



Subject: Budget White Paper - Project Management Consultant to Expedite Industrial Land Development

Report Number: EDM 23-01

Department: Economic Development Department

Submitted by: Cephas Panschow, Development Commissioner

Meeting Type: Council Meeting

Meeting Date: Monday, January 9, 2023

RECOMMENDATION

THAT report EDM 23-01 Project Management Consultant to Expedite Industrial Land Development Budget White Paper be received as information;

AND THAT a Request for Proposal for a Project Management Consultant be prepared and released with the intent of facilitating the timely development and approval of Phases 2 and 3 of the Van Norman Innovation Park;

AND THAT the costs for a Project Management Consultant, and associated design/ approvals, be funded from the Economic Development Reserve up to a maximum of \$250,000 with an annual report being brought back to Council for information.

BACKGROUND

Council passed the following resolution at their November 14, 2022 meeting:

THAT the Economic Development Advisory Committee recommendation for the Town to consider project management options for the development of Phase 2 of the Van Norman Innovation Park be referred to 2023 budget deliberations for consideration.

Based on the Town's desire to expedite the Plan of Subdivision, Detailed Design and Construction of additional land in the Van Norman Innovation Park, staff is

recommending the preparation of a Request for Proposal to select a consultant to act as a Project Manager reporting directly to the Development Commissioner.

DISCUSSION

Due to a variety of factors, the Town experienced unprecedented success with respect to selling the 37 Acres of industrial land in Phase 1 of the Van Norman Innovation Park (10 months from achieving Substantial Completion of servicing to entering into an agreement for the last parcel). The demand for industrial property across Southwestern Ontario has also been reflected in the sale of industrial buildings, which have achieved record prices as well.

Despite the current economic headwinds/challenges, demand for industrial property is expected to remain strong. Hence, it is imperative that the Town capitalize on this opportunity (and the shortage of industrial properties across the Province) by expediting the approval and servicing of more industrial land.

The first phase of the VIP represented the first Industrial Plan of Subdivision ever approved in the Town of Tillsonburg and there were a number of obstacles and key learnings obtained through that process. Based on the significant complexity of the Draft Plan of Subdivision and Engineering Design Approvals process (See Appendix A), staff is recommending that the Town retain a Project Management consultant through a Request for Proposal process (and further to the recommendation of the Economic Development Advisory Committee).

In reviewing the alternative for a Project Management lead, the following options are possible.

Type of Arrangement	Pros	Cons
Contract Employee (Full-time)	<ul style="list-style-type: none"> • Full-time resource available • Can be fully dedicated to the project 	<ul style="list-style-type: none"> • Expensive (wage/ burden could be \$150K/year or more) • Workload may not be enough to support • Very competitive labour market • Unsure if single person could handle all design aspects • Would still require sub-consultants for certain

		studies (environmental, archeological, traffic, etc)
Contract Employee (Part-time)	<ul style="list-style-type: none"> • More affordable (assume 50% of full-time) • Can be dedicated to project 	<ul style="list-style-type: none"> • Very competitive labour market • Unsure if single person could handle all design aspects • Would still require sub-consultants for certain studies (environmental, archeological, traffic, etc)
Consultant (Part-time)	<ul style="list-style-type: none"> • More efficient use of resources/less costly • Would have access to various specialties (likely in-house if firm is a good size) • Consultant availability should increase as the economy slows, i.e. more competitive bidding, etc 	<ul style="list-style-type: none"> • Lead person may have many competing projects as part of their workload • Would still require sub-consultants for certain studies (environmental, archeological, traffic, etc)

Based on the current labour market challenges, the broad expertise required, and the anticipated increase in availability of consultants, the Development Commissioner is recommending that an external Project Management Consultant be obtained through a public Request for Proposal process.

CONSULTATION

The advice for the Town to retain a Project Management Lead for the development of the future phases of the Van Norman Innovation Park came from the Economic Development Advisory Committee and was supported by Council at their November 14, 2022 meeting.

Director of Operations and Development.

FINANCIAL IMPACT/FUNDING SOURCE

The cost to retain a Project Management Consultant is not known at this time, but will be obtained through a Request for Proposal process.

In terms of the draft Plan of Subdivision approval, Engineering Design, Site Investigations, Legal Plan Preparation/Registration, Tender preparation and award costs, it is anticipated that these could be approximately \$200,000.

Based on current and anticipated revenue from industrial land sales, the Development Commissioner is recommending that these costs be covered by the Economic Development Reserve.

The anticipated 2022 year-end balance for the Economic Development Reserve is \$883,872.

It should be noted that, should Council approve the use of the Economic Development Reserve, these costs would be offset through future land sale revenue once the lands are ready to be marketed and sold.

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 – 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

