

	<b>Planning &amp; Design</b>  <b>POLICIES</b>	<b>Policy Number</b>  2018-12
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## INDUSTRIAL LAND POLICY

### Summary

Title of Document:	Industrial Land Policy
Title of Designated Responsible Manager:	General Manager, Planning & Design
Original Date Approved:	May 7, 1984
Approved By:	City Council
Last Revision:	N/A
Next Review Date:	Not Defined

### Purpose

The purpose of this policy is to increase the amount of industrial development in order to continue to provide a strong economic base for the City; while also introducing land-use designs that will improve cost savings for the City when developing industrial land.

### Background

Industrial development in the City was very strong in the 1970's and development of industrial areas were promoted in order to support a healthy economic base. This rapid expansion in industrial area discouraged future demand for any significant industrial subdivision in the early 1980's, especially when the economy began to slow. As a result industrial development in the early 1980's slowed significantly. This caused a great need to review the cost-effectiveness of existing industrial land development practices. Upon this review it was identified that industrial lands could be developed in a manner that would save both the City and developers money, thus encouraging greater industrial development and saving the City money as well. The existing standards of development required industrial lands to be developed with large boulevards and stringent landscape requirements (which were large investments for the developer) was identified for revision. The recommendation from the City Manager to Council on May 7 1984 was to remove these cost-prohibitive requirements in order to save both the City and private developer's money. Another cost-prohibitive practice identified at the time was that of charging 10% (land or cash) for municipal reserve. The existing 10% requirement was instituted by MPC and was based on the residential reserve requirements because MPC had not been given direction otherwise from council specifically regarding industrial lands. City staff determined that if land is required, and open space possible in industrial areas that 10% would be taken from the developer. However if land is not required, staff concluded that the existing practice of requiring cash to subsidize open space & recreation in residential area (as had been practiced) be discontinued as it is neither appropriate or cost-effective for encouraging industrial development. The recommendation from staff was to advise MPC that the cash-in-lieu requirement for municipal reserves be reduced to 5% for industrial lands (different from the 10% for residential requirements). The recommendations were submitted to Council on May 7, 1984 and Council adopted them.

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### Supporting Research and Analysis

Research into the creation of this Policy identified the following:

- Relevant government policy and legislation:
  - City Manager submission letter to May 7, 1984 City Council Meeting
  - May 7, 1984 City Council Minutes
  - General Municipal Plan (1980)
  - Municipal Government Act Sections 666 & 667
- The policy aligns with the goals of industrial expansion in the 1980 General Municipal Plan. Additionally the Policy also aligns with the current MGA section 666 & 667 which outline municipal reserves and money in place of them and states that the maximum amount of money cannot exceed 10% of market value. This Policy is 5%- half of the max specified in the MGA.
- The Policy aligns with the City's strategic direction of encouraging industrial growth & diversification outlined in the current ICSP/MDP.
- The Policy provides stakeholders financial relief, and thus provides firms greater project feasibility to potential industrial businesses.

### Supporting Information (attached)

- **Industrial Land Policies recommendation letter for submission** to May 7 1984 City Council Meeting

### Policy Statement

The Policy is aimed at encouraging greater industrial development in a more cost-effective manner by:

1. **Requiring all future industrial areas to eliminate the word 'Park' from the name**
2. **Discontinue the subsidization of boulevard development in industrial areas**
3. **Municipal reserve requirement or cash-in-lieu set at 5%**
4. **Continue an aggressive promotional campaign to attract international & national firms and the expansion of existing local firms**

**\*The Policy removes the word 'park' from any future industrial areas in order to avoid precedent for green spaces and large boulevards, helping reduce costs for the city & developers. Furthermore the reduction in cash-in-lieu to 5% ensures greater cost savings for industrial firms and encourages industrial development and diversification.**

### Responsibility for Policy Implementation

- Planning Manager, Planning & Design

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### Key Functional Stakeholders

- Internal Stakeholders:
  - Planning & Design
  - Financial Department
  - Parks & Recreation
- External stakeholders
  - Industrial business developers
  - Adjacent land owners

