

Report to Corporate Services Committee

To: Chair and Members
Corporate Services Committee

From: Anna Lisa Barbon, Deputy City Manager, Finance Supports

Subject: Request for Tender 2022-018
Revenue from Lease of City Owned Farmland

Date: February 28, 2022

Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports, on the advice of the Director, Realty Services, with the concurrence of the Manager of Purchasing and Supply, with respect to the City owned lands as shown on Schedule A (Location Map) attached, the following actions **BE TAKEN**:

- a)
 - i) the bid submitted by Terradust Acres Ltd., for lease of farmlands at the tendered annual lease amount of Six Thousand Seven Hundred and Fifty Dollars \$ 6,750.00 for a three (3) year term on Land Package A; BE ACCEPTED, it being noted that this proponent submitted the highest offer and meets the City's terms, conditions and specifications included in the tender
 - ii) the bid submitted by London Dairy Farms Ltd., for lease of farmlands at the tendered annual lease amount of Twenty Four Thousand Three Hundred and Fifty Four Dollars \$ 24,354.00 for a three (3) year term on Land Package B; BE ACCEPTED, it being noted that this proponent submitted the highest offer and meets the City's terms, conditions and specifications included in the tender
 - iii) the bid submitted by Terradust Acres Ltd., for lease of farmlands at the tendered annual lease amount of Nineteen Thousand One Hundred and Eight Nine Dollars and Sixty Cents \$ 19,189.60 for a three (3) year term on Land Package C; BE ACCEPTED, it being noted that this proponent submitted the highest offer and meets the City's terms, conditions and specifications included in the tender
 - iv) the bid submitted by Terradust Acres Ltd., for lease of farmlands at the tendered annual lease amount of Seven Thousand Four Hundred and Seventy Five Dollars \$ 7,475.00 for a three (3) year term on Land Package D; BE ACCEPTED, it being noted that this proponent submitted the highest offer and meets the City's terms, conditions and specifications included in the tender
 - v) the bid submitted by 806433 Ontario Ltd., for lease of farmlands at the tendered annual lease amount of Two Hundred and Thirty Six Thousand and Thirty Four Dollars \$ 236,034.00 for a three (3) year term on Land Package E; BE ACCEPTED, it being noted that this proponent submitted the highest offer and meets the City's terms, conditions and specifications included in the tender
 - vi) the bid submitted by 806433 Ontario Ltd., for lease of farmlands at the tendered annual lease amount of One Hundred and Eleven Thousand Nine Hundred and Seventy Two Dollars \$ 111,972.00 for a three (3) year term on Land Package F; BE ACCEPTED, it being noted that this proponent submitted the highest offer and meets the City's terms, conditions and specifications included in the tender
 - vii) the bid submitted by Terradust Acres Ltd., for lease of farmlands at the tendered annual lease amount of Fifty One Thousand Four Hundred and Ten

Dollars \$ 51,410.00 for a three (3) year term on Land Package G; BE ACCEPTED, it being noted that this proponent submitted the highest offer and meets the City's terms, conditions and specifications included in the tender

viii) the bid submitted by Terradust Acres Ltd., for lease of farmlands at the tendered annual lease amount of One Thousand Four Hundred Dollars \$1,400.00 for a three (3) year term on Land Package H; BE ACCEPTED, it being noted that this proponent submitted the highest offer and meets the City's terms, conditions and specifications included in the tender

ix) the bid submitted by 806433 Ontario Ltd., for lease of farmlands at the tendered annual lease amount of Fifty Six Thousand Nine Hundred and Ninety Dollars and Eighty Cents \$ 56,990.80 for a three (3) year term on Land Package I; BE ACCEPTED, it being noted that this proponent submitted the highest offer and meets the City's terms, conditions and specifications included in the tender

x) the bid submitted by 806433 Ontario Ltd., for lease of farmlands at the tendered annual lease amount of Twenty Five Thousand Two Hundred and Seventy Dollars and Twenty Cents \$ 25,270.20 for a three (3) year term on Land Package J; BE ACCEPTED, it being noted that this proponent submitted the highest offer and meets the City's terms, conditions and specifications included in the tender; and

- b) the standard form of farm lease included in Tender 2022-018 as Appendix A, BE AUTHORIZED for execution with each individual proponent, and
- c) a By-law be introduced at the Municipal Council meeting to be held on March 22, 2022 to accept the bids submitted for Tender No. 2022-018 and to authorize the Mayor and the City Clerk to execute the Farmland Lease Agreements.

