

## **Township of Southgate**

### **Administration Office**

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## **Staff Report CAO2022-007**

**Title of Report:** Flato Developments Eco Park Phase II Development  
Partnership MOU and Land Purchase & Sale Agreement  
Report

**Department:** Administration

**Council Date:** March 2, 2022

### **Council Recommendation:**

**Be it resolved that** Council receive staff report CAO2022-007 as information; and

**That** Council approve the Development Partnership Memorandum of Understanding agreement document to co-develop and construct roadway and service to property lines for the lands in the Eco Park Phase II with Flato Green Inc.; and

**That** Council approve the purchase and sale agreement for 90 acres of lands in the Eco Park Phase II to a Flato Green Inc.; and

**That** Council consider approval by municipal By-law of the Development Partnership Memorandum of Understanding agreement document and the purchase and sale agreement for 90 acres of lands in the Eco Park Phase II to a Flato Green Inc. at a future Council meeting following legal review of the documents and process.

### **Background:**

Staff (CAO & EDO) have been working on the Eco Park Phase II property in relation to future development of the property to establish the best possible development of the Hwy #10 Southgate owned lands. Staff report CAO2021-072 titled Eco Park Phase II Land Development Proposals Comparison Report was presented to Council on November 3, 2021 and evaluated development and marketing options with Council approving the following resolution:

**Moved By** Councillor Shipston; **Seconded By** Councillor Dobreen;

**Be it resolved that** Council receive staff report CAO2021- 072 as information; and

**That** Council direct staff to draft a development agreement with Flato Developments to partner with the Township of Southgate in the construction of a roadway and the installation of servicing in the Eco Park Phase II property to access Hwy #10, the Hwy #10 commercial property Service Road and the development of remainder of the property to connect to the existing Eco Park Way road from Ida Street to consider and approve at a future Council meeting; and

**That** Council direct staff to create a draft purchase and sale agreement to sell 90 acres of lands in the Eco Park Phase II to a Flato Green Inc. for Council to consider

at a future Council Meeting following the development agreement approval or as part of that agreement authorization process.

Carried No. 2021-607

**Staff Comments:**

Staff have developed a draft Development Memorandum of Understanding (MOU) (Attachment #1) document to form the basis for partnering with Flato Green Inc. to share the costs on an equal basis to build on the Eco Park Phase II property the roadway to Hwy #10, with a traffic circle, watermains, sewer mains, fire hydrants and servicing of water and sewers to this main road allowance property line for the by-pass route only.

Staff in discussions with Flato Green Inc. has developed a purchase and sale agreement (Attachment #2). This development plan and land sale agreements include the following:

1. The land sale price;
2. 50-50 cost sharing of roadway & servicing (water, sewers, hydro and natural gas) development;
3. Be involved with the Hwy #10 commercial development planning to work with Flato and locate appropriate businesses needed in the Southgate community;
4. Develop an industrial land development plan with Flato;
5. Investigate residential development for some affordable housing project in the Hwy#10 development project; and
6. Southgate develop its own plan to retain industrial land in Eco Park Phase II and the abutting lands to the new roadway from Phase I for possible development that could be sold.

The land purchase and sale agreement does provide any approvals of uses other than concept plans for the lands being sold and the MZO flexible zoning approval.

**Financial Impact or Long Term Implications**

The financial impact as a result of this report is to share the costs of road development and create revenue by selling 90 acres of lands in Eco Park Phase II with about 50 acres plus some adjacent owned by the Township for development.

The Flato proposal has offered to pay \$5,000,000.00 for the 90 acres and pay 50% of the road and servicing construction cost from Hwy #10 to the west boundary of the Hwy #10 property and north along the rail trail line.

Southgate is retaining 50 acres of the 140 acres to use approximately 10 acres for road construction and 40 acres for Township commitments we are working on for future industrial projects.

The advantages with the Flato proposal are the following:

- The financial part of the Flato project plan is comparable to the revenue Southgate would realize from other transactions investigated, but this is upfront revenue and a development partner that is engaged/committed to and experienced in Southgate.
- Flato's proposal upfronts money to partner with and support 50 percent of the road construction and servicing costs in the Eco Park Phase II development.
- This proposal will allow for Southgate to be part of discussions and decision process in the types of businesses to be located on the Hwy#10 commercial lands by working with Flato and their commercial business team.
- Southgate's past experience with Flato as a developer and their track record in our community has been very positive.
- Flato's commitment to community building through contributions to the New Dundalk Medical Clinic, New Markdale Hospital, GTR Transit Service Dundalk to Orangeville, Southgate Fire Department Rehab Trailer, sponsor support for community events and local sports teams.

