

District of **North Saanich**

STAFF REPORT

To:

Rob Buchan

Chief Administrative Officer

Date: October 17, 2018

From: Anne Berry

Director of Planning & Community Services

File:

Curt Kingsley

Director of Corporate Services/Deputy CAO

Eymond Toupin

Director of Infrastructure Services

Stephanie Munro

Director of Financial Services

Re:

Sandown Community Farm Plan Review

RECOMMENDATION(S):

That Council:

1) Receive the staff report dated October 17, 2018 for information;

2) Approve funding of \$17,000 from the agricultural reserve fund for the installation of a 50mm (2") water service at the southeast corner of the property; and

3) Direct staff to bring forward options for short-term basic maintenance and short term land use of the property; and

4) Direct staff to report back with advice for Council decision making regarding the long-term use of the property, including a Request for Expressions of Interest and recommended terms for a lease agreement.

STRATEGIC PLAN IMPLICATIONS:

This matter relates to the following Council strategic priorities:

Protect and Enhance Rural, Agricultural, Heritage, Marine and Environmental Resources

Ensure Strong Leadership, Fiscal Responsibility and Transparent Government

INTRODUCTION/BACKGROUND:

In January and February this year Council established the Sandown Transition Team (STT) and the terms for the transition planning services. The required project deliverables included the preparation of a report addressing the following:

Options and recommended model for future governance of the Sandown lands (governance model to address authority, ownership, autonomy, reporting, communication, transparency, independence, accountability)

- Business plan for the recommended model (to define range of potential revenues/profits for the District/operator and necessary financing)
- Preparation of a farm use plan

On September 17th, 2018 the Sandown Transition Team (STT) presented their report and findings to Council. Staff also referred the report to the Community Agriculture Commission for review.

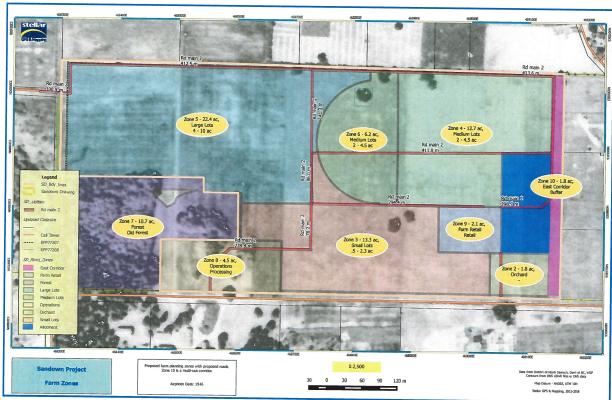
Report Overview:

The Sandown Transition Team submitted a 4 document package for Council consideration:

- a) Sandown Community Farm Overview: this document provides a summary of the recommendations for the site.
- b) Sandown Community Farm Background and Detail: this document provides a breakdown of the proposed farm plan uses, proposed governance and management model, and the proposed financial plan.
- c) Appendix of maps: a series of maps historical, proposed plan, proposed infrastructure.
- d) Sandown Community Farm Resource Guide: a resource guide intended for the long term operator containing funding sources and template documents (bylaws, request for proposals, memorandum of agreement)

LAND USE IMPLICATIONS:

The site is proposed to be divided in to ten different land use 'zones', as illustrated in the *Proposed Farm Zone Map* below:



Proposed Farm Zone Map

Staff have prepared a summary table (appended to this report as Attachment A) which outlines each proposed 'zone', its listed uses, anticipated external approval processes which may be required, and infrastructure and revenue implications. The STT recommendation within the Plan is to develop the smaller farm plots in the southeast corner of the site first, then phase in other areas as the proposed infrastructure is developed. The proposed building placement for future

farm market areas and operations/processing areas is on areas of the site which the team considered to be the most disturbed (generally where buildings were previously located). These areas are nonetheless within those to be reclaimed as part of the works on the site.