Executive Summary

The purpose of this report is to seek approval of the Tender award and standard form of agreements associated with Request for Tender (RFT) 2022-018 for the lease of the City owned farmland for The Corporation of the City of London (the City) in accordance with the attached Drawing and Land Packages A through J (Land Packages) and Appendix "A" (Form of Agreement).

Linkage to the Corporate Strategic Plan

The lease of the City Owned Farmland fits within the Strategic Plan of growing our Economy and Building a Sustainable City by increasing the availability of serviced land in strategic locations and by investing in land acquisitions to be developed and serviced to recruit and retain new industrial employees. The building of infrastructure that supports future development and protecting the environment through the Complete Waste Disposal Strategy (including the Environmental Assessment for the expansion of the W12A Landfill). Work with multi-sectors to finalize the Climate Change/Severe Weather Adaptation Strategy for London's built infrastructure. Renew, expand, and develop parks and recreation facilities, and conservation areas in appropriate locations to address existing gaps. These farmlands were acquired for strategic purposes and are leased as interim land management.

Analysis

1.0 Discussion and Considerations

1.1 Previous Reports Related to the Matter

None.

1.2 Background

The City owns approximately 1,077 acres of land throughout the City that have been put to tender for lease for three (3) year terms. The lands were acquired over several years for varying municipal purposes including the Industrial Land Development Strategy, W12A Landfill Site Community Enhancement and Mitigative Measures Program and a future pollution control plant. The leasing of these lands provides excellent opportunities for area farmers to continue utilizing the lands for agricultural production as well as providing the City a market value revenue stream until the lands are developed for the various intended longer term uses.

On January 24, 2022 Realty Services put 10 land packages to tender in accordance with the Procurement of Goods and Services Policy. Bidders were to bid on an entire package labelled A to J. A summary of the financial considerations for each Land Package is listed below.

Land Package A - Huron Industrial Land – The Subject lands were acquired by the City for future industrial land development. There is approximately 30 acres.

Land Package B – Forest City Industrial Land – The subject lands were acquired by the City for future industrial land development. There is approximately 54 acres.

Land Package C – Innovation Park Lands – The subject lands are developed industrial land, the lands are leased for maintenance purposes until sold. There is approximately 116 acres.

Land Package D – Dingman Drive Lands – The subject lands were acquired by the City for the future sports district park under Parks Planning. There is approximately 23 acres.

Land Package E – Scotland Drive Lands – The subject lands were acquired by the City for the W12A Landfill Site Community Enhancement and Mitigative Measure Program. There is approximately 423 acres.

Land Package F – Cook Road Lands – The subject lands were acquired by the City for potential future south end Pollution Control Plant. There is approximately 186 acres.

Land Package G – White Oak Road Lands – The subject lands were acquired by the City for the W12A Landfill Site Community Enhancement and Mitigative Measure Program. There is approximately 97 acres.

Land Package H – 4233 Scotland Drive – The subject lands were acquired by the City for the W12A Landfill Site Community Enhancement and Mitigative Measure Program. There is approximately 8 acres.

Land Package I – 3243 Manning Drive – The subject lands were acquired by the City for being a buffer from the W12A Landfill site Community Enhancement and Mitigative Measure Program. There is approximately 99 acres.

Land Package J – 3674 Glanworth Drive – The subject lands were acquired by the City for the W12A Landfill Site Community Enhancement and Mitigative Measure Program. There is approximately 42 acres.

1.3 Procurement Process

RFT 2022-018 was publicly published on the Bids & Tenders procurement website on January 24, 2022. A supplemental advertisement was placed with Ontario Farmer and Kijiji. Thirty Five (35) individual bids were received with at least one bid per Land Package. As per The Corporation of the City of London Procurement of Goods and Services Policy Section 13.6, Civic Administration is recommending award to the highest bidder for each of the Land Packages meeting all the terms, conditions and specifications as outlined in the tender document.