### Key Stakeholders for Policy Development

- Planning & Design Department

### Related Policies

- Reserve Land: Commercial and Industrial Subdivisions Policy

### Definitions

#### **Municipal Reserve** (defined in 'MGA Review Discussion Paper')

- “These types of reserves can be used for a public park, recreation area, school board purposes, or to separate lands that are used for different purposes (e.g., as a buffer). At the time of subdivision, a total of 10 per cent of the original parcel (less the amount taken for environmental reserve) can be taken as these types of reserves. In specific circumstances, an additional five per cent may be requested. Rather than asking for land, a municipality may require money in place of reserve land or choose to defer receiving the reserve land until a future subdivision occurs on the land. Calculation of money in place of reserve land is based upon either market value appraisal of the land or a value that is agreed upon between the developer and the subdivision authority”

### Policy Status

#### Current Status

In effect

#### Date Effective

May 7, 1984

#### Approval Details

City Council

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Endorsement Details

City Council

Next Review Date

Not Defined

Policy Author

Planning Assistant

Authored date

June 18, 2018

Contacts

Planning Manager, Planning & Design

**Policy Location**

- File Path:
  - I:\BU\830\DEPARTMENT AREAS\DEVELOPMENT\2. POLICIES & PROCEDURES\b. Approved and formatted PPP's\Pla\_Industrial Land Policy\Policy
- Website page

# Appendix 'A'

OFFICE OF:  
CITY MANAGER

May 2nd, 1984

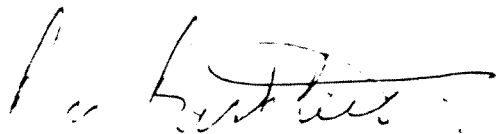
For submission to  
May 7th, 1984  
City Council Meeting

His Worship the Mayor  
and Members of City Council

## INDUSTRIAL LAND POLICIES

The above matter has been under discussion by the Administration and various ad hoc Committees for some time. As a result of this Study and a review of the Inducon Consultant's study, the Board of Managers submits the following policy recommendations for City Council's review.

A policy position on industrial land, when adopted, would require further Administrative review to establish an implementation format and schedule.



R. M. Bartlett  
City Manager

RMB/vr  
Attachment

INDUSTRIAL LAND POLICIES  
SUMMARY OF RECOMMENDATIONS

CITY INVOLVEMENT IN INDUSTRIAL LAND

1. The City continue to service and maintain an adequate supply of industrial land to accommodate industrial growth.
2. The City Council maintain its policy to encourage the development of private industrial areas.

MANAGEMENT OF INDUSTRIAL DEVELOPMENT

1. The responsibility for the entire industrial land programme including long-range planning, site criteria, development and marketing process should be consolidated in one department.
2. The City should continue to develop and enhance a positive climate that will stimulate development by local, national and international business as well as encourage continuous feedback and dialogue with local builders, developers and consultants.

STANDARD OF DEVELOPMENT

1. All future industrial areas eliminate the word "Park" from the name.
2. The City discontinue the subsidization of boulevard development.
3. The Council advise the Municipal Planning Commission that Municipal reserve requirement or cash in lieu be reduced to 5%.

LAND PRICING AND MARKETING

Introduction

The mandate of the Economic Development Department as established by Council Policy is to provide jobs for the Citizens of Lethbridge and to broaden the tax base of the City of Lethbridge.

The mandate of the Land Department is to recover maximum revenues from industrial land sales in order to meet the maximum recovery of costs from industrial land sales. Such real costs to the City of Lethbridge include:

- 1.1 Land at book value
- 1.2 Actual cost of servicing
- 1.3 Actual interest costs
- 1.4 Overheads including a portion of Departmental Operating costs.

Introduction (Continued)

With the City of Lethbridge in severe competition with other cities, particularly in a time of economic downturn, the above mandates often place the City of Lethbridge in a difficult "Management" position. With this in mind, attracting and maintaining industry on the one hand and keeping our land accounts balanced on the other, the following recommendations are recommended.

1. Any land agreement to sell below cost as established above should include a City Council Resolution authorizing such sale and establishing the source of funding, for the difference between the cost price and the actual sale price.
2. All industrial sales be negotiated and further all licensed realtors be authorized to submit an offer on any City industrial land without a formal listing agreement.
3. The City continue an aggressive promotional campaign to attract international and national firms to locate here, and continue its aggressive campaign to encourage local firms to expand in order to create job opportunities and broaden the City tax base.

