

Municipality Of Chatham-Kent
Infrastructure and Engineering Services
Public Works

To: Mayor and Members of Council
From: Ryan Brown, Director of Public Works
Date: March 3, 2020
Subject: Lease of Farmland at Chatham-Kent Municipal Airport

Recommendations

It is recommended that:

1. A lease to Chris Brady of 329.53 acres of farmland surrounding the Chatham-Kent Municipal Airport, in the amount of \$233.00 per acre per year and for a three year term, be accepted, conditional upon the current lease being ended.
2. The General Manager, Infrastructure and Engineering Services be authorized to enter into the necessary agreement.

Background

In April 2018, Public Works entered into a formal agreement for the lease of approximately 329.53 acres of farmland at the Chatham-Kent Municipal Airport for the sum of \$280.00 per acre per year for agricultural purposes. This lease was awarded following a competitive bid process released to the public. The intent of the agreement was to enter into a three-year lease agreement with an option to renew for two additional one-year terms, based on the Municipality's needs.

Unfortunately, it has recently come to the attention of the Director of Public Works that the lessee is currently in contravention of the terms of the agreement.

Comments

Administration met with the current lessee and, in accordance the agreement, he was given the opportunity to rectify the situation within twenty days' time or the lease would

be terminated. The lessee has not been able to cure the default prior to the deadline of January 20, 2020.

On February 6, 2020, the Municipality provided the lessee sixty days' notice of the intention to terminate the agreement. If, within the sixty-day period, the lessee complies with all outstanding obligations contained in the agreement, the notice of termination will become null and void.

If the lessee is unable to comply with the terms of the agreement prior to the deadline of April 6, 2020, Administration is proposing to terminate the current agreement and enter into a new three year agreement with the next high bidder under the previous competitive bidding process, at the sum of \$233.00 per acre, per year. This offer would be conditional on the current lease coming to an end at the 60 day point. Alternatively, Council could direct that administration seek bids from all interested parties. However, doing so is likely to result in a lost growing season in 2020, and will result in maintenance costs of this property for the Municipality for that season.

Areas of Strategic Focus and Critical Success Factors

The recommendations in this report support the following areas of strategic focus:

Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendations in this report support the following critical success factors:

Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

Has the potential to support all areas of strategic focus & critical success factors

Neutral issues (does not support negatively or positively)

Consultation

Legal Services and Financial Services have been consulted in the preparation of this report.

Financial Implications

Acceptance of this bid will provide approximately \$76,780 in annual farmland rental income. This income will be included in the Airport Operations budget and will offset airport operating costs.

Prepared by:

Ryan Brown, P. Eng.
Director of Public Works

Reviewed by:

Thomas Kelly, P. Eng, MBA
General Manager
Infrastructure and Engineering Services

Consulted and confirmed the content of the consultation section of the report by:

David Taylor,
Manager, Legal Services

Amy McLellan,
Manager of Revenue

Attachments: None

C: Manager, CK Municipal Airport
 Manager, Legal Services
 Manager of Revenue, Financial Services

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