



To: Tim Tanton
Chief Administrative Officer

Date: October 24, 2019

From: Eymond Toupin
Director of Infrastructure Services

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

RECOMMENDATION:

That Council direct staff to continue to maintain the Sandown agricultural lands through the end of 2024.

BACKGROUND:

At the September 16th Regular Meeting, staff presented a report presenting a range of options for long term operation of Sandown including the five proposals received in response to the RFEI process. The following were resolved by Council at that meeting:

That Council direct staff to continue to maintain the Sandown agricultural lands through 2020 or until a long term operator is selected.

That Council direct staff to follow the process listed in section 3.3. "Screening" of the RFEI and report back to Council at the next Council meeting.

That Council direct staff to engage a communication consultant to develop a strategic communication plan to inform the public and obtain their feedback on a range of options for the long term operation and use of the Sandown agricultural lands.

That staff develop a more quantitative financial viability assessment as part of the evaluation process.

At the October 7th Regular Meeting, Council resolved:

That Council direct staff to:

- a) *Ask the applicants if they would be prepared to enter into a partnering agreement for a portion of the Sandown agricultural lands and, if so, under what conditions, and*
- b) *Include the applicant's response in the upcoming Long Term Operator short list report.*

On October 8th and 9th, staff contacted each of the five applicants via email with Council's inquiry regarding partnering. The above wording of the motion was provided to each of the applicants and a response requested by end of business day on Monday, October 21st. It was further indicated that if no response was provided by that time, staff would simply report to Council that no response was received. The responses, or lack thereof, are included in the assessment of each of the applications.

This report addresses the Council motions made on September 16th and October 7th related to the assessment of the Expressions of Interest (i.e. the Applications) using the evaluation criteria proposed by staff at the August 12th Regular Meeting and quantitative financial assessment where possible.

DISCUSSION:

Option 1: Sandown Centre for Regenerative Agriculture (SCRA) – Addendum to original May 1st Submission

The original Expression of Interest was based on Vision Sandown and on the Sandown Community Farm Plan. It proposed 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.

In their Addendum, the proponents indicated they have advanced the creation of a non-profit Society, and assembled a Founding Board, and Farm Advisory Board. The Founding Board includes the following members:

- Dr. Ann Eastman former Manager for Emerging Sectors and Senior Manager for Innovation for the BC Ministry of Agriculture
- Dr. DeLisa Lewis Operator of Green Fire Farm (Cowichan Valley) and Assistant Professor Faculty Land and Food Systems (UBC)
- Ian Bruce Executive Coordinator for Peninsula Streams Society
- Ted Sheldon former Renewable Energy Advisor for the BC Ministry of Energy and Mines and Community Climate Action Advisor for the BC Ministry of Environment
- Lauren Searle Marketing and Community Relations Manager

The Farm Advisory Board includes Dr. DeLisa Lewis, Lorea Tomsin, and Robin Tunnicliffe of Seabluff Farm/Saanich Organics. It is also indicated in the Addendum that the Fickle Fig has expressed interest in partnering with the Society and possibly moving their operations to the Sandown site. Depending on the nature of the proposed activities on the site, approvals from the ALC may be required for any non-farm uses.

The originally proposed plan was reduced in scope from the Sandown Community Farm Plan previously submitted by the Sandown Transition Team (STT). For example, fewer capital investments in buildings and infrastructure are envisioned for the site. Over the five year term the proposal included 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 (in the five year plan) 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.

The originally proposed compost facility envisioned on the site was removed from the proposal in the Addendum. The potential use of compost material generated at the District green waste facility is mentioned but is qualified with the statement 'if is not seen as an excessive burden to the District.'

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. The Addendum describes a team which has been assembled to provide expertise in soil management including:

- Dr. Kent Mullinix – Director, Institute for Sustainable Food Systems at Kwantlen
- Farm Managers from Tsawwassen Farm School and Richmond Farm School
- Above-mentioned Farm Advisory Team
- Dr. DeLisa Lewis
- Dr. Ann Eastman

In terms of revenues and funding sources, the original proposal relied 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. The upper limits of estimated potential tax revenues were based on continued development on the commercial site. The full value of the potential revenues cannot be relied upon for budgeting as these will be a function of market conditions for these types of developments and the corresponding time of improvements on the commercial lands. The budgeted annual inflow to the Agricultural Reserve based on the current level of development on the commercial lands is \$110,000.

The original plan included a fairly ambitious fundraising campaign which anticipated raising \$500,000 over the five year term. The Addendum submission indicates \$50,000 in grant funding has been secured from Vancity. It also appears up to \$35,000 has been obtained from the Real Estate Foundation through CRFAIR. Also through CRFAIR, opportunities to obtain grants to support indigenous food system initiatives are also noted.

The Vancouver Island Community Investment Cooperative has indicated support for the SCRA proposal and a commitment to raise capital, i.e. provide loans to the initiative. The District would have to carefully consider the legal ramifications of allowing the Society to take out loans, particularly if they are leveraged against District assets.

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.

