



**CITY OF HAMILTON**

**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
**Economic Development and Real Estate Division**

<b>TO:</b> Chair and Members Planning and Economic Development Committee	<b>WARD(S) AFFECTED:</b> WARD 11
<b>COMMITTEE DATE:</b> October 5, 2010	
<b>SUBJECT/REPORT NO:</b> Hamilton LEEDing the Way, LEED Grant Program Application (LGP-10-02) - Canada Bread Company, Limited, 745 Nebo Road, Hamilton, ON (PED10230) (Ward 11)	
<b>SUBMITTED BY:</b> Tim McCabe, General Manager Planning and Economic Development Department	<b>PREPARED BY:</b> Neil Everson x.2359 and Brian Morris x.5602
<b>SIGNATURE:</b>	

**RECOMMENDATIONS**

- (a) That Hamilton LEEDing the Way, LEED Grant Program Application LGP-10-02, submitted by Canada Bread Company, Limited, for the property forming 745 Nebo Road, Hamilton, for a LEED Grant not to exceed \$1,124,357.85 payable to Canada Bread Company, Limited over a maximum of five (5) years, be authorized and approved in accordance with the terms and conditions of the LEED Grant Program Agreement; and,
- (b) That the Mayor and Clerk be authorized and directed to execute, on behalf of the City, the LEED Grant Agreement with Canada Bread Company, Limited, referred to in subsection (a) with respect to the development of 745 Nebo Road, and all necessary associated documents, all in a form satisfactory to the City Solicitor.

**EXECUTIVE SUMMARY**

A Leadership in Energy and Environmental Design (LEED) Grant Program (LGP) application, attached as Appendix “A” to Report PED10230, was submitted by Canada Bread Company, Limited for development of the property that forms 745 Nebo Road, Hamilton. The application for a LEED Grant is a result of the construction of a brand new, state-of-the-art, 388,000 sq. ft. foot industrial building (bakery production facility) with administrative offices that will be home to the Canada Bread Company, Limited. The applicant wishes to attain LEED certification on the facility at the Gold Level.

The grant application is for \$1,124,357.85 in eligible incremental construction costs (to a maximum), consultation, certification and energy modelling fees. Estimated project construction costs are \$33,764,974. It is estimated that the proposed development will increase the market value assessment (MVA) on the site from its current \$121,000 to approximately \$37,000,000. This will increase total annual property taxes generated by this property. The municipal share of this property tax increase (municipal tax increment) will be approximately \$1,442,120.51, of which 75%, or approximately \$1,081,590.38, would be paid to the owner in the form of an annual grant for approximately two (2) years up to an amount not to exceed total costs eligible for the LGP of \$1,124,357.85.

Under the LEED Grant Program, there is no actual loss of tax revenues to the City. The annual grant paid by the City to the owner is actually paid out of increased taxes generated by the development taking advantage of the LEED Grant Program.

This application meets the grant criteria specified in the 2010 Hamilton LEEDing the Way Community Improvement Plan (CIP). This development will result in the physical enhancement and sustainability of this vacant site and will result in a significant long-term increase in assessment and property tax revenues to the City. The City, under the terms of the LEED Grant Program will need to enter into a LEED Grant Agreement with the owner, as specified in the Hamilton LEEDing the Way CIP.

*Alternatives for Consideration – See Page 6*

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)**

**Financial:** As per the LEED Grant Program, the City will provide the applicant with an annual grant equivalent to 75% of the increase in municipal taxes, up to the total eligible cost figure of \$1,124,357.85, or up to five years, whichever comes first, after the property has attained official LEED certification from the Canadian Green Building Council. At that time, the City will begin to collect and retain the full municipal portion of the tax increment.

**Staffing:** N/A

**Legal:** The provision of the LEED Grant Program is authorized in the Hamilton LEEDing the Way CIP which was adopted and approved in 2008 and the expansion to the original plan in 2010 under Section 28 of the Planning Act. The LEED Grant Program Agreement will specify the obligations of the City and the applicant. The Agreement will be prepared in a form satisfactory to the City Solicitor.

