



**District of  
North Saanich**

***STAFF REPORT***

To: Tim Tanton  
Chief Administrative Officer

Date: June 18, 2019

From: Eymond Toupin  
Director of Infrastructure Services

Re: **Sandown Agricultural Lands – Long Term Operation**

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**RECOMMENDATION:**

That Council:

- 1) Direct staff to initiate discussions with Hamish Crawford, develop preliminary terms for a long term lease of the Sandown agricultural lands with that proponent and report back to Council on the outcome of those discussions; and
- 2) Authorize maintenance of the Sandown agricultural lands to continue until an agreement with a long term operator is in place.

**BACKGROUND:**

A Request for Expressions of Interest (RFEI) was issued for the long term operation of the Sandown agricultural lands as per Council's direction at the March 25<sup>th</sup> Committee of Whole. This involved:

- Posting the RFEI to the BC Bid website for a period of one month;
- Providing information about the bid process on the District's website;
- Issuing a media release on the process and key dates and deadlines;
- Advertising in the Peninsula News Review; and
- Notifying the Peninsula and Area Agricultural Commission (PAAC) of the RFEI to share with its members.

The RFEI closed on Friday May 3<sup>rd</sup>, 2019 and one response was received before the deadline. The Sandown Centre for Regenerative Agriculture Expression of Interest was submitted by Jen Rashleigh and Lindsey Boyle.

The RFEI process is an open and flexible procurement method. The intent of this method is to identify as many interested parties as possible leading to negotiations or other processes towards an agreement with one or more preferred proponents. The close date is set to encourage interested parties to submit within a reasonable time line for subsequent evaluation. Consideration of proposals beyond the submission deadline is not precluded by the process.

Subsequent to the soft close of the RFEI, a proposal was submitted in early June by Hamish Crawford, founder of The Roost Farm Centre.

This report presents and considers the two proposals received as well as other possible options for next steps and the long term operation of the Sandown farm.

**DISCUSSION:**

**Option 1:**

**LTO Expression of Interest – Sandown Centre for Regenerative Agriculture (SCRA)**

The proposal was submitted by Jen Rashleigh and Lindsey Boyle. Ms. Rashleigh was a member of the Sandown Transition Team (STT) and her experience includes being the founder and director of the Farmers on 57<sup>th</sup>. Ms. Lindsey Boyle's experience includes being the founder of Little Tree Foods, serving on the board of Growing Chefs! For Urban Agriculture, and partner/senior vice president of The Sound, Exploration, Strategy & Innovation Agency.

The Expression of Interest is based on Vision Sandown and on the Sandown Community Farm Plan. It proposes to take a phased approach to development by first assessing and building the soils on the site, developing an appropriate farm plan and bringing the land under production as it becomes available.

A non-profit society, governed by a volunteer board, is proposed as the long-term operator for the site. A society has not yet been formed and a list of potential board members is provided. Society staff is envisioned to include Jen Rashleigh as the lead for Community Engagement and Partnerships and Lindsey Boyle as Development Strategist. Staff would also include a Farm Manager and Bookkeeper / Administrative Support.

The proposed plan is reduced in scope from the Sandown Community Farm Plan previously submitted by the STT. For example, fewer capital investments in buildings and infrastructure are envisioned for the site. Over the five year term the proposal includes the following infrastructure investments:

- \$35,000 for the installation of an electrical service
- \$72,000 for roads
- \$30,000 for water service
- \$35,000 for a greenhouse
- \$15,000 for fencing
- \$21,000 for an on-site toilet and caretaker housing (trailer)
- \$210,000 for 'Fieldhouse Construction and Mortgage'

For the Fieldhouse Construction, it is unclear if the figures are debt servicing costs for a mortgage or actual construction costs.

Other major operating expenses are management and staff salaries representing nearly \$750,000, or an average of approximately \$150,000 annually and a total of approximately \$100,000 for accounting, consulting and professional services. A compost facility is envisioned on the site but appears to rely use of District equipment (tractor and truck use) at no cost to the long term operator.

