

Windsor, Ontario, January 23, 2012

REPORT NO. 16 of the
**ECONOMIC DEVELOPMENT
STANDING COMMITTEE**
of its meeting held December 7, 2011

Present: **Councillor Payne (Vice-Chair)**
 Councillor Valentinis
 Councillor Sleiman
 Councillor Marra

Regrets: **Councillor Dilkens**

That the following recommendation of the Economic Development Standing Committee **BE APPROVED** as follows:

Moved by Councillor Marra, seconded by Councillor Sleiman,
THAT the request made by Peter Valente (Vice President, Windsor Rubber Processing Ltd.) on behalf of the property owner under the Business Development Grant Program **BE APPROVED** for 100% of the municipal portion of the tax increment for up to ten years pursuant to the City of Windsor Economic Revitalization Community Improvement Plan;

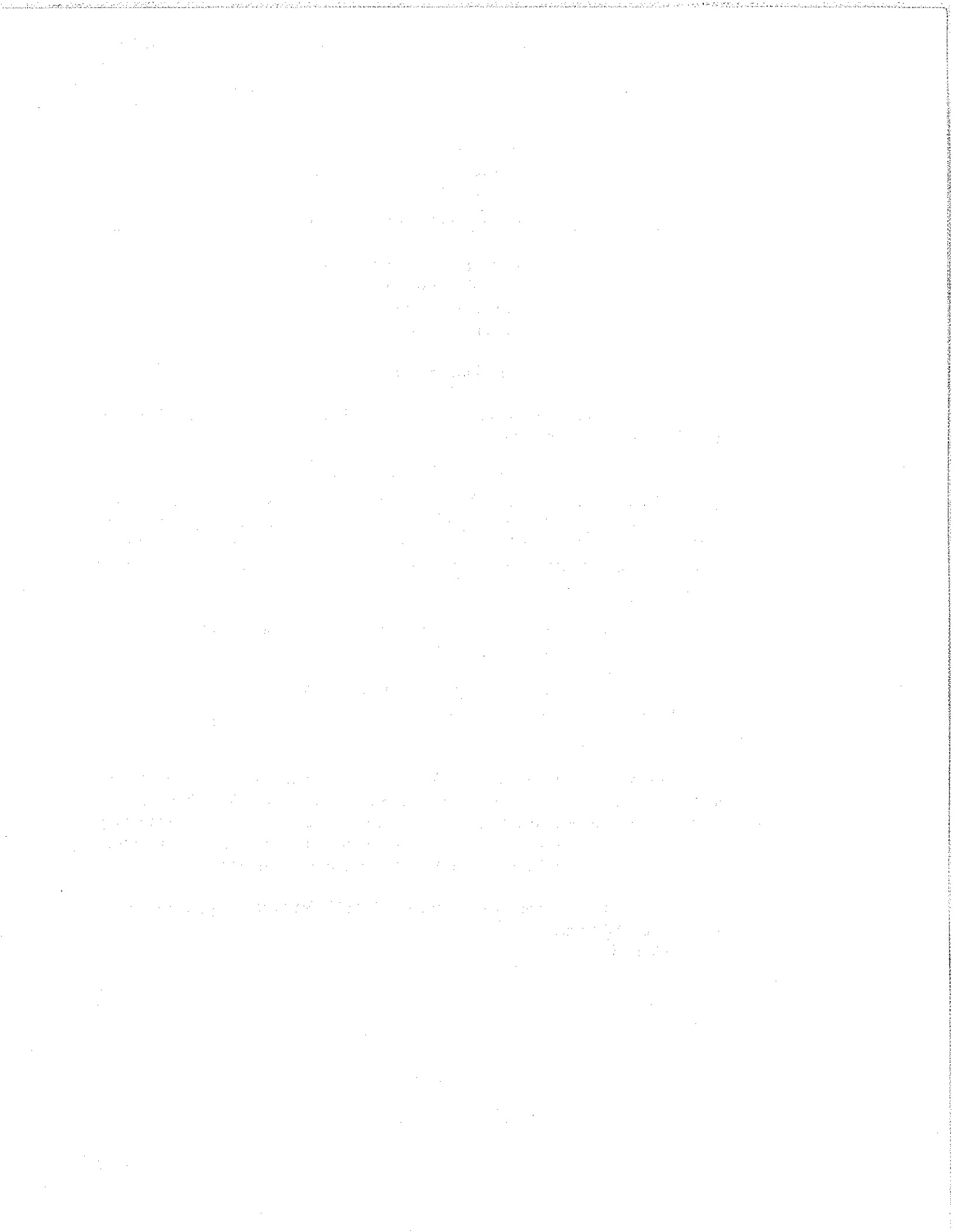
THAT the City staff **BE AUTHORIZED** to account for the vacancy tax rebate in the calculation of the base municipal taxes;