# INDUSTRIAL LAND POLICIES

## INTRODUCTION

The need to review existing industrial land policies and practices, and establish sound industrial policies have been recognized by both City Council and Administration and given high priority by several ad hoc Committees. The matter was also the subject of a study by Inducon Consultants of Canada Limited which is available in the City Clerk's office as background information.

The selling price and the availability of various size parcels appear to be the major problems most commonly identified by various individuals or groups. The two items cannot however be addressed in isolation and therefore this report will attempt to review present policy or practices followed by comments and recommended changes.

## HISTORICAL DATA

The industrial growth during the 1970's may have created unrealistic expectations for continued rapid expansion of our industrial base. The following summary of City sales data over the past 31 years may assist in rationalizing our continued involvement in industrial land development.

### SALES DATA OF INDUSTRIAL LAND IN NORTH-EAST LETHBRIDGE (A.C. ANDERSON, A.W. SHACKLEFORD AND CHURCHILL INDUSTRIAL PARKS)

Year	Major Land Sales	Total Acreage	Average within Decade	Average Excluding Major Sales
1952	-	3	-	-
1953	-	-	-	-
1954	37 acres Horton Steel	38.47	-	-
1955	-	4.87	-	-
1956	-	12.28	-	-
1957	-	-	-	-
1958	-	18.4	-	-
1959	-	1.68	-	-
<b>Sub Total</b>		<b>78.70</b>	<b>9.48</b>	<b>5.21</b>
1960	-	4.77	-	-
1961	-	6.24	-	-
1962	-	6.75	-	-
1963	-	2.93	-	-
1964	-	6.91	-	-
1965	-	3.24	-	-
1966	-	3.00	-	-
1967	-	6.00	-	-
1968	-	14.15	-	-
1969	-	18.35	-	-
<b>Sub Total</b>		<b>70.34</b>	<b>7.03</b>	<b>7.03</b>



Year	Major Land Sales	Total Acreage	Average within Decade	Average Excluding Major Sales
1970	30.25 Swifts	55.73	-	-
1971	-	29.22	-	-
1972	-	17.26	-	-
1973	26.65 Palliser	55.849	-	-
1974	-	55.084	-	-
1975	22.67 Palliser	50.204	-	-
1976	32.28 General Foods	43.024	-	-
1977	-	38.37	-	-
1978	-	36.09	-	-
1979	-	33.46	-	-
Sub Total		414.27	41.43	30.14
1980	-	35.02	-	-
1981	-	11.29	-	-
1982	17.31 Kawneer	32.3	-	-
1983	-	3.71	-	-
Sub Total		82.32	20.58	16.25

The above figures show that the escalation in industrial development in Lethbridge roughly corresponded with the upturn in the Alberta economy. During this period significant industrial diversification from our traditional agricultural base was also experienced.

The sales statistics show that the average annual sale over the past 31 years was 20.83 acres, which will likely discourage any significant private industrial subdivision in the near future. The City of Lethbridge should therefore continue to be the major supplier of serviced industrial land. However, the present City policy encouraging private industrial parks should be retained and if properties such as Park Hill (W. T. Hill property) is developed, then City involvement may be appropriately modified.

**RECOMMENDATION**

1. The City continue to service and maintain an adequate supply of industrial land to accommodate industrial growth.
2. The City Council maintain its policy to encourage the development of private industrial areas.

**MANAGEMENT OF INDUSTRIAL DEVELOPMENT**

At the present time no specific policies exist which clearly establish the lines of authority among the various Departments, Committees or individuals that are involved in the process of marketing industrial land.

MANAGEMENT OF INDUSTRIAL DEVELOPMENT (CONTINUED)

The current process involves the following Directorates, Departments and Committees but lacks the Administrative control necessary to achieve any specified objective.

1. Land Department

Responsible for subdividing and servicing all industrial lands, but no control over timing, size or location.

2. Economic Development Department

Responsible to encourage, promote and facilitate economic growth in the municipality.

Negotiates the sale of land over 10 acres.

3. Planning Department

Provides planning services including Area Structure Plan and Outline Plans. Little direction given as to size of parcels or the location of future industrial areas except for general policies stated in the Municipal General Plan.

