



**CITY OF HAMILTON**  
**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
**Economic Development Division**

<b>TO:</b>	Mayor and Members General Issues Committee
<b>COMMITTEE DATE:</b>	July 10, 2017
<b>SUBJECT/REPORT NO:</b>	Hamilton LEEDing the Way, LEED Grant Program Application (LGP-17-01) - Flamborough Power Centre Inc., 135 Clappison Avenue, Flamborough, ON (PED17122) (Ward 15)
<b>WARD(S) AFFECTED:</b>	Ward 15
<b>PREPARED BY:</b>	Brian Morris (905) 546-2424 Ext. 5602
<b>SUBMITTED BY:</b>	Glen Norton Director, Economic Development Planning and Economic Development Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That Hamilton LEEDing the Way, LEED Grant Program Application LGP-17-01, submitted by Flamborough Power Centre Inc. for the property at 135 Clappison Avenue, for a LEED Grant not to exceed \$271,585.50 payable to Flamborough Power Centre Inc. over a maximum of five years, be authorized and approved in accordance with the terms and conditions of the LEED Grant Program.
- (b) That the Mayor and Clerk be authorized and directed to execute, on behalf of the City, the LEED Grant Agreement with Flamborough Power Centre Inc., referred to in Subsection (a) with respect to the development of 135 Clappison Avenue, 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 Flamborough Power Centre Inc. for development of the property at 135 Clappison Avenue in the Flamborough Business Park. The application for a LEED Grant is a result of the construction of a brand new, state-of-the-art, 120,000 square foot industrial building (office and warehouse facility) that will be the new headquarters of Stryker Canada, one of the world's leading medical technology companies. The applicant wishes to attain LEED certification on the facility at the Silver Level.

The grant application is for \$271,585.50 in eligible incremental construction costs (to a maximum), consultation, certification and energy modelling fees. Estimated project construction costs are \$14,000,000. It is estimated that the proposed development will increase the market value assessment (MVA) on the site from an estimated \$1,750,000 to approximately \$11,000,000. 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 \$181,464.93 of which 75%, or approximately \$136,098.70, would be paid to the owner in the form of an annual grant for approximately two years up to an amount not to exceed total costs eligible for the LGP of \$271,585.50.

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 paid out of the 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 a 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 – Not Applicable***

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

**Financial:** The City will collect full property taxes after the property has attained official LEED certification from the Canadian Green Building Council. In turn, the City will provide an annual grant equivalent to 75% of the increase in municipal taxes up to the total eligible cost figure of \$271,585.50 or up to a five-year period, whichever comes first. At that time, the City will retain the full municipal portion of the tax increment. Based on the estimates, following year two of the grant payment, the City will start to realize the full positive results of the program.

**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**

Flamborough Power Centres Inc. is developing an office complex and warehouse (120,000 square feet) on a property that will be known municipally as 135 Clappison Avenue, Flamborough. The development will take place on a portion of the property that is currently known as 56 Parkside Drive (refer to Appendix "A" to Report PED17122 for location map) and will be known by the new municipal address once the development has commenced. The scope of work as part of the development will include the connection of Clappison Avenue southerly from Parkside Drive and the extension of Street "A" westerly from Clappison Avenue. The subject property will be the new headquarters for Stryker Canada, a subsidiary of the Stryker Corporation based in Kalamazoo Michigan. Stryker Canada is a leading distributor of patient handling equipment, orthopaedics, communications and surgical devices that is currently located in a 47,000 square foot leased facility at 45 Innovation Drive in the Flamborough Business Park. The new development will significantly increase Stryker Canada's footprint in Hamilton, with room for future expansion and will result in the retention of 300 jobs.

In early 2015, through the City's Business Retention and Expansion Program (Hamilton Calling), staff in Economic Development Division learned of Stryker Canada's potential expansion plans. Staff, together with the Ward Councillor, actively worked with the company to try and accommodate their expansion at their current location. However, after determining that a warehouse expansion was not feasible, the owner was made aware of the subject property and lease negotiations and discussions around design have been taking place since early 2016.