Significant expenditures dedicated to soil amendments/improvements are not evident in the financials although the proposal indicates the importance of building soil on the site. The proposal indicates bringing into production portions of the site in phases but it does not clearly or explicitly describe or allocate resources required to maintain and improve those areas not in production.

In terms of revenues and funding sources, the proposal relies on over \$1 million in funds from the District Agricultural Fund over the first five years. This represents all the funds which had

previously been estimated would be generated by the commercial site and the cell tower. The updated property assessments for the commercial properties have been reduced from previous estimates resulting in reduced contributions to the agricultural reserve. Also, in 2019, \$60,000 of the agricultural reserve has already been allocated to District projects on the site reducing the available funds to approximately \$50,000, not \$110,000 as indicated in the plan financials. The plan also indicates an anticipated budget deficit of \$147,200 in 2019 which would require 'financial support, beyond the Agricultural Fund'. The plan also includes a fairly ambitious fundraising campaign which anticipates raising \$500,000 over the five year term.

District zoning requirements would have to be reviewed carefully for some of the proposed uses on the site including using an RV for a temporary caretaker's residence. A composting facility is also proposed on the site which may require ALC approvals. The District already operates a large green waste composting facility and is in the process of reviewing its operation and potential uses for the compost produced. It would likely be more efficient and cost-effective for the District to continue operation of its facility and consider contributing compost material to the Sandown site rather than developing and operating a separate composting facility, particularly if District resources will be required to support both sites.

**Summary:**

The proposal involves District investment in excess of \$1 million from the Agricultural Reserve in first five years of operation. The anticipated amount of investment in soil improvement over the five year period is unclear and does not appear to represent a significant portion of the operating expenses. The society proposed as the long term operator has not yet been formed. The individuals who have submitted the proposal do not have experience managing a farm operation of this size and scale.

**Option 2:**

**LTO Expression of Interest – Hamish Crawford**

The proposal was submitted by Hamish Crawford in early June, 2019. Mr. Crawford is the founder of the Roost Farm Centre located at the intersection of East Saanich and McTavish Road. The Roost is a 10 acre farm operation. The Roost Farm Bakery opened in 2002 and since that time a garden market, café, winery, outdoor Bistro and event area have been added. Produce from the farm are used to make the food and wine items that are sold on the site.

The proposal is for a mixed farm growing barley, wheat, grapes, produce and eggs which would be used on site. The proposed infrastructure would consist of:

- An English style country road house for the market, bistro and bakery
- A winery
- A microbrewery

The proposal indicates plots would be offered, rent free, to farmers interested in growing produce under contract to the farm.

The proposed terms of the agreement is a longer term lease, 20 years appears to be suggested, at a nominal rent of \$1 per year. The length of lease is presumably to provide a reasonable length of time to recover investments made on the property and make the operation financially viable. The District could receive up to \$30,000 per year in property and business tax per year. The tenant would be responsible for developing the infrastructure and all improvements.

One of the conditions listed is that the farm would be permitted to connect to municipal sewer. The property is currently not in the North Saanich Servicing Area and would require a revision of the Regional Context Map of the OCP, an approval process which would involve the CRD before Council could consider adding it to the sewer area. Servicing of the Sandown site with municipal sewer had not previously been envisioned and there is no sewer in close proximity which could be used for connection at this time. The feasibility of providing of a sewer service would have to be investigated further and could be costly. Responsibility for the costs of providing sewer service is not indicated in the proposal. This element may be critical to the success of the proposed brewery and its significance to the overall proposal would need to be determined in discussions with the applicant.

The proponent is involved in the successful long term operation of a private farm with similarities to the proposed plan, albeit smaller in scale. The plan would allow for other farmers to utilize the site and provide a market for their produce.

Although not explicitly stated, it would appear that the proponent would be responsible for improvements to the land to allow the proposed crops to be grown on the site at no cost to the District. The value of these improvements may need to be reimbursed to the developer in the event the lease is terminated early. This would need to be addressed in the terms of a lease agreement.