Other additions and amendments to the original SCRA submission include:

- 10 Year Term (5 Year originally proposed)
- Feasibility and Business Development for Value Added Product Focus: Cheese
- Potential First Nations / Reconciliation Partner (IISAAK OLAM Foundation)

Willingness to Partner/Share the Site

A written response was received to Council’s question regarding partnering prior to the deadline of October 21st and is attached to this report. The response indicates a willingness to enter into a long term agreement with District for a portion of the Sandown lands with the following conditions:

1. A lease arrangement for Area 1 of the site representing 16 ha of the eastern most portion of the site would be reached with the applicant. The applicant indicates this area would provide sufficient land for the range of uses envisioned by the applicant.
2. A requirement that all other partners or leasees of Sandown follow organic practices.
3. The significant involvement of Peninsula Streams on the management of the forested areas of Sandown. These areas would be outside of the lease area identified in item 1 above. This condition would have potential implications for other leasees or the District depending on the arrangements for the remainder of the site. It is also unclear how significant involvement would be defined.

Quantitative Financial Assessment

A quantitative financial assessment was completed using information provided in the original proposal with the following assumptions:

- 1) Only the anticipated/estimated direct costs to the District were considered.
- 2) This applicant required all the potential available funds in the DNS Agricultural Reserve which will be a function of the development on the commercial site and the corresponding assessment values which have yet to be determined. An average annual funding of \$200,000 to the applicant from the Agricultural Reserve was assumed for the full 10 year lease proposed by the applicant starting in 2020.
- 3) It is unclear if the funding requirement from the Agricultural Reserve would be pro-rated on the proportion of the area of the site leased to the applicant. For the purposes of this analysis, it was conservatively assumed that the required funding would not be reduced in proportion to the area of the site leased to the applicant.
- 4) The annual funding was converted to an estimated present value (in 2020) using a discount rate of 2.5%. Over a 10 year lease period, this would be equivalent to approximately \$1.8 million.

	Estimated District Funding	
Year	Annual Payment	Present Value (2020)
2020	\$200,000	\$200,000
2021	\$200,000	\$195,122
2022	\$200,000	\$190,363
2023	\$200,000	\$185,720
2024	\$200,000	\$181,190
2025	\$200,000	\$176,771
2026	\$200,000	\$172,459
2027	\$200,000	\$168,253
2028	\$200,000	\$164,149
2029	\$200,000	\$160,146
Total	\$2,000,000	\$1,794,173

Summary:

The proposal involves District investment of nearly \$2 million from the Agricultural Reserve in 10 years of operation (estimated present value). Depending on the development and corresponding assessment of the commercial lands, the funds available in the Agricultural Reserve may be less than the investment anticipated by the proponents.

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 Addendum indicates the Society proposed as the long term operator has been formed. The proposed team includes individuals with experience managing established productive and intensive farm operations similar in size. It is not clear the team includes expertise/experience in establishing a new farm on land which requires significant investment of time, effort and resources for continued soil conditioning/rehabilitation before intensive agriculture can be successfully achieved.

The table below shows the overall assessment of the proposal using evaluation criteria proposed by staff at the August 12th Regular Meeting:

Criteria	Rating	Comments
1. Alignment with District Agricultural Strategies	Very High	Attempts to address number of District agricultural objectives
2. Viability of the Proposal	Medium	Relatively detailed proposal, optimistic revenue streams and productivity of the land
3. Qualifications/Experience of the Team	High	Proposed team has significant depth, may lack experience establishing farm of this size requiring continued soil rehabilitation investment/effort
4. Estimated Costs to the District (Over 10 year lease)	\$1.5 to 2.0 million	Significant costs to the District in form of subsidy from Agricultural Reserve and potential for additional funds being required in the event of shortfall from operations

Option 2: Proposed Offer of Lease submitted by John Upward (Agent)

This Expression of Interest was submitted by John Upward, the agent representing the following proponents:

- E'lim Housing Society
- Gobind Farms
- Parsi Development
- Nanjo Projects, Inc.

Gobind Farms, an established farming enterprise on the Peninsula since 1980, currently operating 90 acres including 17 acres adjoining the Sandown property, employing approximately 30 staff, and operating a 12,000 ft² farm market building, is proposed to be the operator of the farm.

The other partner proponents are typically involved in housing developments, their specific involvement in the proposal is not explained or explicitly evident.

The proposed team also includes the following consultants:

- Phil Christie Agrologist
- Aqua-Tex Scientific Ecologist
- Westbrook Engineering Civil Engineer

The proposal includes clearing of the northwest corner of the property and the construction of a flood control / irrigation pond. The proposal makes reference to a 'fresh water plan' which is presumed to refer to an integrated stormwater management plan. Although not explicitly stated in the document, it is assumed this would be a plan for the Tseycum Creek watershed but could also involve the McDonald Park Road Drain catchment as well. Consultation with First Nations is contemplated in the development of the stormwater plan.

The merits of modifying the stormwater management plan for the site would have to be weighed against the implications to the upstream and downstream catchment areas. Any significant modifications to these drainage systems would require significant District involvement. Council should be aware that this proponent's agent is a resident in the downstream Tseycum Creek watershed. The possibility of a stormwater impoundment in the northwest corner of the property was considered by the designers of the stormwater management system and by the District. This concept was not pursued due to concerns with the potential height of the berm required to provide the necessary storage which may have triggered the Province's dam regulations. Further, modification of stormwater management system would require consultation with the ALC as the current system was approved by the agency.