The proposed Plan includes a range of uses, some of which will require further approvals from the Agricultural Land Commission and the submission of non-farm use applications by the lessee:

- The proposed uses in Zones 3, 4 & 6 (incubator plots and small to medium farm plots) would be permitted without any additional approvals from external regulatory organizations. These are also the areas the STT has recommended for the establishment of a farm school. While production-based learning would be a permitted use under ALC regulations, some of the associated uses may require discussion with the ALC to determine if ALC approvals will be required as there are limitations associated with buildings/structures necessary for this use.
- Education activities associated with the proposed community farm/garden plots in Zone 1 may require ALC approvals if permanent facilities are required for this purpose.
- Proposed events associated with Zone 2 (community orchard) will require further clarification in order to determine if these require additional ALC approvals. This could be determined during the event planning process at the time of the event.
- The area in proposed Zone 5 (medium to large farm plots) includes lands which are not currently under reclamation. They are identified as an area for future reclamation in the ALC approved Agricultural Reclamation and Drainage Plan prepared by Madrone Environmental as part of the ALC conditions of exclusion/subdivision. This proposed use will have additional costs associated with the reclamation of these lands. These costs are unknown at this time.
- Proposed trails in Zone 7 (natural forested area) will require ALC approvals, as trail
 development on ALR lands requires an application to the Commission. Staff notes that the
 District has entered into a covenant with the ALC prohibiting the development of parks on
 the Sandown site. This area is also recommended by the STT for Indigenous People's
 food and medicine growing.
- Some of the proposed uses in Zone 8 (farm operations centre), such as processing, may require additional ALC approvals, depending on the quantity and source of the farm product. The ALC requires that at least 50% of the farm product being stored, packed, prepared or processed is produced on the farm. A compost production facility is also proposed for this area. The production, storage and application of compost is permitted by the ALC under certain conditions, otherwise a non-farm use application would be necessary. Other uses proposed within the farm operations building, such as office space and packing areas may require additional ALC approvals. This would need to be determined when building needs are assessed.
- ALC approvals may also be required for the proposed farm retail centre uses in Zone 9 as
 the ALC places limitations on the maximum floor area of these uses and on the quantity
 of product being sold. ALC approvals for a weekly farm market, as proposed in the Plan,
 would also need to be considered as there are limitations on the number and kind of events
 that are permitted on ALR lands.

 The proposed buffer zone in Zone 10 is a requirement of the Phased Development Agreement. Consideration of farm access/public path placement should be given for minimal impact.

The Plan also proposes several land uses for future consideration, including the following (these are not included in Attachment A):

- Farm residences in the form of units above the proposed farm operations buildings or by way of "tiny" houses. Current zoning regulations place limitations on the number of units, and ALC approvals may be required depending on the proposal. District regulations do not currently have provisions to accommodate tiny houses.
- An abattoir has been identified for future consideration and recommended for the 12.05 acre property that was included in the ALR as part of the ALC approvals. This is currently the District's green waste facility and is being reclaimed over the long term. This site was not included in the scope of the Sandown Transition Plan. Should Council wish to consider this use District operational needs must be considered. Additional ALC and provincial approvals would be required, infrastructure needs would be assessed and facility management plans and zoning bylaw amendments would be required. This would likely be a complex process for the District with long-term cost and management implications.
- Manure management facilities. While composting and manure is permitted under the ALC regulations, a manure management facility will have specific provincial environmental and health approvals, per the ALC regulations and may require non-farm use approvals depending on the scale of the facility.
- Work horses. There is nothing preventing the use of horses on farm lands, however the
 District will have to evaluate cost implications of machinery versus farm animals, and
 whether it wishes to undertake this responsibility. There are specific farm practices
 established by the Ministry of Agriculture regarding the keeping of horses.
- Bee yards. Apiaries are required to be registered with the Province of BC, and as with horses there are specific provincial regulations which must be followed. Apiculture is a permitted use in the ALR, and under the site's zoning regulations.
- Livestock production. Raising livestock is a permitted agricultural activity in the ALR and
 is not prohibited by the site's zoning regulations. As with horses, there are specific farm
 practices and regulations which must be followed, and there may be different regulations
 depending on the type and purpose of the livestock. These will be an important
 consideration should the District wish to pursue livestock production at Sandown.
- Commercial Seed Saving Library. Further details would be required to properly assess whether additional approvals would be required for this use.
- Zero waste, 100-mile market. This proposed use indicates that farmers from across the community would participate, and as such it likely that additional approvals would be required as the proposed market may fall outside of the ALC parameters for farm retail sales in the ALR.
- Sandown Food Carts. This is a value-added opportunity for the Sandown site, and would likely not come into effect until appropriate productive farming is occurring on the site. Cart storage facilities would need to be considered and may require additional approvals.

