

**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 12
<b>COMMITTEE DATE:</b> July 9, 2012	
<b>SUBJECT/REPORT NO:</b> Hamilton LEEDing the Way, LEED Grant Program Application (LGP-12-02) – 2227667 Ontario Ltd., 41 Bittern Street, Ancaster, ON (PED12133) (Ward 12)	
<b>SUBMITTED BY:</b> Tim McCabe General Manager Planning and Economic Development Department	<b>PREPARED BY:</b> Brian Morris 905-546-2424 Ext. 5602 Neil Everson 905-546-2424 Ext. 2359
<b>SIGNATURE:</b>     	

**RECOMMENDATIONS**

- (a) That Hamilton LEEDing the Way, LEED Grant Program Application LGP-12-02, submitted by 2227667 Ontario Ltd., for the property at 41 Bittern Street, for a LEED Grant not to exceed \$543,600 payable to 2227667 Ontario Ltd. over a maximum of five (5) years, be authorized and approved in accordance with the terms and conditions of the LEED Grant Program Agreement.
- (b) That the Mayor and Clerk be authorized and directed to execute, on behalf of the City, the LEED Grant Agreement with 2227667 Ontario Ltd., referred to in subsection (a) with respect to the development of 41 Bittern Street, 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 2227667 Ontario Ltd. (Activation Laboratories Ltd.) for development of the property at 41 Bittern Street in the Ancaster Business Park (refer to Appendix “A” to Report PED12133 for location map). The application for a LEED Grant is a result of the construction of a brand new, state-of-the-art, 194,239 square foot industrial building (laboratory, office and warehouse facility) that will be home to Activation Laboratories Ltd. The applicant wishes to attain LEED certification on the facility at the Gold Level.

The grant application is for \$543,600 in eligible incremental construction costs (to a maximum), consultation, certification and energy modelling fees. Estimated project construction costs are \$17,600,000. It is estimated that the proposed development will increase the market value assessment (MVA) on the site from its current \$704,000 to approximately \$12,000,000. 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 \$239,809.54 of which 75%, or approximately \$179,857.16, would be paid to the owner in the form of an annual grant for approximately four (4) years up to an amount not to exceed total costs eligible for the LGP of \$543,600.

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 \$543,600, or up to five (5) 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)

Activation Laboratories Ltd. officially submitted the LEED Grant Program application on May 18, 2012.

Activation Laboratories Ltd. (ACTLABS) was established in 1987 by Dr. Eric Hoffman, an economic geochemist. The laboratory began by providing Instrumental Neutron Activation Analysis (INAA) to the academic, government and mineral exploration sectors. In the years that followed, Activation Labs has invested heavily in research & development and, as a result, have introduced a number of revolutionary processes and innovations specifically for geochemical problems. The ACTLABS Group has now become the world's leading laboratory group providing Neutron Activation and ICP/MS services.

They now provide their services to many fields, including Geochemical, Petroleum, Industrial Minerals, Forensic, Pharmaceutical & Clinical, Environmental & Occupational Health, Agricultural and Materials Testing areas. As Activation Labs diversified and expanded its business into new markets, they established offices around the country and world. Currently, they occupy four (4) buildings in the Ancaster Industrial Park and have 12 offices across Canada. The company has three (3) locations in Africa, one in Australia, five in Central and South America, one in Greenland and one in Mongolia.

Through the City's Business Retention & Expansion program, Economic Development learned of Activation Labs plans regarding the potential establishment of its new world headquarters. All of its geological and geometallurgical services were to be centred in this new, state of the art, 200,000 square foot facility. Receipt of this information immediately prompted a corporate call to Activation Labs by the Director of Economic Development and Ward Councillor Ferguson. Discussions were initiated regarding the potential purchase of the remaining 10 acre site in Phase 5 of the Ancaster Industrial Park.

The sale of this parcel of City land was approved by City Council on November 25, 2009, and the transaction closed on October 8, 2010. This will bring the total ACTLABS facility in Ancaster to 300,000 square feet and will allow expansion of the following divisions: life sciences (pharmaceutical and biotech), forensic, materials testing, agriculture and food, and environment.