THAT the City Planner **BE AUTHORIZED** to approve any proposed building facade work at 1680 Kildare Road as a condition of the Business Development Grant approval;

THAT staff **BE DIRECTED** to prepare an agreement to implement the Business Development Grant Program in accordance with all applicable policies, requirements, and provisions contained within the Economic Revitalization Community Improvement Plan to the satisfaction of the City Planner as to content, the City Solicitor as to legal form, and the CFO/City Treasurer as to financial implications; and

THAT the CAO and City Clerk **BE AUTHORIZED** to sign the Business Development Grant Agreement.


Carried.



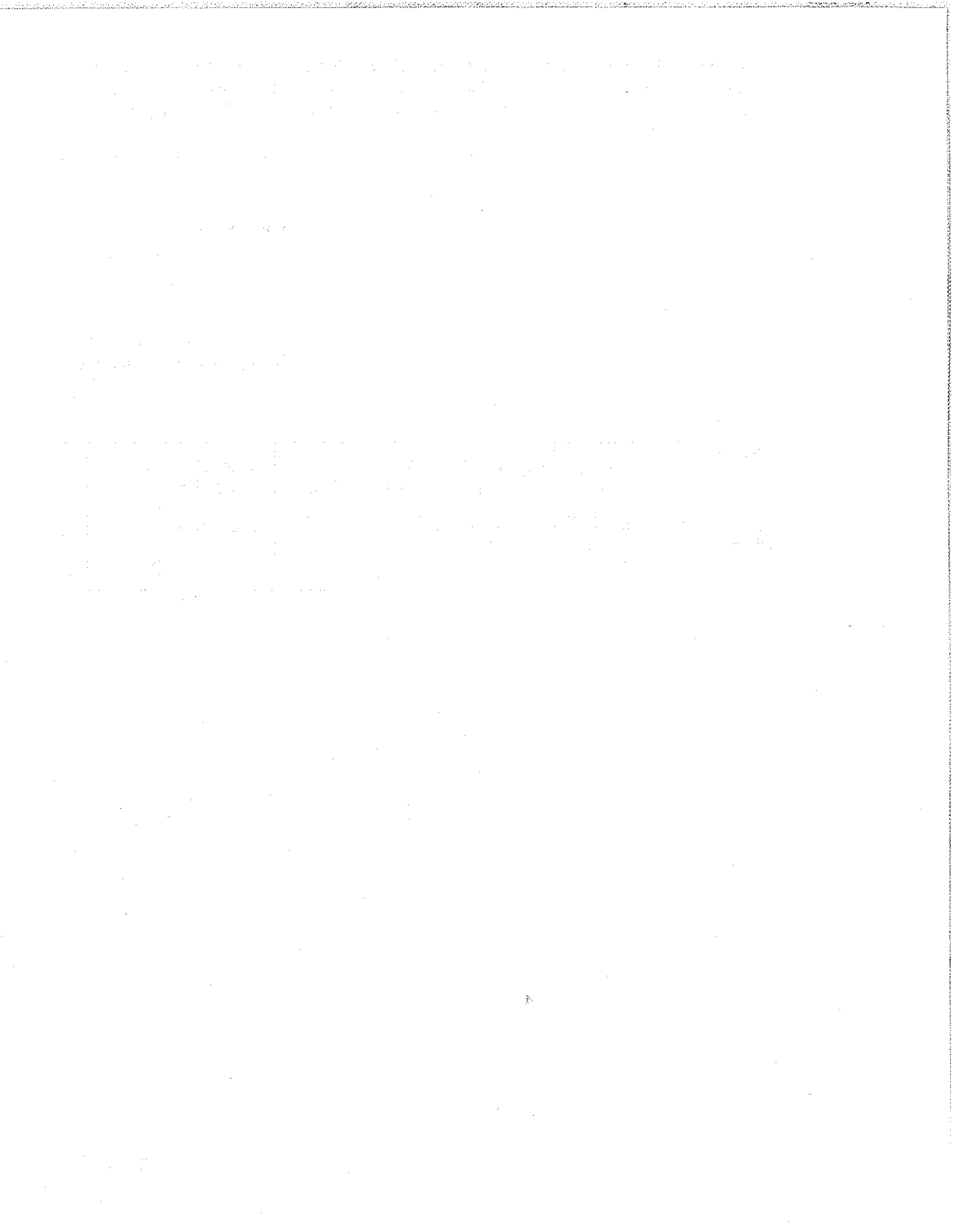
Clerk's Note: The report by the Senior Planner, Economic Development dated November 17, 2011 entitled "Application by Windsor Rubber Processing for Financial Incentives under the Economic Revitalization Community Improvement Plan" is attached as background information.