#### **HISTORICAL BACKGROUND** (Chronology of Events)

In early January 2010, negotiations commenced between the City of Hamilton and Canada Bread Company, Limited for the location of its 388,000 sq. ft. "state-of-the-art" bakery facility. When completed, this will be North America's largest commercial bakery employing 350 people. At the onset of negotiations, Canada Bread Company, Limited had established extremely short timelines for the construction and completion of this plant and was engaged with senior staff in a series of intense meetings/negotiations over a period of approximately two weeks, with the result being a mutually acceptable agreement to both parties.

On February 17, 2010, City Council approved the land sale of 24 acres to Canada Bread Company, Limited in the Red Hill Business Park at the southeast corner of Nebo Road and Twenty Road. As any other City land sale, there were restrictive building covenants and a number of other clauses and conditions designed to protect the City and the interests of Canada Bread Company, Limited. Included in the Agreement of Purchase and Sale, was an appendix that identified site specific servicing issues that included road extensions, sanitary, water and other utilities.

The sale transaction was completed on July 8, 2010. Site grading and earthworks commenced in late June and foundations were constructed in late August. Canada Bread Company, Limited officially submitted the LEED Grant Program application on September 9, 2010.

#### **POLICY IMPLICATIONS**

Report PED10230 relates to the processing of an application under the LEED Grant Program, which is contained within the Council approved Hamilton LEEDing the Way Community Improvement Plan (CIP).

#### **RELEVANT CONSULTATION**

The grant application was circulated to the Corporate Services Department (Taxation Division), City Manager's Office (Legal Services Division); and the Planning and Economic Development Department (Planning Division) for comment. The pertinent

departmental comments are provided below. As per the Hamilton LEEDing the Way CIP, the grant application was reviewed by the Planning and Economic Development Department (Economic Development and Real Estate Division), in consultation with the Planning Division and Budgets and Finance Division. None of the comments received from staff suggest that the application not be approved.

**Departmental Comments:**

**Taxation Division**

The 23.898 acre parcel of land purchased by Canada Bread Company, Limited is currently assessed as part of 864 Nebo Road (54.70 acres) being Roll #2518.902.220.60800.0000 with ownership in the name of the City of Hamilton. The assessed value of the 54.70 acres for 2010 taxation is \$273,500. As the entire parcel was originally City-owned, the tax classification is Exempt Status. Municipal Property Assessment Corporation (MPAC) will create a new roll number for the 23.898 acre parcel and will complete a 2010 apportionment of value for the parcel. It is expected that MPAC will change the tax classification from “Exempt” to “Taxable” via Supplemental Notice of Assessment, effective the date which this parcel was legally transferred to Canada Bread Company, Limited. As a result, the pre-development assessed value will be calculated based on an estimate of the 2010 apportioned value at a taxable classification to be provided by MPAC. The taxation estimate provided will be an annualized amount.

Calculation of Estimated 2010 Apportionment Value:

23.9 acres / 54.7 acres x 273,500 = \$121,000.

Therefore, the 2010 assessed value is approximately \$121,000. and the property was classed as Vacant Industrial Land (IX). Property taxes are paid in full. Taxes are estimated for 2010 on this property at \$4,147.04, and are broken down as follows:

Municipal Levy =	\$2,815.30
Education Levy =	\$1,331.74
Tax Cap Adjustment =	<u>\$0</u>
Total =	\$4,147.04

**Legal Services Division**

The Owner and the City shall enter into the appropriate LEED Grant Program Agreement as a condition of this grant in accordance with the provisions of the Hamilton LEEDing the Way CIP.

## **Planning Division**

Based on informal meetings with the proponent and staff from key departments, formal consultation for the proposal was waived. A Site Plan Control Application was submitted, together with the waiver on March 18, 2010. As many issues had been identified during the informal meetings, the application was considered by the Development Review Committee on March 24, 2010, at which time the Manager of Development Planning granted conditional site plan approval. Subsequently, all requisite conditions to allow commencement of preparatory site works were satisfied on July 12, 2010. All remaining conditions required for final site plan approval were cleared on September 2, 2010; thus, making the applicant eligible to apply for a building permit based on the approved plans.

