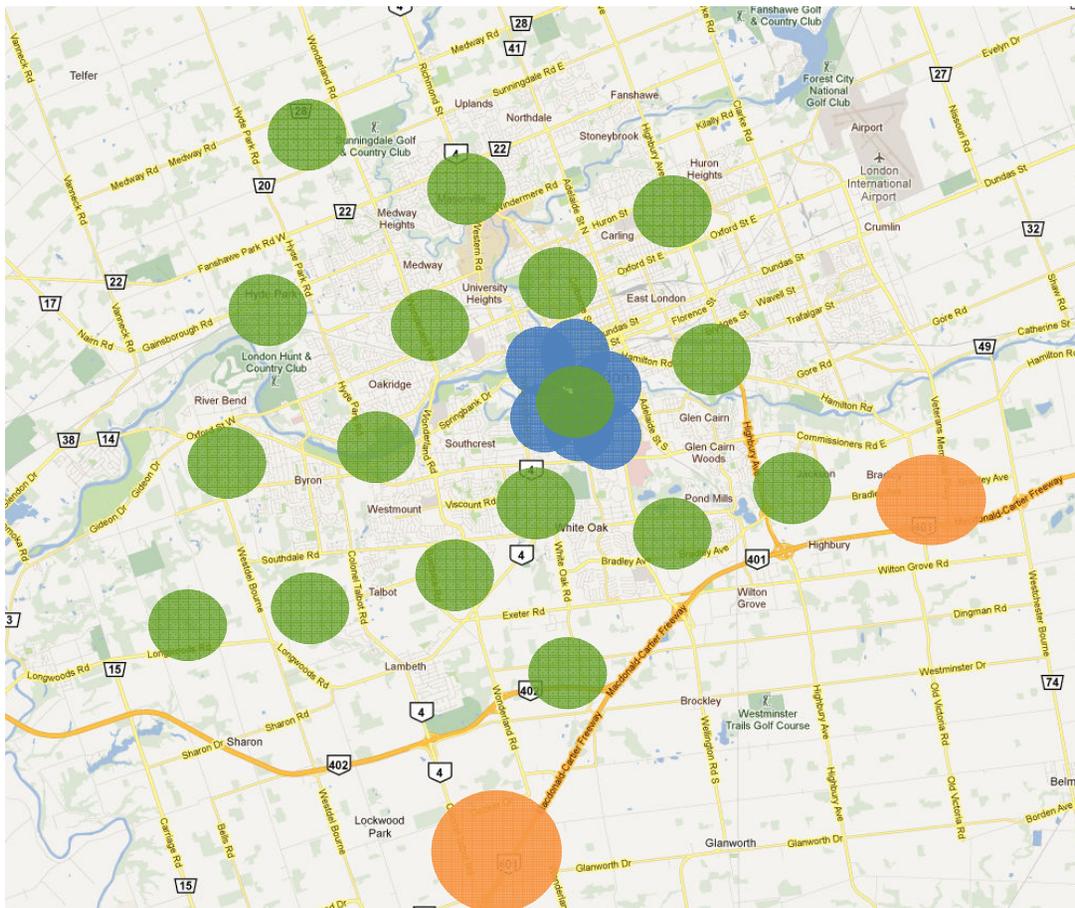


## Industrial Land

- Industrial land
- VMP
- 401/402

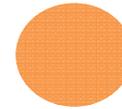
# The Challenge

Many different types of projects:



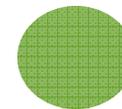
## Core Area

- Residential
- Office
- Commercial
- Institutional



## Industrial Land

- Industrial land
- VMP
- 401/402



## Other Initiatives

- Green bin
- Transit expansions
- Etc.

# The Challenge



**\$580** million  
great ideas



**\$100** million  
potential capacity

# Investment Strategy

- Return on investment – seeking the greatest benefit for Londoners from dollars invested
- Building an investment strategy will require:
  - **Product considerations** – what are we going to do?
  - **Process considerations** – how are we going to do it?

# Product Considerations

Considerations for deciding **what** to invest in:

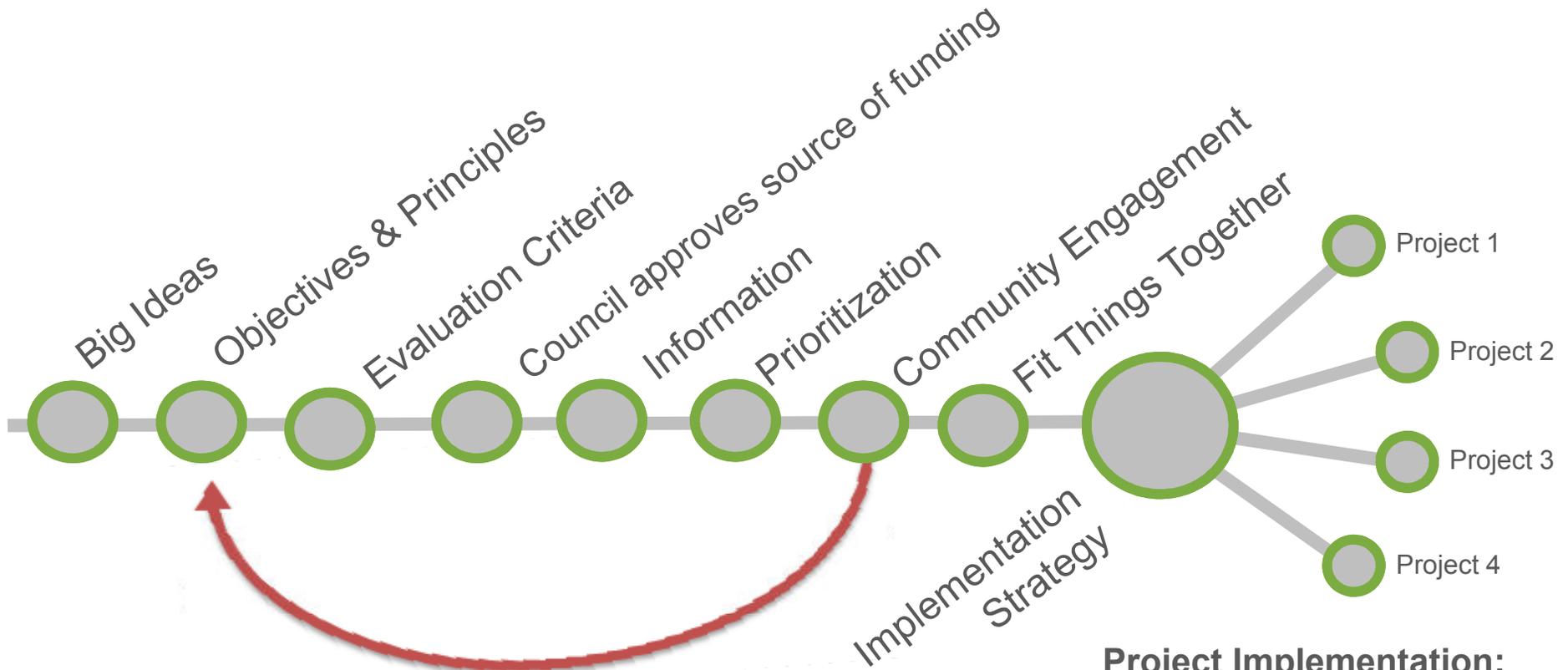
- Clear objectives and investment principles
- Established evaluation criteria
- Project prioritization
- Phases for investment – recognizing short, medium and long term
- Timing and cash flow
- Leveraging targets
- Flexibility to be opportunistic
- Balance of project types
- Measures of success
- Stitch it all together

# Process Considerations

Considerations for deciding **how** to invest:

- Administrative team
- Robust public consultation – for overall investment strategy, as well as for individual projects
- Specific asks
- Feedback loop to confirm decisions
- Procurement strategy
- Different processes for partner vs. City led projects
- Implementation

# Proposed Process



## Project Implementation:

- Partnership development
- Project planning and design
- Procurement
- Cash flow

# Investment Principles

## **1. Fuels transformational change in London's economy**

- Does it dramatically impact London's economy?
- Does it raise the profile of London nationally and internationally?
- Does it generate 'buzz' and excitement?
- Will it help retain and attract a skilled future work force?

# Investment Principles

1. Fuels transformational change in London's economy
2. **Creates jobs**
  - Does it generate long-term, permanent jobs?
  - Does it generate direct and indirect employment?
  - Does it generate high, moderate and low-paying jobs?

# Investment Principles

1. Fuels transformational change in London's economy
2. Creates jobs
- 3. Leverages investment**
  - Does it leverage investment from the private sector, the provincial or federal government, and/or agencies or institutions?
  - What is the leverage ratio?
  - Does it leverage in-kind and other contributions?

# Investment Principles

1. Fuels transformational change in London's economy
2. Creates jobs
3. Leverages investment
4. **Stimulates spin-off benefits**
  - Is it a catalyst for spin-off investment?
  - Does it assist other existing businesses?
  - Will it generate direct and indirect increases to assessment?
  - Will it lead to a more efficient utilization of existing services?

# Investment Principles

1. Fuels transformational change in London's economy
2. Creates jobs
3. Leverages investment
4. Stimulates spin-off benefits
- 5. Builds beneficial partnerships**
  - Will it leverage private, public or non-profit partnerships?
  - Will it establish a positive institutional presence?
  - Will it establish a platform for additional investment over the long term?

