



Hamilton

U.S. Steel Canada Information Update

City of Hamilton
General Issues Committee
June 5, 2017

Regional Context

- Long Term Leases (Steel Operations)
- Highways
- Major Roads
- Railways
- GO Train
- GO Train Seasonal Service
- Proposed LRT



■ The City's Advisory Team

A multi-disciplinary team of subject matter experts was engaged to advise the City regarding: socio-economic impacts; urban planning; land valuation (and cost) modeling; waterfront development and investment options

The City's advisory team includes:

- Paul Smetanin – The Canadian Centre for Economic Analysis (CANCEA)
- John Campbell – Renovo Advisory Services
- Joe Berridge / Michel Trocmé / Tim Smith – Urban Strategies Inc.
- Greg Kalil / Sean Finlay – Brookfield Financial
- Mark Conway – Barry Lyon Real Estate Advisory

City Objectives



City Objectives

- Maintain steel operations on the site
- Optimal treatment for pension holders / retirees
- Control development of our own waterfront
- Grow the non-residential tax base
- Maximize:
 - Long-term value of the lands
 - Job growth
 - Economic and public benefits to Hamilton, Ontario and Canada

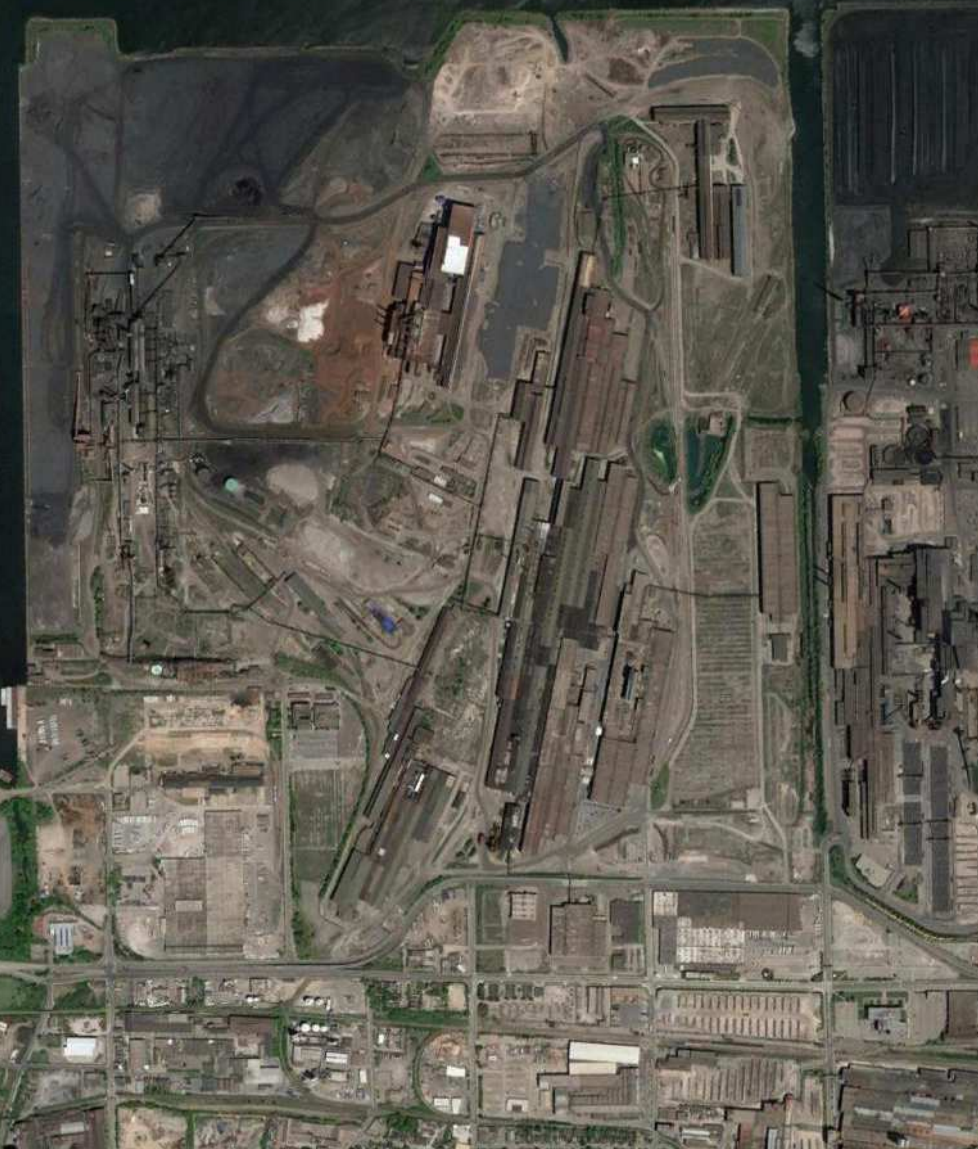
Current Status



Current Status

- LandCo will become owner of the lands (813 ac.)
- LandCo shareholders will be the main union organizations
- LandCo governance will be the responsibility of an independent Board
- The lands will be transacted by LandCo to contribute to pension and OPEB requirements
- Province of Ontario will loan \$10M to LandCo, via interest-bearing line-of-credit
- All transactions to occur within five (5) years, with approval required from Province of Ontario for all transactions (loan securitizes property)

Risks of Current Status



Risks of Current Status

- Market /environmental factors limit short-term revenue opportunities
- If the lands are transacted within five (5) years, it is unlikely that the sales proceeds will meaningfully offset pension /OPEB needs
- Pressure to transact land will result in loss of opportunities to enhance long-term value
- Opportunities for broader public benefits will be foregone

Risks of Current Status

- LandCo will not have the mandate, funding or tools to address environmental management or make investments that could enhance the value or marketability of the lands
- Outcome could be patchwork development, no remediation, low employment generation and no extended public benefits
- Opportunities for significant economic uplift could be lost

Stelco Site as Strategic Land Resource



Flickr / meejabee

Flickr / Tom Flemming

Flickr / John Williams

Stelco Site as Strategic Land Resource

- Stelco site one of largest and most unique urban employment land areas in Canada
- Excellent multi-modal connectivity: roads, rail, sea (port) and air
- In rapidly growing Greater Golden Horseshoe
- Close to US border
- An iconic brownfields site that is recognized locally and federally as being part of Canada's industrial heritage
- A shovel ready investment that has strong prospects for generating positive financial and economic returns

