

**CITY OF HAMILTON**

**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
*Economic Development Division*

<b>TO:</b> Mayor and Members General Issues Committee	<b>WARD(S) AFFECTED:</b> WARD 11
<b>COMMITTEE DATE:</b> March 21, 2012	
<b>SUBJECT/REPORT NO:</b> Hamilton LEEDing the Way, LEED Grant Program Application (LGP-12-01) – Maple Leaf Foods Inc., 440 Glover Road, Hamilton, ON (PED12038) (Ward 11)	
<b>SUBMITTED BY:</b> Tim McCabe General Manager Planning and Economic Development Department	<b>PREPARED BY:</b> Brian Morris 905-546-2424 x.5602 Neil Everson 905-546-2424 x.2359
<b>SIGNATURE:</b>     	

**RECOMMENDATIONS**

- (a) That Hamilton LEEDing the Way, LEED Grant Program Application LGP-12-01, submitted by Maple Leaf Foods Inc., for the property forming part of 440 Glover Road, Hamilton, for a LEED Grant not to exceed \$2,598,250.00 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 Maple Leaf Foods Inc., referred to in subsection (a) with respect to the development of 440 Glover 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 was submitted by Maple Leaf Foods Inc. for development of the property that forms 440 Glover Road, Hamilton. Appendix “A” to Report PED12038 identifies the location of the property 440 Glover Road, Hamilton. The application for a LEED Grant is a result of the construction of a brand new, state-of-the-art, 498,250 square foot industrial building (protein meat processing facility) with administrative offices that will be home to Maple Leaf Foods Inc.. The applicant wishes to attain LEED certification on the facility at the Silver Level.

The grant application is for \$2,598,250 in eligible incremental construction costs (to a maximum), consultation, certification and energy modelling fees. Estimated project construction costs are \$152,000,000. It is estimated that the proposed development will increase the market value assessment (MVA) on the site from its current \$235,000 (estimated) to approximately \$50,000,000. 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 \$2,156,820.67 of which 75%, or approximately \$1,617,615.50, 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 \$2,598,250.

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 \$2,598,250.00, 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 2011, the City of Hamilton responded to a plant location enquiry from the Ontario Ministry of Agriculture Food and Rural Affairs (OMAFRA). A detailed submission was prepared by the City's Economic Development Division and submitted to OMAFRA. Approximately two months later, Economic Development staff was contacted by Stellar Manufacturing Ltd based in Jacksonville, Florida. Development related information was exchanged over the next month with Stellar concluding with an inspection of Hamilton's proposed sites for this plant on April 19, 2011.

On May 24, 2011, Planning and Economic Development staff learned that the end user of this plant was Maple Leaf Foods (MLF). The new state-of-the-art meat processing facility would be a 480,000 square foot operation and represent a total investment of nearly a half a billion dollars. Throughout the summer and early fall, staff worked diligently to assemble the parcel of land for MLF and resolve the major development related issues on the preferred site. On October 19, 2011, the deal to locate MLF was approved by Council and announced publicly later that same afternoon. The sale transaction of the assembled properties owned by MLF and the City of Hamilton was completed on January 25, 2012,

The decision to locate this major investment in Hamilton was based on a number of factors. They included: the cost of employment land; affordability of Development Charges; a DC deferral agreement; the City's LEEDs program; Hamilton's superior transportation infrastructure, it's excellent, available labour force; but most of all, the City's quality customer service and the ability to deliver on municipal actions to meet MLF's established deadlines.

Maple Leaf Foods Inc. officially submitted the LEED Grant Program application on February 10, 2012.

## **POLICY IMPLICATIONS**

Report PED12038 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. No concerns or issues were raised through this consultation and the application was fully supported.

### **Departmental Comments:**

#### **Taxation Division**

The 48 acre parcel of land purchased by Maple Leaf Foods Inc. is currently assessed as part of 440 Glover Road (47.34 acres) being Roll #902.220.61800.0000 with ownership previously in the name of a private owner. In addition there is a portion of land that forms part of the new property that currently forms part of 5365 Twenty Road being part of Roll #251890222061400; also previously a private owner. For the purposes of this report, as the a new parcel and roll # has yet to be created for the Maple Leaf Foods Inc. property, the pre-development assessed value and property taxes were gathered from the parcel that currently forms 440 Glover Road, as the additional lands to be severed from this parcel, and the portion to be added from 5365 Twenty Road almost equal out and are both currently vacant farmland. The assessed value, therefore, of the 47.34 acres at 440 Glover Road for 2011 taxation is \$235,500. Municipal Property Assessment Corporation (MPAC) will create a new roll number for the new 48 acre parcel and will complete a 2012 apportionment of value for the parcel.

