



Industrial Park

A Secondary Use to an Ontario Hydro Transmission Corridor

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Since 1979 Ontario Hydro has encouraged a multiplicity of secondary uses of lands under their transmission lines. During most of the period, the program was reactive. The emphasis has changed from restrictive protectionism to joint use of the lands for a variety of developments which contribute to the community's economic development.

The joint-use program, created in response to political and social needs across the province, has helped to diminish adverse effects of corridors in communities while contributing to a broader acceptance of Ontario Hydro's facilities. The program has enhanced the usefulness of thousands of acres. It has improved the appearance of lands. It has provided financial returns from nominal to market rent based on the intensity of the use, and established policies and rent formulas. The Hydro lands have come to be viewed, by neighbours, as value in contribution to the land package required for the secondary use.

Ontario Hydro purchased the land for the primary function of placing a corridor for towers and transmission facilities. Some secondary surface or subsurface uses (pipelines or cable) which do not interfere with the safe operation and reliability of the transmission lines can coexist with the transmission facilities. There are thousands of licensed and leased uses for parks, landscaping, agriculture, parking lots, storage areas, and less frequently buildings and other uses across the province.

This article will summarize the process to introduce a group of uses, as intensive as a business-industrial park to a corridor along Highway 401 in London, Ontario. The proposed use was innovative, never before tested or tried within

the existing practices of the Corporation.

From the outset, a large number of players, inside and outside the Corporation, had to adapt their thinking to accept this concept. Developers, planners, engineers, and land-use specialists needed to modify their mind set to negotiate and develop new approaches to planning, land use, and changes to current practices on



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While a member of the Council for the Town of Simcoe (1978-1984), he helped to establish an Economic Development department. He was a member of the Advisory Committee until 1984.

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transmission corridors. When the internal stakeholders were prepared to accept a shared use, the benefits opened new possibilities for improved relationships with the community with which Ontario Hydro shares its land resources.

allel with the corridor to the south and west. The lands were zoned OS4-Open Space and P4-Public uses, inconsistent with the proposed industrial-business uses. Also the neighbouring developments had requested permission to use the lands for their purposes under lease or licence.

The Site

Early in the 1980s an intensive public

The Study Team

A study team including specialists in

business/real estate management, environmental impact, a transmission engineer, a land-use planner, a lawyer and an accredited appraiser was formed to determine the future use of the lands.

The study team had three broad options:

1) Do nothing and continue the present use

2) Separate the 23 acres on the outside of the corridor and sell them, anticipating a joint use proposal and revenue in the range of \$700,000 (based on current market value of industrial lands in London). Infrastructure and services would take a significant part of the land. Without concerted effort, the end product would look like a quilt of parking lots, storage areas, and small buildings. The potential of political and planning concurrence from the City of London was deemed to be "not very likely".

3) Package the Corridor: alternatively, the study team could consider the whole area as an opportunity for building areas, roads, service areas, and facilities across the corridor within a typical site plan approach for a development, to satisfy the concerns of the planners, engineers, politicians and the community interests.

Each secondary use proposal must be approved by all interested parties prior to acceptance of the proposed use. The process synthesizes trained expertise and engineering with social and community attributes. Any group can reject the concept and the proposal is terminated.

As each of the specialists supplied

their own professional standards and limitations in the strictest sense and then in the most liberal interpretation, it became clear that there was room to negotiate a range of uses, even close to the lines, which guaranteed safe operation of the facilities while allowing the uses consistent with the proposed uses.

Environmental Concerns

Ontario Hydro has been granted an exemption from the Environmental Assessment Act under Exemption Order OH-27. The responsibility for compliance rests on in-house experts who utilize a set of criteria and procedures designed to determine environmental impact and acceptability of all uses on Ontario Hydro lands. The Corporation is committed to fulfilling the spirit, intent and purpose of the Environmental Assessment Act. The specialist on the study team was given the prerogative to object, impede, and the final approval and a veto of any future plan, or request a full environmental appraisal, if necessary.

The committee report was ingenious in its simplicity. On the outside of the corridor, the area was considered surplus and had no restrictions for its use; it could be covered by buildings, (given satisfaction of other needs of a site-plan approval process). Closer to the lines, land could be used for parking, service corridors, roads, and storage areas. Under the lines, restrictions were more evident, the lands could be used for road crossings, parking, services, and landscaping.

The final design included five general requirements:

1) unimpeded access to all Hydro facilities

2) case by case approval for buildings in the "middle" area

3) approval of all grade changes under the lines

4) lands were to drain from Hydro's facilities, not to them

5) MTC-type barriers were to be installed to protect all structures exposed to traffic.

The team's planner, a former municipal planner skilled in rezoning and draft plans, negotiated the required approvals and requirements between Corporate engineers and the City planners. Concurrent with the negotiations with the City, Ontario Hydro's Board of Directors approved the plan, eighteen months after the original proposal.