# Investment Principles

1. Fuels transformational change in London's economy
2. Creates jobs
3. Leverages investment
4. Stimulates spin-off benefits
5. Builds beneficial partnerships
- 6. Benefits key targeted sectors**
  - Will it support strategically targeted sectors?
  - Will it grow existing strengths?
  - Will it establish London in emerging sectors?



# The Scorecard

<b>Project Description</b>	<b>Sample Project</b>
<b>Type of Project</b>	<b>Sample Type</b>
<b>Project Category</b>	<b>Sample Category</b>
<b>Investment Type</b>	<b>Sample Type</b>

<b>Project Cost</b>	<b>\$50 million</b>
<b>City Investment</b>	<b>\$10 million</b>
<b>Target Leverage</b>	<b>4:1</b>
<b>Project Timing</b>	<b>Medium Term</b>

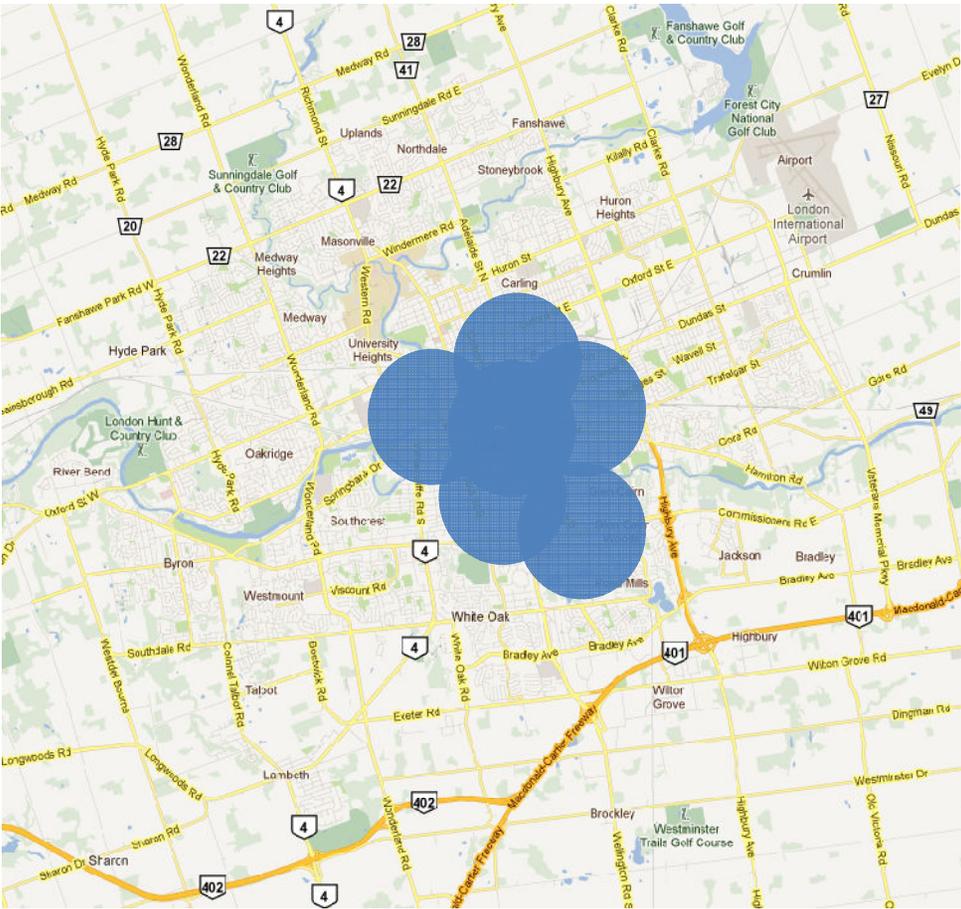
<b>Fuels transformative change to the economy</b>	Does it dramatically impact London's economy?
	Does it raise the profile of London nationally and internationally?
	Does it generate 'buzz' and excitement?
<b>Creates jobs</b>	Does it generate long term, permanent jobs?
	Does it generate direct and indirect employment?
	Does it generate low, medium and high paying jobs?
<b>Leverages investment</b>	Does it leverage investment from others?
	What is the leverage ratio?
	Does it leverage in-kind of other contributions from others?
<b>Stimulates spin-off benefits</b>	Is it a catalyst for spin-off benefits?
	Does it assist existing businesses?
	Will it generate direct and indirect assessment growth?
	Will it lead to a more efficient utilization of existing services?
<b>Builds beneficial partnerships</b>	Will it leverage new, positive partnerships?
	Will it establish a positive institutional presence?
	Will it establish a platform for additional investment in the long term?
<b>Benefits key sectors</b>	Will it support strategically targeted sectors?
	Will it grow existing sectors?
	Will it establish London in emerging sectors?

