



Subject: Industrial Land Lease for Agricultural Purposes

Report Number: EDM 25-012

Department: Economic Development Department

Submitted by: Cephas Panschow, Development Commissioner

Meeting Type: Council Meeting

Meeting Date: Monday, March 24, 2025

RECOMMENDATION

- A. THAT report EDM 25-012 Industrial Land Lease for Agricultural Purposes be received; and,

- B. THAT Council approve a one year extension in the lease with VanQuaethem Farms Ltd for various parcels of industrial land to enable flexibility with respect to the development of Phase 2 of the Van Norman Innovation Park including the ability to adjust the lands being farmed, either before or after planting, and with an overall price increase in the land lease rate from \$340 per acre to \$370 per acre; and,

- C. THAT a bylaw be brought forward to authorize the Mayor and Clerk to enter into a lease agreement with VanQuaethem Farms Ltd for the lands described as:
 - a. Part of Lots 3, 4, and 5, Concession 5 NTR Middleton, and more particularly described as Part 2, Plan 37R-283 and Parts 10 and 11, Plan 41R-10104, comprising approximately 66 acres of farmable land;

 - b. Part of Lots 2 and 3, Concession 5 NTR Middleton, and more particularly described as part of Part 1, Plan 37R352, comprising approximately 48 acres of farmable land, and expressly excluding the southernmost 18 acres of farmable land and all lands south of Otter Creek;

 - c. Lands located on the east side of Highway 19 (Vienna Road), legally described as part of Lots 8 and 9, Concession 4, NTR, and more particularly described as Lots 1613 and 1638A, Plan 500, comprising of approximately 17 acres of farmable lands
 - i. With access through Unnamed Road adjacent to Lots 1612, 1613 and 1614; and,

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- d. Part of Lot 12-13, Concession 4, NTR Middleton as in NR442642 N of NR368925, Norfolk County, comprising approximately 34 acres of farmable lands.

D. That the net additional revenue resulting from this lease agreement be allocated towards marketing initiatives to support the sale of lands in Phase 2 of the Van Norman Innovation Park.

BACKGROUND

Town Council approved a 1-year extension in the lease with VanQuaethem Farms Ltd for various parcels of industrial land at their March 25, 2024 meeting as follows:

- A. *THAT report EDM 24-010 Industrial Land Lease for Agricultural Purposes be received; and,*
- B. *THAT a bylaw be brought forward to authorize the Mayor and Clerk to enter into a lease agreement with VanQuaethem Farms Ltd for the lands described as:*
 - a. *Part of Lots 3 and 4, Concession 5 NTR Middleton, and more particularly described as Part 2, Plan 37R-283 and Parts 10 and 11, Plan 41R-10104, comprising approximately 66 acres of farmable land; and,*
 - b. *Lands located on the east side of Highway 19 (Vienna Road), legally described as part of Lots 8 and 9, Concession 4, NTR, and more particularly described as Lots 1613 and 1638B, Plan 500, comprising of approximately 17 acres of farmable lands; and,*
 - c. *Part of Lots 2 and 3, Concession 5 NTR Middleton, and more particularly described as part of Part 1, Plan 37R352, comprising approximately 52 acres of farmable land.*

Similar to last year, the Development Commissioner is seeking Council approval to enter into a one year lease with the same farmer that has been farming these lands since 2021 based on the flexibility afforded by the farmer in allowing the acreage to be farmed to be adjusted, either before or after planting, with incursions into the farm lands as needed throughout the growing season. VanQuaethem Farms has been very accommodating when consultants were required to enter the lands and destroy crops for purposes of accessing the lands. Further, VanQuaethem Farms assisted the town in preparing the lands for Archeological investigations, which enabled much of the work to be completed prior to the end of 2024.

Based on the Town's plans to obtain approvals and service these lands as soon as possible, the Development Commissioner is seeking Council approval to enter into a

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one-year lease (with possible extensions) to enable the majority of these lands to be farmed this year with additional revenue to the Town.

DISCUSSION

VanQuaethem Farms Ltd offered the highest land rental rate to the Town through a public tender process in 2021 with a lease rate of \$272 per acre, which was increased to \$340 per acre last year and is proposed to be increased to \$370 per acre for the 2025 crop year. This increase equates to an approximately 9% increase in the lease rate.

As Council is aware, the Town is seeking to expedite the servicing and development of the Phase 2 Van Norman Innovation Park lands. With various investigations and approvals continuing through 2025, as well as the potential for servicing work to start late this year, entering into a 1-year lease enables the Town to secure significant revenues while also affording the flexibility needed to bring additional industrial lands to market in an expedited manner. The increase in the lease rate is significant and helps offset any potential additional income that might be obtained through a formal tender process.

The proposed lease also includes approximately 36 acres of recently acquired land.

CONSULTATION

Duncan, Linton LLP has updated the attached Agricultural Lease Agreement.

FINANCIAL IMPACT/FUNDING SOURCE

The 2025 Economic Development and Marketing budget contains \$44,500 in anticipated land lease revenue. If the recommendation is approved, it will result in revenue of \$61,050, which is \$16,550 more than the budget estimate. The increase is due in part to the increase in the lease rate and the additional 36 acres of land being leased.

The lease of industrial lands for agricultural purposes results in taxable assessment, which means that Town, County and Education taxes will be paid for out of the lease revenue. An amount of \$5,000 for property taxes has been included in the approved 2025 Economic Development & Marketing Budget so any net difference would be additional costs being offset by the additional revenue. There were some minor legal

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costs incurred for the preparation of the agreement and these would also be charged against this additional revenue.

The remaining lease revenue would be allocated to the Economic Development & Marketing Budget towards marketing initiatives to support the sale of lands in Phase 2 of the Van Norman Innovation Park.

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 – Lease Agreement