

GREATER SUSSEX AREA INDUSTRIAL PARKS STUDY

COMPARATIVE MATRIX

TOPIC/LOCATION	SAINT JOHN INDUSTRIAL PARKS LTD. (SJIP LTD.)	MONCTON INDUSTRIAL DEVELOPMENT (MID)	COLCHESTER COUNTY REGIONAL DEVELOPMENT AGENCY (CORDA)
Year Established	1966	1959	1992
Method Incorporated	<p>Incorporated through Municipal By-law; and Letters Patent</p> <p>Not-for-profit status; any profits are reinvested into infrastructure, land or the corporation</p>	<p>Incorporated through Act of legislature</p> <p>Not-for-profit status; any profit surplus reinvested in parks or to decrease operating grant from C of M.</p>	<p>Incorporated through Bill 232 – legislated as regional development authority responsible for industrial parks/lands and development Also responsible for regional economic development</p> <p>Not-for-profit status; donate 75% of profits back to municipalities to lower taxes; sales and leasing component excluded</p>
Current Land Holdings (total acres)	<p>1100 +/- acres</p> <p>Grandview Industrial Park built out @ 300 acres +/-, secondary market real estate only or building leases; no available land for expansion</p> <p>McAllister temporarily sold out, 300 +/- acres</p> <p>Spruce Lake 500+/- acres With approx. 2500 acres provincially owned land available: 1200+/- acres for future dev't and 1300 acres as buffered/wetland between Spruce Lake and Lorneville</p>	<p>2900 acres</p> <p>Moncton Industrial Park 600 acres</p> <p>Moncton West Industrial Park 640 acres</p> <p>Caledonia 1660 acres</p>	<p>4019 +/- acres</p> <p>Truro Industrial Park 840 acres (management & marketing)</p> <p>Debert Air Industrial Park 3000 acres (CoRDA owns 600; management & marketing)</p> <p>Agritech Park 19 acres (marketing)</p> <p>Truro Power Centre (Millbrook First Nation) 80 acres (referral & marketing)</p> <p>Stewiacke Business Park 80 acres (referral)</p> <p>Also represent private land/building owners throughout Colchester County -regional approach</p>

Main Activities	Heavy industry: services to pulp/paper, Oil refining, LNG; such as auto salvage, steel fabrication and welding	Medium Industrial: Manufacturing Processing	Medium Industrial: Manufacturing Processing
	Medium Industrial: Manufacturing, processing	Light Industrial: Warehousing, sales and service	Light Industrial: Warehousing, sales and service
	Light Industrial: Warehousing, sales and service		
Total No. Businesses	152 + 67 Grandview 40 McAllister 45 Spruce Lake	360 +	150 +
Total No. Employees	N/A	9,410 +/-	4000 +
Historical Overview	SJIPL began as agent for province, bought land for \$11/acre and sold for profit	Initially, purchased 100 acres of land for Moncton Industrial Park	Unique model, regional approach
	SJIPL given land in Grandview & McAllister from province for \$1 plus tax adjustments	Over time purchased more land; some land was expropriated by municipality	Market any property from one corner of Colchester County to another
	Tax burden was not onerous	1970's with province's help acquired 1600 acres for the Caledonia Industrial Park thru purchase & expropriation	All land/bldg. owners treated the same
	Underwriting of land occurred in Saint John, province was hands-off		Marketing and economic development key components
	SJIPL amassed \$3mil from land sales – went into savings	Land owned by Province turned land over to MID for \$1	Closing of CFB Debert allowed for major industrial park holdings between Municipality of County of Colchester and CORDA
	Money used to build infrastructure with C of SJ as partner	Tax Incremental Financing – a hybrid model for Moncton	CORDA maintains old air strip for business use
	Keeps savings around \$2.5mil to develop land and infrastructure but	Receives 2 types of grants	No tax grants or incentives as not allowed under Municipal Governance Act

careful to live within their means

Careful not to front end load parks – too much \$ in the ground can be risky

Many heavy industrial uses not in “industrial parks”