	1	2	3	4	5	6	7	8	9	10
Does it dramatically impact London's economy?	■	■	■	■	■	■	■			
Does it raise the profile of London nationally and internationally?	■	■	■	■	■	■	■			
Does it generate 'buzz' and excitement?	■	■	■	■	■	■	■			
Does it generate long term, permanent jobs?	■	■	■	■	■					
Does it generate direct and indirect employment?	■	■	■	■	■					
Does it generate low, medium and high paying jobs?	■	■	■	■	■	■	■			
Does it leverage investment from others?	■	■	■	■	■	■	■	■		
What is the leverage ratio?	■	■	■	■	■	■	■	■		
Does it leverage in-kind of other contributions from others?	■	■	■	■	■	■				
Is it a catalyst for spin-off benefits?	■	■	■	■	■	■	■	■		
Does it assist existing businesses?	■	■	■	■	■	■	■	■		
Will it generate direct and indirect assessment growth?	■	■	■	■	■	■	■	■		
Will it lead to a more efficient utilization of existing services?	■	■	■	■	■	■	■	■		
Will it leverage new, positive partnerships?	■	■	■	■						
Will it establish a positive institutional presence?										
Will it establish a platform for additional investment in the long term?	■	■	■	■	■	■	■			
Will it support strategically targeted sectors?	■	■	■	■	■					
Will it grow existing sectors?	■	■	■	■	■					
Will it establish London in emerging sectors?	■	■	■	■	■					

# Opportunities

- City Council is currently considering and has proposed numerous opportunities that would benefit London's economy and contribute towards 'A Strong Economy'
- This presentation focuses on projects with an economic development focus
- Cost figures may not be comparable – eg. Prosperity Centre vs SoHo
- Cost figures are preliminary and illustrative in nature, and could vary significantly depending on a range of factors
- Preliminary information only – all opportunities, if selected by Council, would require further research, review and exploration by Administration

# Core Area Opportunities



**\$150**  
million\*

**Assumptions:**

- Only reflects City costs; does not include costs for site redevelopment by UWO or other partners
- Would require new location for City Hall and new concert facility
- Reflects cost of building remediation at current City Hall, as well as construction of a new City Hall and Concert Hall

## UWO Education Square



To establish a major downtown presence for the University of Western Ontario at the current City Hall site, including Reg Cooper Square and surrounding facilities. In addition, this project includes developing a new City Hall and Concert Hall on separate site which remains to be determined.

**Anticipated benefits:**

- Establishment of a major institutional anchor in the downtown, bringing significant ‘feet on the street’ downtown
- Spin-off startups driven by expertise and innovation generated by Education Square
- Increase to economic activity in the downtown
- Positive contribution to overall downtown vibrancy and London’s brand as an education city

\* All costs are estimates only. Initiatives may be offset by other revenue sources.

**\$12**  
million\*

Assumptions:

- Does not show total project costs
- Will involve phased development by private sector builders
- Shows municipal contribution for decommissioning site, site development costs and financial incentives for SoHo area
- Incentives includes waiving of DCs and tax grants

## SoHo CIP / South Street Hospital Lands



To prepare the former hospital lands to receive RFPs from developers and builders who would construct a mixed use neighbourhood including residential towers, and small scale commercial and office uses.

**Anticipated benefits:**

- New public spaces that interface with Thames River including look-outs, river promenade, plazas and squares
- Significant increase in residential population at the doorstep to downtown
- Spin-off reinvestment and revitalization in SoHo area
- Flagship development contributing to London's image and unique living opportunity
- Incentives will encourage further private investment in SoHo

\* All costs are estimates only. Initiatives may be offset by other revenue sources.

**\$40**  
million\*

Assumptions:

- Does not reflect potential offsetting revenues
- Does not account for potential partner contributions

## Museum London Complex



To expand Museum London to allow for complementary uses on the site, and to fully leverage the value of the location at the Fork of the Thames.

**Anticipated benefits:**

- Enhances London's arts and cultural amenities
- Increased vibrancy of downtown and Forks area
- Creates opportunity for new partnerships and synergies between Museum London and other organizations

\* All costs are estimates only. Initiatives may be offset by other revenue sources.

**\$5**  
million\*

#### Assumptions:

- These costs include improvements to underground services as well as required improvements to surface
- Underground servicing costs may be a necessity within the short term
- Costs may vary depending on scope of underground works

## Dundas Flexible Street



To redevelop Dundas Street to allow for restaurant, commercial and tourist activities to spill into the street during certain times of the day, week and year.

#### Anticipated benefits:

- Establish Dundas Street as a 'people place' with enhanced public spaces and more flexible street uses
- Enhanced business environment to attract quality businesses along Dundas Street and downtown as a whole
- Increased 'feet on the street'
- Major contribution to City image and attraction, and tourism opportunities

\* All costs are estimates only. Initiatives may be offset by other revenue sources.