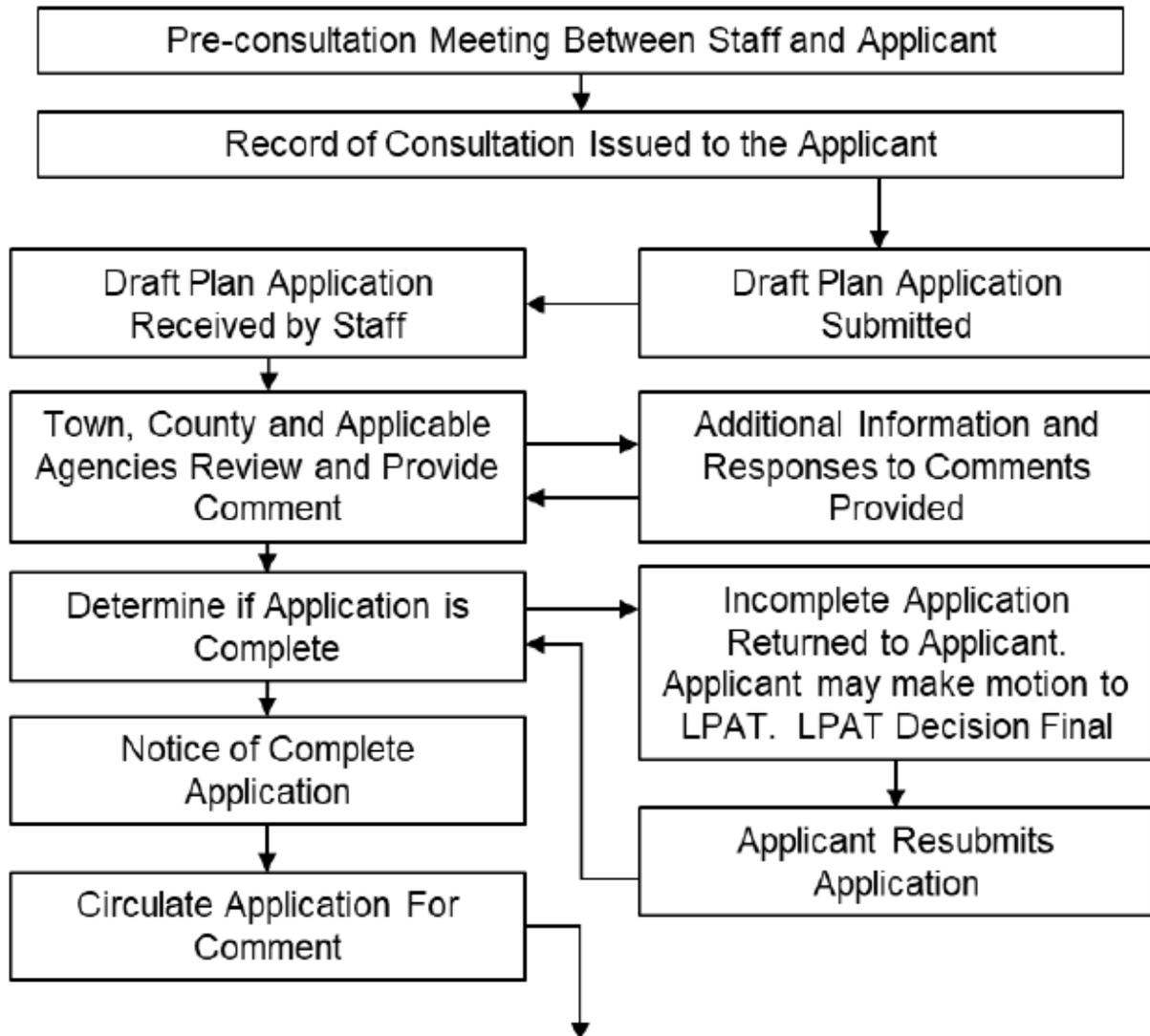
Priority Project – *Short Term* - Build out of new industrial land purchase

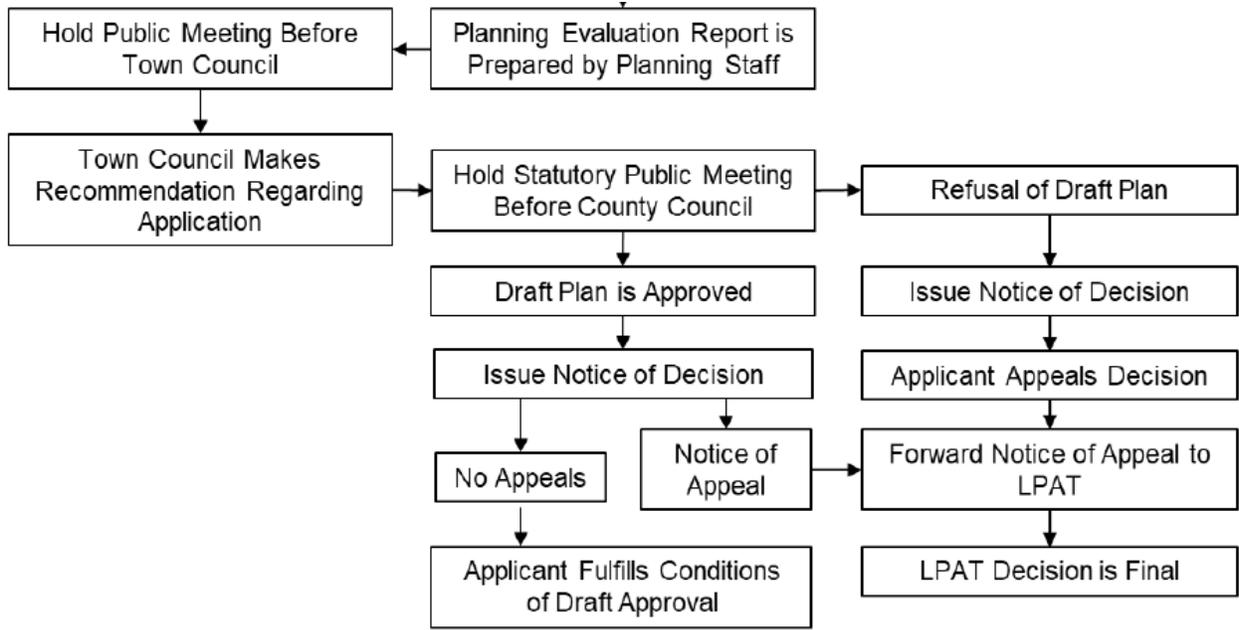
ATTACHMENTS

Appendix A – Approval Process

Appendix A – Approval Processes

Draft Plan of Subdivision





Engineering Design Approvals Process