Soil remediation and the installation of basic irrigation is also envisioned as part of the plan. The proposal requires a 15 year lease at no cost from the District with two 15 year lease renewals, terms to be determined. Other requirements include

- Two, 50mm (2") water service connections (estimated District cost \$35,000)
- Replacement of fencing along north boundary (estimated District cost \$13,000)
- Installation of fencing on west boundary (estimated District cost \$7,000)
- Payment of cell tower revenue to operator, Gobind Farms, throughout lease terms (currently representing approximately \$36,000 annually (only 50% of which currently goes to the Agricultural Reserve Fund).
- Access to wood chip pile (i.e. compost from green waste facility), no specific quantity or value indicated

An addendum note is included indicating 'subject to response to ads, various educational programs, mentoring and workshop will be offered on site.' Construction of equestrian trails proposed through the wooded area are one of the later phases.

The submission indicates a willingness on the part of the proponents to discuss the proposal further with Council with the proviso that the proponents would require a 120-day 'lock up period.' This is surmised to imply no other proposals could be considered for the site for a period of 120 days.

Willingness to Partner/Share the Site

A written response was received to Council’s question regarding partnering prior to the deadline of October 21st and is attached to this report. The response indicates a willingness to enter into a long term agreement with District for a portion of the Sandown lands with the following conditions/clarifications:

1. The applicant proposes leasing approximately 75% of the lands which would include the western half of the property (corresponding to Areas 2, 3, 4, and 5 of the reclamation plan) and approximately the north half of Area 1 of the reclamation plan.
2. This would leave 8 ha (20 A) of land available for another leasee or the District to operate. The plan submitted indicates this area would be fenced and is assumed to represent an additional cost to the District of \$10,000.
3. The applicant envisions an irrigation pond be constructed in the northwest portion of the site.
4. The applicant suggests sharing the cell tower revenues based on a proportion of lease area. Based on the split proposed, 75% of the estimated \$36,000 in annual revenues would be allocated to this applicant.

Quantitative Financial Assessment

A quantitative financial assessment was completed using information provided in the original proposal with the following assumptions:

- 1) Only the anticipated/estimated direct costs to the District were considered.
- 2) Average annual funding of \$27,000 to the applicant from the Agricultural Reserve was assumed for the 15 year lease proposed by the applicant starting in 2020. An annual value of \$3,000 in compost material (in kind) was estimated would be provided to the applicant by the District.
- 3) A total upfront cost of \$65,000 for two water service connections and fencing were assumed.
- 4) The annual funding was converted to an estimated present value (in 2020) using a discount rate of 2.5%.

	Estimated District Funding	
Year	Annual Payment	Present Value (2020)
2020	\$95,000	\$95,000
2021	\$30,000	\$29,268
2022	\$30,000	\$28,554
2023	\$30,000	\$27,858
2024	\$30,000	\$27,179
2025	\$30,000	\$26,516
2026	\$30,000	\$25,869
2027	\$30,000	\$25,238
2028	\$30,000	\$24,622
2029	\$30,000	\$24,022
2030	\$30,000	\$23,436
2031	\$30,000	\$22,864
2032	\$30,000	\$22,307
2033	\$30,000	\$21,763
2034	\$30,000	\$21,232
Total	\$515,000	\$445,728

Summary:

The proposal involves an investment of nearly \$500,000 in District funds (estimated present value). The proposed team includes an established agricultural enterprise already located on the Peninsula operating a farm larger in size than Sandown. It also includes housing developers with an undisclosed role in the proposal. The proponents propose to undertake works on the site to clear additional lands, modify the drainage and construct a stormwater retention/irrigation pond, install irrigation, rehabilitate the soils, and plant fruit tree, vegetable and berry crops. The potential for educational, mentoring and workshops being offered on the site is also mentioned.

The table below shows the overall assessment of the proposal using evaluation criteria proposed by staff at the August 12th Regular Meeting:

Criteria	Rating	Comments
1. Alignment with District Agricultural Strategies	Low	Would support private local agricultural enterprise, may require approval of modification to stormwater management plan by ALC, potential for some limited ancillary community benefits
2. Viability of the Proposal	Medium	Some details provided, potential concern with viability and impact of modifying the stormwater management plan
3. Qualifications/Experience of the Team	High	Established farm operator with knowledge/experience in local context, unclear role of housing developers on the team
4. Costs to the District (Over 15 year lease)	\$400,000 to \$500,000	Proposal requires 15 year lease, with terms for an additional two 15 year renewals

Option 3: Proposed Offer of Lease submitted by Gary Sanga (Prevost Farms, Duncan)

Prevost Farms is an established hay farming enterprise in the Duncan area since 2006. The submission indicates the intent is to put as much of the property as possible into hay production within approximately 3 years. The proponent indicates being ‘not certain of the land conditions’ which will be a determining factor for achieving this objective.

Future goals include sod production on a portion of the site for local landscaping supply. There is also a desire to create horse trails on the site.