**\$20**  
million\*

#### Assumptions:

- Does not show total project costs
- Will involve phased development by private sector builders
- Anticipate brownfield clean up requirements
- Several different possible approaches requiring different levels of municipal contribution
- High level estimate of municipal contribution to clean up costs is shown

## Hydro Lands



To prepare the current London Hydro lands to receive RFPs from developers and builders who would construct a mixed use neighbourhood including residential towers, and small scale commercial and office uses.

#### **Anticipated benefits:**

- New public spaces that interface with Thames River including look-outs, river promenade, plazas and squares
- Significant increase in residential population at the doorstep to downtown
- Spin-off reinvestment and revitalization in downtown and SoHo neighbourhood
- Flagship development contributing to London's image and unique living opportunity
- New residential, restaurant and commercial opportunities in unique setting on Thames River

\* All costs are estimates only. Initiatives may be offset by other revenue sources.

**\$25**  
million\*

#### Assumptions:

- Does not show total project costs
- Will involve development by private sector builders
- Office and residential mixed use building is located on Middlesex County lands; this would not necessarily require municipal involvement
- Major municipal contribution is improving public spaces to set context for private sector development at the Forks

## Forks Area Redevelopment



To develop a multi-component project including:

- Creating a City-wide focal point and gathering place for all Londoners
- Urban beach or alternative attraction and activity generator
- Multi-layered boardwalk along the Thames River
- Repurposing existing bridges
- Mixed use development on Middlesex County lands

#### **Anticipated benefits:**

- New public spaces that interface with Thames River
- Spin-off reinvestment and revitalization in downtown
- Flagship development contributing to London's image and unique living opportunity
- New residential, restaurant and commercial opportunities in unique setting on Thames River

\* All costs are estimates only. Initiatives may be offset by other revenue sources.

**\$5**  
million\*

## Talbot Street Plaza & Transit Hub and JLC Parking Redevelopment



### Assumptions:

- Does not show total project costs; will involve development by private sector builders
- Research through TMP is ongoing to determine optimal location for transit hub in downtown
- Residential and commercial mixed use building is located on parking lot lands
- Major municipal contribution is improving public spaces to set context for private sector development

To redevelop and connect the Market and JLC plazas to establish an active transit hub for downtown, and set the context for the redevelopment of the JLC parking lot.

### Anticipated benefits:

- New transit hub connected to activity generators
- Enhanced public spaces for large community gatherings
- Significant increase in residential population in downtown
- Spin-off reinvestment and revitalization in downtown
- Flagship development contributing to London's image and unique living opportunity

\* All costs are estimates only. Initiatives may be offset by other revenue sources.

**\$10**  
million\*

**Assumptions:**

- Several possible approaches – requires further research
- Opportunities exist at several locations
- Does not show total project costs; will involve development by private sector builders
- Opportunity for residential and commercial mixed use building

## New Downtown Parking Garage



To increase the supply of available parking downtown at a strategic location, and to catalyze an associate development project.

**Anticipated benefits:**

- Catalyst for new development project
- May generate revenue to offset investment
- Increase in supply of available parking to encourage new development and support existing businesses

\* All costs are estimates only. Initiatives may be offset by other revenue sources.

**\$1.5**  
million\*

## Bus Route Changes



To move bus routes off Dundas Street to King and Queens.

### **Anticipated benefits:**

- Reduces perception of air emissions and noise on Dundas Street
- Improved environment for pedestrians, outdoor restaurants and cafes
- Supports flexible Dundas Street project

\* All costs are estimates only. Initiatives may be offset by other revenue sources.

