



## TOWN OF MINTO

**DATE:** March 8, 2018

**REPORT TO:** Mayor & Council

**FROM:** Belinda Wick-Graham, Business & Economic Manager

**SUBJECT:** Sale Price of Municipal Industrial Land

### STRATEGIC PLAN:

- 4.3 Ensure there is sufficient serviced/serviceable land for a variety of uses in Minto's three urban areas, and maintain a supply of municipally owned serviced industrial land for sale to business in accordance with Town policies.

### BACKGROUND:

Minto has two industrial parks, one in Harriston and one in Palmerston. Between 2005 - 2007 the Town of Minto worked with Colliers International to market the municipally owned land. In October 2005 the Council of the Town of Minto passed a resolution approving the cost of municipally owned industrial property as follows:

0-3 acres \$45,000/acre

3-7 acres \$40,000/acre

7+ acres \$35,000/acre

In February 2007, the Town of Minto discontinued the relationship with Colliers and lowered land prices to \$15,000/acre in an effort to be more competitive with neighbouring municipalities. In addition to the cost of the land most purchasers in Palmerston had to import fill at their own cost to bring their site to grade. All of the purchasers paid full development charges in order to build on the property.

A lot of development has occurred in the Industrial Parks over the last few years and both are running out of serviced land. Current tenants in the Industrial Parks include:

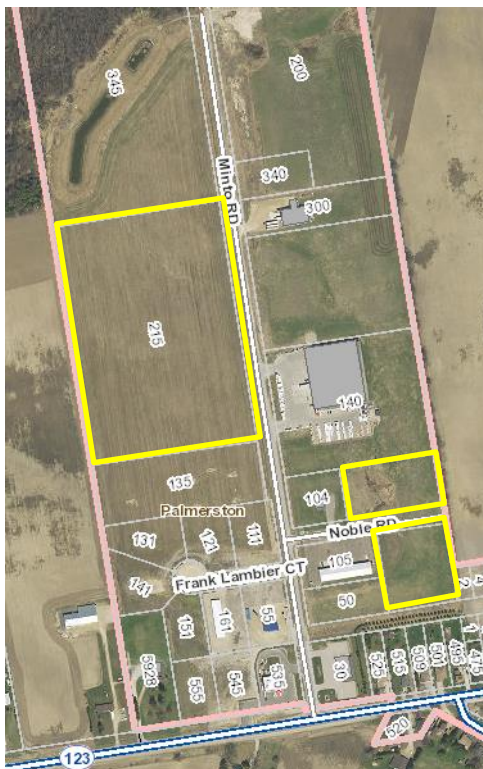
Palmerston Industrial Park	Harriston Industrial Park
Tim Hortons	Farm Fresh Poultry
Esso/Pizza Pizza	Phoenix Broadcasting
Grant's Service Centre	Countryside Concrete
Minto Storage	NR Stor
Alfred DeVries (pending construction)	Westario
Felix & Bernice Weber (Holloway Automotive Supply, Ag. Business & Crop Inc. & Dave Scholten Flooring)	Nielman Construction
Jim Horrigan (reclaim solutions)	Midwest Express Car Wash
Felix Weber & Bernice Weber	Heritage Builders
Tucker Industries	
Tri Coat Wood Finishing	
MSW Plastics	
Inland Insulation	
Shrimp Canada (pending construction)	
Krosinski Enterprises (pending construction)	

The Harriston Industrial Park currently has one 2.3 acre parcel of serviced industrial land available and this parcel has a first right of refusal on it.



In 2017, we completed a Municipal Class Environmental Assessment on the future expansion of the Harriston Industrial Park. The cost to service Phase 1 (11 acres) is estimated at \$625,000 or \$56,818/acre

The Palmerston Industrial Park has a 14.2 acre serviced parcel remaining that is currently in the Certified Sites Program (215 Minto Road) and pending budget approval approximately 3.5 – 4 acres will be serviced on Noble Road at a cost of \$300,000 in 2018.



