



STAFF REPORT

REPORT OF THE MANAGER OF ECONOMIC DEVELOPMENT FOR THE CONSIDERATION OF COUNCIL

OBJECTIVE

To provide Council with information pertaining to development of shovel ready commercial/industrial land

RECOMMENDATION

THAT the report of the Manager of Economic Development dated April 22, 2021 be received
AND THAT Council support phase 1 applications to both FEDNOR and NOHFC for the fox drive servicing project at an estimated total project cost of \$800,000 ;
AND THAT direction be given to staff to undertake installation of the fox drive servicing project to be financed by the City in accordance with the 2021 capital budget after successful notification of phase 1 funding submissions ;
AND THAT staff be directed to complete an RFP for consulting services for a site development plan for future industrial park at the Elliot Lake Airport to be funded by the Investment Readiness project in the 2021 capital budget

Respectfully Submitted

Ashten Vlahovich
Manager of Economic Development

Approved by

Daniel Gagnon
Chief Administrative Officer

BACKGROUND

At the previous meeting of EDC discussion was had regarding the development of industrial/commercial serviced land for future development. Specifically discussion around two locations being Fox Drive and the Elliot Lake Airport.

Staff have been working to service the lower portion of Fox Drive for a number of years, however to be eligible for both provincial and federal funding it requires an anchor tenant.

All industrial park funding has this requirement and the cost for development can be so high that funding should be sought for either development.

During the EDC meeting staff explained how focusing on one area is important and noted that determining a priority area for investment would be crucial to success. Members of EDC preferred to focus on both areas and staff has put together the following information to help explain further why a priority area is preferred due to limitations in resources.

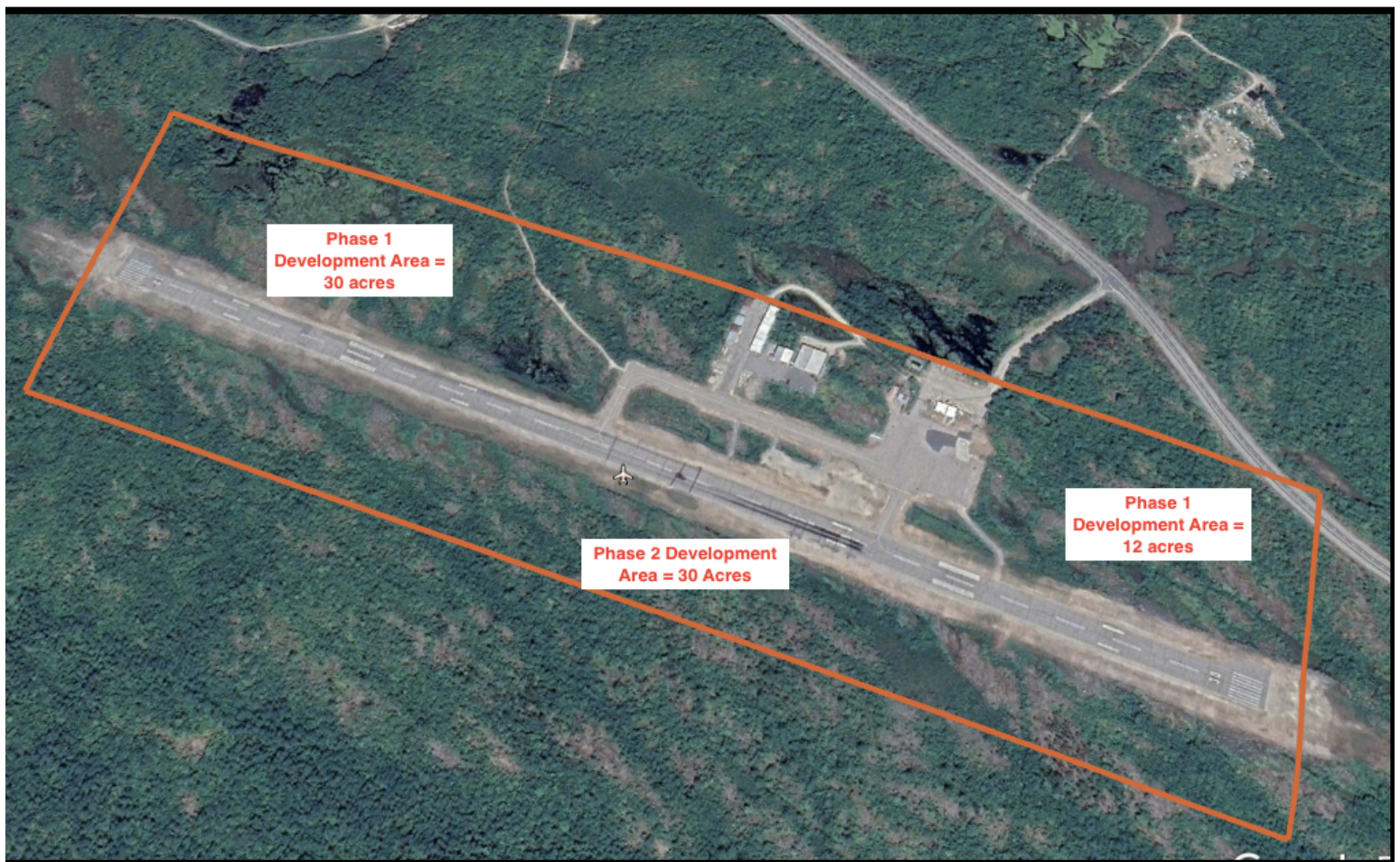
ANALYSIS

Fox Drive:

- Located in water/waste water service area
- Existing underground infrastructure including water/waste water mains and sewer as well as laterals for each property and lift station chamber
- Access to main hydro on site
- Estimated cost to complete servicing over \$700,000 in 2019 (expected to increase as all materials/development costs have since covid)
- Infrastructure required to service lots:
 - Lift station pumps
 - Control Panel for lift station and pad
 - Back up generator for lift station
 - Hydro substation and transformer to service all levels of hydro with 3 phase required for lift station and most commercial/industrial operations, and pad for substation
 - Underground cabling to lots for hydro service
 - Engineering
- Will provide up to 9 fully serviced lots
- Potential for up to 90% funding if stacked with NOHFC and FedNor – but must have anchor tenant to be eligible



- Potential Hydro options are connecting at main line at Fox Drive (6.5 KM straight) or maybe Nordic Town Site (2.5 KM straight)
- Would require substation similar to Fox Drive to provide tiered power options and step downs for potential tenants (\$500k)
- Requires site preparation for shovel ready land including clear cutting, grubbing, leveling land, potential blasting, finishing grades
- Survey and engineering costs for prepare lot plan
- Potential for up to 90% funding if stacked with NOHFC and FedNor – but must have anchor tenant to be eligible
- Potential revenue could then be estimated at \$25,000/acre for serviced/cleared land
- Phase 1 estimate of potential acreage on developed side of runway = 42 acres estimating \$1.05M in land sale revenue if all sold.
- Phase 2 estimate of potential acreage on other side of runway = 30 acres estimating another \$750,000
- Total cost to Municipality is “guestimated” upwards of \$5M
- Potential to cost municipality after land sales over \$3M
- Funding maximum of up to \$1M resulting in \$4M cost municipality, less land sale of \$1.8M could still result in large cost to City at \$2.2M



FINANCIAL IMPACT

<u>Fox Drive Servicing Cost Estimates</u>	
Cost Category	Cost Estimate
Lift Station (including installation of pumps, controls and back up power)	\$171,000
Hydro	\$500,000
Engineering	\$65,000
Contingency (10%)	\$64,500
Total	\$800,500

<u>Land Sale Revenue Estimate</u>	
Lots	Total Price per Lot (based on 25k/acre)
- 0.44 acres	\$11,000
Part 3 - 0.69 acres	\$17,250
Part 4 - 0.57 acres	\$14,250
Part 5 - 0.47 acres	\$11,750
Part 6 - 0.47 acres	\$11,750
Part 7 - 0.62 acres	\$15,500
Part 10 - 0.82 cares	\$20,500
Part 11 - 3.6 acres	\$90,000



Part 12 - 0.47 acres	\$11,750
Total Land Sale Revenue	\$203,750

Potential Funding	
NOHFC 45%	\$360,225
FedNor 45%	\$360,225
Total Potential Funding	\$720,450

Summary of Cost to City for Fox Drive	
Total Cost of Project	\$800,500
Total Potential Funding	\$720,450
Total Potential Land Sale Revenue	\$203,750

Total Cost City After Sales w/o Funding	\$596,750
Total Cost to City After Sales w/ Funding	\$123,700

LINKS TO STRATEGIC PLAN

Implementation of fox drive servicing and exploring feasibility of airport industrial park projects aligns with multiple areas of the Strategic Plan being;

- Capitalize on opportunities for growth



- Establish investment readiness tools

SUMMARY

Due to large capital requirements pending for the City like a recreational hub, an arts hub, potential investment in spine road, and continued investment in existing infrastructure there are limited resources and funding will be required to make the projects feasible. The funding available would have to focus on one area as we would not be able to have two files open, and they would be competing for the anchor tenant for eligibility. These are both large projects to be managed and limited staff resources as well.

Although staff agrees there is potential at the Elliot Lake Airport for future industrial park development, and benefits to supporting the sustainability of the airport, it is recommended that focus continue on Fox Drive, and that servicing take place at the estimated costs, with the intent to offset with funding. This will allow staff to actively market the area as serviced land and try to obtain the anchor tenant. With limited land availability, and high interest, Fox Drive should be finalized to be able to capitalize on opportunities.

While staff is recommending focus be on Fox Drive for installation of services, it is important to explore true cost estimates for future land development at the airport to determine the viability of this project. Therefore it is also recommended that staff seek out potential consultant/engineering firm to develop potential lot plan and cost estimates for an Airport Industrial Park.

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