• Weddings. The ALC has set a limitation of 10 events per year, per farm operation. There is a maximum cap of 150 people gathering for any one event. There is potential for high demand for this type of event, which under current ALC limitations may impact the hosting of other kinds of events on the site, depending on their nature (agri-tourism events would be considered separately). Event planning at Sandown will require careful consideration and may need additional ALC approvals.

INFRASTRUCTURE IMPLICATIONS:

Capital Investments

The proposed Plan envisions a range of infrastructure capital investments over the course of its development. The following is a summary of the infrastructure improvements proposed and their implications.

Stormwater Management and Farm Drainage

During large low frequency winter events, stormwater may be stored and inundate portions of the site (Zones 4 and 6). The Plan suggests there is potential for contamination from this stormwater, that measures need to be taken to improve the quality of water flowing onto and from the farm and, that specific plant species be introduced as prescribed by recognized stormwater best management practices. References to two documents are included in the Plan, however these are applicable to rain gardens used to infiltrate water in urban environments, not to the drainage facilities on this site. There are also no indications that the stormwater is in any way contaminated or that any of these measures are warranted at this time.

Tile drainage of farmed areas is recommended in the Plan. This is in contrast to the approved drainage and reclamation plan being implemented for the site. Additionally, it is proposed to realign the channel which bisects Zone 5 along the north boundary of the property. A more detailed topographical survey and corresponding design would be required to confirm the feasibility and cost of realigning this drainage feature. A drainage cost of \$35,000 is included in the 2019 budget for the site. The details of the drainage works envisioned to be completed with this budget amount are unclear. Staff concur with the Plan's assessment that the initial planting(s) will provide a better understanding on the drainage on the property during winter and spring and that this information would help guide potential future drainage priorities for the property. Staff would not recommend any drainage improvements at this time.

Roads, Pathways, Parking Areas

A significant investment of an estimated \$512,000 is proposed for roads, trails, and parking on the site. The Plan suggests that the costs to develop and maintain any roadways that provide public access or are required for maintenance of drainage and ditches be the responsibility of the District. Although not explicitly stated, this would appear to include all of these estimated costs.

Access roads may not necessarily be required to maintain the stormwater infrastructure on the site. There are drainage channels in the District that are maintained without access roads and it may be possible to complete required maintenance from within the channels themselves.

Public access along a perimeter trail/pathway and other access roads is proposed by the Plan. The development of public accesses to the agricultural site, including a perimeter trail would need to be first approved by the ALC. The District would also have to weigh the benefit and priority of this type of facility at Sandown against recreational facilities (parks, trails, beach accesses) needed in other areas of the municipality.

Staff recommend against the construction of access roads until they are specifically required for maintenance by the District or for the farm operations. Staff also recommend against the construction of public trails/pathways unless they are identified as a priority by Council and approved in concept by the ALC. The design requirements and corresponding costs can be confirmed as the needs for these facilities arise.

Fencing

A fencing cost of \$15,000 is included in the Plan's 2019 budget. It is presumed that these costs would be associated with the fencing required to prevent public access to the site from proposed perimeter trails and other potential public access areas. Consequently, some of these costs could likely be deferred if/until the public access trails/pathways are needed/developed.

Water Supply

The report makes reference to a municipal water supply service in the southeast corner of the property which may have served the grandstand and which is indicated should be preserved. This service piping traverses (i.e. trespasses) the newly created commercial property along McDonald Park Road and therefore was required to be abandoned. A small service existed to the former residence along Glamorgan Road. Staff determined this service to be a safety hazard in its highly deteriorated condition and as a result it will be decommissioned by the District.

As indicated in the report, the estimated cost to provide a new large 50mm (2") backflow protected agricultural service up to property line is \$17,000. Extension of the service into the agricultural parcel would incur additional costs. Staff recommend that a 50mm (2") service be installed at the southeast corner of the property which will initially be used to feed the irrigation system being installed by the developer to establish the trees being planted in the buffer zone. It is proposed that the installation of this service be funded from the agricultural reserve fund.

Irrigation

The Plan indicates irrigation will be required to improve crop production. The Plan envisions an investment of \$50,000 for water in 2019. However, it is unclear which areas are proposed to be irrigated and the nature of the irrigation system proposed. Staff concur with the Plan which suggests that the long term operator install water access within each farm zone to accommodate anticipated irrigation needs. It would not be required to be installed by the District in the short term.