3.0 Financial Impact/Considerations

3.1 Financial Impact

Land Package	Acres	Term/Years	Price/Acre	Amount/Annual
Package A	30	3	\$225	\$6,750
Package B	54	3	\$451	\$24,354
Package C	116	3	\$165	\$19,190
Package D	23	3	\$325	\$7,475
Package E	423	3	\$558	\$236,034
Package F	186	3	\$602	\$111,972
Package G	97	3	\$530	\$51,410
Package H	8	3	\$175	\$1,400
Package I	99	3	\$578	\$56,991
Package J	42	3	\$606	\$25,270

Total per annum consideration is \$540,846 in revenues associated with the farm lease agreements.

Conclusion

The proponent submissions awarded in this Tender met all the terms, conditions and specifications as outlined in the Tender document. On this basis the awards to the respective proponents is recommended with the associated agreements to be executed.

Prepared by: Stacy Badeen, Property Coordinator and Negotiator, Realty Services

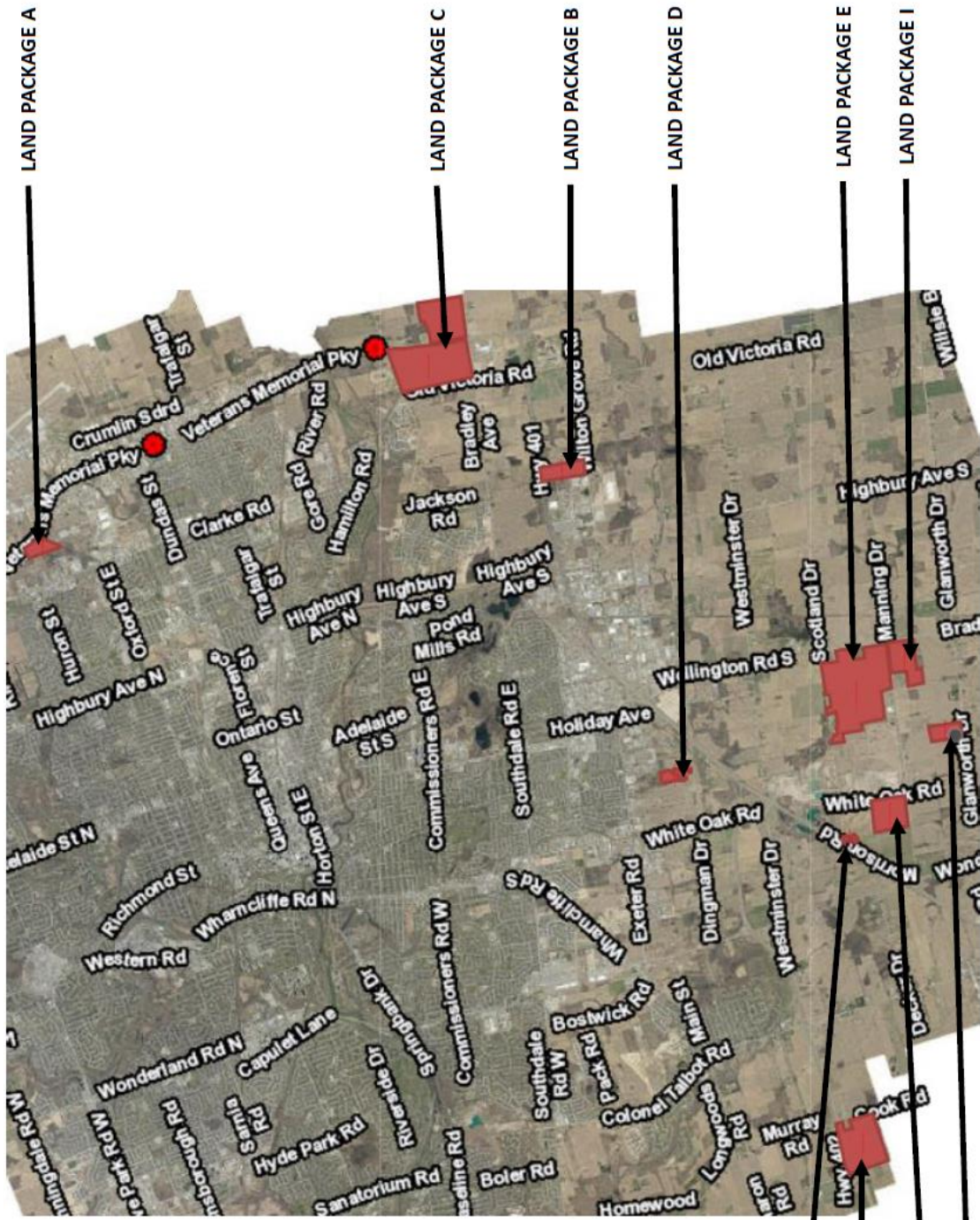
Submitted by: Bill Warner, AACI, Papp, Director, Realty Services