Other future possibilities mentioned include pumpkin patch, corn maze, honey production, a u-pick Christmas tree farm with the aim of converting the land into a ‘family friendly community resource.’

No financial terms are proposed.

Willingness to Partner/Share the Site

No response was received to Council’s question regarding partnering prior to the deadline of October 21st. As part of the communication regarding partnering, staff had also requested additional information regarding the anticipated financial terms but none was received. It was assumed the land would be leased at no cost and that no funds would be required by the operator from the District.

Summary:

The proposal involves hay production for the site within 3 years, which is a reasonably realistic farm use of the property in its early stages of rehabilitation. Given no financial terms are proposed, it is assumed the land was to be leased at little or no cost to the operator. The operator has indicated not being familiar with the conditions on the site.

The table below shows the overall assessment of the proposal using evaluation criteria proposed by staff at the August 12th Regular Meeting:

Criteria	Rating	Comments
1. Alignment with District Agricultural Strategies	Low	Would support private agricultural enterprise, potential for some limited ancillary community benefits
2. Viability of the Proposal	Medium	Few details provided, lack of knowledge of the site, hay production likely reasonable use of the land in the early stages of soil rehabilitation
3. Qualifications/Experience of the Team	Medium	Established farm operator with knowledge/experience in hay production, lack familiarity with the specifics of the site
4. Costs to the District	\$0	No direct costs to the District required by the proponent, may be potential for modest revenues depending on lease terms

Option 4: Sandown Conceptual Proposal by Veryan Graham

Veryan Graham is a resident of Brentwood Bay and a Certified Horticulturalist with previous exposure to small scale farming. His objective is to own and operate a small farm on the Saanich Peninsula and he hopes to be able to lease a plot of land at Sandown.

The proponent suggests the creation of a not-for-profit society or division within the District of North Saanich to manage the proposed programs which include the following three main themes:

- 1) An agricultural education centre, potentially involving a partnership with the Pacific Horticulture College
- 2) Development of a food processing facility at Sandown in partnership with the CRD and the Province.
- 3) A seed bank

Other ideas proposed under the umbrella of training:

- Lease land to growers
- Donation of food grown to food banks
- Community gardens
- Operation of a café on the grounds to promote local food production

Willingness to Partner/Share the Site

No financial terms are proposed. No response was received to Council's question regarding partnering prior to the deadline of October 21st. As part of the communication regarding partnering, staff had also requested additional information regarding the anticipated financial terms.

Summary:

The table below shows the overall assessment of the proposal using evaluation criteria proposed by staff at the August 12th Regular Meeting:

Criteria	Rating	Comments
1. Alignment with District Agricultural Strategies	Medium	Concepts proposed are loosely aligned with many District objectives
2. Viability of the Proposal	Very Low	Few details provided, no organization proposed, lack of funding/financial details
3. Qualifications/Experience of the Team	Low	Limited depth of experience with operating farm of similar size, scale, condition
4. Costs to the District	\$1 million+	No financial details provided, anticipate significant investments on part of District would be required similar to the SCRA proposal

Option 5: 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 is 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 are 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.

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.

Willingness to Partner/Share the Site

The applicant responded to staff’s email inquiry regarding partnering and confirmation of the criticality of sewer servicing for the site (attached). The response indicated that the applicant would welcome partnership with others as far as crop production was concerned as the applicant has the expertise and equipment required. The applicant further indicated willingness to meet with the District to discuss any areas of concern and fine tuning to accommodate the District’s wishes. The applicant confirmed the requirement for a waste water system or sewer hookup to be provided by the District and added the requirement of fencing on all four sides of the property.

Quantitative Financial Assessment

A quantitative financial assessment was completed using information provided in the original proposal with the following assumptions:

- 1) An upfront cost of \$500,000 was estimated for the installation of fencing and on-site treatment or the provision of a lift station and forcemain to the District collection system for the market/bistro/micro-brewery/winery. Further analysis and design would be required to evaluate wastewater treatment and/or conveyance options and costs for the site.
- 2) Average annual revenues of \$30,000 from the applicant were assumed starting in 2030.
- 3) The annual funding was converted to an estimated present value (in 2020) using a discount rate of 2.5%.

Year	Estimated Net District Funding			
	Upfront Cost (Sewer Servicing and Fencing)	District and	Estimated District Revenue	Net Present Value (2020)
2020	\$500,000			\$500,000
2021				\$0
2022				\$0
2023				\$0
2024				\$0
2025				\$0
2026				\$0
2027				\$0
2028				\$0
2029				\$0
2030			(\$30,000)	(\$23,436)
2031			(\$30,000)	(\$22,864)
2032			(\$30,000)	(\$22,307)

2033		(\$30,000)	(\$21,763)
2034		(\$30,000)	(\$21,232)
2035		(\$30,000)	(\$20,714)
2036		(\$30,000)	(\$20,209)
2037		(\$30,000)	(\$19,716)
2038		(\$30,000)	(\$19,235)
2039		(\$30,000)	(\$18,766)
Total	\$500,000	(\$300,000)	\$289,758

Summary:

The cost of sewer servicing could be partially offset by tax revenues generated by operations on site. Based on the assumptions described in the financial assessment, this could result in a net cost to the District of \$300,000 (net present value). The proponent would incur the costs of improving soils and bringing the land into production. Successful development of the on-site farm enterprises could generate property and business tax. 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.