Power

An estimated cost of \$38,000 is included for the provision of power to the site in 2019. The power requirements are unclear at this time as well as where those demands would need to be located on the site. Power requirements would best be identified by a future long term operator and would not be required to be installed by the District in the short term. The responsibility for the costs of power consumption are not explicitly stated but would presumably be with the long term operator or lessee.

Soil Improvements/Materials

Annual investments of \$6,000 for soil improvements are proposed. The Plan does not appear to specify the amendment materials/methods. Staff anticipate planting and tilling of green manure could be an effective means to gradually incorporate organic matter and improve soil structure on the site.

Miscellaneous Equipment

A variety of miscellaneous equipment is envisioned to be purchased in 2019 at an estimated total cost of nearly \$120,000 including equipment leasing and purchases, washing stations, storage, greenhouses, tools and a truck. These would presumably be purchased by the long term operator. The District should consider terms in the society's bylaws and its lease requiring that all assets (including transfer of any leasehold interests) be returned back to the District when it dissolves.

Reclamation of Additional Areas in Zone 5

The Plan envisions the eventual reclamation of the western areas of Zone 5. These areas are identified as an area for future reclamation in the ALC approved Agricultural and Drainage Reclamation Plan. The timing and cost of this work would have to be determined. Staff recommend these works be deferred until the other areas of farm are first brought into production.

Interim Basic Operation and Maintenance of the Farm

After the reclamation has been completed and until a long term operator is in place, the District will be directly responsible for the on-going operation and maintenance of the farm, over and above all of the existing infrastructure responsibilities in the municipality. The District currently does not have staff resources to undertake the basic maintenance of the farm.

Staff anticipate that the objective of these activities will be to continue to gradually improve the quality and structure of the soil in anticipation of the implementation of long term operator or lessee for the site. As indicated above, this will presumably involve planting and tilling of green manure crops, particularly in the first few growing seasons. These activities will require oversight by a farm manager which would likely be procured through an RFP process. Similarly, the farm operations could be contracted to local agricultural service provider. Funding will need to be allocated in the upcoming operational budgets for these types of activities.

FINANCIAL IMPLICATIONS:

The proposed Plan would require a financial investment by the District of \$2,892,177 over the next ten years. \$812,000 of this investment has not been budgeted for in the District's Financial Plan and would be required to be expended in 2019 for start-up capital and operating costs. \$2,080,177 of this investment is proposed to be funded from projected contributions to the District's Agricultural Reserve Fund (ARF). The proposed Plan assumes Council will allocate 100% of the projected funds available in the ARF each year to the property over the next 8 years, and 68% of the projected funds in both 2027 and 2028. The significant reliance on this fund over the long term has implications in that the fund is a non-statutory reserve fund, therefore contributions to, and expenditures from this fund are at Council's discretion each year and are not guaranteed.

The proposed Plan also recommends that the District pay the property taxes for the property. As the land is now owned by the District, the property is exempt from property taxes. If the District were to lease out all or a portion of the property to another party (or multiple parties), BC Assessment would provide a taxable assessment for the leased area and it would become taxable

to the lessee. If the property use qualifies for farm status the taxable assessment would be lower. There will be a financial impact to the District of paying the property taxes for leased areas on an annual basis. This impact could range in magnitude depending on the assessed values and property class of each leased area, and would be funded by general taxes. If the District begins providing tax exemptions to farm or commercial lessees, it could be providing an unfair competitive advantage to those lessees over other farmers in the District.

In accordance with s. 24 of the *Community Charter*, the following forms of assistance to a long term operator or lessee, such as making loans, leasing the land for less than market value, and guaranteeing any loan would require public notice. A lease of the land would also require a disposition notice under s. 26 of the *Community Charter*. If leased, the land may be eligible for a permissible tax exemption if leased to a non-profit society and used for the society's purposes as set out in its constitution and bylaws.

The proposed Plan includes a number of financial projections for 2019-2028. These include projected revenue sources, and projected fixed and variable operating expenses. There is uncertainty in these projections. Staff recommends that when a long term plan is approved by Council, detailed annual budgets are created and that the governance structure includes an appropriate financial oversight mechanism, such as annual reporting requirements and audits.

The proposed Plan will require a long-term operator to secure a mortgage in the amount of \$1.5 million in 2023 to finance the retail building construction. The ability of this operator to secure a mortgage of this size will depend on the type of operator.