Concurred by: John Freeman, Manager, Purchasing and Supply, Finance Supports

Recommended by: Anna Lisa Barbon, CPA, CGA, Deputy City Manager, Finance Supports

February 16, 2022

Schedule A - Location Map



LOCATION MAP

LAND PACKAGE H

LAND PACKAGE F

LAND PACKAGE G

LAND PACKAGE J

Appendix A - Standard Form of Farmland Lease in Tender Document

FARM LAND LEASE

Between:

(the "Tenant")

and

The Corporation of the City of London (the "City")

In consideration of the rent, covenants and agreements herein contained on the part of the Tenant to be paid, observed and performed, the City leases to the Tenant and the Tenant leases from the City the lands described as _____ as shown on *the attached Schedule "A"* (the "Lands") subject to the terms and conditions set out in this Lease Agreement:

THE TENANT COVENANTS AND AGREES AS FOLLOWS:

1. The term of this Lease Agreement shall be for () year, with no option for renewal, commencing on _____ 2022 and ending on _____ 202 .
2. Rent shall be the sum of _____ (\$ _____ .00 plus H.S.T) per annum payable to the City Treasurer by June 1st of each year of the agreement. The Tenant shall pay rent without demand.
3. To use the Lands for agricultural purposes only and not to carry out or permit to be carried out upon the Lands any business that may be deemed a nuisance to or disturbance of the occupiers or owners of the adjoining lands and to carry on the operation of the business using proper farming methods including adequate application of fertilizers and crop rotation in order to keep the soil in good productive condition.
4. Not to assign this Lease Agreement without written consent, which consent may not be unreasonably withheld.
5. To comply with all applicable laws, by-laws, and regulations of every federal, provincial or municipal department or organization.
6. To remove, before they go to seed, all weeds upon the Lands during the term of this Lease Agreement.
7. To keep the Lands neat and tidy, and to remove all ashes and rubbish.
8. To construct no buildings or structures on the Lands.
9. To indemnify and hold the City harmless from and against all liability, loss, claims, demands, costs and expenses, including reasonable legal fees, occasioned wholly or in part by any acts or omissions either in negligence or in nuisance whether willful or otherwise by the Tenant, or other persons for whom the Tenant is responsible.
10. At its own expense, obtain and maintain
 - i) Liability Insurance covering farm operations in a form satisfactory to the City Solicitor in an amount not less than Five Million Dollars (\$5,000,000.) This policy shall also include pollution liability for injury or damage arising from farming operations on or off the Lands and shall include the City as an additional insured with respect to the Tenant's operations and obligations under this Lease Agreement;
 - ii) Standard farm property insurance covering produce, livestock, machinery and equipment owned or leased by the Licensee, such policy shall include a waiver of subrogation in favour of the City; and;

