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The Regional Municipality of Durham Report

To: Committee of the Whole
From: Commissioner of Planning and Economic Development and
Commissioner of Works
Report: #2023-COW-20
Date: May 10, 2023

Subject:

Project Woodward – Disposition and Development of Regional Lands for Economic Development

Recommendations:

That Committee of the Whole recommends to Regional Council:

- A) That the properties described Firstly as Part Lot 28 Concession Broken Front Darlington, Part 1 on plan 40R-29418, Municipality of Clarington and identified with PIN 266050139; and Secondly as Part of Lots 27 and 28 Concession Broken Front Darlington, Parts 9 and 10 on plan 40R-29418, Municipality of Clarington and identified by PIN 266050114, be declared surplus to Regional Municipality of Durham requirements;
- B) That Regional Municipality of Durham, as the expropriating authority, approve the disposition of lands without offering the expropriated owners the first chance to repurchase the lands on the terms of the best offer received, therefore approving a waiver of the requirement under s.42 of the *Expropriations Act, R.S.O. 1990, c. E.26*;
- C) That the plan outlined in this report be endorsed, which is to market the lands declared surplus in Recommendation A to potential buyers, and execute a purchase and sale agreement that obligates the prospective purchaser to develop the lands in a manner consistent with the Region's, and the Municipality of Clarington's, vision to

create a clean energy business and industrial park, and attract users from the clean energy and/or advanced automotive sectors; and

- D) That staff return to Council for approval of the agreement of purchase and sale in the event a suitable buyer is identified.
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Report:

1. Purpose

1.1 The purpose of this report is to:

- a. declare land owned by the Regional Municipality of Durham (the "Region") surplus to Regional requirements;
- b. inform Committee of the Whole and Regional Council of the completion of early-stage development activities for the subject lands; and
- c. to obtain authorization to commence a process to market and sell the subject lands based on terms and conditions designed to realize the economic development vision for these lands. (The terms and conditions are provided in the confidential attachment to this report.)

2. Background

- 2.1 The lands described in Recommendation A that are the subject of this report, (herein referred to as the "subject lands") were expropriated by the Region when the subject lands were acquired as part of the Durham York Energy Centre (DYEC) project.
- 2.2 The Host Community Agreement between the Region and the Municipality of Clarington stipulated that the Region was to acquire the lands north of the CN Railway, and complete construction of Energy Drive from Courtice Road to Osbourne Road, complete with all applicable services; and dedicate Energy Drive to Clarington as a public highway. The Region's obligations under the Host Community Agreement have all been satisfied.
- 2.3 The subject lands, approximately 8 hectares (20 acres), are now a surplus remnant of these activities. They are located south of Highway 401 and east of Courtice Road; they are triangular in shape and are situated between Megawatt Drive and Energy Drive in the area generally known as the Clarington Energy Park. (See Attachment #1 for location map.).

- 2.4 Regional staff have considered potential future internal needs for the subject lands and have identified no Regional use for them other than for economic development purposes. Staff have concluded that due to the economic development potential, a Clean Energy / Next Gen Mobility business and industrial park would be the most beneficial use of this site from an economic development perspective.
- 2.5 To permit the development of the lands for economic development purposes, it is staff's recommendation that the subject lands now be declared surplus to the Region's future needs so they can be marketed on the open market and sold to a party that is willing to commit to developing the lands in a manner consistent with the Region's and the Municipality of Clarington's vision for the Clarington Energy Park.
- 2.6 Conditions can be imposed on the sale of the property to ensure it is developed in keeping with established terms, for example: that the site contain certain structures with minimum amounts of advanced manufacturing, office, and laboratory space; that end users are companies that operate within the clean energy and/or advanced automotive sectors; and that the design of the buildings reflect urban design standards acceptable to the Municipality of Clarington.
- 2.7 The clean energy sector and its supporting industries carry immense potential for economic growth in the Region. The existing Regional assets and expertise of this cluster can attract new investment and generate new employment, bringing opportunities for innovation in clean energy generation and associated industries.
- 2.8 In 2020, staff began exploring the future development potential of the subject lands and assigned the name "Project Woodward" in honour of Henry Woodward, the Canadian inventor of the incandescent lamp who later sold his patent to Thomas Edison in 1875. Funds were approved in the 2021 and 2022 Regional budget for early-stage development work including environmental site investigations and conceptual designs.
- 2.9 The Economic Development and Tourism Division (Invest Durham) has been actively focusing on growing the clean energy, engineering, and environment sectors of the economy as well as the autonomous, connected, and electric automotive sector (Next Gen Mobility). Combined, these sectors present an enormous opportunity for job growth in Durham given our existing economic base, unique talent pool, and supportive ecosystem with research and development assets such as the world class ACE research and development facility at Ontario Tech University.