SJIPL established to oversee development and management of industrial parks with goal to counter effects of decrease in industrial activity at Port of SJ

1960 Grandview Industrial Park open; sold out by 1970; no expansion room

Today only secondary market real estate transactions occur

1974 McAllister Industrial Park opened east side, lack of good Hwy access

One Mile House interchange will make it more accessible

1975 Spruce Lake Industrial Park opened on west side, but fully operating since 1990

Receives 2 types of grants Incremental Tax Grant – C of M; is grant equivalent to development in parks over “rolling” 5 year period. Basis of 2013 grant lands MID sold from 2008 – 2012. MID receives equivalent of municipal portion of property taxes on lands sold.

Receive Zero Tax Grant from C of M and Province. MID pays taxes on land, and get equivalent grant from each entity. Province did not want to create “tax free” status.

1993-2005 focused on developing Caledonia

Secured loan from Bank of NS - \$15mil/ & \$3 mil from Fed/Prov agreements

Secured provincial loan guarantee at 50%

All incremental tax created from Caledonia given to MID by province

MID built interchange on TCH to Caledonia & infrastructure for Caledonia phase 1

Sold land; 2 major projects built in 1995 in Caledonia: Shoppers Drug Mart Distribution Centre and Atlantic Wholesalers Distribution Centre

1997 – got okay from province to spend remaining \$\$ from \$15mil pool plus extension of 2 year incremental tax grant

MID built Harrisville Blvd: this allowed 2004 expansion in Caledonia with tax grant \$

2005 – 2008: explored land options for new industrial growth adjacent to Moncton Industrial Park; negotiations with land owners broke down; land was expropriated

Bought land and built Phase 1 Moncton Industrial Park West with tax grant \$

2007: new \$15 mil loan – built more infrastructure in Caledonia

MID built all infrastructure for industrial parks

Later changes negotiated: Land not tax free, got 0 tax grant

2006 Provincial Incremental Tax Grant ended

5 year rolling period, 1 year rolls into next year and one year drops off: eg: 2009 – 2013

		<p>20 year, 0 tax grant – this is last year - the 0 tax grant has been very important</p> <p>Once land was improved, assessed value went up due to infrastructure, but no revenue generated yet</p> <p>Loss of 0 tax grant – penalizes MID for improving land and trying to do business</p> <p>Net land sale revenue and incremental tax grant are used to pay off debt with Bank of NS</p> <p>MID didn't factor in full build out – should have used 12 year build out projection, first 2 years had no revenue</p> <p>MID has spent \$45mil – current debt is \$6mil/ model was projected on 10% interest rate, MID averaged 8% interest rate</p>	
Governance Model	Board of Directors	Board of Directors	Board of Directors
Board Composition	<p><u>Executive</u> President V.P. Treasurer Secretary</p> <p><u>Members</u> 1 – City of SJ (Council) 3 – at large (stakeholders) Recruit members with specific skills: real estate, law, accounting, marketing</p>	<p><u>Executive</u> Mayor City of Moncton President <u>Secretary /Treasurer</u></p> <p><u>Members</u> 2 – C of M Councillors 1 – City of Moncton rep 5 – outside directors 3 - Chamber of Commerce appointees 1 – provincial appointee</p>	<p><u>Executive</u> Chair Past Chair Vice Chair Secretary/Treasurer</p> <p><u>Members</u> 1 – Town of Truro (Council) 2- Municipality of County of Colchester (Council) 1 – Town of Stewiacke (Council)</p>