Flickr / meejeabee

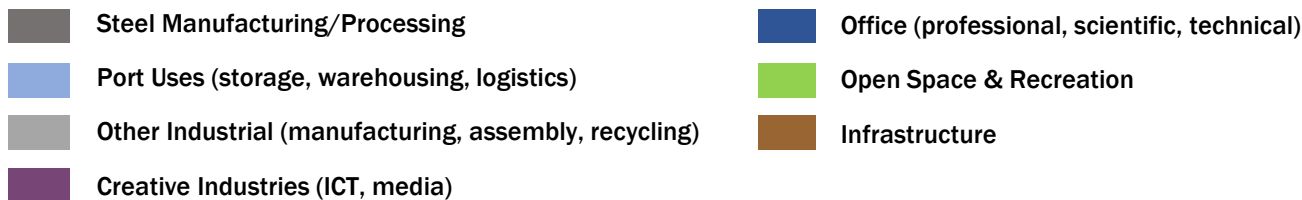
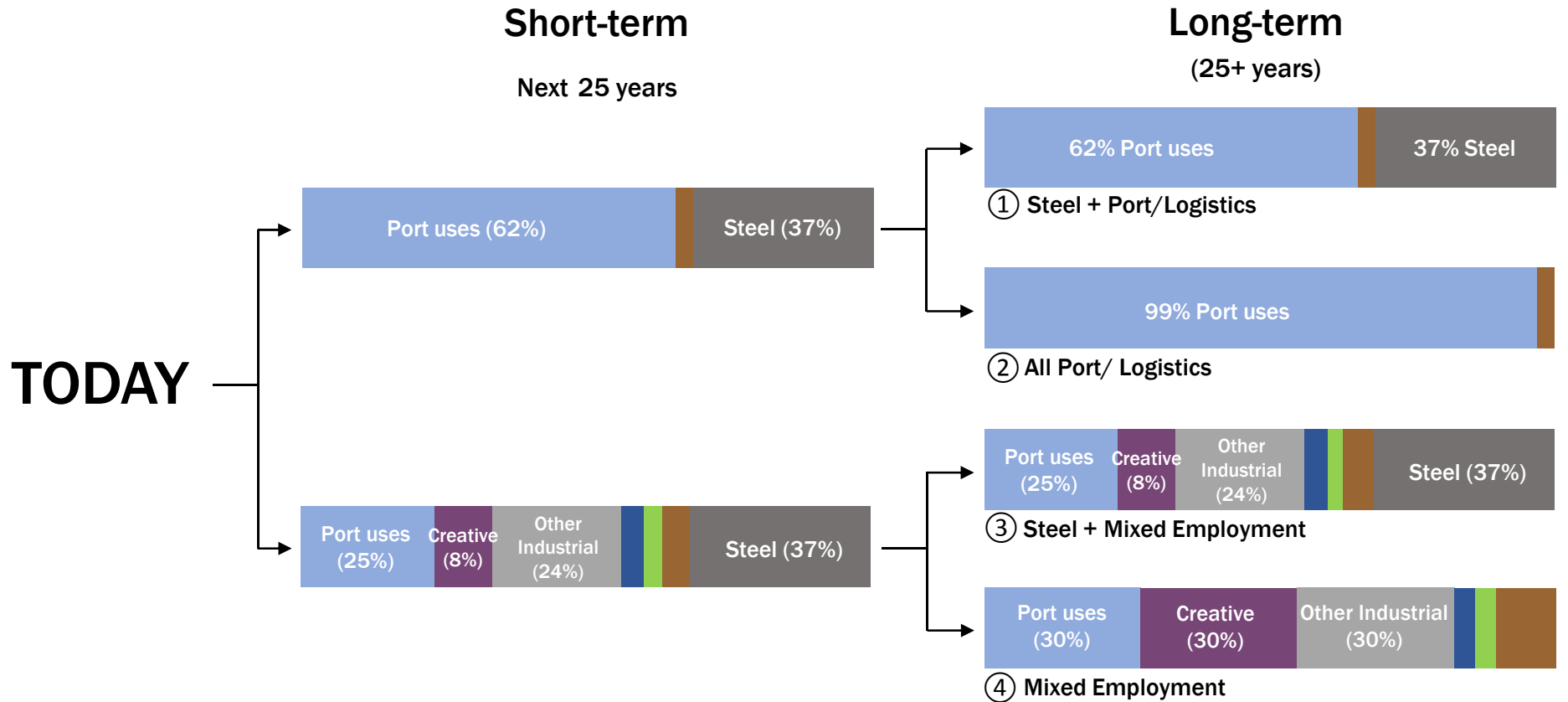
Flickr / Tom Flemming

Flickr / John Williams

A black and white aerial photograph of an industrial site, likely a steel mill, with several tall smokestacks and complex piping. In the background, a large bridge spans across a body of water. The foreground shows a residential neighborhood with various houses and buildings. The text "Optimal use of Stelco Lands" is overlaid in white on the image.