Triton Engineering has also begun work on designing a sewer lift station to service the back lots in the Palmerston Industrial Park and any future expansions. Construction of the sewer lift station is projected for 2019/20.

**COMMENTS:**

With the current supply of serviced industrial lots running low and the need to service additional lots it is necessary to increase our sale price per acre to assist in covering the associated costs of servicing more lots.

An email was sent out to surrounding municipalities in late January requesting information related to municipally serviced industrial land. A comparison chart noting serviced acres remaining, cost per acre, municipal and county development charges and tax rates is below:

**2018 Industrial Land Comparison**

Municipality	Serviced Acres Remaining	Price Per Acre	Municipal Development Charge	County Development Charge	Total Industrial Occupied Tax Rate
Minto	20	\$15,000	\$2.45/sq.ft.	\$1.40/sq.ft.	0.04321205
Wellington North	12	\$15,000	\$2.62/sq.ft.	\$1.40/sq.ft.	0.04144671
Mapleton	0 (at capacity)	\$40,000 (under review)	\$3.87/sq.ft.	\$1.40/sq.ft.	0.04053640
Centre Wellington	4.5	\$72,500	\$7.38/sq.ft.	\$1.40/sq.ft.	0.02403820
Hanover	12	\$45,000 (increasing to \$65,000)	\$0	\$0	0.03573558
Southgate	25	\$35,000 (decreased when fill required)	\$6.20/sqft.	\$0	0.03400692
Brockton	55	\$27,500 - \$38,500	\$0	\$0	0.03399384
Huron <u>Kinloss</u>	30 (serviced Spring 2018)	Not available	\$0	\$0	0.03095580
North Perth	0 (45 acres in process)	\$42,000	\$0.40/sqft.	\$0	0.03465026

***Hypothetical***

Purchasing 2 acres for a 10,000 sq. ft. Industrial Building. Tax Assessment of \$300,000

Municipality	Land and Development Charges	Taxes (2017)
Brockton	\$55,000	\$10,198.15
Minto	\$68,500	\$12,963
Wellington North	\$70,200	\$12,434.01
North Perth	\$88,000 may also be increasing	\$10,395.08
Hanover	\$90,000 increasing to \$130,000	\$10,720.67
Southgate	\$132,000	\$10,202.78
Mapleton	\$132,700 under review	\$12,160.92
Centre Wellington	\$232,800 under review	\$7,211.46

In reviewing this information it was noted that the average price per acre is \$36,500. In looking at a hypothetical situation which includes development charges, the average price for a two acre parcel with a 10,000 sq. ft. building would be \$108,650. Removing Minto development charges from the scenario the cost per acre would be \$35,075.

Comparators in Grey, Bruce and Perth Counties do not have County Development Charges and some don't even have municipal development charges. When setting the Town of Minto price per acre this is a consideration.

Several municipalities are also running low on serviced municipal land or are at a servicing capacity; therefore many are reviewing their price per acre. Municipalities south of us are able to command a much higher price per acre due to the proximity to the 401 while others north of us tend to charge less because of their distance from the 401.

**FINANCIAL CONSIDERATIONS:**

The cost to service 11 acres in the Harriston Industrial Park is estimated to be \$625,000 or \$56,818 per acre.

Servicing of Noble Road in the Palmerston Industrial Park is expected to be \$300,000 to service 3.5-4 acres or \$75,000 - \$80,000/acre.

There average price to service these 15 acres would be \$61,666/acre.

Previous servicing costs were approximately \$43,000/acre and we were selling at \$15,000/acre. Subsidizing costs by approximately \$28,000/acre in an effort to be competitive and spur on development, which has been successful.

If the price per acre was increased to \$35,000/acre we would be subsidizing the lots by approximately \$26,666/acre. This would allow us to keep up with the rising costs of servicing and decrease the subsidy slightly while still remaining competitive.

**RECOMMENDATION:**

That the Council of the Town of Minto accepts the March 8, 2018 Sale Price of Municipal Industrial Land report from the Business & Economic Manager and approves the sale price of municipally serviced industrial land at \$35,000/acre.

Belinda Wick-Graham, Business & Economic Manager