LIVELINK 15619, SPL/10759


CHAIRPERSON


DEPUTY CITY CLERK

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THE CORPORATION OF THE CITY OF WINDSOR
Economic Development Standing Committee- Administrative Report

**MISSION STATEMENT:**

"The City of Windsor, with the involvement of its citizens, will deliver effective and responsive municipal services, and will mobilize innovative community partnerships"

LiveLink REPORT #: 15619 SPL/10759	Report Date: November 17, 2011
Author's Name: Greg Atkinson	Date to Standing Committee: December 7, 2011
Author's Phone: 519-255-6543 ext. 6582	Classification #:
Author's E-mail: gatkinson@city.windsor.on.ca	

To: Economic Development Standing Committee

Subject: Application by Windsor Rubber Processing for Financial Incentives Under the Economic Revitalization Community Improvement Plan

1. RECOMMENDATION: City Wide: _____ Ward(s): 4

- I. THAT the request made by Peter Valente (Vice President, Windsor Rubber Processing Ltd.) on behalf of the property owner under the Business Development Grant Program **BE APPROVED** for 100% of the municipal portion of the tax increment for up to ten years pursuant to the City of Windsor Economic Revitalization Community Improvement Plan;
- II. THAT the City staff **BE AUTHORIZED** to account for the vacancy tax rebate in the calculation of the base municipal taxes;
- III. THAT the City Planner **BE AUTHORIZED** to approve any proposed building facade work at 1680 Kildare Road as a condition of the Business Development Grant approval;
- IV. THAT staff **BE DIRECTED** to prepare an agreement to implement the Business Development Grant Program in accordance with all applicable policies, requirements, and provisions contained within the Economic Revitalization Community Improvement Plan to the satisfaction of the City Planner as to content, the City Solicitor as to legal form, and the CFO/City Treasurer as to financial implications; and
- V. THAT the CAO and City Clerk **BE AUTHORIZED** to sign the Business Development Grant Agreement.

2. BACKGROUND:

City Council approved the Economic Revitalization Community Improvement Plan (CIP) at its January 31, 2011 meeting via CR 50/2011. The adopting By-law 30-2011 was passed by



Council at its February 14, 2011 meeting. Following the expiry of the statutory appeal period, the CIP came into effect on March 15, 2011.

The Economic Revitalization CIP provides financial incentives to encourage new investment in targeted economic sectors for the purposes of diversifying the local economy and creating/retaining jobs. The CIP allows the City to take a variety of measures to further the objectives of the Economic Revitalization CIP that would otherwise be prohibited by Ontario's *Municipal Act*. This includes the acquisition and preparation of land; construction, repair, rehabilitation or improvement of buildings; the sale, lease or disposal of land and buildings; and the provision of grants to owners or tenants of land—all of which must conform with the objectives and policies contained within the CIP.

There have been several inquiries from new and existing businesses regarding participation in the CIP grant programs and three formal applications approved by Council in 2011. Windsor Rubber Processing has submitted the City's fourth formal application for financial incentives under the Economic Revitalization CIP. Windsor Rubber Processing, which is owned by three local entrepreneurs, is a new business located at 1680 Kildare Road in the vacant Windsor Tool & Die building (Appendix A).

Windsor Rubber Processing recycles used tires into usable crumb or powdered rubber. The product is sold for use as playground covering, athletic fields, and garden mulch. The company intends to manufacture rubber products such as patio pavers, automobile parts, rubber sidewalks, and rubber anti-fatigue mats in the future.

The office building at 1680 is listed on the City's Municipal Heritage Register. Originally built for Windsor Tool & Die in 1951 (architect unknown) the building is a well preserved example of Moderne industrial architecture. The property is designated 'Industrial' in the Official Plan and zoned MD1.1 (Manufacturing District)—both of which permit the proposed use.