**Summary:**

Excluding the potential cost of sewer servicing, this proposal would incur few costs to the District for the long term operation of the lands. The proponent would incur the costs of improving soils and bringing the land into production at relatively low risk to the District. Successful development of the on-site farm enterprises could generate property and business tax. This would allow the District's Agricultural Reserve to be utilized to the benefit of other agricultural initiatives in the municipality. The proponent has demonstrated experience and success operating a similar private farm enterprise in municipality. The feasibility and cost of sewer servicing the site would need to be investigated further if critical to the proposal.

**Option 3:**

**CRD Foodland Trust as Long Term Operator**

Council has recently considered indicating support for the concept of the creation and operation of a Foodland Trust by the CRD. The CRD is in the process of gauging interest in this service which has not yet been established. The Capital Regional District Regional Foodlands Access Program Feasibility Study provides an indication as to how such a program may function. The following are the salient points from the study.

- The program envisions utilizing existing public lands capable of sustaining agriculture as part of the trust, i.e. the public lands would be donated to the trust.
- The study indicates 'basic infrastructure' may be needed on the trust lands such as fencing, irrigation and drainage. Upfront costs for this infrastructure is estimated to range from \$1,950 to \$6,450 per acre and would vary by site.
- The study indicates annual lease rates (payable to the trust) could range from \$100 to \$800 per acre, also a function of the site capability.

- The viability of the trust would be highly dependent on grants, donations and sponsorships for initial startup (\$275,000 is assumed in the first year) and \$60,000 annually thereafter.
- On-going costs include staff salaries (estimated at \$170,000), equipment, marketing and promotion and insurance estimated for a total of \$190,000 annually.
- The revenue and cost in the study are based on three scenarios, 5 acres of vegetable, 20 acres of hay, or 80 acres of mixed use.
- The anticipated program deficit is in the order of \$127,500 to \$143,500 annually which would be requisitioned from the participating municipalities. Assuming all the CRD opts in to the service, that is equivalent to \$0.70 per household annually, about \$3,200 for North Saanich. If only North Saanich, Central Saanich, Sidney and Saanich join the service, that is equivalent to \$8,800 annually for North Saanich.

Many details of the Foodland Trust service have yet to be determined. It is also unclear whether the Sandown agricultural lands would be suitable or appropriate to be included in trust lands. Additional investment may be required to bring the Sandown lands to a state suitable for the potential Foodland Trust. The trustees may only be interested in the most productive lands and there may not be interest in maintaining or upgrading less productive areas and, in the case of Sandown those could remain the responsibility of the municipality.

Long term operation of Sandown by the CRD Foodland Trust remains a possibility which may be of interest to the District. Similar to the Sandown Centre for Regenerative Agriculture (SCRA) proposal, this option relies on significant external financial support. In this case, some of the financial support could come from other municipalities in the CRD. It does not appear the Foodland Trust would take responsibility for improving soil productivity as may be required on the Sandown lands. It is also unlikely the Foodland Trust would take responsibility for the non-agricultural portions of the site.

Continued improvement of the fertility of the soils at Sandown would allow for the possibility of its addition to the Foodland Trust in the future.

#### **Summary:**

This option would first require the successful creation of the CRD Foodland Trust service by the CRD. The District would then have to offer some or all of the Sandown lands for the Trust to consider for inclusion. It is likely further investments by the District to improve to the productivity of the soils would be required to facilitate its inclusion in the Trust. The long term operation of the site by the Trust would require on-going financial support from the member municipalities.

#### **Option 4:**

##### **Sale of the Property**

The District could sell the parcel. Portions of the land used by the District for stormwater management would need to be registered/protected with statutory rights-of-way (SRW) or covenants as appropriate.

The District obtained an appraisal of the property in April, 2018 which was completed by D.R. Coell & Associates Inc. At that time, the property was appraised at \$2,870,000. The assessed value by BC Assessment for 2019 is \$3,149,000. The land would remain in the ALR and therefore continue to be subject to ALC regulations protecting the farmland. Notice of the proposed disposition would need to be published in accordance with the Local Government Act.