The table below shows the overall assessment of the proposal using evaluation criteria proposed by staff at the August 12th Regular Meeting:

Criteria	Rating	Comments
1. Alignment with District Agricultural Strategies	Low	Would support local private agricultural enterprise and provide opportunity for on-site marketing/added value, may require approval of non-farm use(s) by ALC
2. Viability of the Proposal	Medium	Uncertain, few details provided
3. Qualifications/Experience of the Team	Medium	Successful experience managing smaller farm/business operation within the District,
4. Costs to the District	\$300,000 to \$500,000	Costs to District dependent on sewer servicing and tax revenues from the site

Option 6: 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.

Quantitative Financial Assessment

A quantitative financial assessment was completed using the following assumptions:

- 1) Only the anticipated/estimated direct costs to the District were considered.
- 2) Conservative annual funding of \$130,000 was assumed based on the District being the entirely responsible for the cost of the service.
- 3) The annual funding was converted to an estimated present value (in 2020) using a discount rate of 2.5%. Over a 10 year period, this would be equivalent to approximately \$1.2 million.

Year	Estimated District Funding	
	Annual Payment	Present Value (2020)
2020	\$130,000	\$130,000
2021	\$130,000	\$126,829
2022	\$130,000	\$123,736
2023	\$130,000	\$120,718
2024	\$130,000	\$117,774
2025	\$130,000	\$114,901
2026	\$130,000	\$112,099
2027	\$130,000	\$109,364
2028	\$130,000	\$106,697
2029	\$130,000	\$104,095
Total	\$1,300,000	\$1,166,213

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.

The table below shows the overall assessment of the long term operation option using evaluation criteria proposed by staff at the August 12th Regular Meeting:

Criteria	Rating	Comments
1. Alignment with District Agricultural Strategies	High	Community initiative which provides access to entrant farmers, concept supported by District
2. Viability of the Proposal	Low	Service does not yet exist, many details yet to be sorted out
3. Qualifications/Experience of the Team	Low	Unclear/unknown at this time
4. Costs to the District	\$1 million+	Costs uncertain, could be distributed across member municipalities depending on structure, District may also be responsible for improvements to the land

Option 7: 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.

Quantitative Financial Assessment

A quantitative financial assessment was completed using the following assumptions:

- 1) A sale value of the property (net of costs) of \$2 to \$3 million was assumed based on the 2018 appraisal and 2019 BC Assessment values.

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.

The table below shows the overall assessment of the long term operation option using evaluation criteria proposed by staff at the August 12th Regular Meeting:

Criteria	Rating	Comments
1. Alignment with District Agricultural Strategies	Very Low	District would lose direct control of the land
2. Viability of the Proposal	Medium	Ease of sale of the land would be subject to market conditions
3. Qualifications/Experience of the Team	N/A	
4. Revenue to the District	\$2 to \$3 million	Highest short term financial return to District, no long term cost commitments

Option 8: 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 include mowing, cultivation, seeding, rock picking, and incorporation of cover crops as green manure. The preliminary assessment indicates approximate annual costs of \$45,000 for a contractor to complete these activities the first couple of years of operation. As the resources required to complete this maintenance are not available internally, these services will need to be procured by the 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.

Quantitative Financial Assessment

A quantitative financial assessment was completed using the following assumptions:

- 1) Only the anticipated/estimated direct costs to the District were considered.
- 2) Annual funding of \$45,000 was assumed.
- 3) The annual funding was converted to an estimated present value (in 2020) using a discount rate of 2.5%. Over a 5 year period, this would be equivalent to approximately \$200,000.

Year	Estimated District Funding	
	Annual Payment	Present Value (2020)
2020	\$45,000	\$45,000
2021	\$45,000	\$43,902
2022	\$45,000	\$42,832
2023	\$45,000	\$41,787
2024	\$45,000	\$40,768
Total	\$225,000	\$214,289

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. This approach is also consistent with the recommendations in the Short Term Maintenance Plan developed for the District. Maintenance of the property by the District would not preclude any of its long term operation options. Another

benefit of this option is that it does not preclude any of the potential future uses which have been contemplated for the site.

The table below shows the overall assessment of this option using evaluation criteria proposed by staff at the August 12th Regular Meeting:

Criteria	Rating	Comments
1. Alignment with District Agricultural Strategies	Medium	District maintains control of the lands, does not preclude achieving any of its agricultural strategies in the long term
2. Viability of the Proposal	Medium	Default option until agreement with long term operator is in place
3. Qualifications/Experience of the Team	High	District has access to and can engage qualified agrologist and procure contract farm services as required
4. Costs to the District	\$215,000	District entirely responsible for operations and maintenance costs on the site, as land improves over time may be potential for some revenue or more attractive lease opportunities

