NOTE: This is the same delegation request that was recently denied by committee. While reviewing my correspondence and committee's decision, I realized that terminology used to describe the activities of the proposed venture caused it to be confused for issues already dealt with by this council. I apologize for my error, it was mine alone. Please accept the edited request below for committee's consideration.

Thank you,

Keith M. Beck

To: Mayor Eisenberger and the Councillors of Hamilton City Council  
c/o Kevin Christenson, City Clerk  
Hamilton City Council

Sir,

In order for the City of Hamilton to realize the greatest financial benefit from what it has been granted by the Province of Ontario, in regard to employment lands and primarily with the North Glanbrook Business Park, I propose the City investigate and create a subsidiary corporation to hold and transact in its name, City owned employment lands.

Like the Hamilton Realty Capital Corporation, this separate entity would allow the City to acquire new lands at reasonable prices, and more importantly, vend existing lands without the subsequent increase in tax revenue being used to argue down the sale price. Such an administrative structure would allow the City to realize the full potential capital gain on newly serviced employment lands and end the history of "buying high and selling low" when investing in employment lands.

To this end, I request that this correspondence be forwarded to the Economic Development and Planning committee, along with my delegation request, in order for me to make a presentation on the matter, should the committee choose to receive it.

Thank you for your assistance.

Keith M. Beck

Tel: [removed]
E-mail: [removed]
EMPLOYMENT LAND HOLDING COMPANY DELEGATION BRIEF

Thank you for receiving my delegation. Its purpose is to gain your agreement on the value of having staff investigate the feasibility, cost, and benefits of creating a corporate subsidiary to the City of Hamilton, to hold and transact employment lands owned by the City.

While there has been success recently in gaining more funding from senior levels of government for infrastructure delivered by the municipality, recent reports show that the costs and scope of infrastructure needs to be met by the City increase even further.

To relieve the tax base of as much of such costs, and to ensure the community realizes its strategic goals in economic development, it's not only desirable but crucial that we realize as much value from assets under the City's control as possible. An opportunity to do so lies with the employment lands under City ownership.

Past experience in vendoing City owned employment lands has shown two main deficiencies: 1. When the City has sought to acquire land for development as employment land it has usually paid a higher price than a private sector investor would have. And 2. When it has sold such land, the subsequent increase in tax revenue has been used to bid down the sale price. Leading to transactions for the municipality characterized as “Buying high and selling low”. Wealth from the City and its tax base, where effectively transferred to the property owners of subject lands either previous or subsequent to the City’s ownership. Instead of realizing a gain from the improved property, the municipality realized net losses.

No surprise then that investing in employment lands and trying to secure the gain from property improvement for the benefit of the whole community fell out of favor with municipalities and their councils. I would argue that the failure was tactical and not strategic. That loss instead of gain was realized because the wrong administrative structure for the transaction was used. And that the right structure would let the City realize the same gains that a private sector investor would expect from such land improvement.
A separate company, owned by the City to hold and transact such lands, would allow it to acquire and sell property for the same prices that the private sector could. Allowing the City to realize the largest gain possible from it’s holding of employment lands.

Such an administrative arrangement would also facilitate the reinvestment of such gains in other employment zone property (either green or brownfield) and over time build a source of capital funding from gains to be invested in the rest of the community, as directed by the council of the day, when employment zone needs have been fulfilled.

In summary, a holding company will allow the City to transact the holdings it already has for maximum value, reinvest gains efficiently in new holdings should it choose to and create out of the subsequent gains a source of funding to contribute to new infrastructure, brownfield remediation or reassembly, or other capital priorities of the City in the future.

I hope you agree that there is value to the City in this direction and it’s worth pursuing. With the North Glanbrook business park soon to be serviced, I hope you agree that it’s worth pursuing soon.

Thank you for your time today. Please feel free to contact me with any questions you would like me to address.

Keith M. Beck

Management Consultant

Tel: 905-966-14645

E-mail: beck_keith@hotmail.com

Mail: #9-76 Victoria Ave. S.
Hamilton, ON
L8N 2S7