**Summary:**

Assuming a suitable buyer could be found, the land could generate significant funds for the District. Sale of the land would also remove financial burden of maintaining the property over the long term.

**Option 5:**

**District Maintenance of the Property**

The District will need to maintain the property until a suitable long term operation alternative becomes available. The District has retained an agrologist to develop a short term maintenance plan for the property. As part of that assignment, preliminary maintenance cost estimates have been developed for the agricultural lands. The maintenance activities are envisioned to include mowing, cultivation, seeding, rock picking, and incorporation of cover crops as green manure. The preliminary assessment indicates annual costs of \$70,000 to \$80,000 for a contractor to complete these activities the first couple years of operation. As the resources required to complete this maintenance are not available internally, these services will need to be procured by District through external contracts. Additional external support in the form of an agrologist consultant to oversee these would also be required. Funds would be drawn from the Agricultural Reserve to complete these activities.

**Summary:**

Maintenance of the property by the District would allow for gradual improvement of soil conditions over time. This would help make the property more attractive for a broader range of long term operators for the agricultural site. Maintenance of the property by the District would not preclude any of its long term operation options.

**CONSULTATION:**

The future of the Sandown agricultural lands is of significant interest to the community. Significant public input was obtained as part of Vision Sandown completed by the Capital Region Food and Agriculture Initiatives Roundtable (CRFAIR) on behalf of the District.

The Sandown agricultural lands represent a significant investment in both land value and potential long term operating costs. There may be value in consulting on the primary aspects of the long term alternatives considered in this report if Council wanted to again involve the public in the decision-making process at this stage.

A communications consultant would need to be engaged to develop a strategic communication plan. This strategic plan would inform staff and Council on the communication and consultation activities and approaches appropriate for this project and their associated costs. The cost of developing a strategic communication plan is estimated at \$5,000.

Council can:

- 1) Direct staff to initiate discussions with one of the proponents, develop preliminary terms for a long term lease of the Sandown agricultural lands with that proponent and report back to Council on the outcome of those discussions; or
- 2) Direct staff to proceed with publication of notice of disposition of the property with the intent to sell the lands; or
- 3) Direct staff to engage a communications consultant to develop a strategic communication plan to inform the public and gauge support for the range of options for the long term operation and use of the Sandown agricultural lands; or
- 4) Allow the Sandown agricultural lands to be maintained by the District until a suitable long term operator can be identified; or
- 5) Other

**FINANCIAL IMPLICATIONS:**

The financial implications of each option are described in the body of the report. Costs associated with maintenance activities completed by the District have been included in the 2019 Operating Budget and would be drawn from the Agricultural Reserve.

The execution of a public engagement campaign would utilize funds from the District's communications budget.

**CONCLUSION:**

At the direction of Council, staff advanced the development of an RFEI for a long term operator for the Sandown Agricultural Lands. Two proponents have come forward with proposals for long term operation of the site.

Next to the option of selling the property, the proposal from Hamish Crawford would incur the fewest costs to the District for the long term operation, while maintaining District ownership of the lands. The proponent would incur the costs of improving soils and bringing the land into production at relatively low risk to the District. Successful development of the on-site farm enterprises could generate property and business tax for the District. The proponent has demonstrated experience and success operating a similar private farm enterprise in the municipality. The feasibility and cost of sewer servicing the site will need to be investigated further if critical to the proposal. The District will need to maintain the property until an agreement is reached with a long term operator.

In consideration of the above, staff submits the following recommendation.

**RECOMMENDATION:**

That Council:

- 1) Direct staff to initiate discussions with Hamish Crawford, develop preliminary terms for a long term lease of the Sandown agricultural lands with that proponent and report back to Council on the outcome of those discussions; and
- 2) Authorize maintenance of the Sandown agricultural lands to continue until an agreement with a long term operator is in place.

Respectfully submitted:

Concurrence,

  
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Eymond Toupin  
Director Infrastructure Services

  
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Tim Tanton  
Chief Administrative Officer

Concurrence:

  
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