The property is currently classed as Farm Taxable (FT). Property taxes are paid in full. Taxes are estimated for 2011 on this property at \$603.13, and are broken down as follows:

Municipal Levy =	\$467.13
Education Levy =	\$136.00
Tax Cap Adjustment =	<u>\$0</u>
Total =	\$603.13

### **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 not required. A Site Plan Control Application was submitted on November 28, 2011. The application was considered by the Development Review Committee on December 14, 2011, at which time the Manager of Development Planning granted conditional site plan approval. Currently, Maple Leaf Foods Inc. is undertaking the necessary work required to fulfill the conditions of the site plan approval.

### **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. Maple Leaf Foods new industrial protein (meat) processing facility will incorporate many innovative and environmentally responsible features under the six LEED categories in order to qualify for LEED certification at the Silver Level. These include, but are not limited to, the following:

*Site Development:* Stringent erosion control measures, use of high albedo surface to reduce heat island effect on roof, native landscaping features, and management of storm water run-off in collaboration with the City.

*Water Efficiency:* Fixtures, fittings and appliances will use 20% less water than the water use baseline, landscaping will not require potable water or irrigation, and wastewater pre-treatment.

*Energy Efficiency:* Fundamental and enhanced refrigerant management, energy modelling, including measurement & verification for installed automation systems, and reduction of energy use 12%-48% below baseline.

*Material Selection:* Comprehensive recycling program and waste diversion to exceed LEED goal of 75%, use of recycled content and material, permanently installed wood to meet 50% FSC (forest stewardship council) certified criteria, and 30% of primary building material to be sourced from facilities within 800km (by truck) or 2,400km (by rail/ship) of project site.

*Indoor Environmental Quality:* Outdoor air delivery monitoring, increased ventilation, low emitting materials, indoor chemical/pollutant source control, and automation of lighting and comfort control systems.

*Innovation in Design:* Regional priority credit considerations, and under consideration are: green cleaning, exemplary waste treatment, solid waste management, and life cycle influence on facility and equipment decisions.

Current (2011) MVA on the property is estimated at \$235,000 classed as Farm Taxable (FT). Current 2011 property taxes are approximately \$603.13 broken down as follows:

Municipal Levy =	\$467.13
Education Levy =	\$136.00
Tax Cap Adjustment =	<u>\$0</u>
Total =	\$603.13

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 \$50,000,000 classed as Large Industrial New Construction (KT) and Large Industrial, Excess Land (KU). This new MVA is estimated to increase total annual property taxes over the current \$603.13. The new municipal taxes levied on this property will be approximately \$2,157,287.80.

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

- *Taxable assessment growth to exceed 1.5% by 2012.* 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***