- 2.10 Given Durham's exceptionally strong value proposition for new investment in the Clean Energy and Next Gen Mobility sectors, Invest Durham has been dedicating significant efforts toward promoting this value proposition to key target audiences, and generating prospective investment leads in these sectors.
- 2.11 For the Region to be competitive and investment ready, particularly for prospective investment leads in the Clean Energy and Next Gen Mobility sectors, staff identified an opportunity to launch a project that would see a Region-owned real estate parcel developed to offer employment lands or building space exclusively to users from those high priority, complementary sectors. Project Woodward was initiated to develop a vision for the lands that reflects our desired uses and economic development outcomes and seek a buyer that shares that vision. The Region would include provisions in an agreement to sell the lands that ensure development proceeds in accordance with the vision, and that end users are exclusively within those sectors. This would limit the potential for large warehousing facilities and similar uses with low employment densities.

3. Project Status

- 3.1 The project would advance through three phases:
- a. Phase 1: Development Framework
 - b. Phase 2: Surplus Designation, Council Approval, Design and Marketing
 - c. Phase 3: Implementation and Investment Attraction
- 3.2 A multidisciplinary team of staff have completed the Phase 1 activities. This work included preparing a development framework, conducting site studies and due diligence, identifying user types and an ideal mix of building types, and performing a market sounding to inform a business case. This work was completed through consultants Urban Strategies Inc. and CBRE Limited.
- 3.3 Considerable work was undertaken to understand what types of employment spaces, and what quantity and configurations would meet the needs of the high priority sectors. This work informed a preliminary vision for office, industrial, laboratory, parking, and amenity spaces. It also informed whether there will be demand from fewer, larger users, or more numerous, smaller users.

- 3.4 The development framework considered potential business models. It was concluded that the lands should be sold to a developer who, through the Agreement of Purchase and Sale, would agree to develop the property in accordance with the Region's vision and desired uses for the property. The main objective is not necessarily to get the highest return; rather, to use the property to help achieve the overall vision for the Energy Park lands.
- 3.5 The environmental site studies and due diligence include such activities as an Environment Impact Study, Phase One and Two Environmental Site Assessment, Stormwater Management Report and Hydrological Evaluation. These studies were required prior to any new development activity and have addressed and removed many development risks.
- 3.6 Municipality of Clarington Staff have offered and are supportive of recommending to Clarington Council that the zoning of the lands be amended to provide flexible permissions for the range of uses contemplated by the Region in their vision. Combined with the various completed environmental site studies and existing site servicing, this would further reduce the perceived development risks to prospective developers.
- 3.7 The project has reached Phase 2, which includes Council approval for the project, declaration of the land as surplus to the Region's requirements in preparation for sale, and marketing of the property.
- 3.8 To maximize market exposure and ensure the opportunity is shared as broadly as possible throughout the development community, a third-party real estate firm will be engaged to assist with marketing the property. The Region has recently selected Avison Young as its representative in marketing and listing the property. The Region is currently working on the details of this engagement agreement.

4. Property Disposition

- 4.1 The *Expropriations Act, R.S.O. 1990, c. E. 26* requires that where lands have been expropriated and are deemed to no longer be required by the expropriating authority, in this case being the Region, the lands should be first offered to the owners from whom the land was expropriated on the terms of the best offer received by the Region. Under s.42 of the *Expropriations Act, R.S.O. 1990, c. E. 26*, the Region, as the approval authority, can waive this requirement and approve the disposition of the lands directly to a party outside of the original expropriation proceedings.

- 4.2 As Project Woodward is now entering Phase 2, the subject lands must be declared surplus to Regional requirements in accordance with Regional By-law #52-95 which establishes the procedures governing the sale of real property. Section 2 of the by-law states that Council shall declare the real property surplus to its municipal requirements prior to offering the property for sale.

5. Financial Implications

- 5.1 Through the approved 2021 and 2022 Annual Business Plans and Budget, approximately \$182,000 has been spent to-date on early-stage development costs including environmental site investigations, studies and reports, conceptual designs and marketing materials, and the development of a business case.
- 5.2 Since the planned course of action is the conditional sale of the lands, future Regional financial requirements are expected to be limited to promotional and marketing activities which will be financed through existing budget allocations.

6. Relationship to Strategic Plan

- 6.1 This report aligns with/addresses the following strategic goals and priorities in the Durham region Strategic Plan:
- a. Environmental Sustainability Goal #1.1: Accelerate the adoption of green technologies and clean energy solutions through strategic partnerships and investment.
 - b. Economic Prosperity Goal #3.1: Position Durham Region as the location of choice for business.
 - c. Economic Prosperity Goal #3.4: Capitalize on Durham's strengths in key economic sectors to attract high-quality jobs.

7. Conclusion

- 7.1 Regional staff recommend that the property noted within this report be declared surplus to Regional requirements, that s.42 of the *Expropriations Act, R.S.O. 1990, c. E. 26* be waived to facilitate the disposition of the subject lands in accordance with the strategy outlined in this report, and that staff return to Council for approval of the agreement of purchase and sale in the event a suitable buyer is identified that meets the vision for the lands.

- 7.2 The clean energy sector and its supporting industries carry immense potential for economic growth in the Region. This project is expected to help the Region attract new investment and generate new employment, bringing opportunities for innovation in clean energy generation and associated industries.
- 7.3 This report has been reviewed by Legal Services – Office of the CAO, and the Finance Department.
- 7.4 For additional information, please contact Jenni Demanuele, Director of Corporate Infrastructure and Strategic Business Services, at 905-668-4113, extension 3456, and Simon Gill, Director of Economic Development and Tourism, at extension 2611.