3. DISCUSSION:

Windsor Rubber Processing has applied for financial incentives under the Business Development Grant Program, which is intended to stimulate new investment in targeted economic sectors for the purpose of expanding and diversifying the local economy. New businesses locating within Windsor are eligible to receive an annual grant for up to 100% of the municipal property tax increase created by an investment—in this case building renovation and retrofit—provided it is in conformity with the Economic Revitalization CIP.

Windsor Rubber Processing proposes to undertake a number of improvements for the purpose of reusing the vacant building for rubber recycling and manufacturing. The value of the proposed work is estimated at \$998,600 and includes a major roof repair, construction of a new canopy, new electrical system, and installation of a large scale.

Windsor Rubber Processing falls within the manufacturing sector, which is eligible for incentives under the CIP. The company's business plan (Appendix B) includes three phases of growth:

- i. Phase one includes recycling of used rubber to supply the marketplace.
- ii. Phase two includes manufacturing of crumb rubber and powder rubber to be used for equine applications, playground covering, athletic fields, and garden mulch.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that this is essential for ensuring transparency and accountability in the organization's operations.

2. The second part of the document outlines the various methods and tools used to collect and analyze data. It highlights the need for consistent data collection procedures and the use of advanced analytical techniques to derive meaningful insights from the data.

3. The third part of the document focuses on the implementation of data-driven decision-making processes. It describes how the organization uses the insights gained from data analysis to inform strategic planning and operational decisions, leading to improved performance and efficiency.

4. The fourth part of the document addresses the challenges and risks associated with data management and analysis. It discusses the importance of data security, privacy, and the need for robust governance frameworks to mitigate these risks.

5. The fifth part of the document provides a summary of the key findings and recommendations. It reiterates the importance of a data-driven approach and offers practical suggestions for how the organization can continue to improve its data management and analysis capabilities.

6. The sixth part of the document includes a detailed appendix of data sources and methodologies. This section provides a comprehensive overview of the data collection and analysis processes, including a list of all data sources used and a description of the analytical methods employed.

7. The seventh part of the document contains a list of references and citations. This section provides a clear and concise list of all the sources of information used in the document, ensuring that the work is properly attributed and that readers can access the original sources if needed.

8. The eighth part of the document includes a glossary of key terms and definitions. This section provides a clear and concise explanation of all the technical terms and acronyms used throughout the document, ensuring that all readers can understand the content.

9. The ninth part of the document contains a list of appendices and supplementary materials. This section provides a clear and concise list of all the additional materials included in the document, such as data tables, charts, and other supporting documents.

- iii. Phase three involves the manufacturing of recycled rubber products such as patio pavers, automotive parts, and rubber anti-fatigue mats.

While the business currently has 3 employees, it anticipates that within a year this will climb to approximately 90 jobs.

The CIP authorizes '*contextually sensitive façade improvements that are approved by the City Planner*' under the eligible costs provisions of the Business Development Grant Program. Accordingly, any façade improvements undertaken as part of the program must be approved by the City Planner. Restoration of heritage features would be considered in any review of proposed facade improvements.

City staff are supportive of the Windsor Rubber Processing application as it meets all of the eligibility requirements specified within the Economic Revitalization CIP. The proposed reuse of 1680 Kildare Road also supports the following CIP objectives:

- Encourage investment that results in the productive use of lands and/or buildings for the purposes of establishing or maintaining a business enterprise, or the expansion of existing businesses to realize more effective use of the land's potential;
- Encourage capital investments that create new and/or maintain existing permanent jobs, as well as short-term construction jobs that contribute to the reduction of the unemployment rate;
- Encourage the redevelopment of the City's historic industrial sites resulting in the continued or renewed productivity of these sites;
- Attract investment based on the community's strengths and competitive advantages;
- Facilitate the development of the City's vacant employment lands; and
- Support investment and development that results in an increase in property assessment and grows the non-residential municipal tax base over the long-term.

4. RISK ANALYSIS:

Staff Resources

Staff resources from Planning, Legal, and Finance would be required to implement the grant program. The majority of the resources would be required upfront in the approval and finalization of the legal agreement. Resources related to on-going monitoring of the employment use and issuance of annual grants will also be required over the next ten years.

Vacancy

There is a significant community risk associated with the subject property remaining vacant. Should the proposed development not go forward the building would likely remain vacant, deteriorate, decrease in assessed property value, and negatively affect the surrounding neighbourhood.

