

## **Township of Southgate**

### **Administration Office**

185667 Grey Road 9, RR 1

Dundalk, ON N0C 1B0

**Phone:** 519-923-2110

**Toll Free:** 1-888-560-6607

**Fax:** 519-923-9262

**Web:** [www.southgate.ca](http://www.southgate.ca)

## **Staff Report CAO2022-070**

**Title of Report:** Mid West (Huron Bay) Coop-Southgate Development Plan and Land Lease Agreement

**Department:** Administration

**Council Date:** October 5, 2022

### **Council Recommendation:**

**Be it resolved that** Council receive staff report CAO2022-070 as information; and

**That** Council approve the Mid West Cooperative Inc.-Southgate Land Lease Agreement dated October 5<sup>th</sup>, 2022 as presented; and

**That** Council consider approval of the of the Mid West Cooperative Inc. Land Lease Agreement by municipal By-law 2022-140 at the October 5, 2022 Council meeting.

### **Background:**

An agreement with the Huron Bay Coop and the Township of Southgate has been in place for many years, for the lease of the lands where the mill building is located on the north east corner of Dundalk and Holland Streets. The lands on the west side of the rail trail from Holland to Grey Street, that also fronts onto Dundalk Street has been under municipal ownership for a long time, to our knowledge.

Staff reviewed and updated the agreement in 2017 with current information and changed the lease payment to the current annual rate. The lease rate is annually increased by a rate of 2% as spelled out in Article 2.02 of the agreement.

At the April 19, 2017 meeting Council approved the following motion was approved:

**Moved by Councillor Woodbury, Seconded by Councillor Frew;**

**Be it resolved that** Council receive staff report CAO2017-040 as information; and

**That** Council provide direction and feedback to staff for changes to this agreement; and

**That** Council consider approval of the agreement by municipal By-law at a future Council meeting, once approved by Huron Bay Coop. **Carried.** No. 2017-248

### **The Present Day Issues**

Huron Bay Cooperative has amalgamated with North Wellington Cooperative to create a new business entity call Mid West Cooperative Inc., with their head office still located in Teeswater, Ontario. As part of these business changes, they want to reinvest and re-establish their business commitments in the Dundalk location by:

1. Refreshing the land lease agreement with Southgate to reflect their new business name Mid West Cooperative Inc.;
2. Demolish the old Feed Mill building on the property and reconstruct a new structure on the property within the leased lands that does not encroach onto the rail trail lands;
3. Seek approval through a Site Planning process with Southgate and Grey County to locate the new Mid West Cooperative building for agriculture feed and crop related products; and
4. To purchase from Grey the Coop's Fertilizer Plant lands located on Proton Street north of the Library and south of the new Dundalk SEGCHC proposed parking lot.

#### **The Agreement:**

No changes are recommended to the agreement for Council approval other than the name change and the new dates to restart the 10 year agreement term. A copy of the new Mid West Coop Land Lease Agreement is included with the By-law 2022-140 for Council consideration.

#### **Old Feed Mill Building Demolition:**

This will remove the existing structure from the property and eliminate encroachments on the Grey County Rail Trail property. Mid West Coop will request a building demolition permit from Southgate.

#### **Site Plan Agreement and Construction of New Building**

Mid West Cooperative are working with Southgate staff to develop a site plan for the lease land property envelop to locate their new building and to eliminate the present Grey Rail Trail building encroachment of the existing structures. A survey document shows the 9.785 meters (32.1 feet) encroachment of the Feed Mill Building. The leased land is 30.471 meters (99.8 feet) wide with Holland Street frontage and 53.569 meters (175.8 feet) deep along Dundalk Street. They plan to erect a new building 50 feet wide by 150 feet deep on the property, while retaining the existing weigh scales. The new building would set on the east side of the leased land, with the front of the building being 15 feet from the Holland Street property line. On the north side of the new building structure would allow 90 feet of space traffic flow and storage area between the Township's Dundalk Works Garage and the new facility. A copy of a preliminary site plan drawing for their new building on the property is included in this staff report as Attachment #1.

#### **Fertilizer Plant Property Purchase of Lands from Grey County**

This discussion started to purchase the Fertilizer Plant lands from the County of Grey prior to the COVID Pandemic and was lost as a priority during the last 3 years. Mid West Coop have now raised this again as an issue that they would like to see addressed during our present discussions with the County Planning staff. A site

meeting is scheduled for Mid West Coop, County and Southgate staff to get the sale of the land process started now for consideration early in the new term of the Grey Council.

