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# HALDIMAND COUNTY

## Report LSS-10-2022 Unsolicited Offer to Purchase Vacant Property – Frank Marshall Business Park, Dunnville



For Consideration by Council in Committee on June 21, 2022

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### OBJECTIVE:

To provide details for Council's consideration with regards to the potential purchase of three properties located on Ramsey Drive in Dunnville, Ontario.

### RECOMMENDATIONS:

1. THAT Report LSS-10-2022 Unsolicited Offer to Purchase Vacant Property – Frank Marshall Business Park, Dunnville be received;
2. AND THAT Memorandum LSS-M05-2022 Additional Information Related to Report LSS-10-2022 be received as information and remain confidential;
3. AND THAT staff proceed with Option # \_\_\_ as outlined in confidential Memorandum LSS-M05-2022 for the property legally described as Block 7, Plan 18M41; together with an easement over Pt 4; 18R6834 as in HC169733 being all of PIN 38122-0376, Block 8, Plan 18M41; together with an easement over Pt 4; 18R6834 as in HC169733 being all of PIN 38122-0377, Block 9, Plan 18M41; together with an easement over Pt 4; 18R6834 as in HC169733 being all of PIN 38122-0378, Haldimand County, conditional upon easements being registered in the favour of Haldimand County for access to Haldimand County's storm water management pond;
4. AND THAT a by-law be presented to authorize the sale, if applicable;
5. AND THAT the Mayor and Clerk be authorized to execute all necessary documents.

**Prepared by:** Melissa Lloyd, Property Coordinator, Legal & Support Services

**Reviewed by:** Lori Friesen, Manager of Legal & Support Services

**Respectfully submitted:** Cathy Case, General Manager of Corporate & Social Services

**Approved:** Craig Manley, MCIP, RPP, Chief Administrative Officer

### EXECUTIVE SUMMARY:

Staff have received an unsolicited offer to purchase three lots located on Ramsey Drive in Dunnville, within the Frank Marshall Business Park. A location map outlining Block 7, 8 & 9 is included as Attachment #1 and a copy of the three offers from Nick Ruggiero is included as Attachment #2. Mr. Ruggiero has offered \$225,000 for Block 7 which is approximately 1.04 acres, \$225,000 for Block 8 which is approximately 1.37 acres and \$225,000 for Block 9, which is approximately 1.03 acres.

Closed Session Memorandum LSS-M05-2022 provides information regarding the offer and an analysis of the options available to Council.

## BACKGROUND:

Economic Development & Tourism (EDT) received a request from Nick Ruggiero (in trust to a corporation to be named) to purchase Blocks 7, 8, and 9 on Ramsey Drive (also known as the Frank Marshall Business Park) in Dunnville, for the purpose of storing and manufacturing food brands in the honey and organic pasta sauce categories. EDT staff provided guidance and assistance prior to the company attending a pre-consultation and subsequently submitting offers to purchase. Nick Ruggiero provided the following commentary with his offers to purchase.

*“To the staff, stakeholders, and council members of Haldimand County and Dunnville – we are pleased to introduce ourselves. Our names are Nick and Philip Ruggiero, and we are investors specializing in premium food packaging and manufacturing, nutraceuticals and natural supplements, and export development. We have 40 years of combined experience in these categories; we pride ourselves on our innovative products and business models.*

*We currently own several food brands in the honey and organic pasta sauce categories, utilizing co-packers to produce our products. Please refer to the attached sales sheets for a detailed description of the brands, products, and description of these food products.*

*We also import, distribute, and manage several nutraceutical brands from the United Kingdom into Canada and The United States in the Immune and Heart Health categories.*

*We operate our businesses out of Beamsville, Niagara. We are family owned and operated, locally focused, and seek long-term vertical integration for our businesses. We believe that by investing in the aforementioned industrial lands for sale, we can achieve mutual success for our businesses, the town, and most importantly the local residents.*

*As our businesses are scaling, we are seeking industrial land for construction of several facilities to accommodate our growth and expansion of our various food brands. We are also looking to expand to novel categories and facilitate foreign (European) investment within the food production facility. In addition, GMP (Good Manufacturing Practices) warehousing is vital and critical to our natural supplement business.”*

The intention for each Block is listed as follows:

Block 7 - this plot of land would serve as a building and warehouse for their nutraceutical brands. They have several partners of co-brand owners and distributors who are looking for GMP warehousing to ship and hold products in accordance with Health Canada's policies.

Block 8 – for this piece of land, their goal is to create a food production facility to house their current operating brands and businesses.

Block 9 - this property will have synergies with Block 8, due to the shared driveway – this will allow for easy transportation between the two buildings. Their intention is to create a building on this property in order to expand capabilities (scaling) as well as attract foreign (European) investment under their production facility. The hope is to appeal to expanding and successful brand owners abroad who would like to enter the American market (through Niagara) or the Canadian market. Once again, this would provide employment opportunities to locals, and would ensure that the retail outlet next door would be stocked with unique and various premium goods for excellent prices to give back to the community. Warehousing and office spaces would be provided in the building as well.

When potential purchasers are unsure of property values (specifically larger properties), staff suggest that they seek opinion values from a realtor to assist in developing their offer. Mr. Ruggiero obtained and has provided a Fair Market Value Analysis from a local realtor, valuing the three Blocks at \$200,000.00 - \$250,000.00 each. (Attachment #3). The values are also reviewed against the Vacant Land Values Chart for benchmarking purposes.