Proximity to Residential Area

The subject site is approximately 50 metres (165 feet) from residential dwellings south of Seneca Street. While the property is zoned to permit manufacturing there may be concerns from nearby residents about the proposed rubber recycling.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that this is crucial for the company's financial health and for providing reliable information to stakeholders.

2. The second part of the document outlines the various methods used to collect and analyze data. It describes how the company uses a combination of direct observation, interviews, and surveys to gather information about its operations and customer behavior.

3. The third part of the document details the results of the data collection process. It shows that there is a clear trend of increasing sales over the past year, which is primarily driven by a strong performance in the retail sector.

4. The fourth part of the document discusses the implications of these findings. It suggests that the company should continue to invest in its retail operations and explore new marketing strategies to further drive growth.

5. The fifth part of the document provides a summary of the key findings and recommendations. It concludes that the data supports the company's current strategy and offers several actionable insights for future planning.

6. The sixth part of the document includes a list of references and a bibliography. It cites several industry reports and academic studies that provide context for the data and support the conclusions drawn in the report.

7. The seventh part of the document contains a list of appendices. These include detailed data tables, charts, and additional information that supports the main text of the report.

8. The eighth part of the document is a conclusion. It reiterates the main findings and offers a final thought on the company's future prospects, expressing confidence in its ability to continue to grow and succeed.

9. The final part of the document is a closing statement. It thanks the readers for their attention and provides contact information for those who wish to learn more about the company or its services.

5. FINANCIAL MATTERS:

Business Development Grant Program

The tax increment portion of the Business Development Grant is not calculated or paid out until all eligible work is completed and the property is reassessed by the Municipal Property Assessment Corporation (MPAC). Reassessment of the property must result in an increase in assessment value. On this basis, once the tax increment (i.e. the difference between the pre and post-development municipal tax levy) is determined, Windsor Rubber Processing may be eligible receive an annual grant equivalent of up to 100% of the tax increment for up to 10 years or until 100% of the eligible costs are repaid. The grant amount is recalculated annually based on the actual assessed property value, tax class, and municipal tax rate.

Vacancy Tax Rebate

The property has been vacant since 2007 and received a vacancy tax rebate in the amount of 35% for 2010. That is, the previous owner paid taxes as if the building was fully occupied and was subsequently provided with a credit of 35% as a result of the building being vacant. The CIP specifies that grants may be adjusted to reflect the amount of all municipal tax rebates paid to the property owner including, among others, property tax rebates to reflect vacancy. Incorporating the vacancy tax rebate does not affect future tax revenues as the grant provided to the applicant would come from tax revenue that the City is currently not receiving.

Recognizing the building is currently vacant in the calculation of the grant is supportive of the CIP objectives, which include the effective and productive use of land and buildings, redevelopment of the City's vacant employment land, reuse of historic industrial sites, and supporting investment that results in an increase in property assessment. The reuse of vacant buildings and underused employment land is not only an objective of the CIP but of the City's Official Plan and the Provincial Policy Statement.

Estimated Change in Assessed Property Value

While the applicant proposes to spend nearly \$1,000,000 on building and property improvements much of the proposed work (e.g. repaving, rewiring, new signage, etc) would not increase the assessed property value. In consultation with MPAC it has been determined that the property assessment would likely increase by \$86,000 as a result of the installation of a new scale and canopy.

Summary of Potential Financial Incentives

Planning and Finance staff have prepared pro-forma calculations (Appendix C) to provide an understanding of the grant magnitude and how the incorporation of the vacancy rebate affects the grant. Based on the fully occupied industrial tax rate for the purpose of establishing the base municipal taxes, it is estimated that the applicant would be eligible to receive annual grant in the amount of \$3,213 for up to 10 years, which would total \$32,133 or 3% of the estimated eligible building retrofit and redevelopment costs over the lifespan of the program. Recognizing the lower property tax base (i.e. minus the 35% vacancy tax rebate), it is estimated that the applicant would be eligible to receive annual grants in the amount of \$22,241 for up to 10 years, which would total \$222,407 or 22% of the estimated eligible building retrofit and redevelopment costs over the lifespan of the program.

Because the Business Development Grant Program does not cancel taxes, the applicant must pay the full amount of property taxes annually and will subsequently receive a grant for the



1. The first part of the document discusses the general situation of the country and the progress of the revolution. It mentions the importance of the people's support and the role of the revolutionary forces.

2. The second part of the document deals with the economic situation and the measures taken to improve the living standards of the people. It emphasizes the need for a strong and stable economy.