### **POLICY IMPLICATIONS**

Report PED12133 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 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 property is currently classed as Industrial Vacant Land (IX). Property taxes are paid in full. Taxes are estimated for 2012 on this property at \$24,242.40, and are broken down as follows:

Municipal Levy =	\$17,313.32
Education Levy =	\$ 6,929.08
Tax Cap Adjustment =	<u>\$ 0</u>
Total =	\$24,242.40

##### **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**

Site Plan Control Application DA-11-168 was conditionally approved by the Manager of Development Planning on January 19, 2012. Upon successful completion of all the requisite conditions, the Owner was eligible to apply for a Building Permit on May 2, 2012. There are no further planning approvals required.

**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. The new industrial facility for Activation Laboratories Ltd. will incorporate many innovative and environmentally responsible features under the six LEED categories in order to qualify for LEED certification at the Gold Level. These include, but are not limited to, the following:

*Site Development:* Public transportation access measures, low emitting and fuel efficient vehicles, native landscaping features, and management of storm water design quantity and quality control.

*Water Efficiency:* Innovative wastewater technologies including acid neutralization treatment for process wastewater, air cooled chillers, low flow toilets and sensor taps.

*Energy Efficiency:* Variable air volume system with fit for purpose ventilation, interior dust collection system, high efficiency air intake for wet labs, onsite renewable energy and enhanced commissioning and measurement verification systems.

*Material Selection:* Construction waste management program, recycled content, and regionally sourced material selection and low emitting materials.

*Indoor Environmental Quality:* Incorporation of day lighting in design, indoor chemical and pollutant source control (fume hoods, work bench hoods and acid resistant storage with exhaust), low emitting materials, and air quality management plan.

Current (2012) MVA on the property is estimated at \$704,000 classed as Vacant Industrial Land (IX). Current 2012 property taxes are approximately \$603.13 broken down as follows:

Municipal Levy	=	\$17,313.32
Education Levy	=	\$ 6,929.08
Tax Cap Adjustment	=	<u>\$ 0</u>
Total	=	\$24,242.40

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 \$12,000,000, classed as Large Industrial New Construction (XT). This new MVA is estimated to increase total annual property taxes over the current \$24,242.40. The new municipal taxes levied on this property will be approximately \$257,122.86.