	Appt. from City- challenges with potential political interference Board & Council interests can clash Volunteers, no payment, may get meals and mileage	Business involvement provides impartiality /legitimacy Don't select members based on skill sets Volunteers, no payment	1 – Millbrook First Nation (Council) 6 – Members at large 1 – Observer Volunteers, no payment
Responsibilities	Manage and development industrial park lands Reviewing by-laws for update Operate for profit and reinvest \$ into the business 3 year terms – staggered to ensure key people are available Operating Policies – putting them in place to compliment bylaws What are the Organization's values and are they shared with businesses?	Management of MID industrial parks Develops policy for organization Approves marketing materials etc. Updating bylaws and policies regarding Board tenure New 3 yr. terms to max of 9 years Others serving longer will be "grandfathered" Introducing mechanism to "get rid of" board members	Make decisions on land sales and leasing where land/bldgs. Owned by CORDA Review recommendations of staff for industrial parks in municipalities
Meetings/Year	12: 1/month and more often if requested by GM	7: more often if determined by GM and Exec Committee	12: 1/month and special meetings if determined by Exec. Dir. and Board
Executive Committee	Executive positions but no meetings Board views executive meetings as "splintering"	Executive Committee works with GM and issues forwarded to full board if deemed necessary Exec Com has negotiating authority	Executive positions but no meetings Board may work with individual councils
Reporting Structure	GM negotiates all deals with businesses & developers Reports to Board monthly or as needed if extenuating circumstances	GM negotiates all deals, Works with Exec Committee as back up when required Board not involved in land transactions Only major issues brought to Board	ED negotiates deals for lands/bldgs. owned by CORDA Reports to Board Reports to Council w/r/t development control such as re-zoning

Staff	<p>General Manager: "part time" position Split between SJIP Ltd (75%) and city's real estate portfolio (25%) Paid by C of SJ Difficulty with 2 task masters No other dedicated staff May get help from city staff</p>	<p>General Manager: full time and works for MID 2 part time office admin/marketing/book keeping positions = one fulltime equivalent</p>	<p>Executive Director: full time and works for CORDA 6 core staff incl. admin, marketing, maintenance, promotions staff</p> <p>Total no. staff varies from 9 to 15 per year</p>
Responsibilities	<p>Works with businesses/developers Shows all available land trying to find best fit Retains confidentiality of developers Prevent developer from undermining market rate Sell land at what it's worth not what it's appraised for Circumvented back door negotiations with individual Board members Reports quarterly to Board w/r/t finances and budget, snap-shot of quarterly progress</p>	<p>Works with businesses/developers Negotiates all land transactions and also with province Does not divulge name of businesses/developers to Exec Committee or Board unless potential for conflict of interest Main consideration: what is value of business/development to MID Markets MID industrial parks Develops policy with Board</p>	<p>Manage and market industrial lands and buildings for municipalities and private land owners Development control + preparation of re-zonings work with appropriate municipalities Regional economic development</p>
Land Ownership	yes	yes	<p>Yes; also manage privately owned lands Municipal Government Act: land can only be sold at fair market value to discourage unfair competition among municipalities Municipal industrial lands owned by private entity; e.g. Truro Industrial Society; and managed by CORDA Discourages land speculation</p>
Building Ownership	no	no	<p>Yes Closing of CFB Debert made way for the Industrial Park – CFB Debert closing 150</p>

			structures land given to CORDA + 600 acres Buildings were sold which leveraged capital that went into marketing
Land Acquisition	Yes – acquired land from province Potential for 1200 acres of crown land in Spruce Lake, some negotiations and interest from other sources	Yes – acquired land from province and thru expropriations with help from C of M and province	2006 – given land and structures Have not and will not purchase additional lands
Leasing	No	No	Buildings and land
Partnerships	City of Saint John; province and private developers	City of Moncton and province	Town of Truro Town of Stewiacke The Municipality of the County of Colchester Millbrook First Nation Agritech (Board of Management) Private land/bldg. owners CORDA Board and partners sign MOU's Each partner pays % based on population for service Negotiate those services
Infrastructure	Yes, infrastructure installed thru partnering with City of SJ; Water & sewer infrastruc- ture; most parks have curbs & gutters with open ditches in older sections Exploring “land condo” concept -developer is responsible for land clearing, wells and septic; Some large industries may not require municipal infrastructure for industrial processes and if size of work force does not	Yes; installed by Moncton Industrial Development Water and sewer services, roads and interchanges, and retention ponds for storm water management	Yes in some parks, provision of infrastructure responsibility of affected municipality; and private land owner CORDA has some \$ for infrastructure; used for above ground work such as curbing, paving, etc. and also to maintain buildings owned by CORDA

