

Employment Land Implementation Strategy

Presented To:	Finance and Administration Committee
Meeting Date:	September 19, 2023
Type:	Managers' Reports
Prepared by:	Melissa Riou Planning Services
Recommended by:	General Manager of Growth and Infrastructure

Report Summary

This report provides a recommendation regarding the undertaking to identify infrastructure improvements including a proposed implementation schedule.

Resolution

THAT the City of Greater Sudbury direct staff to proceed with undertaking detailed design and preparing business cases for the identified infrastructure upgrades for consideration at future budgets in accordance with the schedule for Option 3: Provide Required Infrastructure to Multiple Industrial Areas as outlined in the report entitled "Employment Land Strategy Implementation", from the General Manager of Growth and Infrastructure, presented at the Finance & Administration Committee meeting on September 19, 2023.

AND THAT the City of Greater Sudbury directs staff to prepare a business case for the LaSalle/Elisabella Strategic Employment Area infrastructure upgrades as part of the 2024-2025 Budget.

AND THAT the City of Greater Sudbury directs staff to include the infrastructure upgrades for the Fielding Road, Lasalle/Elisabella, Maley Drive and Valley East Strategic Employment Areas in the ongoing Development Charges Background Study for Council's consideration in 2024.

Relationship to the Strategic Plan, Health Impact Assessment and Community Energy & Emissions Plan (CEEP)

The Employment Land Strategy Implementation aligns with Councils' Strategic Priorities. Two of the pillars of the 2019-2027 City of Greater Sudbury Strategic Plan are "Business Attraction, Development and Retention" and "Economic Capacity and Investment Readiness". Specifically, goals 2.2.C "create plans that leverage the full capacity of the Greater Sudbury and Northern Ontario Mining Cluster to support further integration and expansion", and 4.2.D "ensuring that municipal capital project priorities appropriately consider economic impacts and the potential for private development" are applicable. Priority 1.4 Reinforce Infrastructure for New Development, specifically directs completion of a strategy as follows: B. "Ensure the City has an adequate supply of serviced employment land and incentive framework in place to stimulate investment, development and job creation." The main goals of the Employment Land Strategy directly align with the above priorities.

The recommendation to service employment land within the existing designated land supply is consistent with the CEEP goal of achieving energy efficiency and emissions reductions by creating compact, complete communities.

Financial Implications

There are no financial implications associated with this report at this time. Should Council approve the resolution, staff will bring individual business cases for the identified infrastructure improvements to future budgets in accordance with the implementation schedule in the report, beginning with the Lasalle/Elisabella Strategic Employment Area as part of the 2024-2025 Budget process. Staff will also include the identified infrastructure upgrades in the upcoming Development Charges Background Study for Council's consideration in 2024.

Background

Employment Land Strategy

The Employment Land Strategy (ELS), presented to Council on August 9, 2022, recommended that a supply of 100 net hectares/125 gross hectares of serviced industrial land be made available to provide site selection alternatives and ensure any large-scale, land-extensive uses can be accommodated in Greater Sudbury. The ELS identified eight strategic employment areas, each with varying levels of servicing (Fielding Road, Valley East Industrial Park, Maley East, LaSalle /Elisabella, Coniston, Caesar Road, National Street and Kingsway). The ELS further identified several actions that could be taken to ensure Greater Sudbury is investment ready and able to support and attract industrial, commercial and institutional development and job growth over the next 25 years. The future actions included servicing the identified strategic employment areas, developing financial incentives to attract industrial development and land use policy changes to encourage employment growth.

Council approved the ELS and directed staff to develop an implementation strategy for the required infrastructure upgrades, create an Employment Land Community Improvement Plan (CIP) and implement the land use policy recommendations identified in the Strategy. Council also directed staff to develop a business case for undertaking detailed design of the identified infrastructure upgrades which was approved as part of the 2023 Budget. The Employment Land CIP was approved by Council in June of this year and staff continue to work on the land use policy recommendations.

Population, Household and Employment Projections to 2051

In July the City's updated Population, Household and Employment Projections to 2051 were presented to Finance and Administration Committee. The report concluded that CGS has experienced higher growth than was projected in the last forecast and will grow more over the next 30 years than the last 20 years, with between 11,400 to 18,000 new jobs estimated to be created. The report stated that it is imperative for CGS to plan for employment areas that are situated to maximize employment opportunities and allow new residents to work relatively close to where they live. Nearly 40% of the projected new jobs will be in designated employment areas, which include the eight strategic employment areas identified in the Employment Land Strategy.

The employment growth forecast in the projections reinforces the findings of the ELS that the City needs to ensure that there is a sufficient supply of serviced industrial land to accommodate future employment growth both in the short and long term.