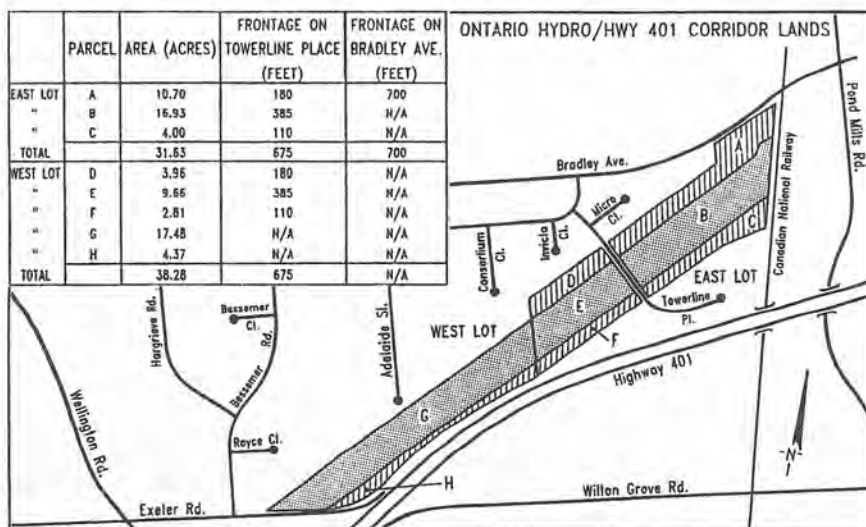
The Planning Process

Ontario Hydro is subject to the same requirements of the Planning Act as any other developer. Lands abutting to the north and east included light industrial, office and commercial land-use. The proposed park would be designed to conform with the adjacent use and the surrounding development.

In June 1988, Hydro's Planner requested a rezoning amendment with intent to "have the lands zoned to permit the full range of uses permitted on adjacent lands in addition to the Public Uses currently permitted". No concerns or objections were received from any group during circulation of the proposed amendment.

The Real Estate specialist maintained contacts with the Economic Development department for the City of London, the two local Aldermen and the neighbours. All contacts were asked for their support and assistance. The Economic Development staff for the City of London arranged for the first opportunity for Hydro to present its proposal to the public at the meeting of the London Development Advisory Board.

With the media, the "elite" of London's economic community, and the politicians present, a senior economic development officer summarized the project as a "win-win" for the City of London. It would cost the City no investment. Since



Ontario Hydro would impose its requirements through the Proposal Call process, it saved long municipal negotiations with developers. The subsequent press coverage was positive. The Planning Committee approved the project in April 1989 having heard no objections. The Bylaw was passed June 5th.

The Economic Developer's Process

At the outset, the real estate administrator perceived the potential of his product as "extra land" available to neighbours. The potential of the project started to congeal while he attended an Economic Development Association of Canada seminar on Industrial and Commercial Parks in 1988 and in subsequent meetings with London's Economic Development department.

The Marketing and Strategic Planning¹ process provided the real test for this proposal. A survey of the real estate developers gave the Economic Development department a sense of the need and the marketability of the concept. The demand for this type of land was at an all time high in the City; the supply was diminished. If the project was a success, it could double this type of land available at that time.

Most of the people canvassed thought that commercial, prestige industrial and light industrial users might be intimidated by the power lines. Marketability would be inhibited. People were shown pictures of similar power lines in Mississauga, near the QEW, and near the Skyline Hotel, near Pearson International. None of the people had been aware of the powerlines during their visits to these sites.

The greatest asset for the park is its proximity and access to the 401. Tenants would enjoy high visibility and recognition from the busiest highway and main access to London.

Controls by Ontario Hydro, the City and the Ministry of Transportation of Ontario would assure compatibility with surroundings, appropriate servicing, and environmental protection. The primary objective in the plan was the creation of a linear prestige industrial park under a head lease to a major developer experi-

enced in the business. If the plan failed, the "patchwork approach" was still an alternative.

An accredited appraiser developed the potential return package based on the formula: market value x number of acres x 10.5%. He used the Direct Sales Comparison Approach and the Development Method Approach, developed by the Appraisal Institute to determine the market value. The two approaches produced remarkably similar results. Hydro should expect rent in the range of \$100,000 per annum.

The Proposal Call

The Proposal Call, based on approaches used by the City of Guelph, CRTC, B.C. Place and Radio Canada, outlined three central objectives *that the owner*

- 1) *wanted the property to be developed as a quality industrial-business park*
- 2) *sought a developer with the ability to design, develop, build and manage the park*
- 3) *wished to realize the greatest financial consideration possible from the lease of the property.*

Ontario Hydro would not consider a sale of the lands. A conceptual engineering design was provided to the developers. All roads within the park would be required to be paved to keep the surface treatment identical with adjoining developments. The landscape design, approved by Ontario Hydro, would ensure that the plantings and vegetation did not interfere with the safe operation and maintenance of Ontario Hydro's facilities.

Summary

The negotiations for the development of the park are almost complete. It has been a new experience for Ontario Hydro, the City and the developer. The business-industrial park could contribute significantly to social and economic interests of London. While inviting broader public acceptance of Hydro's uses, it will contribute to the economic fabric of the abutting uses and enhance the progressive image of London's business community. In return Ontario Hydro will defray fixed charges, property taxes, and maintenance costs which helps to keep the price of electricity competitive for the consumer. It is a win-win situation.

¹ *Marketing and Strategic Planning Seminar, Management Campus Inc., sponsored by EDAC, February 1989.*