- iii) Automobile liability insurance for an amount not less than Two Million (\$2,000,000.) dollars on forms meeting statutory requirements covering all vehicles used in any manner in connection with the performance of the terms of this Lease Agreement.
 - iv) The above-mentioned insurance shall not be cancelled or permitted to lapse unless the insurer notifies the City in writing at least thirty (30) days prior to the date of cancellation or expiry. The Tenant will provide that evidence of such insurance shall be delivered to the City at inception of this Lease Agreement and thereafter promptly on the insurance renewal date.
 - v) The City reserves the right to request, from time to time, such higher limits of insurance or other types' of policies appropriate to this Lease Agreement as the City may reasonably require.
11. To take good care of the Lands, to ensure that the farming of the Lands and maintaining of improvements thereon is performed in a careful and prudent manner, and to ensure that the condition in which the Tenant found it, notwithstanding ordinary wear and tear or unavoidable casualties which are not the fault of the Tenant.
 12. To allow the City the right to enter upon the Lands to inspect, to make improvements thereon, and for any and all lawful purposes arising from the ownership of the farm so long as it does not interfere with the rights of the Tenant as provided in this Lease Agreement.
 13. The City may terminate this Lease Agreement on sixty (60) days written notice should the Lands be required for municipal purposes.
 14. In the event that the Tenant fails to comply with any term of this Lease Agreement, the City may terminate the privilege and contract herein granted at any time by giving notice in writing to the Tenant specifying the nature of the default and upon expiration of thirty (30) days following delivery of such notice, the default has not been cured, this Lease Agreement shall at the option of the City cease and be at an end. Any waiver by the City of any breach by the Tenant of any provisions of this Lease Agreement shall be without prejudice to the exercise by the City of all or any of its rights or remedies in respect of any continuance or repetition of such breach.
 15. Should any crop be lost through cancellation of this Lease Agreement pursuant to Clause 13, if all of the Lands are required by the City then all rent paid will be refunded. Should only part of the Lands be required by the City, then as compensation for any crop lost on the affected part, rent paid will be refunded on a prorated basis, with the percentage of rent paid to be refunded based on and equal to the percentage of land required by the City. Any rent owing for the period subsequent to the termination until the end of the Lease Agreement will be paid for the remaining parcel on a prorated basis and it is understood by the Tenant that the said refund shall be accepted by the Tenant as full compensation for any such loss of crops, including lost revenue, and all money spent on the production of said crops (including but not limited to, costs of labour, machinery, fertilizer, seed and fuel).
 16. Should cancellation of this Lease Agreement pursuant to clause 13 occur subsequent to the harvesting of crops, if all of the Lands are required by the City, then any rent paid for the period subsequent to termination shall be refunded on a prorated basis, and any rents not paid for the period prior to termination shall become due and owing on the date of payment specified in this Lease Agreement on a prorated basis. If only part of the Lands is required by the City, any refund will be prorated based on the percentage of the Lands required by the City, and any rent owing for the period prior to termination will be paid based on all of the Lands, and any rent owing for the period subsequent to termination until the end of the Lease Agreement will be paid for the remaining portion of the Lands on a prorated basis.
 17. The Tenant Agrees to provide a Farm Business Registration Number to support Farm Property Class Tax Rate Program and related eligibility requirements. The Tenant further agrees to provide certification of farming activities in support of the City's related applications under the Program.
 18. In the final year of this agreement, after the last crop is harvested and prior to December 1st, the tenant agrees to fall till the lands.

19. All notices which may be necessary or proper for either party to serve upon the other, shall be effectively served if sent postage prepaid to the following addresses:

City's Address:
Manager of Realty Services
P.O. Box 5035
London ON N6A 4L9

Tenant's Address:

IN WITNESS WHEREOF the Tenant has affixed its corporate seal, attested by the hands of its duly authorized officers, this _____ day of _____ ,

APPENDIX

Bill No.

By-law No.

A by-law to accept the farmland lease bids for Request for Tender No. 2022-018, and approve and authorize the Mayor and the City Clerk to execute the Agreements with each successful proponent.

WHEREAS section 5(3) of the *Municipal Act, 2001* S.O. 2001, c.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS it is deemed expedient for The Corporation of the City of London (the "City") to enter into an Farm Land Lease Agreement with each successful proponent in Request for Tender No 2022-018 (the "Agreements");

AND WHEREAS it is appropriate to authorize the Mayor and the City Clerk to execute the Agreements on behalf of the City;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Agreement attached as Schedule "A" to this by-law, being a Farm Land Lease Agreement between the City and each successful proponent in Request for Tender 2022-018 is hereby authorized and approved.
2. The Mayor and the City Clerk are hereby authorized to execute the Agreements authorized and approved under Section 1 of this by-law.
3. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on

Ed Holder
Mayor

Michael Schulthess
City Clerk

First Reading - March 22, 2022
Second Reading – March 22, 2022
Third Reading - March 22, 2022