At the September 21<sup>st</sup>, 2022 Council meeting staff report CAO2022-067 was presented titled "Mid West Coop-Southgate Development and Draft Land lease Agreement" with the following resolution being approved:

**Moved By** Councillor Rice; **Seconded By** Councillor Dobreen;

**Be it resolved that** Council receive staff report CAO2022- 067 as information; and **That** Council approve the Mid West Cooperative Inc. (formally Huron Bay Coop) concept of their development plans; and

**That** Council approve the Mid West Cooperative Inc.- Southgate Draft Land Lease Agreement as presented; and That Council consider approval of the of the Mid West Cooperative Inc. Land Lease Agreement by municipal Bylaw 2022-140 at the October 5, 2022 Council meeting.

Carried No. 2022-623

### **Staff Comments:**

A change to the draft agreement that was requested in the agreement by Council at the September 21<sup>st</sup>, 2022 meeting was that the inflation indexing for the lease be increased by the cost-of-living allowance rate (COLA) used by the Township set every October for the previous 12 months, rather than using 2%.

Mid West Coop has been provided the agreement with the COLA changes that are reflected in Sections 2.02, 2.04 and eliminates the need for the Schedule A document. The sections now reads as follows with changes underlined:

#### **Rental Payment - Article 2.02**

The Tenant shall pay to the Landlord, its successors and assigns, without any deduction, set off, or abatement whatsoever, yearly and every year or portion thereof during the term, the sum of one thousand two hundred and sixty-five dollars (\$1,265) of lawful money of Canada, payable in yearly installments of one thousand eighteen dollars [\$1,265] each in advance on the first day of each lease year during the term of the Lease, the first payment to be made on the first day of March, 2023 at this lease rate. Starting on the first day of March , 2027 the lease rate will be indexed annually by the October Cost of Living Index (COLA) and applied the first day of March thereafter until the expiration of this agreement and as reference in this agreement in Article 2.04. If the term hereof commences on a day other than the first or ends on a day other than the last day of a month, rental for the fraction of the month at the commencement or at the end of the term shall be adjusted pro rata. In addition, The Tenant shall pay to the Landlord, its

successors and assigns, any applicable Goods and Services Tax (being the tax imposed pursuant to the *Excise Tax Act* (Canada) and similar taxes or levies.

#### **Continuation - Article 2.04**

Provided that the Tenant shall not be in default of any of the terms, covenants and conditions herein contained at the expiration of the term of this Lease, the Lease shall continue in force from year to year as a yearly Lease upon the same terms, covenants and conditions as are contained in this Lease.

Provided further that should this Lease continue in force as a yearly Lease as herein provided, then the rent payable for the first year of such yearly Lease will be determined by increasing the annual rent stipulated in Article 2.02 by increasing annually by the October Cost of Living Index (COLA) and rounded off thereafter to the nearest dollar and rent payable for each lease thereafter will be determined by increasing the rent payable for the immediate preceding lease year by increasing annually by the October Cost of Living Index (COLA) and rounded off thereafter to the nearest dollar. If in any lease year during the period that this Lease is a yearly Lease, the Landlord determines that the fair market rental value of the leased premises is greater than the rent so calculated for that lease year, then the rent payable for that lease year shall be such fair market rental value.

Staff recommends approval of the agreement for Mid West Coop to consider at their next Board of Directors meeting.

#### **Financial Impact or Long Term Implications**

There is no financial impact to the municipality as a result of this report related to expenses. This agreement will generate \$1,265.00 in revenue from 2023 to 2026 for leasing of the land and increase by COLA rate increase per year starting in 2027 until 2032 when the agreement will be up for renewal March 1<sup>st</sup> of 2033.

Mid West Cooperative also pays taxation on this property annually.

#### **Communications & Community Action Plan Impact:**

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

#### **Goal 2 - Revitalizing Downtown Dundalk**

**Action 2:** The residents and businesses of Southgate envision our largest town once again becoming a source of community pride and a hotbed of community activity, with a much-improved appearance and a broader range of business opportunity.

#### **Concluding Comments:**

1. That Council receive this staff report as information.

2. That Council approve the Mid West Cooperative Inc. Agreement by Municipal By-law 2022-140.

Respectfully Submitted,

**Planning approval:** Original Signed By

Clinton Stredwick – Planner [cstredwick@southgate.ca](mailto:cstredwick@southgate.ca)  
923-2110 x235

**CAO approval:** Original Signed By

Dave Milliner – CAO [dmilliner@southgate.ca](mailto:dmilliner@southgate.ca) 923-2110 x210

**Attachments:**

- Attachment #1 - Mid West Coop Holland-Dundalk Street location Draft Development Site Plan