3. The third part of the document focuses on the political and social aspects of the revolution. It discusses the role of the government and the importance of social justice.

4. The fourth part of the document addresses the international relations of the country and the role of the revolution in the world. It mentions the support of the international community.

5. The fifth part of the document concludes with a call to action for the people and the revolutionary forces. It emphasizes the need for continued struggle and progress.



difference between the pre and post-development municipal taxes. The City will retain the amount of pre-development (base) municipal taxes throughout the lifespan of the grant program. Accordingly, there is no negative impact on the City's current tax base.

6. CONSULTATIONS:

The Economic Revitalization CIP was subject to extensive stakeholder and public consultation as part of the approval process, including two public open houses, a statutory public meeting of Council and circulation among internal City staff and the Province.

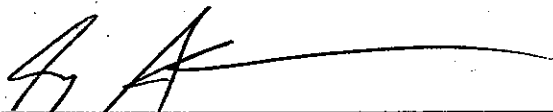
Planning staff have consulted with the applicant prior to accepting the application for the Business Development Grant Program. Staff from Planning, Finance, Operations, Legal departments were consulted in the preparation of this report.

7. CONCLUSION:

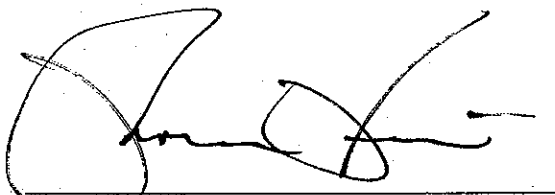
City Staff recommend that Council approve the request from Peter Valente (Vice President, Windsor Rubber Processing Ltd.) on behalf of the property owner to participate in the Business Development Grant Program under the Economic Revitalization CIP. Specifically staff recommends approval of annual grants equivalent to 100% of the increase in municipal taxes as a result of the proposed reuse of 1680 Kildate Rd. It is also recommended that Council authorize staff to account for the vacancy tax rebate in the calculation of the base municipal taxes.

In accordance with the CIP, it is recommended that Council authorize the City Planner to approve any improvements to the facade of the building as part of the Business Development Grant Program.


The proposed reuse of vacant employment land conforms with the Economic Revitalization CIP, assists the City in the achievement of a number of the CIP objectives and exemplifies the intent of the Business Development Grant Program.



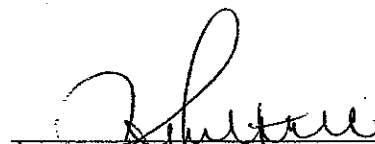
Greg Atkinson
Senior Planner -- Economic Development



Thom Hunt
City Planner/Executive Director



George Wilkki
City Solicitor and Corporate Leader
Economic Development and Public Safety



Onorio Colucci
Chief Financial Officer/City Treasurer and
Corporate Leader Finance and Technology

GA/mf



APPENDICES:**Appendix A: Location Map****Appendix B: Business Plan Summary****Appendix C: Estimated Grant Calculation****DEPARTMENTS/OTHERS CONSULTED:****Name: Janice Guthrie, Deputy Treasurer – Taxation and Financial Projects****Phone #: 519-255-6100 ext. 6271****Name: Michael Cooke, Manager of Planning Policy****Phone #: 519-255-6543 ext. 6102****Name: Neil Robertson, Manager of Urban Design****Phone #: 519-255-6543 ext. 6461****Name: Wira Vendrasco, H.D., Senior Legal Counsel****Phone #: 519-255-6100 ext. 6375****NOTIFICATION :**

Name	Address	Email Address	Telephone	FAX
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Clarks Barristers & Solicitors	374 Ouellette Ave Suite 1200	Cfclark@clarkslaw.com	519-254-4990	519-254-2294