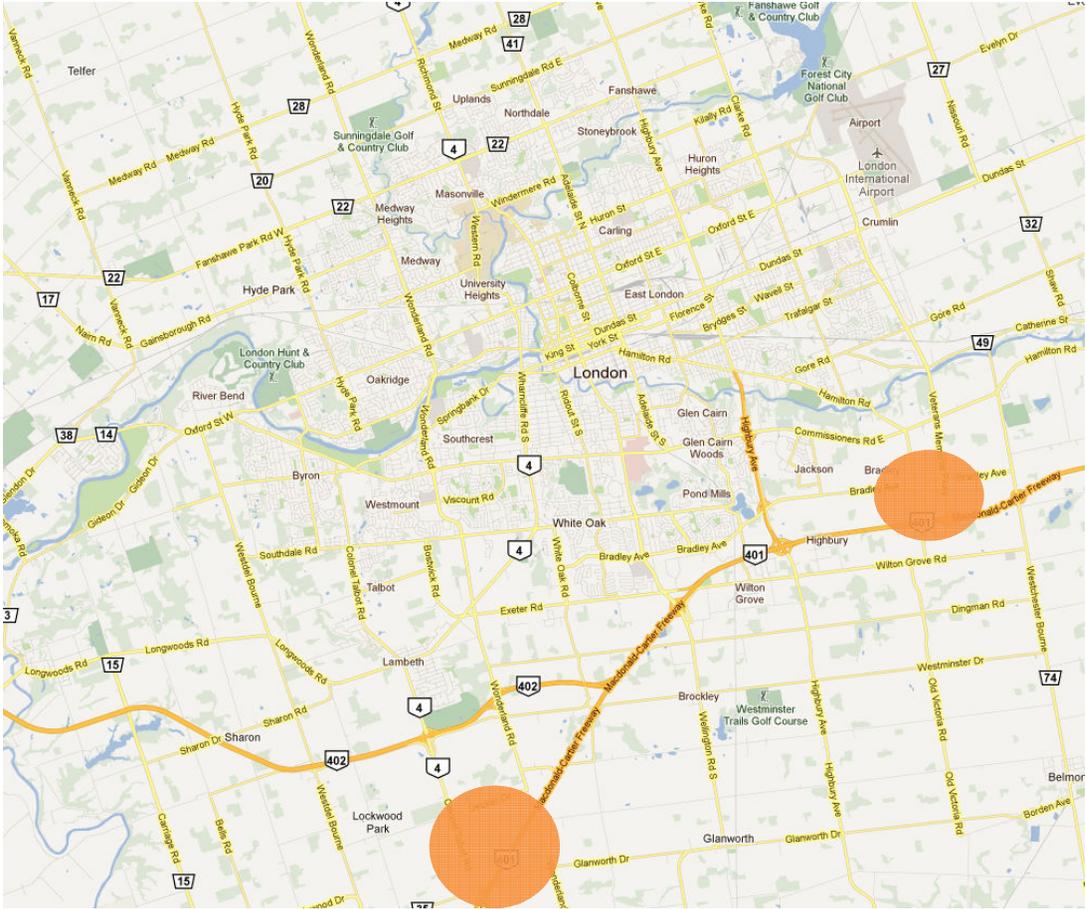
# Core Area

<b>Opportunity</b>	<b>Unfunded Capital (\$m)*</b>
UWO Education Square	150.0
SoHo CIP / South Street Hospital Lands**	12.0
Museum London Complex	40.0
Dundas – Flexible Street	5.0
Hydro Lands**	20.0
Forks Are Redevelopment**	25.0
Talbot Street Plaza & Transit Hub and JLC Parking Lot Redevelopment	5.0
New Downtown Parking Garage	10.0
Bus Route Changes	1.5
<b>TOTAL</b>	<b>\$268.5 million</b>

\*All costs are estimates only. Initiatives may be offset by other revenue sources.

\*\* Projects that may leverage non-cash City assets.

# Industrial Land Opportunities



**\$40**  
million\*

Assumptions:

- 100 hectares of land
- Approximately \$400k per hectare, including acquisition and servicing
- Includes lands within and outside urban growth boundary
- Can acquire and service in phases, but cost per hectare may increase

## VMP Purchase & Service of Industrial Lands



To service and develop 100 ha of industrial land within the 401 / VMP area.

**Anticipated benefits:**

- Development will address short to mid-term demand for industrial land
- Will allow for attraction of new businesses
- Direct job creation and economic growth

\* All costs are estimates only. Initiatives may be offset by other revenue sources.

**\$81**  
million\*

Assumptions:

- 180 hectares of land
- Approximately \$450k per hectare, including acquisition and servicing
- All lands outside urban growth boundary
- Can acquire and service in phases, but cost per hectare may increase

## 401 / Wonderland



To service and develop 180 ha of industrial land within the 401 / Wonderland area.

**Anticipated benefits:**

- Development will address long term demand for industrial land
- Will create a new industrial focal point along the 401
- Capitalizes on new interchange at 401 / Wonderland
- Will allow for attraction of new businesses
- Direct job creation and economic growth