LEGAL IMPLICATIONS:

There is a trade-off in legal implications associated with the District leasing the land to a society, as recommended in the STT Report. A non-profit society operating the land under a lease agreement with the District can provide the District with protection from legal and financial liability. Liabilities undertaken by a society remain those of the society only if the District is not involved in the day-to-day management of the society. The District can include terms of a lease that could provide a measure of control over the use of the land. If Council wishes more direct involvement in the management of the society or the lands, such as municipal participation on the society's board, it would come with cost of attracting liability to the District.

A lease also has implications for financial transparency and accountability. The *Societies Act* requires a society to prepare annual financial statements and to present the statements to its members at each annual general meeting. This is less transparent than the process required for the District's financial statements, which must be audited, presented at a Council meeting and provided to the Inspector of Municipalities.

The proposed Plan includes the long-term operator securing a mortgage in the amount of \$1.5 million to finance building construction. There are risks to the District if a lessee were to mortgage its leasehold interest in the land. If the lessee were to default on the mortgage, the lender would be able to foreclose on the mortgage and take over management of the land. The District's lease agreement could address this risk with terms in which the lessee cannot acquire a mortgage.

Any lease should also require the lessee to maintain the land free of risks to persons using the land and carry adequate insurance.

CONSULTATIONS:

The District's Community Agriculture Commission reviewed the proposed Plan at their September 19, 2018 meeting and made the following recommendations:

MOVED BY:

S. ROWED

SECONDED:

D. CHOWN

25-CAC

The Community Agricultural Commission acknowledge the effort the team provided on the Sandown Community Farm Plan.

CARRIED

MOVED BY:

E. MCMURPHY

SECONDED:

S. ROWED

25-CAC The Community Agricultural Commission recommend that the District pursue, support and implement the vision for the Sandown lands, including the next steps, as outlined in the Sandown Community Farm Plan.

CARRIED

The STT used the Vision Sandown report from a previous public engagement process to guide some of its recommendations. Council may be interested in exploring whether there are other interested parties and proposals for a lease agreement with the District through a Request for Expressions of Interest (ROEI). Council may also wish to conduct a public engagement process on its preferred option (or options) before making its final decision.

INTERDEPARTMENTAL INVOLVEMENT:

The Corporate Services, Financial Services, Infrastructure Services and Planning & Community Services Department Directors have reviewed the Sandown Farm Plan. This report has been prepared with input from all.

OPTIONS:

Council can:

- 1. Approve funding of \$17,000 from the agricultural reserve fund for the installation of a 50mm (2") water service at the southeast corner of the property;
- 2. Direct staff to bring forward options for short-term basic maintenance of the property and short-term land use options;
- 3. Direct staff to report back with advice to guide Council decision making process for long-term use of the property including an REOI and recommended terms for the lease;
- 4. Adopt the proposed Plan as the long-term plan for the property;
- 5. Refer to staff with direction;
- 6. Other.

SUMMARY/CONCLUSION:

The STT Report provides recommendations and proposals for the long term use of the Sandown lands. The STT's proposals for the long term use of the land have significant cost implications for the District and would require significant infrastructure capital investments by the District. Some of the recommendations are not permitted under the conditions of the Agricultural Land Commission and would require approvals be obtained. Many of the proposed capital infrastructure investments may not be necessary depending on the needs of the long term operator.

The STT recommends that the District lease the land and that a non-profit society be created to operate it. There may be existing non-profit societies or other entities currently ready to enter into a lease agreement with the District to operate the lands. Council could direct staff to conduct a Request for Expressions of Interest (ROEI) to determine if there are any interested parties with proposals for the long term management of the land. Other proposals could have different cost implications for the District. Council would then have the benefit of considering the full range of options available before making its decision.

Resources are needed for the short-term basic maintenance of the property after Platform Properties concludes the remediation work.

If Council wishes to proceed with considering a lease agreement for the long term use and operation of the Sandown lands, as recommended in the STT Report, Staff respectfully submit the following recommendations.

RECOMMENDATION(S):

That Council:

- 1) Receive the staff report dated October 17, 2018 for information;
- 2) Approve funding of \$17,000 from the agricultural reserve fund for the installation of a 50mm (2") water service at the southeast corner of the property; and
- 3) Direct staff to bring forward options for short-term basic maintenance and short term land use of the property; and
- 4) Direct staff to report back with advice for Council decision making regarding the long-term use of the property, including a Request for Expressions of Interest and recommended terms for a lease agreement.