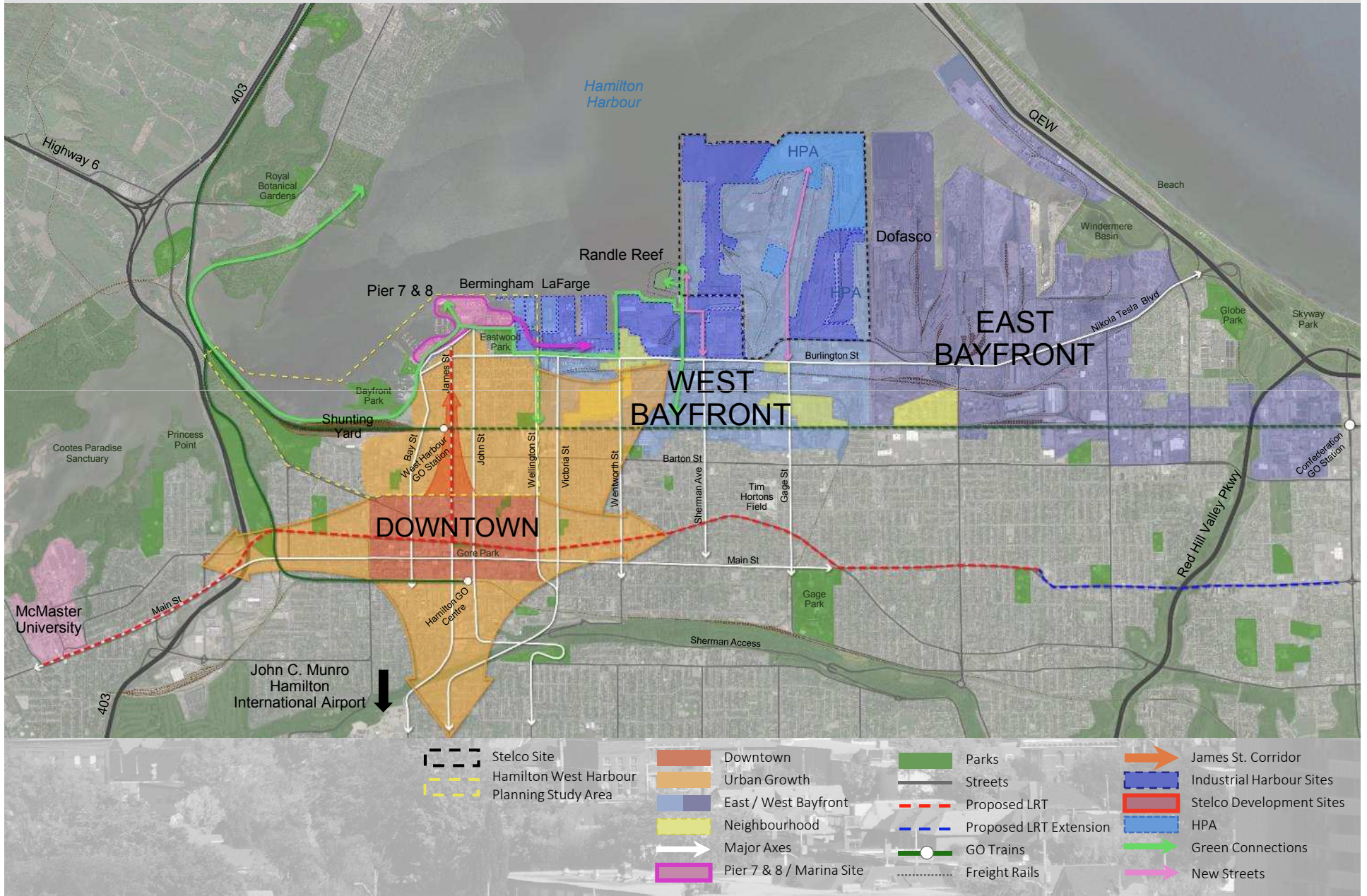
Optimal use of Stelco Lands

Four Long-Term Scenarios



* All new uses assumed to intensify and diversify over time

The Context for Change

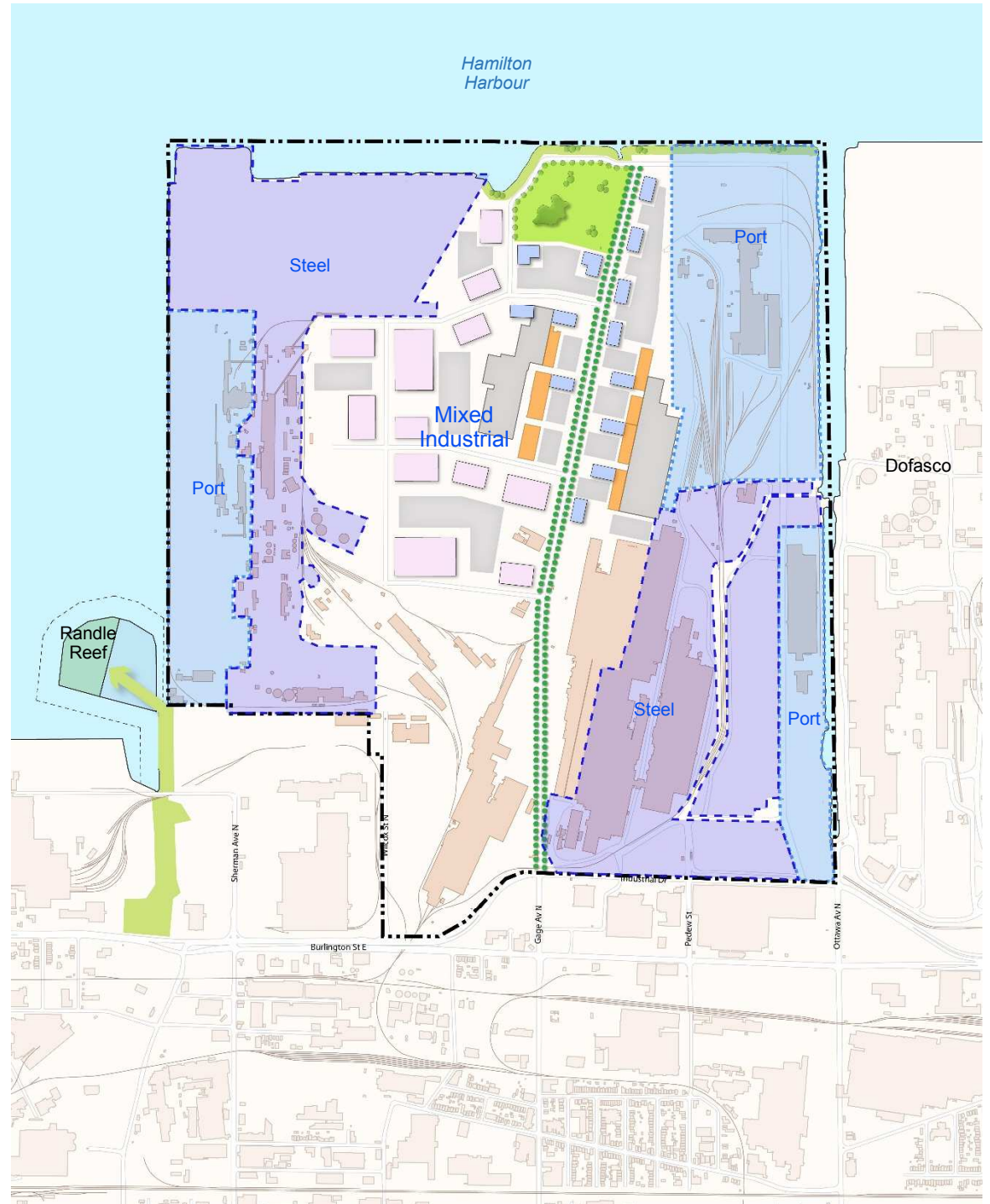


Development Opportunities

Land Use Scenario

- Existing steel operations stay in place
- Port uses occupy the western edge and the northeast corner
- Central road spine services re-used industrial buildings and creative industries campus
- Destination park on the north edge