Summary of Options

Option	Alignment with District Agricultural Strategies	Viability of the Proposal	Qualifications / Experience of the Team	Costs to the District (Revenue)
1. Sandown Centre for Regenerative Agriculture	Very High	Medium	High	\$1.5 to 2.0 million
2. Offer of Lease by John Upward (Agent)	Low	Medium	High	\$400,000 to \$500,000
3. Offer of Lease by Gary Sanga (Prevost Farms, Duncan)	Low	Medium	Medium	\$0
4. Sandown Conceptual Proposal by Veryan Graham	Medium	Very Low	Low	\$1 million+
5. LTO Expression of Interest – Hamish Crawford	Low	Medium	Medium	\$300,000 to \$500,000
6. CRD Foodland Trust	High	Low	Low	\$1 million+
7. Sale of the Property	Very Low	Medium	N/A	(\$2 to 3 million)
8. District Maintenance of the Property	Medium	Medium	High	\$215,000

To provide a preliminary screening per Section 3.3 of the RFEI, Staff comment as follows:

None of the current Expressions of Interest or other options currently available to the District hold a high score across all evaluation categories. The analysis identifies the following significant concerns with Options 3, 4, 5, 6, and 7:

Option 3 Offer of Lease by Gary Sanga – few details have been provided by the applicant and this option is not strongly aligned with the District agricultural strategies.

Option 4 Sandown Conceptual Proposal by Veryan Graham – few details provided by the applicant. Application has similarities with SCRA and CRD Foodland Trust options, both of which are better defined.

Option 5 LTO Expression of Interest – Hamish Crawford – This proposal presents a significant obstacle in the requirement of sewer servicing for the site which would require further investigation and potentially significant upfront costs for the District.

Option 6 CRD Foodland Trust – service not yet established and would offer similarities to SCRA proposal. The District could reconsider this option for Sandown if/when the service becomes established and if there still remains an opportunity for the land to be offered to the service.

Option 7 Sale of the Property – Although this option provides the highest short term return to the District, it is the least aligned with the District Agricultural Strategies. This option also remains available as long as the District maintains ownership of the lands.

Options 1 Sandown Centre for Regenerative Agriculture and Option 2 Offer of Lease by John Upward represent significant costs to the District but would be the most suitable of the Expressions of Interest received to date. Both of these applicants have indicated willingness to share the site were the District to entertain that option. Sharing the site introduces additional challenges and administrative burden for the District. Two separate agreements would need to be reached and the tenants would need to maintain effective relationships with each other.

Option 8 - continued District maintenance of the property, leaves the potential to attract future proponents that could receive more attractive scores across all evaluation categories. This option also represents a nominal investment by the District compared to nearly all of the other options available at this time.

CONSULTATION:

The future of the Sandown agricultural lands is of significant interest to the community.

As directed by Council, staff engaged a communications consultant to develop a strategic communication plan which is the subject of a separate staff report on this agenda.

OPTIONS:

Council can:

- 1) Allow the Sandown agricultural lands to continue to be maintained by the District and defer selection of long term operator for the site; or
- 2) Direct staff to initiate discussions with one or more of the proponents, develop preliminary terms for a long term lease of the Sandown agricultural lands with proponent(s) and report back to Council on the outcome of those discussions; or
- 3) Other

FINANCIAL IMPLICATIONS:

The five year forecast for the Agricultural Reserve Fund is provided below.

Agricultural Reserve Fund	Budget	Actual
Balance at December 31, 2018	\$ 19,952	\$ 19,952
Contribution to Reserve	110,000	110,000
Sandown Agricultural Lands - Expenditures	(60,000)	(44,170)
	<hr/>	<hr/>
Balance at December 31, 2019	\$ 69,952	\$ 85,782

Annual Contribution to the Agricultural Reserve Fund - Forecast

50% of Sandown Commercial Lands municipal property taxes	\$ 91,200
50% of Cell Tower revenues	18,800
	<hr/>
	\$ 110,000

Five Year Forecast - Agricultural Reserve Fund*

	2020	2021	2022	2023	2024
Opening balance - projected	85,782	150,782	215,782	280,782	345,782
Budgeted contribution	110,000	110,000	110,000	110,000	110,000
Budgeted expenditures	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)
Closing balance	150,782	215,782	280,782	345,782	410,782

*The forecasted budget contributions above have been calculated using the 2019 property assessments for the Sandown commercial lands and the 2019 municipal commercial tax rate. The forecasts are conservative in that they assume no further build out on the commercial lands for the next five years.

CONCLUSION:

At the direction of Council, staff advanced the development of an RFEI for a long term operator for the Sandown Agricultural Lands. The submissions as well as a range of other options available were evaluated for the long term operation of the site. The preliminary screening indicates that none of the current Expressions of Interest responses hold a high score across all the evaluation categories. The preliminary screening indicates the Sandown Centre for

Regenerative Agriculture and the Offer of Lease by John Upward represent significant costs to the District but would be the most suitable of the Expressions of Interest received to date.

Continued operation and maintenance of the site by the District would allow continued gradual improvement of the property with the potential to attract more advantageous long term operator proposals in the future at a modest cost to the municipality. This approach would not preclude any of the potential future uses which have been contemplated for the site and would also allow the District to consult with the community on priorities for future uses of the property. In consideration of the above, staff respectfully submits the following recommendation.