Respectfully submitted,

Concurrence,

Stephanie Munro, Director Financial Services

Rob Buchap

Chief Administrative Officer

Eymond Toupin, Director Infrastructure Services

Anne Berry, Director Planning & Community

Services

Curt Kingsley, Director Corporate Services

Infrastructure Revenue Implications Implications	The establishment of a significant potential require the provision of paths and amenities for design, extent and cost of the amenities required the saturation of the amenities required to be tween \$30,000 and this area. The Plan translated a significant potential responsible to the plan and all the saturation of the amenities required to be the plan and all the saturation and the plan and all the saturation and all the saturation and all the plan and all the saturation and all		Saanich and in Vancouver, a rental rate of approximately \$0.10/ft² (\$4,000 per acre) appears to be the	current market rate. At this rate, income from this area could be in the order of \$15,000 annually.
ign Ti	The esta allotment require the paths and the gardedesign, e of the am would still	determined.		
Permitted/Approvals Required	Educational activities or demonstrations in respect of the farming operations that take place on the farm are permitted, as an agritourism use.	The use must be secondary to and compatible with the agricultural production activities.	Permanent facilities are not permitted for agritourism activities without ALC approvals.	The property must be assessed as 'farm' under the Assessment Act in order to permit agri-
Proposed Uses		Community farm lots for market and community farming, crop testing, coaching	Allotment gardens, demonstration gardens, teaching/learning	
% of total site		4.3%		
Area of Site		3.6 acres (2.1 ha)		
Zone		1 Community Farm	Lots/Garden	

Intermediate agricultural potential in this zone. Likely lower end of the lease rates applicable in this area, again subject to rebuilding of the soil over a number of years.	Similar to Zone 4.	
Extent of access roads/paths required is yet to be determined. Cost of reclaiming western most area, including any associated drainage upgrades has yet to be determined.	Similar to Zone 4.	Design, extent and cost of trails to be confirmed if/when approved.
Note: This area includes lands which are not currently under reclamation, but are identified as an area for future reclamation.		ALC approvals will likely be required for trails. Cannot be developed as park.
Area divided into large farm lots ranging from 4 to 6 acres. Intended for longer term leases to experienced farmers Variety of crops (subject to drainage improvements)	Area divided into medium sized lots ranging from 2 to 4.5 acre Intended for year to year leases to experienced farmers Area may be subject to flooding	Natural habitat area. Intended for passive trails for public use and First Nations needs and interests
26%	7.5%	12.9
22.4 acres (9.1 ha)	6.2 acres (2.5ha)	10.7 acres (4.3ha)
5 Medium to Large Farm Lots	6 Small to Medium Farm Lots	7 Natural Forested Area

Rob Buchan, Chief Administrative Officer Re: Sandown Community Farm Plan Review

Capital investments would be required for the Farm Operations Centre (equipment, storage, greenhouses, offices, etc.)						
ALC approvals will likely be required as at least 50% of the farm product being stored, packed, prepared or processed must be produced on the farm						
Farm Operations Centre to include storage for tools/ equipment, and for operational resources including:						
5.4%						
4.5 acres (1.8ha)						
8 Farm Operations Centre						

\$1,650,000 estimated for Retail Centre is on lands agriculture by Platform Phased Development Capital investment of Properties as per the ocation of the Farm 2023. The proposed being reclaimed for Agreement. The ALC places a 300m² sales and requires that at the sale of farm products which the retail sales are produced on the farm on Properties is undertaking ALC approvals will likely maximum area limitation Installation of fence and plantings is requirement least 50% of that retail sales area is limited to (combined indoor and outdoor) on farm retail Agreement. Platform **Development** taking place. be required. per Phased this work. markets, food processing, other food producers. For space (agri-food aggregating/packaging, activities & agricooler & freezer space. tourism events) value added products, Deer fence, fruit & nut sales, by farmers and Multi-purpose Two storey multi-use Farm kitchen Washrooms Farm office access/public use. Intended for farm Storage Path for farm To include: facility. trees. 2.5% 2.2% 1.8 acres (0.7ha) 2.1 acres (0.85ha) Farm Retail **Buffer zone** Centre 10