Employment Land Implementation Strategy

The purpose of the Employment Land Implementation Strategy (ELIS) was to further analyze and provide options for servicing the strategic employment areas identified in the Employment Land Strategy. Of the eight strategic employment areas identified in the 2022 ELS, four already have the required services or are actively being developed. In the case of Coniston water service upgrades have already been undertaken to meet the needs of the existing industrial park. Servicing capacity for the remaining vacant industrially designated land will be considered as part of a larger infrastructure project. As a result, the ELIS focuses primarily on the Fielding Road, LaSalle/Elisabella, Maley Drive East and Valley East Industrial Park areas and included:

- Identifying the development potential of each industrial area including vacant lands and the expansion potential of existing developed properties. Consideration was also given to qualitative factors such as business retention and the desire of market participants to locate in a particular area;
- Indicating the status of the proposed infrastructure upgrades and the work/timeline required to make the industrial area “shovel-ready” for development, and providing the estimated timeframe to design, tender, and construct the proposed upgrades.
- Describing the complexity of the proposed infrastructure upgrades and any external factors that would impact the timeline (EA requirements, reliance on downstream improvements, W/WW Master Plan recommendations, etc.)
- Estimating the return on investment (ROI) for each project. Including the long term costs of maintaining the linear infrastructure.
- Analyzing potential funding sources for the required upgrades.

Based on the above, the ELIS provides options for the City to consider with respect to servicing the strategic employment areas, including do nothing, provide required infrastructure to one industrial area and provide required infrastructure to multiple industrial areas. For the service multiple areas option, the ELIS provides a suggested timeline to design, budget and construct the required upgrades over a ten-year period based on the above analysis.

ELIS KEY FINDINGS

The above analysis of the strategic employment areas and the required servicing upgrades yielded several key findings, including:

- Intensification on existing industrial sites will continue to be an element of growth in the City's industrial market.
- The provision of new or upgraded infrastructure is needed in many locations for building expansions or ancillary structures to be added at established industrial operations.
- Providing a suitable land supply across a range of locations is critical from a site selection and economic development standpoint.
- The amount of vacant industrial land and redevelopment/expansion potential varies widely among the strategic areas. Areas like Fielding Road have less vacant land for future development but rank high in terms of existing industrial development and locational desirability. Maley Drive East has a significant amount of vacant land for future development but little existing development. The Lasalle/Elisabella area has both an existing critical mass of industrial development as well as a large amount of vacant land for future growth.
- The total area available in all the strategic employment areas combined exceeds the ELS recommendation of providing for a supply of 100 net hectares of serviced industrial land through the 2046 forecast horizon.
- The Return on Investment (ROI) for undertaking the improvements also varies widely between the strategic employment areas, with Fielding Road being the only one with a negative return once lifecycle costs are factored in. The other three areas produce a positive ROI over the life of the asset due to increased assessment growth. It should be noted that should the City choose to undertake the infrastructure upgrades in more than one area the ROI calculations should not be added together.

- The Kingsway and National Street have the highest ROI as in the case of the Kingsway the City has already incurred the cost of servicing the area and with National Street there is currently an active subdivision development underway. No further action is required by the City in these locations at this time.
- For all sites that require infrastructure upgrades the ROI improves if eligible costs are recovered through development charges or other external funding sources.
- The total cost to service the identified strategic employment areas is currently estimated at approximately \$65M. It should be noted that this amount is based on high level estimates from strategic master plans and historical design work. Detailed design for the identified projects is currently underway and the updated costs for each project will be included in future business cases.
- From a shovel readiness standpoint there is a wide discrepancy between the strategic employment areas ranging from the Kingsway and Kelly Lake Road areas, which require no further upgrades to the Fielding Road area which does not have a completed design and is depended on out-of-scope downstream improvements being undertaken.
- The implementation schedule for all the projects is approximately 10 years, with design and construction work taking place simultaneously. For the Maley Drive East area, the project would be brought to a tender ready state with construction pending a development proposal on the site.

ANALYSIS

Based on a review of the development potential of the identified strategic employment areas, the status of the required infrastructure upgrades and the potential return on investment the ELIS identifies three options for Council's consideration.

Option 1: Do nothing. This option is not recommended as optimal as it would rely on a limited number of locations with serviced employment land, which would limit choice for prospective occupiers.

Option 2: Provide Required Infrastructure to One Industrial Area

Option 2A: Fielding Road. The area was consistently identified as highly desirable for established and prospective industrial businesses due to its proximity to active mining operations and has been active in terms of new building permit issuance. There is a relatively high capital cost of infrastructure and additional detailed design is required to bring this project to a shovel ready state.

Option 2B: LaSalle/Elisabella or Maley Drive. Both sites are in the central-east part of the City and offer the full extent of lands forecast to be required and each have a similar timeframe to shovel ready status. Both areas also produce a positive ROI for the undertaking of the upgrades. It should be noted that both areas would require the private subdivision of lands to create development lots, along with the construction of internal roads and servicing, which was not considered in the report.