RECOMMENDATION:

That Council direct staff to continue to maintain the Sandown agricultural lands through the end of 2024.

Respectfully submitted:

Concurrence,


Eymond Toupin
Director Infrastructure Services


Tim Tanton
Chief Administrative Officer

Concurrence:


Anne Berry
Director Planning and Community Services


Stephanie Munro, Director Financial Services


Curt Kingsley, Director Corporate Services

Eymond Toupin

From: Lindsey Boyle <lindsey@circularcitizens.com>
Sent: Monday, October 21, 2019 4:35 PM
To: Eymond Toupin; Tim Tanton
Cc: Jen Rashleigh
Subject: Rashleigh-Boyle Sandown RFEI - conditions for partnership

Hello Eymond,

I am replying on behalf of Jen and myself with our response to your question in an email dated Oct 8th, 2019.

The Sandown Centre for Regenerative Agriculture (SCRA) is a non-profit Society (incorporation pending). Please refer to our May and August EOI packages for full details on our partnerships and commitments.

We would be pleased to enter into a Long Term Operator agreement with the District of North Saanich for a portion of the Sandown lands with the following conditions:

1. A lease arrangement for the portion of Sandown, **identified as Section 1** in the Short Term Farm Maintenance Plan prepared by Brian Holl, August 2019. This area is listed as approx. **16 ha** and includes sufficient land for organic fruit & veggie production, teaching and learning incubator plots, a community orchard, AND organic pasture-grazed livestock (which requires sufficient grazing land and is an excellent means for soil remediation; please see:
a 60 sec video from the international Savoury Institute for a very quick overview on the livestock pasture grazing for land remediation <https://www.youtube.com/watch?v=C70OC6R6eok>
or <https://www.youtube.com/watch?v=OzEnoTEom9U> for 1min 43 sec interview with holistic management livestock farmers
2. **Any other partners or leasees on the Sandown lands follow organic practices for the entire Sandown site.** As the site features several natural springs, it is a significant component in our local wetlands and watershed, and flows directly into the Tseycum creek and Patricia Bay. The use of herbicides, pesticides and conventional chemical fertilizers would have detrimental effects on these ecological features.
3. **Peninsula Streams** will be significantly involved in the management of the forested areas of Sandown.

We look forward to your response confirming receipt of our conditions.

Sincerely,

Lindsey Boyle

--



Lindsey Boyle
Founder, Circular Citizen
604 376 9343
circularcitizens.com

John Upward
10287 Wilson Rd.
North Saanich, BC V8L 5T1

October 21, 2019

Mayor and Council

Upon your direction, Staff has asked me, as agent for our team, to consider three items:

1. Sharing the site
2. Requirement for the cell tower revenues to be paid to the operator (Gobind Farms)
3. Access to and quantity of wood chips

With regard to the first question, Ironically, after diving deeper into the construction costs of recreating a farm which has no viable soil versus the possible revenues of that farm, we decided that the 40 acre site, plus the irrigation pond made for a better business case. (Please see attached drawing.)

As to the question of cell tower revenues, we propose a pro-rata share among all lease holders. Staff has erroneously calculated the values of cell tower revenues over a fifteen year lease period as \$540,000. This is incorrect as the revenue value of \$36,000 today, but not paid for fifteen years is approximately \$15,000, not \$36,000. An accurate valuation can only be reached using the correct "present day value" calculation.

The quantity of wood chips to be used for soil creation is unknown at this point.