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Appendix A: Location Map



LOCATION MAP - 1680 KILDARE ROAD



SUBJECT PROPERTY

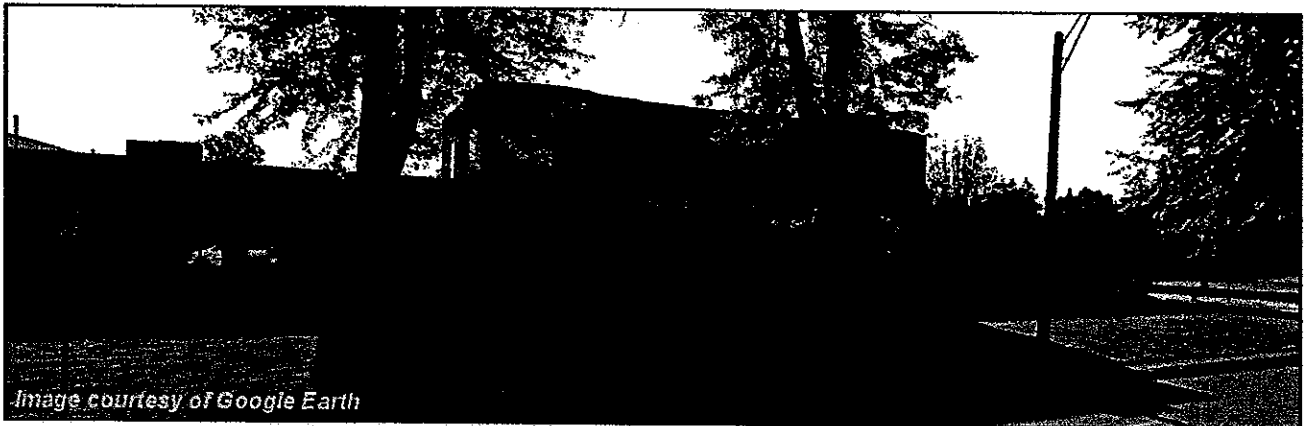


Image courtesy of Google Earth

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Business plan for the City's Economic Development Standing committee.
For 1680 Kildare Rd Windsor Ontario.

A) The nature of the business and planned phases of expansion; Are outline as follow;

- 1) The nature of Windsor Rubber Processing LTD is receiving passenger and truck Farm and OTR tires from registered hauler with the OTS tire program.
- 2) The passenger tire first we select the good tire to cut the side wall which is used in the construction industry to hold the traffic barrels and in the farming industry to hold down the plastic that is used to cover products, the remainder of the tire is shredded down to 2 inch chips and from the 2 inch chips we will mulch and crumb rubber.
- 3) The truck Tires First we clean then we select the good tires to be sent to be recapped. The remaining tires first we buff and make mulch and make #5 and # 10 mesh size rubber product, after the tire is buffed we cut the side walls that are used in the construction industry to hold the traffic barrels and in the farming industry to hold down the plastic that is used to cover products. The remainder of the tire is shredded down to 2 inch chips and from the 2 inch chips we will mulch and crumb rubber.
- 4) The agricultural tires are shredded down to feed stock and from the feed stock we make mulch and crumb rubber products.
- 5) The OTR tires we first clean then we buff and by buffing we make a mulch product # 5 and # 10 Mesh size rubber products that is used in the industry, the next step we will remove the bead and we sell it to a company that separate the steel from the rubber and make crumb rubber.
- 6) The Fork lift tires Buffing and the rebuild of the existing rims and certification that they meet the new standard.
- 7) Production of Cow / Horses / athletic / side walk mats.

The company as planned the following phases of Expansion;

- 1) **Scale facility:** To be completed and start operating by Nov 15. 2011

The purpose of this additional phase of expansion is be able to weigh every truck in and out, this will generate one part time job per shift.

- 2) **Shredding operation:** To be completed and start operating by Nov 18. 2011

This additional phase of expansion of Purchase of the Primary and secondary shredders, to shred tires and produce feed stock and 2 inch rubber chips. This operation will create jobs.

- 3) **Truck Tire Buffing Operation :** To be completed and start operating by Nov 25. 2011

Purchase the equipment to buff the truck Tires this operation will generate jobs and will produce Mulch products and #5 Mesh and # 10 Mesh rubber products.

- 4) **OTR Tire Buffing Operation:** To be completed and start operating by Nov 25. 2011

Purchase the equipment to buff the OTR Tires this, this additional phase of expansion will generate jobs and will produce Mulch products and #5 Mesh and # 10 Mesh rubber products.

- 5) **Tire Base For Traffic Cones:** To be completed and start operating by Dec 5 / 2011

This additional phase of expansion consist of cutting the tire side wall from the 16-17-18 Inch passenger tires and also create job.

- 6) **Fork Lift Tires Buffing and certification of the rims:** To be completed and operating by Dec 5 / 2011

This additional phase of expansion will generate jobs and will produce Mulch products and #5 Mesh and # 10 Mesh rubber products and rebuild the existing rims and certify that are like the new one.

- 7) **Rubber Powder Production:** To be completed and operating by Feb 15/ 2011

This additional phase of expansion will generate jobs and will produce # 40 mesh # 60 #90 mesh.