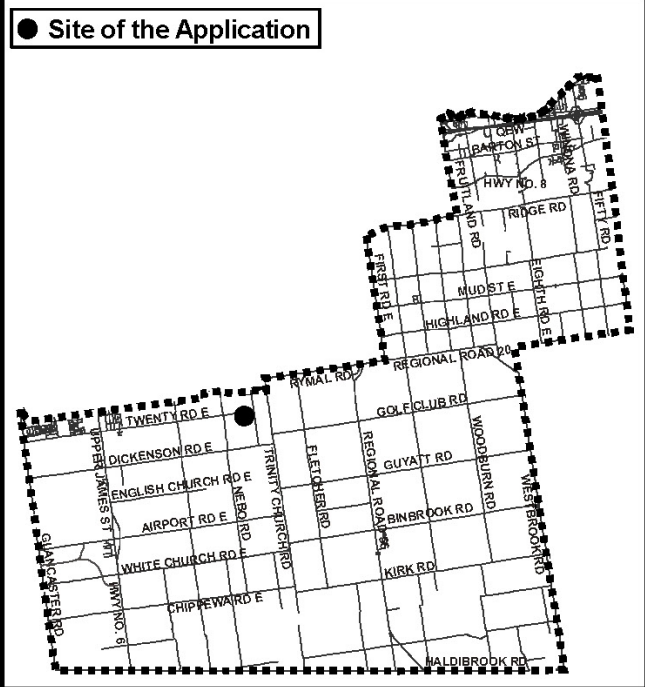
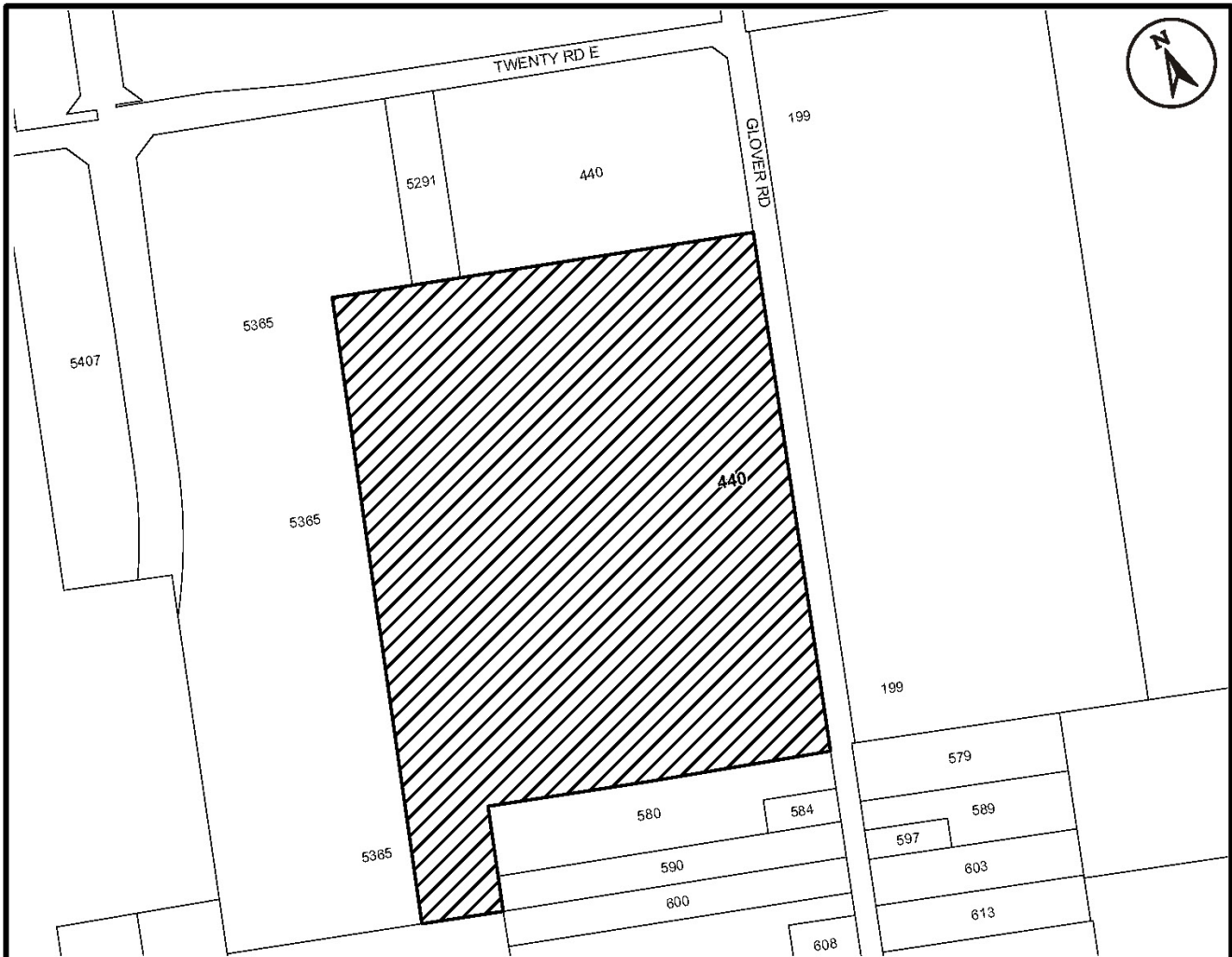
- ◆ Plan and manage the built environment
- ◆ An engaged Citizenry

**APPENDICES / SCHEDULES**

Appendix “A” to Report PED12038 –Maple Leaf Foods Inc. – Part of 440 Glover Road, Hamilton (Ward 11) – Location Map

BM/dw





Ward 11 Key Map N.T.S.

## Location Map



PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT

**File Name/Number:**  
Maple Leaf Foods

**Date:**  
February 21, 2012

**Appendix "A"**

**Scale:**  
N.T.S.

**Planner/Technician:**  
BM/AL

**Subject Property**

440 Glover Road