### **ANALYSIS / RATIONALE FOR RECOMMENDATION**

(include Performance Measurement/Benchmarking Data, if applicable)

The LEED Grant Program is a component of the Council approved Hamilton LEEDing the Way CIP. This application meets the criteria for approval.

Current (2010) MVA on the property is estimated at \$121,000. classed as Vacant Industrial Land (IX). Current estimated 2010 property taxes are approximately \$4,147.04 broken down as follows:

Municipal Levy =	\$2,815.30
Education Levy =	\$1,331.74
Tax Cap Adjustment =	<u>\$0</u>
Total =	\$4,147.04

Property taxes are current (paid in full).

Based on site plan drawings and information submitted in support of the LEED Grant Application, staff has estimated that once the project is complete, the property, including all buildings, will have an estimated MVA of approximately \$37,000,000. classed as Large Industrial New Construction (KT). This new MVA is estimated to increase total annual property taxes over the current \$4,147.04. The new municipal taxes levied on this property will be approximately \$1,442,120.51, with the remaining dollars going to the Province for education taxes.

Processing of this LEED Grant application also supports City Council's performance measurements as follows:

- *Taxable assessment growth to exceed 1.5% by 2011.* This measure again specifically relates to a primary goal of the LEED Grant Program. The LGP aims to increase taxable assessment once the development/redevelopment of the applicable properties is complete.

#### **ALTERNATIVES FOR CONSIDERATION**

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

The grant application meets the eligibility criteria and requirements of the program. In the event the project is not considered for the program, the application should be referred back to staff for further information on any possible financial or legal implications.

#### **CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)**

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

##### ***Skilled, Innovative and Respectful Organization***

- ◆ N/A

##### ***Financial Sustainability***

- ◆ Financially sustainable City by 2020
- ◆ Effective and sustainable Growth Management
- ◆ Generate assessment growth / non-tax revenues

##### ***Intergovernmental Relationships***

- ◆ N/A

##### ***Growing Our Economy***

- ◆ Competitive business environment

##### ***Social Development***

- ◆ N/A

##### ***Environmental Stewardship***

- ◆ Reduced impact of City activities on the environment
- ◆ Aspiring to the highest environmental standards

***Healthy Community***

- ◆ Plan and manage the built environment
- ◆ An engaged Citizenry

**APPENDICES / SCHEDULES**

Appendix “A” to Report PED10230 – Canada Bread Company, Limited – 745 Nebo Road, Hamilton (Ward 11) – Location Map

BM/cMc



● Site of the Application

## Location Map



PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT

File Name/Number:  
Canada Bread

Date:  
September 13, 2010

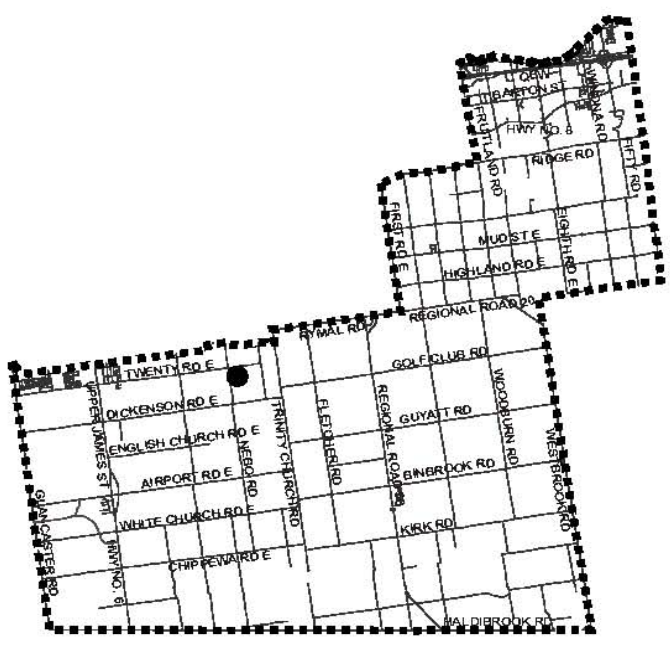
Appendix "A"

Scale:  
N.T.S.

Planner/Technician:  
BM/IF

Subject Property  
863 Nebo Road, Hamilton

Part of Lot 14, Concession 2



Ward 11 Key Map

N.T.S.