Option 2C: Valley East. The site on its own would not provide sufficient supply of vacant industrial land. It would provide another site selection alternative and has a positive ROI.

Option 3: Provide Required Infrastructure to Multiple Industrial Areas. This option greatly enhances site selection options for prospective businesses (more sites to choose from, broader range of site sizes, varied zoning, etc.) at an increased expense to the municipality. Serving all the identified areas would also create more serviced land than is estimated to be required over study horizon, however, it would ensure that these lands are ready for industrial development for the long term (beyond 30 years). Having shovel-ready lands in a variety of locations has the benefit of increasing the number of property owners that may be involved in the land development market which would improve affordability. The infrastructure improvements do not need to occur all at once; they can be phased to enhance the supply of shovel-ready lands over time.

A potential design, budgeting, and construction schedule for the completion of the required infrastructure improvements for Fielding Road, LaSalle/Elisabella, Maley Drive and Valley East Strategic Employment Areas is attached as Appendix A.

FUNDING SOURCES

The ELIS undertook a ROI analysis for the various infrastructure improvements and found that, individually, they produced a positive return over the life of the asset through increased assessment growth if they were funded through the levy, except for Fielding Road. It should be noted that the amount of serviced land required to support growth to 2046 doesn't change, as a result the positive ROIs from each individual project cannot be added together. The return on investment for all the projects improves if costs are recovered through external funding sources such as grants, development charges or area specific charges and/or front ending agreements.

The City is currently in the process of updating its Development Charges Background Study as the current Development Charges By-law is set to expire in June of 2024. It is recommended that the identified infrastructure improvements be included in the background study that is currently underway. This will enable to Council to consider Development Charges as a potential external funding source for these growth-related infrastructure upgrades in 2024 as part of the Development Charge review process.

Council can also identify and consider external funding sources for each of the projects on a case-by-case basis through the budget process.

ORDER OF IMPLEMENTATION

Should Options two or three be considered, the "shovel ready" status of the projects should be taken into consideration to meet the City's projected employment growth in a timely manner. The design for the Lasalle/Elisabella area is more advanced than the other projects as a significant amount of design work was completed several years ago when Council was considering undertaking the improvements. The project did not advance at that time, however the design can be updated to current standards and brought to a shovel ready status quicker than some of the other areas where design has not taken place. This combined with the fact that the Lasalle/Elisabella area contains both existing industrial developments that could expand with upgraded services and vacant lands for new development make it the preferred candidate to advance first in an implementation strategy.

CONCLUSION AND NEXT STEPS

Based on the analysis provided in the ELIS and the employment growth projected over the next 30 years and beyond, it is recommended that infrastructure be provided to multiple areas as described in Option 3.

In terms of timing, the proposed schedule attached in Appendix A outlines a ten-year implementation schedule that would see design, budgeting and construction of the improvements take place simultaneously, with each project being subject to Council approval through a future budget process. In accordance with rationale in the report and the implementation schedule proposed, it is recommended that a business case for the Lasalle/Elisabella Strategic Employment Area infrastructure upgrades be included for consideration as part of the 2024-2025 Budget.

With respect to funding, the ROI analysis determined that on an individual basis there was a positive return through increased assessment growth for the projects except Fielding Road. For all, projects the ROI improves with the introduction of external funding sources. As a result, it is recommended that the identified infrastructure improvements be included in the ongoing development charges background study at this time for Council's consideration in 2024.

Resources Cited

1. Employment Land Strategy, presented to Finance and Administration Committee, August 9, 2022, <https://pub-greatersudbury.escribemeetings.com/Meeting.aspx?Id=1973f3de-f637-4061-8aee-d7b84fc92be9&Agenda=Agenda&lang=English&Item=21&Tab=attachments>
2. Employment Land CIP, presented to Planning Committee, June 26, 2023, <https://pub-greatersudbury.escribemeetings.com/Meeting.aspx?Id=7f22cee5-2f05-4b4b-a865-9a2b3fd903a1&Agenda=Agenda&lang=English&Item=27&Tab=attachments>

3. Employment Land Strategy – Over To You website: <https://overtoyou.greatersudbury.ca/els>
4. Population, Household and Employment Projections, presented to Finance and Administration Committee, July 10, 2023 <https://pub-greatersudbury.escribemeetings.com/Meeting.aspx?id=1783ca04-403c-4309-9bb5-2a3ad87e1ce1&Agenda=Agenda&lang=English&Item=26&Tab=attachments>
5. Lasalle/Elisabella Industrial Land Project, presented to Council, May 29, 2012 <https://pub-greatersudbury.escribemeetings.com/FileStream.ashx?DocumentId=20810>