Flamborough Power Centres Inc. had submitted a draft plan of subdivision application (Flamborough Power Centre North) for the industrial property when negotiations began with Stryker Canada. Following development of the new Stryker Canada facility, the ownership group will resume plans to further develop the remaining additional lands of the 38 hectare parcel for employment uses through a registered plan of subdivision. As this will be the first new building for the owners within the future employment area, and as it is the Canadian headquarters for Stryker, both the owner and tenant had a desire for the facility to be a flagship building that would seek to achieve LEED certification. Discussions around the applicability of the City's LEED Grant program commenced as Flamborough Power Centres Inc. were designing the site plan and this culminated in an official application to the LEED Grant Program on June 1, 2017.

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*OUR Vision: To be the best place to raise a child and age successfully.*

*OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.*

*OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.*

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

Report PED17122 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**

Staff from the Legal Services Division, City Manager's Office, and from the Taxation Division, Corporate Services Department was consulted and the advice received is incorporated into Report PED17122. Staff from the Planning Division was also consulted and the status of the planning applications for the development of 135 Clappison Avenue is summarized below.

### **Planning Division:**

The Site Plan Control application for the subject property was submitted October 14, 2016, and was issued conditional approval by the Manager of Development Planning, Heritage and Design on November 9, 2016. Under the Concurrent Site Plan / Building Plan Review process, the file has satisfied all of the applicable conditions required prior to the application of building permit. The owner has submitted for Building Plan review as of June 9, 2017, while continuing to satisfy the outstanding conditions required to be satisfied prior to issuance of building permit.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

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 office and warehouse 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:* Heat Island reduction through reflective and pervious materials, light pollution reduction and rainwater management.

*Water Efficiency:* Greywater system inclusion for restrooms, no irrigation or reduced irrigation for outdoor water usage.

*Energy Efficiency:* Green power purchase to offset energy usage, demand response potential with local utilities, enhanced commission for building envelope

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*Material Selection:* Construction waste management program and diversion from local landfills, specifying regionally sourced and low emitting materials and materials that meet LEED v4 requirements wherever possible.

*Indoor Environmental Quality:* Enhanced indoor air quality Incorporating MERV 13 air filters, and separate exhaust systems, maximizing natural daylight through building design of day lighting in design, low emitting materials and an air quality management plan.

*Innovation in Design:* Achieving exemplary performance through design and architecture where possible.

The 2017 pre-development assessed value and property taxes are estimated below and will be confirmed once the Municipal Property Assessment Corporation create a new roll number for the subject parcel and complete a 2017 appointment of value. The estimated CVA on the property is \$1,750,000 classed as Industrial, Vacant Land (IX). Estimated 2017 property taxes are \$59,252.04 broken down as follows:

Municipal Levy = \$43,554.70  
Education Levy = \$15,697.34  
Total = \$59,252.04

Based on site plan applications and information submitted in support of the LEED Grant Application, staff has estimated that once the project is complete, the property, including the office building and warehouse, will have an estimated CVA of approximately \$11,000,000, classed as Commercial, New Construction (XT). This new CVA is estimated to increase total annual property taxes by \$291,167.59. The additional municipal taxes levied on this property will be approximately \$181,464.93.

The LEED Grant Application meets the criteria of the LEED Grant Program and helps to achieve Council direction of increasing the non-residential assessment base. Furthermore, the LEED Grant will help ensure the company and the building remains viable over the long-term by helping reduce ongoing operations and maintenance costs.

## **ALTERNATIVES FOR CONSIDERATION**

Not Applicable.

## **ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

### **Economic Prosperity and Growth**

*Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.*

### **Clean and Green**

*Hamilton is environmentally sustainable with a healthy balance of natural and urban spaces.*

### **Built Environment and Infrastructure**

*Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.*

## **APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” to Report PED17122 – Location Map

BM/dt