- Stelco Site
- Existing Context Buildings
- Existing Site Buildings
- Converted Buildings
- Creative Industries Buildings
- Warehousing, Logistics Buildings
- Surface Parking
- Port Uses
- Park



Development Opportunities

Land Use Scenario

- Port uses and steel plant on the eastern side
- Central green corridor
- Industrial uses (manufacturing, warehousing, logistics) across west half
- Creative industries along a green, public edge





Norra Älvstranden, Gothenburg



Brooklyn Navy Yard




KCAP/HafenCity

HafenCity Hamburg GmbH



Waterfront Toronto

Diamond Schmitt Architects

An aerial, black and white photograph of Hamilton, Ontario, Canada. The image shows a mix of industrial and residential areas. In the background, a large steel truss bridge spans across a wide river. To the left, several tall industrial smokestacks and buildings are visible. The middle ground is dominated by a row of white, gabled houses. The foreground shows a dense residential neighborhood with various houses and trees. The overall scene is a blend of urban development and industrial infrastructure.

Economic outcomes for Hamilton, Ontario and Canada

■ What is the economic risk?

- **For Hamilton:**

At least 530,000 job years (10,800 per year on average) with between \$31B and \$38B in wages paid in the region

- **For the Ontario government:**

Approx. 150,000 incremental job years (3,300 per annum on average) between \$2.3B and \$3.2B in incremental taxation revenue

- **For the Federal government:**

Between 38,000 and 115,000 incremental job years (750 to 2,300 per year on average) between \$1.9B and \$2.5B in incremental taxation revenue

Conclusions



Conclusions

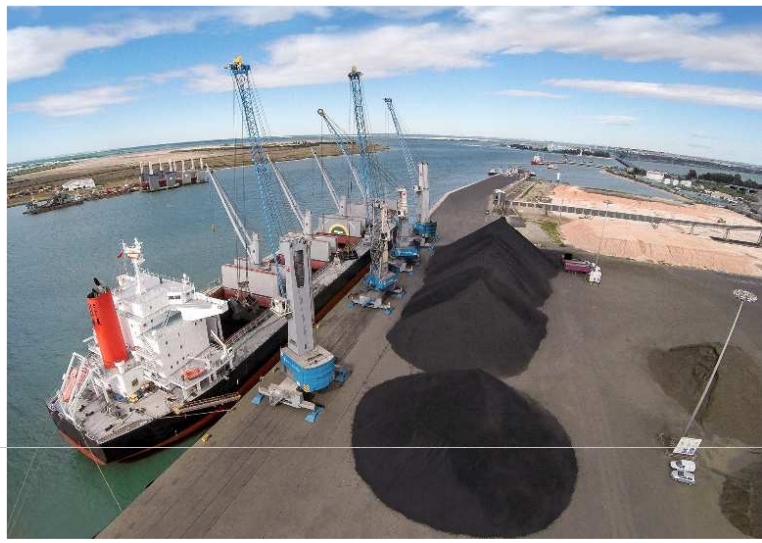
The approach to transacting and developing the property should be informed by an evidence-based, longer-term strategic vision.

City of Hamilton and senior government partners can create a strategic approach that:

- is phased to allow the development of new infrastructure that attracts and supports investment
- allows clean-up of the land to occur in lock step with development
- is flexible and provides for increasingly intensive and higher order uses over time
- helps support pensions / OPEBs in the long-term
- captures broader economic and public benefits

Potential Outcomes for the Stelco Lands

Short Sale



Development



Next Steps

- Engage Provincial and Federal Governments to investigate joint investment and development options for the Stelco lands (Infrastructure, Economic Development, Trade...)
- Investigate options to secure private investor(s) to partner with the City of Hamilton in joint development of the Stelco lands (public-private partnership)
- City planning staff to review and update, as required, planning policies as relate to the Stelco lands to align with the City's vision for the lands
- Report back to GIC with the Advisory Team's FINAL Report on the Stelco lands