	generate large amounts of gray water, well and septic may be appropriate		
Covenants	Yes site design /landscaping and for all industrial parks and building design	Yes for all industrial parks includes some "green" initiatives for new Moncton West Industrial Park	Yes for all industrial parks Landscape plans required and must be built within 1 year
Incentives	Offer some rebates for good site design/landscape installation on a case-by case-basis – no formula Offered rebates on building design, but not effective	Offer 20% rebate of purchase price for good site design/landscape installation GM has discretion to prorate rebate as needed on case by case basis	none
Property Assessment Value (gross)	2011 - \$76 mil gross property assessment (within industrial park boundaries only) Property tax value approx. \$3.5 mil with provincial share approx. \$1.5 mil	1992 Caledonia – \$22 mil gross property assessment 2013 Caledonia –\$215 mil Property tax value approx. \$18 mil with provincial share approx. \$9 mil (prov also gets other tax revenue)	N/A
Price /Acre	Average price is \$50k/acre; but varies widely based on serviced, unserved, prepared, unprepared and location. Can differ also based on supply and demand.	Average price is \$50k Caledonia from \$30k/acre to \$50k/acre Moncton West Park from \$50k/acre to \$90k/acre	Average price of land w/full service \$25 k /acre If adjacent to Hwy 102 or 104; price is \$40-\$60 k /acre Unserviced land is \$12 k /acre May be different prices for private vs. municipal land based on level of infrastructure services
Operating Grant	Yes Approx. \$300,000 yearly from City of SJ But may vary from year to year	Yes \$270,000 yearly from C of M – covers salaries and operating expenses	Yes Approx. \$800,000 yearly Typically 3 different operating budgets: <ul style="list-style-type: none"> • Maintenance/repairs • Regional promotion

			<ul style="list-style-type: none"> Core operations Separate budgets; \$ from Prov, Feds & municipalities
Bank Loans	No	Yes: Bank of Nova Scotia	No; line of credit never used
Yearly Budget	\$300,000 as above	\$270,000 as above	\$800,000 + as above
Land for Growth and Future Development	Under investigation Need to find and acquire land for future expansion Some areas identified by Plan SJ may be cost prohibitive to supply servicing Trend to large lot sizes, some businesses looking for 500+/- acres; no longer 60 to 80 acres	Moncton West Industrial Park, phase 1 only started	600 acres in older part of Debert (owned by CoRDA) where needs to be rezoned Colchester County 1000+ acres for development Truro Ind. Park: 9 acres in old section and 500 acres in expansion area Need greater access to lands adjacent to Hwys 102 +104 These lands are privately owned and largest land owner is Parry Lake Developments
Marketing	Website Brochures and printed materials	Website Brochures and printed materials	Website Brochures and printed materials
Best Practice	Yellow highlight indicates "Best Practice"		

Burnside Business Park (formerly Burnside Industrial Park) + all other industrial/business parks in HRM	
•	All owned and operated by HRM and administered by HRM staff
•	Not corporate entity with Board of Directors
•	Burnside has 2400 acres land mass
•	1400 employers and 17,000 employees
•	Largest industrial park east of Montreal
•	Main activities: Medium Industrial Uses such as: manufacturing, electronics, transportation, and services
•	Amenities such as hotels, restaurants and sports and recreation fields
•	High quality infrastructure provided by HRM (City of Dartmouth)
•	Comprehensive development standards
•	Depending on location (good access + high visibility) land sells for \$1mil /acre (+/-)

Appendix 1

References:

1. Brian Irving, General Manager
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3. Peter Belliveau, General Manager
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4. Ron Smith, Executive Director
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www.wherebusinessmoves.ca
5. HRM Burnside Business (Industrial) Park
www.hrm.ca