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

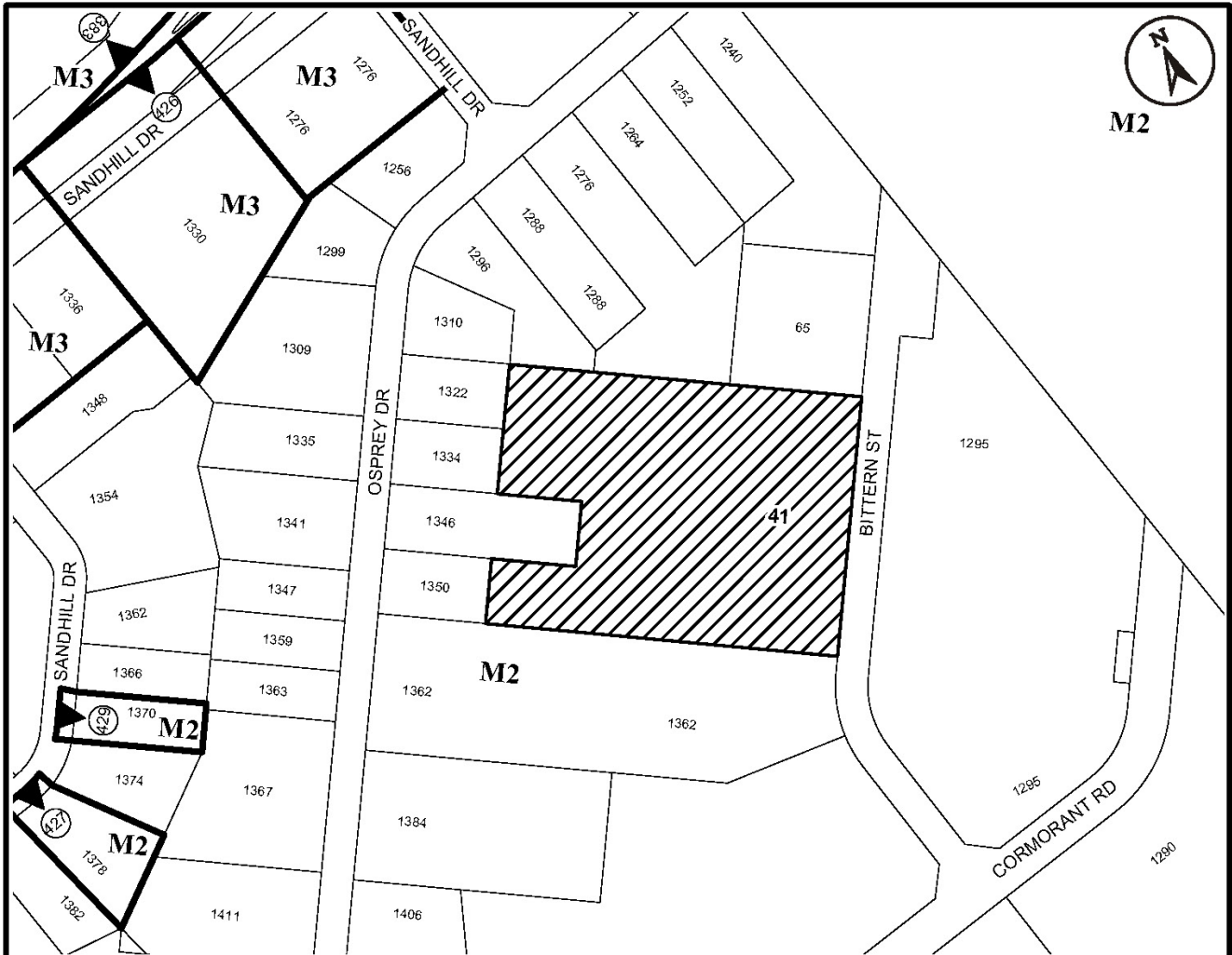
***Healthy Community***

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

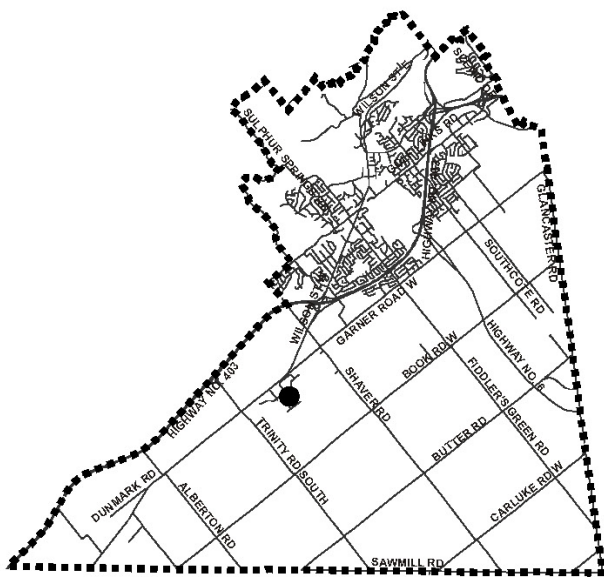
**APPENDICES / SCHEDULES**

Appendix “A” to Report PED12133– 2227667 Ontario Ltd. – 41 Bittern Street, Ancaster (Ward 12) – Location Map

BM/dw



● Site of the Application



Ward 12 Key Map

N.T.S.

## Location Map



PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT

File Name/Number:  
41 Bittern St

Date:  
June 6, 2012

Appendix "A"

Scale:  
N.T.S.

Planner/Technician:  
BM/AL

### Subject Property



41 Bittern Street