- 8) **Production of Cow/Horse/ Athletic/Patio and Sidewalk Mats:** To be completed and operating by May15/ 2012

This additional phase of expansion will generate jobs.

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Building Improvements 1680 Kildare Road, Windsor, ON, N8W 2W4

Improvement	Reasons
Widen Driveway	Enable trucks to enter facility
Repaving Compound	Enable heavy loads to be accepted without damage to foundation
Install 60 ton scale	Enable trucks to be weighed upon arrival and departure
Recondition existing concrete floor	Prevent contamination of product
Remove old presses – clean and fill pits - pour concrete	Maximize floor space for production
Rewire existing building	To accommodate equipment
Upgrade roof	Minimize product and equipment damage/deterioration
Certification of existing Cranes	For production use
Remove old signage, install new	Company identification
Upgrade office	To accommodate office personnel
Upgrade heating and cooling system	To meet OHSA requirements
Upgrade lighting fixtures	Utilize new technology to reduce electricity use for lights
Clean drainage pipe	Improve drainage
Removal of walls and modify walls	To accommodate conveyors and production layout
Build the new canopy 71 feet by 24 feet	To accommodate production

Upon completion of the installation of the equipment, and the improvements to the building, Windsor Rubber Processing LTD. will provide 90 direct positions for the citizens of the City of Windsor and surrounding area.

The economic benefits from the completion of this operation will be realized through not only the creation of 90 direct full-time positions (total gross income \$2,808,000 annually), but also the employment opportunities generated through our local supply chain. Windsor Rubber Processing LTD. has made a conscious decision to purchase locally first, therefore, our suppliers will benefit economically, and in turn, our community will benefit socio-economically. Thusly, increasing the tax contributions federally, provincially, and municipally, and increasing the disposable income our employees will spend in our community.

The building dates to 1951, and is in the Streamlined Moderne style. This building is considered a piece of Windsor's history, and we aim to preserve the building by revitalizing its use, thereby ensuring it will not become dilapidated and fall into a state of ruin due to neglect.

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Appendix C: Estimated Grant Calculation

Estimated Grant Calculation - (1680 Kildare Rd)			
Year of Grant	Pre Development Municipal Taxes	Post Development Municipal Taxes	Value of Grant (Tax Increment)
1*	\$54,364	\$57,577	\$3,213
2	\$54,364	\$57,577	\$3,213
3	\$54,364	\$57,577	\$3,213
4	\$54,364	\$57,577	\$3,213
5	\$54,364	\$57,577	\$3,213
6	\$54,364	\$57,577	\$3,213
7	\$54,364	\$57,577	\$3,213
8	\$54,364	\$57,577	\$3,213
9	\$54,364	\$57,577	\$3,213
10	\$54,364	\$57,577	\$3,213
Total	\$543,640	\$575,773	\$32,133

* Year 1 commences after development is completed and the property has been reassessed by MPAC

Estimated Grant Calculation Accounting for Vacancy Rebate - (1680 Kildare Rd)			
Year of Grant	Pre Development Municipal Taxes	Post Development Municipal Taxes	Value of Grant (Tax Increment)
1*	\$35,337	\$57,577	\$22,241
2	\$35,337	\$57,577	\$22,241
3	\$35,337	\$57,577	\$22,241
4	\$35,337	\$57,577	\$22,241
5	\$35,337	\$57,577	\$22,241
6	\$35,337	\$57,577	\$22,241
7	\$35,337	\$57,577	\$22,241
8	\$35,337	\$57,577	\$22,241
9	\$35,337	\$57,577	\$22,241
10	\$35,337	\$57,577	\$22,241
Total	\$353,366	\$575,773	\$222,407

* Year 1 commences after development is completed and the property has been reassessed by MPAC

Note: Totals include cents not shown above.

Assumptions

Current Property Value Assessment	\$1,455,000
Current Municipal Taxes	\$54,364
Municipal Portion of Vacancy Tax Rebate	\$19,027
Investment (Estimated Eligible Costs)	\$998,600
Estimated Post-Redevelopment Assessment	\$1,541,000
Estimated Post-Redevelopment Municipal Taxes	\$57,577
2011 City Industrial Tax Rate (full)	3.736359%

Property assessment values are assumed to remain constant throughout the period of the grant program for purposes of pro-forma calculations. Actual grant amounts will be calculated on an annual basis throughout the lifespan of the program and will be retroactive to date of completion, prorated for part year(s)

