



Subject: Offer to Purchase – Lot 3B, Van Norman Innovation Park

Report Number: EDM 21-29

Department: Economic Development Department

Submitted by: Cephas Panschow, Development Commissioner

Meeting Type: Council Meeting

Meeting Date: Monday, October 25, 2021

RECOMMENDATION

THAT Council receives report EDM 21-29 Offer to Purchase – Lot 3B, Van Norman Innovation Park;

AND THAT a By-Law be brought forward to authorize the Mayor and Clerk to enter into an agreement of purchase and sale with 1677123 Ontario Inc for the property described part of Lot 3 in the Van Norman Innovation Park and to be described by a new reference plan.

BACKGROUND

The purpose of this report is to seek direction to move forward with an offer to purchase from 1677123 Ontario Inc for an additional 1.05 Acres of industrial land in the Van Norman Innovation Park. Council approved the sale of 2.5 Acres of land to 1677123 Ontario Inc on May 25, 2021 as per the following resolution:

THAT Council receives Report EDM 21-17 Offer to Purchase – Lot 3, Van Norman Innovation Park;

AND THAT a By-Law be brought forward to authorize the Mayor and Clerk to enter into an agreement of purchase and sale with 1677123 Ontario Inc for the property described part of Lot 3 in the Van Norman Innovation Park and to be described by a new reference plan.

The sale to 1677123 Ontario Inc was approved to enable the expansion of Langtry Blast Technologies Inc into the Town of Tillsonburg. At that time, they were proposing the

	Initial Offer
Price	\$50,000
Acreage	1.05 Acres
Price/Acre	\$47,619/Acre
Irrevocable Date	October 26, 2021
Conditional “As-is” Date	October 29, 2021
Completion Date	At the same time as the other offer following registration of the Plan of Subdivision and by November 30, 2021
Proposed Uses	Manufacturing of sand blasting machines and service base for existing customers.
Purchaser Conditions	None
Timelines for Development	Standard conditions of 1 year to start and an additional year to complete.

The original offer approved by Council included a slight reduction in the minimum coverage from 20% to 18%. This offer includes the same provision, which will result in the 18% minimum lot coverage being applied to the entire 3.5 Acres for a minimum 27,443 Square Foot building.

Based on the increased size of building as well as the other benefits of bringing Langtry Blast Technologies into the Town of Tillsonburg, the Development Commissioner is recommending that the agreement be brought forward to Open Council for consideration.

CONSULTATION

The Van Norman Innovation Park has been well advertised including on the Town’s website, an on-site sign that has been present since 2009 and many different marketing opportunities and advertisements.

The issue of this remaining 1.05 Acre parcel has been discussed at a Manager’s meeting and subsequently with the Development and Operations Department. Their suggestion is that a minimum strip of land be retained along the west side of the 1.05

Acres in order to provide an access option for the rear 2 acres of land to the North of this property (and behind the 2 acres sold to North Ridge Realty). The rear 2 acres of lands were landlocked somewhat with the sale to North Ridge Realty although the buyer of Lot 1 has a Right of First Refusal on these lands and they could also be purchased by any of the three other purchasers of surrounding property.

Further to Council's direction, staff have negotiated an access easement for the rear lands with 1677123 Ontario Inc.

FINANCIAL IMPACT/FUNDING SOURCE

The offer to purchase has been received at a value of \$50,000.

The land sale revenue from this transaction will be used to pay the Town's legal and closing costs with the net amount being contributed to the Economic Development Reserve. The funds in the Economic Development Reserve will be used to offset all expenditures related to the development of the Van Norman Innovation Park including servicing costs required to enable the development to proceed.

Based on BMA 2019 data of \$1.14 per square foot in tax revenue for a standard industrial building, the tax revenue for the proposed 29,000 square feet of building area is estimated at \$33,360. However, due to the significant increases in assessed values being experienced across the Province, a new industrial building could have a significantly higher assessed value (although the assessed value would still have to be in line with the existing industrial assessments in the area). Hence, it may be appropriate to estimate taxes as being in the \$1.75 to \$2.25 per square foot range, which would result in an estimated tax bill of \$50,750 to \$65,250.

CORPORATE GOALS

How does this report support the corporate goals identified in the Community Strategic Plan?

- Lifestyle and amenities
- Customer service, communication and engagement
- Business attraction, retention and expansion
- Community growth
- Connectivity and transportation
- Not Applicable

Does this report relate to a specific strategic direction or project identified in the Community Strategic Plan? Please indicate section number and/or any priority projects identified in the plan.

Goal – Business Attraction, Retention and Expansion - Through community and regional partnerships, Tillsonburg will attract and retain a diverse range of businesses, creating employment opportunities for residents and a balanced tax base.

Strategic Direction – Ensure adequate supply of “shovel ready” land for business attraction and expansion.

Priority Project – Ongoing Projects - Marketing and build out of Van Norman Innovation Park.

ATTACHMENTS

Appendix A – Offer to Purchase – 1677123 Ontario Inc