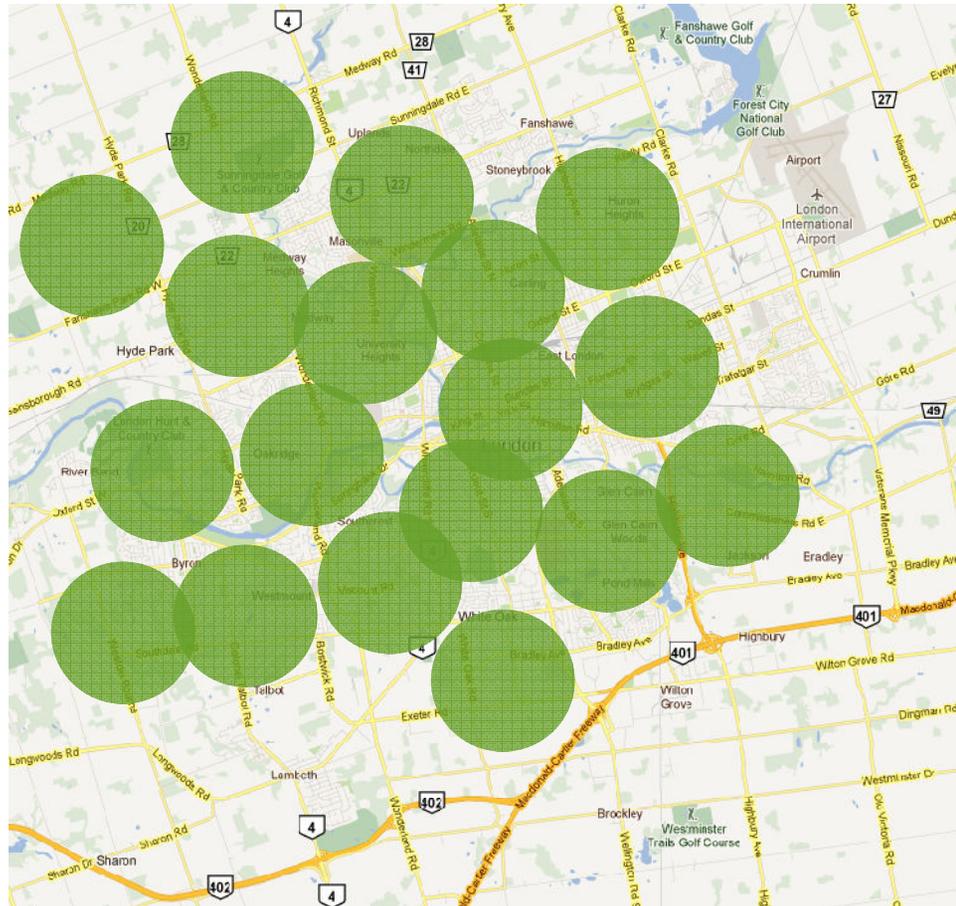
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# Industrial Land

<b>Opportunity</b>	<b>Unfunded Capital (\$m)*</b>
VMP Purchase & Service of Industrial Lands	40.0
401 / Wonderland	81.0
<b>TOTAL</b>	<b>\$121.0 million</b>

\*All costs are estimates only. Initiatives may be offset by other revenue sources.

# Other Initiatives



**\$70**  
million\*

Assumptions:

- Amount shown is the municipal contribution required beyond revenues collected through DCs
- Phase 1 & 2 only – generally allowing for development along segment of Wonderland corridor
- Would require a significant change to the GMIS and sequencing of infrastructure investment that has been planned to date

## Southwest Area Plan Phase 1 & 2



To develop servicing infrastructure that will allow for development on lands identified as Phase 1 and 2 in the Southwest Area Plan.

**Anticipated benefits:**

- New opportunities for residential, commercial and office development
- Capitalizes on new Wonderland / 401 interchange

\* All costs are estimates only. Initiatives may be offset by other revenue sources.

**\$5**  
million\*

Assumptions:

- Further research required to determine partners, requirements and potential facility

## Prosperity Centre



To establish a one-stop shop for business customers, as well as an innovation hub to stimulate ideas, entrepreneurialism and investment.

**Anticipated benefits:**

- Improved services to businesses
- Operational efficiencies for the City
- Increase in business attraction, retention and development

\* All costs are estimates only. Initiatives may be offset by other revenue sources.

**\$90**  
million\*

Assumptions:

- Work is ongoing through TMP process to define BRT requirements and costs

## Bus Rapid Transit Priority Measures



To establish Bus Rapid Transit (BRT) network along key corridors in London. Will connect important nodes to facilitate new growth and development, and to support increased ridership.

**Anticipated benefits:**

- More efficient use of roadways
- Reduce cost for new road infrastructure
- Anticipated new development at BRT nodes
- Increase ridership and support active transportation

\* All costs are estimates only. Initiatives may be offset by other revenue sources.

# Other Initiatives

<b>Opportunity</b>	<b>Unfunded Capital (\$m)*</b>
Southwest Area Plan Phases 1 & 2	70.0
Prosperity Centre	5.0
Bus Rapid Transit Priority Measures	90.0
Food Innovation Strategy	5.0
Ontario Works in the Community	10.8
Service London	1.0
Green Bin	5.0
<b>TOTAL</b>	<b>\$186.8 million</b>

\*All costs are estimates only. Initiatives may be offset by other revenue sources.

# Summary – Unfunded Capital

<b>Opportunity</b>	<b>Unfunded Capital (\$m)*</b>
Core Area	273.5
Industrial Land	121.0
Other Initiatives	186.8.0
	<b>TOTAL</b>
	<b>\$581.3 million</b>

\*All costs are estimates only. Initiatives may be offset by other revenue sources.