4. Engineering Department

Provides engineering services including design and field installation of utilities. No direction given as to the design criteria for the type and size of anticipated industrial projects.

5. Administrative Services

Provides general accounting and cost control services for industrial subdivisions.

6. Board of Managers

Upon submission of a recommendation from any of the above Directorates or Departments, approves Administrative action or submissions to City Council.

7. Economic Development Advisory Committee

A Council Committee which may make any recommendations directly to City Council without Administrative input.

The magnitude and profile of industrial land development appears to justify the consolidation of the entire operation into an identifiable Administrative function and increase total accountability.

All civic operating departments should provide support function for technical and advisory services, with all recommendations sourcing from one Department.

#### RECOMMENDATIONS

1. The responsibility for the entire industrial land programme including long-range planning, site criteria, development and marketing process should be consolidated into one department.
2. The City should continue to develop and enhance a positive climate that will stimulate development by local, national and international businesses as well as encourage continuous feedback and dialogue with local builders, developers and consultants.

#### STANDARD OF DEVELOPMENT

The physical standards of development have been reviewed by the Technical Subdivision Review Committee and a significant number of changes have been implemented to increase the yield in future industrial subdivisions.

A major problem has been the attempt to develop industrial areas into a "Park" like setting with boulevard development and stringent landscape requirements resulting in substantial investments by the builder and the City with insignificant results.

Another substantial cost has been the payment of cash-in-lieu of municipal reserve dedication in industrial subdivisions. This requirement has been automatically imposed by the Municipal Planning Commission since it does not have any direction from City Council regarding industrial land and therefore an identical process to residential land is being practised. It is obvious that if recreation or open space can be justified in an industrial area, land up to 10% can be taken from the developer. If on the other hand no land is required, the payment of cash to subsidize open space for recreational facilities in residential areas does not appear appropriate from a development process that is having difficulty in generating sufficient cash flow to pay debenture debt payments.

#### RECOMMENDATIONS

1. That all future industrial areas eliminate the word "Park" from the name.
2. The city discontinue the subsidization of boulevard development.
3. That City Council advise the Municipal Planning Commission that municipal reserve requirement, or cash in lieu be reduced to 5%.

## LAND PRICING AND MARKETING

The present policy requires the Land Department to establish semi-annually the market value of all industrial lots offered for sale. It further authorizes the listing of all such properties with every licensed realtor in the City. All properties exceeding 10 acres in size are subject to negotiations with the Economic Development Department and City Council.

The Policy has several problems:

1. The price of industrial land has not been adjusted since 1980 when the policy came into effect, despite the fact that the Phase I was paved under local improvement, with the City absorbing the annual payment.
2. The listing of industrial properties with the local realtors has not generated any significant sale, since all purchases have been local developers.
3. The establishment of a fixed price for 10 acres or less effectively negates the purpose of the realtor who normally negotiates a suitable price for both parties. The realtor is acting as a clerk to fill out a form and collect a 3% commission.
4. The inability to negotiate land prices with local companies has created a perceived image of opposing or not caring about locally financed development.
5. The present practice of negotiating a price for large parcels without consideration for the recovery of actual cost to create the serviced parcel will present future financial problems and continued severe criticism from the small developers.

## RECOMMENDATIONS

1. The mandate of the Economic Development Department as established by Council Policy is to provide jobs for the Citizens of Lethbridge and to broaden the tax base of the City of Lethbridge. This places the City of Lethbridge industrial land prices in severe competition with that of other communities, especially in a time of economic downturn. On the other hand it is incumbent upon the Land Department to recover the maximum revenues from industrial land sales so that there is a maximum recovery of costs from industrial land sales. These costs include:
  - 1.1 Land at book value
  - 1.2 Actual cost of servicing
  - 1.3 Actual interest costs
  - 1.4 Overheads including a portion of the Department operating costs.

RECOMMENDATIONS (CONTINUED)

2. That all industrial sales be negotiated and further all licensed realtors be authorized to submit an offer on any City industrial land without a formal listing agreement.
3. The City should continue an aggressive promotional campaign to attract international and national firms to locate here and should continue its aggressive campaign to encourage local firms to expand in order to create job opportunities and broaden the City tax base.