Respectfully,

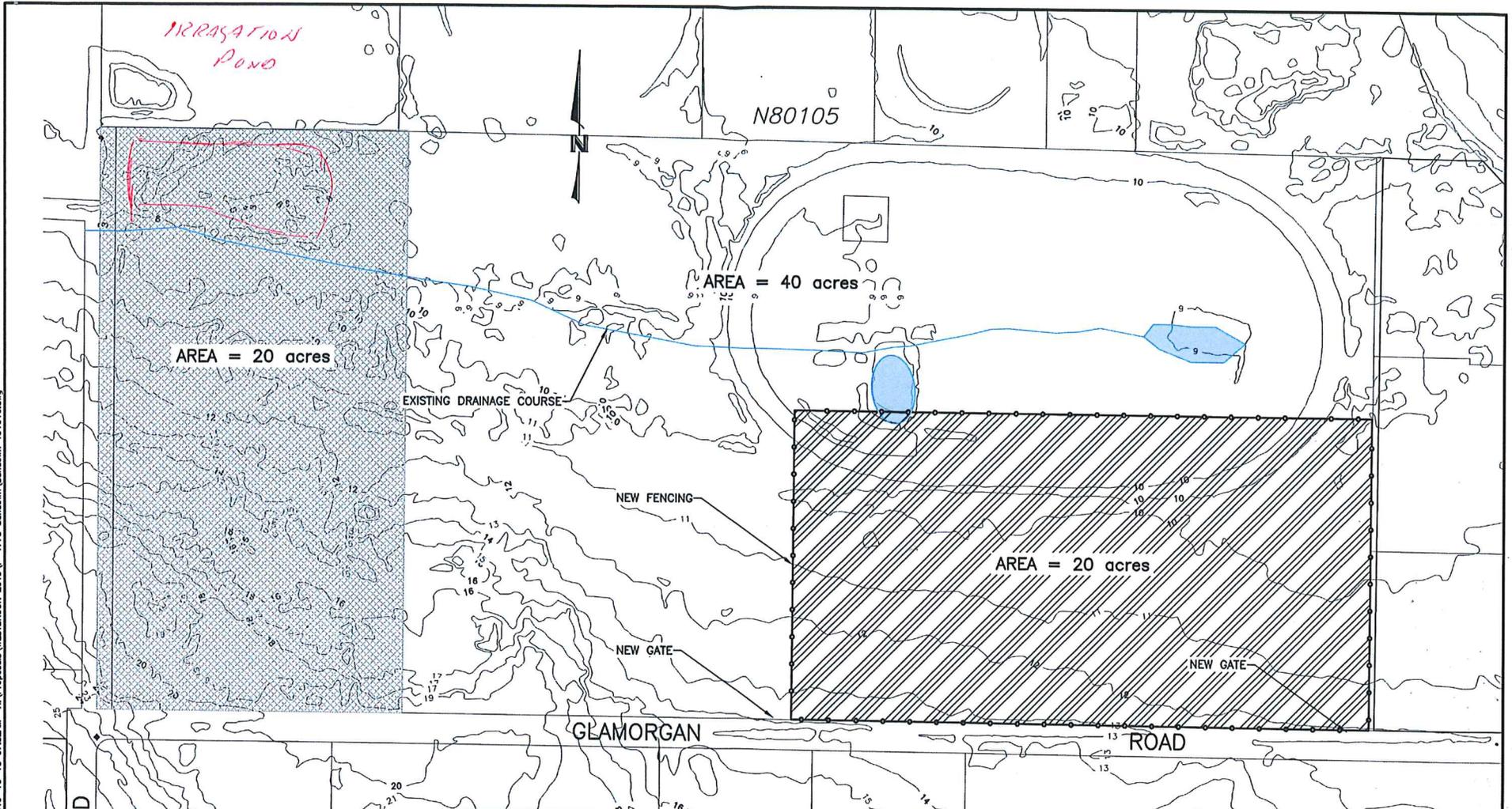


John Upward

CIRCULATION	
Mayor	
CAO	
Corporate Officer	
ACTION	
<input type="checkbox"/> Council Agenda	
<input type="checkbox"/> Info File	
<input type="checkbox"/> Reading File	
<input type="checkbox"/> Staff Recommendation	



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WESTBROOK Consulting Ltd.

#115 - 866 Goldstream Ave., Victoria, BC V9B 0J3
 Telephone: 250-391-8592 Facsimile: 250-391-8593

PROJECT	SANDOWN JOHN UPWARD
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WESTBROOK PROJECT No.	
GOVERNING AUTHORITY FILE No.	
SHEET	OF
	REV.
WESTBROOK DRAWING No.	
FIGURE 1	

Eymond Toupin

From: Hamish Crawford <hamishcrawford@ymail.com>
Sent: Friday, October 11, 2019 5:52 PM
To: Eymond Toupin
Subject: Re: Sandown RFEI

Eymond.

I gather that my original application is still on the table.

If given the opportunity to be a long term tenant I would require that the property be fenced on all four sides and a waste water system or sewer hook up provided. I think sewer service should be the responsibility of the landlord (N S) as there would be no recovery at the end of the lease. A septic system or hook up would be critical to the operation. I would be happy to partner with others as far as crop production is concerned. We have the expertise and equipment required.

If there is interest in the proposal I would be open to having a meeting with the district to discuss any areas of concern, the plan could be fine tuned to accommodate their wishes.

If this is to be a true North Saanich community endeavour I think you have to include the First Nations in this . I have great plans to incorporate them into our operation..

Sandown could be the gateway to N S, all about agriculture, food, and our natural environment, so please no non farm uses.

Yours sincerely.

Hamish Crawford.

Sent from my iPad

On Oct 8, 2019, at 5:02 PM, Eymond Toupin <EToupin@northsaanich.ca> wrote:

Mr. Crawford,

At Monday's Regular Meeting, Council has directed staff to:

Ask if applicants for the Long Term Operator for Sandown would be prepared to enter into a partnering agreement for a portion of the Sandown agricultural lands and, if so, under what conditions.

Staff has also been directed to include the applicant's responses in an upcoming report to Council targeted for the Committee of Whole on October 28th.

As we are reaching out to applicants we are also taking the opportunity to clarify certain costs associated with individual proposals. In terms of the proposal submitted by your team there are two items that would be helpful to clarify or confirm.

- 1) The proposal involves sewer servicing be provided for the property to serve the proposed operations on the site. Is the expectation that the costs of sewer servicing, were connection to sewer be approved by Council, would be borne by the District or by operator? Is the provision of sewer servicing a critical element of the proposal or would on-site treatment be a feasible alternative?

We will be working on the report over the next couple of weeks and respectfully request a written response (by email would be sufficient) by the end of day on Monday, October 21st to allow time for its inclusion in the report to Council. If no response is provided by that time, staff will simply report to Council that no response was received.