RECOMMENDATION:
THAT the Council of the Township of North Huron hereby receive the report of the Director of Public Works, dated August 12, 2019 regarding the outcome of the Tender for the Lease of Agricultural Lands for information;

AND FURTHER, THAT Contracts be awarded to the individuals identified in report OPS 2019-33 for the 2020 – 2024 term.

AND FURTHER, THAT Council direct the Clerk to prepare the necessary by-laws to adopt the land lease at the September 3, 2019 regular meeting of Council.

EXECUTIVE SUMMARY
Staff was authorized by Council to proceed with the tendering process for the lease of municipally owned agricultural lands located on Reid Road, Hutton Heights, and Lloyd Road. Further to that, instruction was given to renew the lease of the airport property to the existing lease holder.

The tenders for Hutton Heights and Lloyd Street were developed to permit an annual termination should the Township determine that there was a municipal need for the properties. The same clause was integrated into the Airport Land lease.

Tenders were released with one submission being received for each of the properties advertised. The responses were as follows:

- Hutton Heights / Lloyd Street (approximately 25 acres) Bid by Rob Warwick – $230.00 / acre or $5,750 per year
- Reid Road Property (approximately 25 acres) – Bid by Bill Versteeg - $40.00 / acre or $1,000 per year
  - Reid Road Property (approximately 7 acres) – Bid by Bill Versteeg $35.00 / acre or $245 per year

HST will be added to all of the prices indicated above.

The airport property lease, which is currently held by Rob Warwick and totals 230 acres is being automatically renewed on the instruction of Council at $260.00 per acre and represents an annual revenue of $59,800.00 plus HST.
DISCUSSION
Each lease has been established to include the 2020 to 2024 calendar years. The Lease agreements for the Airport and Hutton Heights have been modified to contain the following amendments:

**Article 3.0 Landlord request Tenant to vacate**
This agreement may be annually terminated on December 31st of any given year throughout the duration of the Lease by the Township of North Huron without cause.

Notification in writing of the termination of the lease shall be provided to the Lessee by the Township to the Lessee not later than August 1st of the year in which termination is to be exercised. Termination on the part of the municipality is to be exercised through Resolution of the Council of the Township of North Huron.

Should such termination be exercised, no costs, damages, or other expenses associated with the termination will be charged against the Township of North Huron.

**Article 16.0 Return of Property**
Upon termination of this agreement, either at the end of the term or by termination initiated by the Landlord, the Lessee agrees to return the property to the care and control of the Landlord fully harvested and not plowed.

The Landlord will provide no compensation, financial or other to the Lessee for capital improvements to the property at the end of the term of the agreement or in the event that the termination clause is exercised by the Landlord.

**Article 17.0 Terms of Renewal**
The Lease term is from January 1st, 2020 to December 31st, 2024 after which the lease is expired and will be renewed through a competitive process in keeping with the Township of North Huron procurement policies and practices.

The lease agreement for the Reid Road Properties remains primarily unchanged over previous years.

**FINANCIAL IMPACT**
These leases represent a total revenue of $66,795.00 per year. For comparison purposes, there is no change over previous years for the airport and Hutton Heights lands. For the Reid Road 25 acre parcel, there is an increase from $500 plus HST per year to $1000 plus HST per year. Regarding the Reid Road 7 acre parcel, there is a decrease from $300 plus HST per year to $245 plus HST per year.

**FUTURE CONSIDERATIONS**
The termination clause associated with the Hutton Heights and Airport property must be exercised in writing no later than August 1st of each year of the lease in order to take effect for December 31st of that year. Care must be exercised to ensure that municipal needs for the following year are considered well in advance of the August 1st date as the termination may only be exercised by Resolution of Council.
RELATIONSHIP TO STRATEGIC PLAN
This project relates to Goal No. 4 of the existing Strategic Plan in that the administration is fiscally responsible and strives for operational excellence.

Sean McGhee, Director of Public Works

Dwayne Evans, CAO