# Summary – Funded Capital

<b>Opportunity</b>	<b>Funded Capital (\$m)*</b>
Fanshawe College	20.0
Downtown Master Plan	11.0
401/VMP and 401/Wonderland interchanges**	25.0
Digital Media Centre*	5.0
Composite Materials Research Centre – Fraunhofer	10.0
Advanced Manufacturing Park – UWO and Fanshawe	0.4
Grants approved under New Economy program – Goodwill, Grand Theatre, Wastewater Technical Centre Joint Venture, medical devices, BMO centre, London International Airport	12.4
<b>TOTAL</b>	<b>\$60.8 million</b>

\* Indicates initiative is on hold.

\*\* Subject to agreement with Ministry of Transportation.

# Investment Toolbox

Council has many investment levers in the investment toolbox:

- Cash
- Land
- Partnerships – bringing others to the table
- P3s
- Development Corporation
- Incentives
- Leased space
- Public spaces and amenities
- Infrastructure
- RFPs / Requests for ROIs

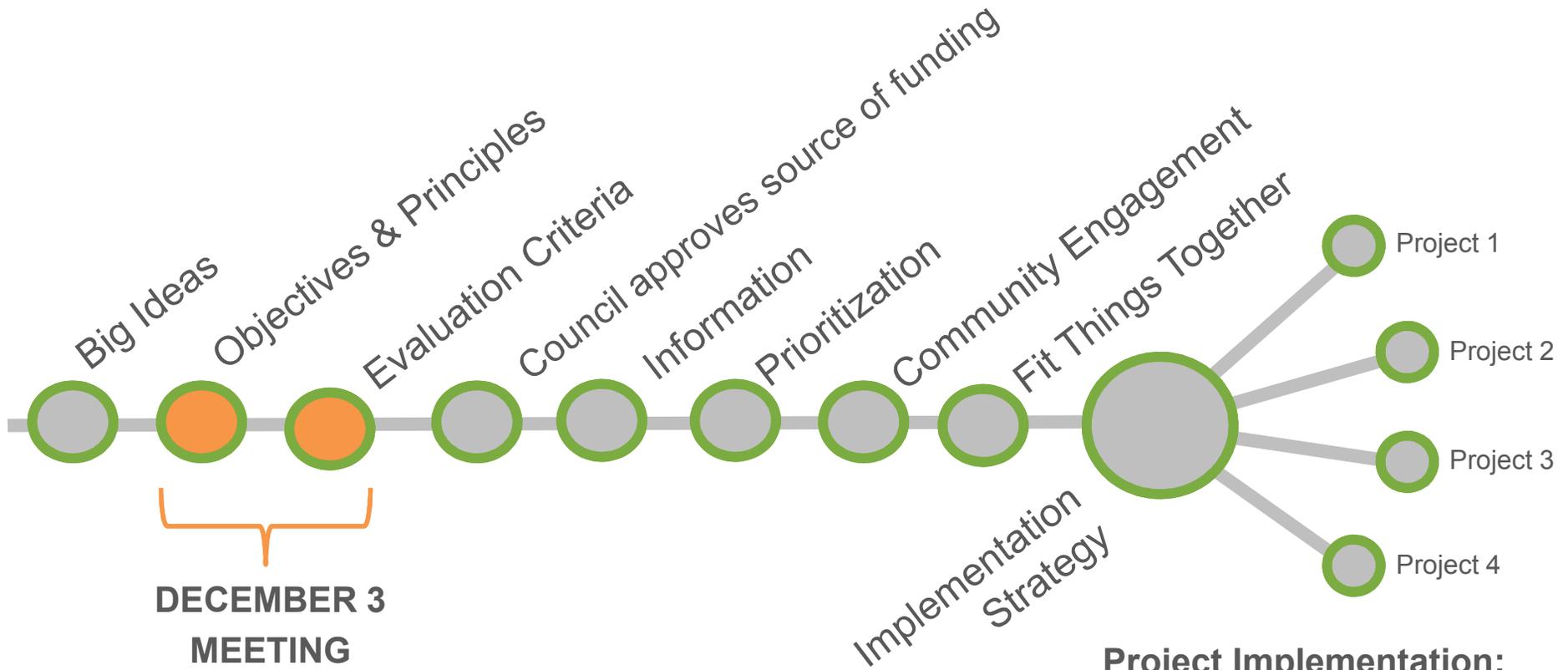


# Recommendations

That, on the recommendation of the City Manager and City Planner, the following actions **BE TAKEN**:

- a) this report, *Building the City of Opportunity*, **BE RECEIVED** for information, it being noted that all financial and other information regarding specific opportunities is very preliminary and requires further research and exploration.
  
- a) the process as detailed on slide 11, **BE ENDORSED** as the next steps for developing an investment strategy.

# Next Steps



## Project Implementation:

- Partnership development
- Project planning and design
- Procurement
- Cash flow