



## The Corporation of the Town of Tecumseh

Corporate Services & Clerk

**To:** Mayor and Members of Council

**From:** Laura Moy, Director Corporate Services & Clerk

**Date to Council:** April 14, 2020

**Report Number:** CS-2020-13

**Subject:** Manning Road Farm Lease

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### Recommendations

It is recommended:

**That** The Corporation of the Town of Tecumseh (Town) enter into a three-year term Lease Agreement with Olinda Farms Inc. (Olinda) to farm the Town's 18 acres of farmland located on the south side of Baseline Road **be approved**;

**And that** the Mayor and the Clerk **be authorized** to execute a Farm Lease Agreement between the Town and Olinda for the 2020 to 2022 Crop Years.

### Background

The Town is the owner of approximately 18 acres of farmable lands located on the south side of Baseline Road, west of Manning Road (Farmlands).

The Farmlands, along with Fairplay Woods, were retained by the Town following the settlement of the litigation with 424805 Ontario Limited/Ice Track Corporation (424). All of the lands retained by the Town are legally known as Part 2 on Plan 12R-25526. [Appendix 1](#) is a map of the Town's Lands.

Following the settlement, 424 entered into a Farm Lease Agreement with an area farmer to farm the lands which it acquired from the Town (424 Lands). The 424 Lands are shown as Part 1 on Appendix 1. The lease payment to 424 in 2019 was \$238.11 per acre, plus HST.

The Town has entered into a lease agreement with the same farmer as 424 with respect to its Farmlands.

## Comments

Prior to the settlement with 424, the Town received Request for Proposals (RFP) to farm its lands in accordance with the Town's Purchasing Policy No. 17 (Policy).

The Farmlands are located on the south side of Baseline Road with no direct access from the road. The Farmlands may only be accessed from the 424 Lands which will be leased to Olinda Farms Inc. for farming purposes for 2020 to 2022 crop years. As Olinda can only access the Farmlands from the 424 Lands, the Town is unable to use the regular RFP process.

The Policy provides the following in Section 3.9 a) iii) and iv):

### "3.9 Non-Competitive Purchases

a) The requirement for competitive bid solicitation for goods, services and construction may be waived under joint authority of the appropriate Department Director and the Purchasing Coordinator and replaced with negotiations by the Department Director under the following circumstances:

i) ...

ii) ...

iii) where only one source of supply would be acceptable and cost effective;

iv) where there is an absence of competition for technical or other reasons and the goods, services or construction can only be supplied by a particular supplier and no alternative exists..."

Section 3.9 b) of the Purchasing Policy further states that:

"When a Department Director intends to select a supplier to provide goods, services or construction pursuant to subsection 3.9 a), a written report indicating the compelling rationale that warrants a non-competitive selection will be submitted by the Department Director to Town Council for approval for those purchases over \$100,000."

This report has been prepared in accordance with Section 3.9 b) of the Policy, in the absence of any other policy relating to leasing lands, to recommend the Town enter into a Farm Lease Agreement with Olinda for the 2020 Crop Year at the rate of \$242.00 per acre, plus HST. In 2021 and 2022 the rate will be increased in proportion to the increase, if any, in the Consumer Price Index (CPI) as determined by Statistics Canada.

The rate of \$242.00 is in keeping with the rate to be paid by Olinda to 424 in 2020. It is greater than the 2019 per acre lease payment received by the Town of \$238.11 per acre plus HST, based on a 1.9% CPI.

The Farm Lease Agreement for the 2020 to 2022 Crop Years has been prepared in keeping with the same provisions of previous agreements, save and except the current agreement is based on a three-year term. The payment installments have been split 50/50 effective June 1 and October 1.

In brief summary, Olinda will be responsible for:

- growing crops and such ancillary tasks necessary to grow the crops;
- all labour, materials and equipment, including the cost of same, for the purpose of the Lease;
- providing to the Ontario Ministry of Agriculture, Food and Rural Affairs a valid Farm Business Registration number to maintain the farm property class rate for each taxation year;
- giving evidence of public liability and property damage insurance of not less than Two Million Dollars (\$2,000,000) naming the Town as an additional insured on the Farmer's policy of insurance;
- leaving the Farm in good condition in accordance with proper farm husbandry and ready for the next farm crop year; and
- payment of rent in the annual amount of \$4,356.00 plus HST, as applicable.

The Farm Lease Agreement cannot be assigned or sublet without the prior written approval of the Town and the Town may reduce or eliminate acreage of the Farmlands upon notice to the Farmer.

Subject to Council's acceptance of the recommendations contained in this report and the receipt of the Farm Lease Agreement by Olinda, a by-law will be prepared for the next regular meeting of Council to formally authorize entering into the Agreement.

## **Consultations**

Financial Services

## **Financial Implications**

The lease payment to the Town for the 2020 Crop Year under the Farm Lease Agreement is due in two (2) instalments:

- June 1, 2020           \$2,178.00 plus HST (\$2,461.14)
- October 1, 2020      \$2,178.00 plus HST (\$2,461.14)

The total lease payment for the 2020 Crop Year is \$4,356.00 plus HST, as applicable.

## Link to Strategic Priorities

Applicable	2019-22 Strategic Priorities
<input type="checkbox"/>	Make the Town of Tecumseh an even better place to live, work and invest through a shared vision for our residents and newcomers.
<input checked="" type="checkbox"/>	Ensure that Tecumseh's current and future growth is built upon the principles of sustainability and strategic decision-making.
<input type="checkbox"/>	Integrate the principles of health and wellness into all of Tecumseh's plans and priorities.
<input checked="" type="checkbox"/>	Steward the Town's "continuous improvement" approach to municipal service delivery to residents and businesses.
<input type="checkbox"/>	Demonstrate the Town's leadership role in the community by promoting good governance and community engagement, by bringing together organizations serving the Town and the region to pursue common goals.

## Communications

Not applicable ☒

Website ☐

Social Media ☐

News Release ☐

Local Newspaper ☐

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

Laura Moy, Dipl. M.M., CMMIII HR Professional  
Director Corporate Services & Clerk

Reviewed by:

Tom Kitsos, CPA, CMA, BComm  
Director Financial Services & Chief Financial Officer

Recommended by:

Margaret Misek-Evans, MCIP, RPP  
Chief Administrative Officer

<b>Attachment Number</b>	<b>Attachment Name</b>
1	Map of the Town's Lands
2	Farm Lease Agreement