## ANALYSIS:

Mr. Ruggiero has submitted an application and associated fees, along with his offer for each of the three parcels of land. Upon receipt of such request and payment, staff circulated notice to County divisions: Public Works, Facilities and Parks, Building Controls & By-Law Enforcement, Community Development & Partnerships, Economic Development & Tourism, Emergency Services, Engineering Services, Environmental Services and Planning; as well as the Grand River Conservation Authority (GRCA) and necessary utility companies. A pre-consultation meeting was completed and as such Mr. Ruggiero was previously given the following comments and has proceeded with his application.

Abutting Landowners – a letter was sent out to the one abutting landowner and no feedback has been received to date. Haldimand County is the only other abutting property owner.

GRCA Comments – The GRCA has no concerns, but did advise the Applicant to check on retaining necessary space for operations and maintenance for the storm water management pond inlets (i.e. south edge of Block 8, northwest edge of Block 9). They generally recommend that the channel plus 6 metres from top of bank is retained by the County for Block 9, but have deferred this to Haldimand's Engineering Services.

Engineering Services Comments – Engineering staff have reviewed the recommendation from the GRCA recommending the channel plus 6 meters; and as a result have requested a 3 metre easement on each Block for the potential management of storm water pond inlets noting that this will be a sufficient requirement to address access to the storm pond. The Applicant has been made aware of this condition and did not object.

Environmental Operations - Mr. Ruggiero is aware that a servicing plan will be required. Each parcel of land has an existing water and wastewater service to property line. County records indicate the water is 150mm and the sanitary is 150mm. Permit requirements will be based on proposed service sizes and any large services (100mm or larger) will need to undergo a water main commissioning process prior to being placed into service. County water and wastewater billing is based on the water service size. The County does offer billing relief for large water services that supply fire protection and domestic needs. An application (DC Section J – Page 27) must be submitted and approved by the County. If there is a desire to merge the three parcels into one parcel, then multiple sets of services would not be supported. The merged parcel would be allowed one set of services and the additional services would have to be removed at the water and wastewater mains. Environmental Operations also received notification from the Ministry of Environment, Conservation and Parks that Hydro One has a PCB storage facility at 219 Ramsey Drive. Staff contacted Hydro to confirm if there were any comments regarding this storage facility.

Hydro Comments – Hydro has been made aware of the potential sale of the three blocks and have no concerns. Staff also asked about the PCB storage facility at 219 Ramsey Drive and Hydro has confirmed that there they have no comments with regards to any potential impacts.

Planning Comments - Block 8 and Block 9 are not impacted by the flood fringe, however Block 7 would have some flood fringe at the rear of the property. Development can occur within the flood fringe subject to site plan review and construction for electrical, mechanical, and heating services must be above the elevation of the Regulatory Flood. There are no issues from a planning perspective. Within the flood fringe, development may occur subject to the following:

- i. Flood proofing to the elevation of the Regulatory Flood to the satisfaction of the Grand River Conservation Authority;
- ii. All new dwelling units must be above the elevation of the Regulatory Flood;
- iii. All habitable floor space and electrical, mechanical, and heating services must be above the elevation of the Regulatory Flood;

- iv. No basements are permitted, except in the case of buildings containing multiple dwelling units. In buildings containing multiple dwelling units, a basement must be flood proofed to the elevation of the regulatory flood and be limited to parking below grade or common amenity space;
- v. Ingress and egress to the building or structure must be “dry” where this standard can be practically achieved, or flood proofed to an elevation which is practical and feasible, but no less than “safe” to the satisfaction of the Grand River Conservation Authority;
- vi. All development within the flood fringe is subject to Site Plan Control and shall require written confirmation from the Grand River Conservation Authority stating that it approves the development and the proposed flood proofing measures. This written confirmation shall be required prior to final approval of a Site Plan.

### Stormwater Surcharge

The area of the FMPB includes a storm water management pond that will need upgrading to accommodate the infrastructure in this area. The plan is for the County to build the required stormwater infrastructure and recover the proportional share of the costs from all benefitting landowners, including the future owners of the subject lands. At this time, the County does not have exact cost estimates for this work however a future bylaw will be passed enacting the charges once work is complete. It is anticipated that the Applicant’s contribution will be collected through the future site plan agreement process.

The Applicant has been advised of the above potential restrictions and future implications.

The Applicant has proposed a total purchase price of \$675,000.00 plus HST for a total of 3.44 acres, which exceeds the value calculated using the County’s Vacant Land Value Chart updated in 2021. The offer includes the standard clauses covering environmental acknowledgement and purchasing the property on an “as is – where is” basis. The offer to purchase includes no conditions and a total deposit of \$47,500 pending acceptance of the offer. Although the offer is presented in the name “Nick Ruggiero in Trust for a Company to be Incorporated”, if the offer is acceptable to Council, staff will be revising it when signing back, to include a requirement for the official corporation to be shown as the buyer, on the bylaw that is required to be passed, authorizing the sale. Mr. Ruggiero and his solicitor have confirmed that they wish to incorporate their company however, not until they know the offer has been accepted, due to the process and costs involved. They are aware that the County will not transfer the property “in trust”.

### **FINANCIAL/LEGAL IMPLICATIONS:**

If Council approves the conveyance, the net proceeds of the sale will be contributed to the Industrial Land Sales Reserve Fund.

All costs associated with the property transactions will be borne by the Applicant. If sold, the property would no longer be the legal responsibility or liability of the County.

### **STAKEHOLDER IMPACTS:**

All internal and external stakeholders were provided the opportunity to comment. The Applicant’s attended a pre-consultation meeting for these properties and is aware of the comments and requirements related to development on the lands.

## **REPORT IMPACTS:**

Agreement: No

By-law: Yes

Budget Amendment: No

Policy: No

## **REFERENCES:**

None.

## **ATTACHMENTS:**

1. Map of Subject Lands
2. Three Unsolicited Offers
3. Realtors Fair Market Analysis