8. Attachments

Attachment #1 – Project Woodward Location Mapping

Attachment #2 Project Woodward Price Expectation and Negotiation Position
(under separate cover)

Respectfully submitted,

Original signed by

Brian Bridgeman, MCIP, RPP
Commissioner of Planning and
Economic Development

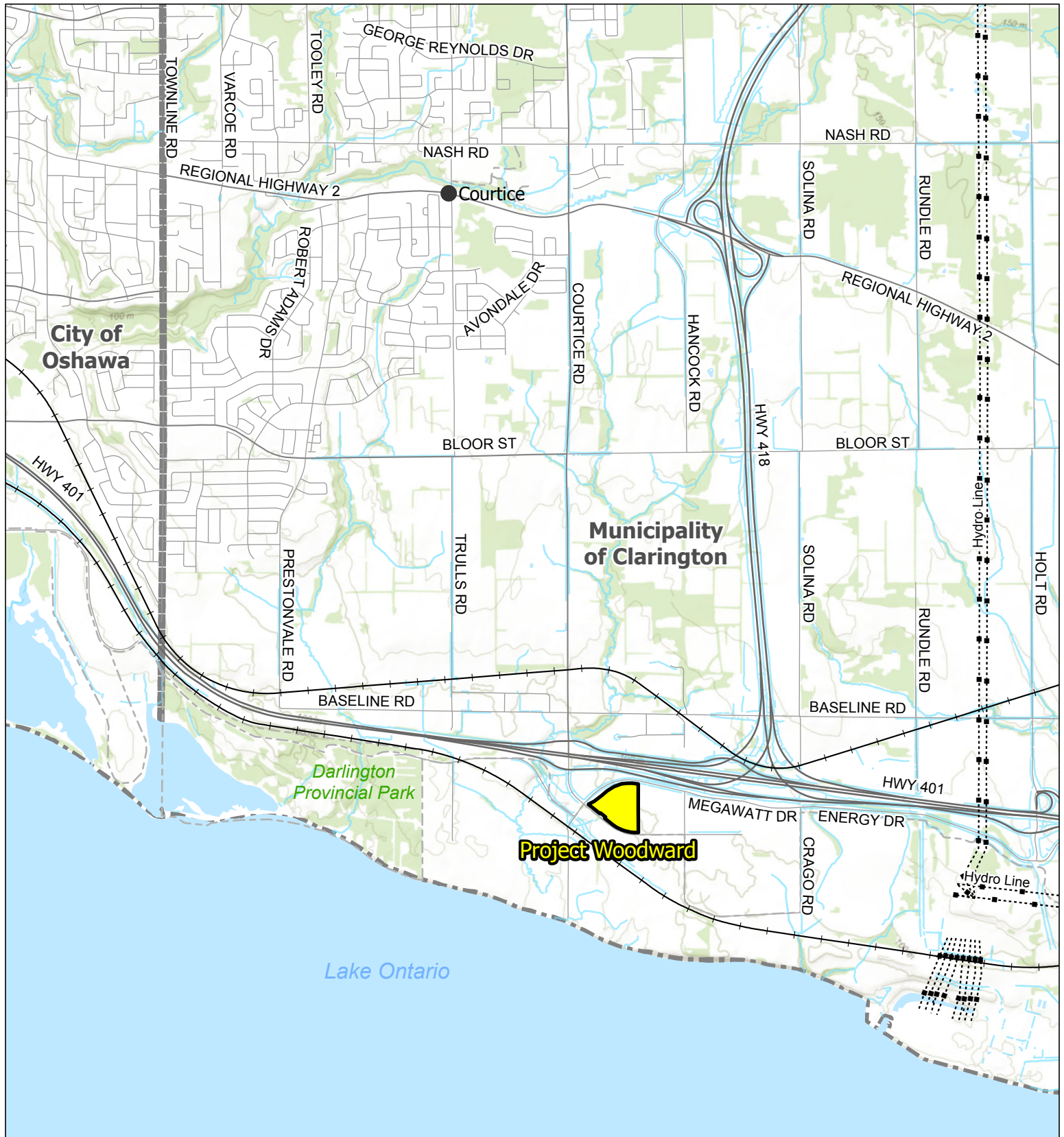
Original signed by

John Presta, P.Eng., MPA
Commissioner of Works





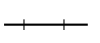


Recommended for Presentation to Committee

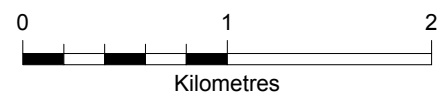
Original signed by

Elaine Baxter-Trahair
Chief Administrative Officer



Legend

-  Project Woodward
-  Community
-  Municipal Boundary
-  Utility Line
-  Railway
-  Trail
-  Watercourse



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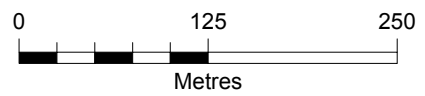
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Project Woodward

—+—+—+ Railway

----- Trail



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