#### **Flato Proposal for Eco Park Phase II:**

Flato Green Inc. – 90 acre land sale (\$55,555.00/acre)	\$5,000,000.00
Flato contribution to Eco Park Way Road Construction	\$2,882,520.00
Southgate – 40 acre land sale @ \$65,000.00 per acre	\$2,600,000.00
<b>Total Flato &amp; Southgate Revenue for sale of all of the Eco Park Phase II property</b>	<b>\$10,482,520.00</b>

#### **Other Development Land for Sale**

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|--|---|
| <ul style="list-style-type: none"> <li>• 10 acres of land for potential development with Phase II on the west side of rail trail &amp; east of Wastewater lands property for sale @ \$50,000.00 per acre</li> <li>• 5.6 acres of land for sale next to Lystek Property for sale @ \$40,000 per acre</li> <li>• 5 plus acres in Eco Park Phase I between west of Nicola Rago under review by GRCA for development @ \$40,000.00 per acre</li> </ul> | <ul style="list-style-type: none"> <li>\$ 500,000.00</li> <li>\$ 224,000.00</li> <li>\$ 200,000.00</li> </ul> |
| <b>Total</b>   | <b>\$ 924,000.00</b>  |

**Eco Park Phase I Revenues:**

Eco Park Land Sales Reserve	\$ 88,866.01
Casa Terre Corp. Property Sale	\$ 245,000.00
Petawawa Biofuels	\$ 137,160.00
Nicola Rago Property Sale	\$ 46,000.00
Calhoun Super Structures Property Sale (2022)	\$ 208,250.00
Green Lid land Property Sale (2022)	\$ 875,000.00
Lisanti-Wilson Property Sale (2022)	\$ 385,000.00
<b>Total</b>	<b>\$1,985,276.01</b>

**The revenues from the Eco Park Phase I property sales in 2022 and the potential future revenues from Eco Park Phase II transaction would generate revenues of over \$12.8 million dollars.**

**Eco Park Phase II Development Costs:****1. Eco Park Phase II Road Shared Construction Costs with Developer**

Highway 10 Intersection Improvement	\$ 850,000.00
Eco Park Way Service Round-About	\$ 550,000.00
Highway 10 to Eco Park Way Road Construction	\$1,600,000.00
Watermain Servicing	\$ 983,240.00
Sanitary Sewer Servicing	\$ 707,800.00
<b>Sub-Total</b>	<b>\$4,691,040.00</b>
Engineering	\$ 397,000.00
Contingency	\$ 397,000.00
Bonding & Construction Layout	\$ 280,000.00
<b>Total</b>	<b>\$5,765,040.00</b>

Southgate's Portion of Shared Construction Costs (50%)	\$2,882,520.00
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**2. Southgate Non-shared Construction Costs**

Eco Park Way Road along Rail Trail	\$ 856,000.00
Existing Eco Park Way Construction	\$ 477,000.00
Watermain Servicing	\$ 983,240.00
<b>Sub-Total</b>	<b>\$2,316,240.00</b>
Engineering	\$ 91,000.00
Contingency	\$ 71,000.00
Bonding & Construction Layout	\$ 107,000.00

<b>Southgate's Non-Shared Total</b>	<b>\$2,582,240.00</b>
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<b>Southgate's Construction Costs Shared &amp; Non-Shared</b>	<b>\$5,464,760.00</b>
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### 3. Southgate Project Costs Supported by Development Charges

Sewage Pumping Station and Forcemain (DC Funded Project)	\$2,773,250.00
Engineering	\$ 280,000.00
Contingency	\$ 280,000.00
Bonding & Construction Layout	\$ 100,000.00
<b>Total</b>	<b>\$3,433,250.00</b>

**Note:** Development costs to be inserted into 2022 DC Study for growth funding cost recovery. 90% of the cost would come from DC charges and 10% (about \$350,000.00) would need to be funded from the property sale revenues of the Eco Park Phase II project.

### 4. Hydro One & Natural Gas Servicing.

The other shared costs would be electrical and natural gas services in the road allowance that will be assessments based on application to the utilities to receive installation costs. With Hydro One we would have connection costs (Non-contested works) and tendering the costs for poles and service line installation referred to as contested works. The Enbridge costs for installing gas main is based on distance of servicing and load assessment revenues they would realize from customers.

### Communications & Community Action Plan Impact:

This report has been written and presented to Council to communicate accurate information to the public. Southgate CAP Goal – Trusted, Timely, Transparent, Decision Making.

### Goal 1-Attracting New and Supporting Existing Businesses & Farms

**Action 1:** The residents and businesses of Southgate envision a growing and diverse local economy, which respects our agricultural background while also attracting new businesses and new employment opportunities in keeping with the renewed growth of our population.

### Concluding Comments

1. That Council receive this report as information.
2. That Council approve in draft the MOU document as the framework to develop Eco Park Phase II with Flato Green Inc. Development Agreement.
3. That Council approve in draft purchase and sale agreement of 90 acres of Eco Park Phase II to Flato Green Inc. for commercial, industrial and residential development mix.

Respectfully Submitted,

**CAO approval:** Original Signed By Dave Milliner – CAO  
[dmilliner@southgate.ca](mailto:dmilliner@southgate.ca) 519-923-2110 x210

**Attachments:**

- Attachment 1 – Southgate-Flato Green Inc. Draft Development  
Memorandum of Understanding dated March 2, 2022
- Attachment 2 – Southgate-Flato Green Inc. Draft Purchase and Sale  
Agreement dated March 2, 2022