



**District of
North Saanich**

STAFF REPORT

To: Tim Tanton
Chief Administrative Officer

Date: April 21, 2020

From: Eymond Toupin
Director of Infrastructure Services

Re: **Sandown Agricultural Lands – Assessment of LTO Proposals**

RECOMMENDATION:

That Council:

- 1) Refer this report to the June 1st, 2020 Meeting of Council and direct staff to invite feedback from the public on the two proposals; and
- 2) Direct staff to enter into lease negotiations with Gobind Farms for their proposed Option 3 for the long term operation of Sandown.

BACKGROUND:

On February 26th, 2020, the Request for Proposals for the Sandown Lands Operator (No. 2020-01-CS-RFP) closed. The two proponents which were invited to participate, the Sandown Centre for Regenerative Agriculture, represented by Jennifer Rashleigh, and Gobind Farms, represented by Satnam Dheenshaw, both submitted proposals prior to the deadline.

Staff reviewed the proposals and requested clarification of certain items from each of the proponents. A summary and evaluation of the submissions is provided in the discussion below. The evaluation criteria previously presented to Council in August, 2019 as part of the preceding Request for Expressions of Interest (RFEI) process were used for this evaluation.

DISCUSSION:

Proposal 1: Sandown Centre for Regenerative Agriculture

Team Qualifications

This proposal was submitted by Lindsey Boyle and Jen Rashleigh, the co-Executive Directors of the Circular Farm and Food Society: Vancouver Island, the not-for-profit corporation which was created and legally registered to operate the proposed farm. The proposal indicates the role of the co-Executive Directors is to manage the societal vision and operations which are: *Commercial Food Production, Field based Teaching & Learning, Community Food Growing, holistic Site Management aimed at best practices in ecological stewardship, and Financial/Society Management.*

As indicated in the proposal, Lindsey Boyle's experience includes:

- 10 years as Senior Vice President at The Sound, an insight, strategy and innovation agency, whose key clients included Google and Whole Foods;

- Board Member, Steering Committee Lead and Communications Committee Chair of Growing Chefs!
- Brand manager for 7 years at Kraft Food and the Mark Anthony Group;

Similarly, Jen Rashleigh's experience includes:

- 12 years developing, fundraising and managing Farmers on 57th which she founded in 2008, an educational and productive community integrated farm in Vancouver and continues to (remotely) work with its many partners;
- 12 years as an educational documentary filmmaker including six films for the Ministry of Children and Families, 7 years at the Ethnographic Film Unit of UBC;
- Current coordinator of the North Saanich Flavour Trails festival;

Other contributors to the Society and their respective roles include:

Dr. DeLisa Lewis: Board Member, Paid Advisor:

PhD in agroecology and soils, assistant professor UBC Faculty of Land and Food Systems, operator of Green Fire Farm in Cowichan Valley.

Mitchell Morse (Fickle Fig): Leasee, soil regeneration & weed management using livestock

Cultivates over 15 acres with products including honey, eggs, pork, lamb, wool, berries, fruit, and vegetables. Experience in cheese making, fermentation, and food preservation.

Stephen Heggen (Fickle Fig): Farm Manager

Manages vegetable production for Fickle Fig.

Dr. Kent Mullinix: Institutional Partner, Farm School Mentor

Director of the Institute for Sustainable Agriculture and Food Systems, Adjunct Professor at UBC, implemented the Richmond Farm School and Tsawwassen First Nation Farm School.

Ann Eastman: Board Member

Manager for Emerging Sectors, then Senior Manager for Innovation in the Ministry of Agriculture for eight years. Volunteer director for the Haliburton Community Organic Farm Society.

Barbara Johnstone Brenner, P.Ag: Paid Advisor

Thirty years of experience in agriculture, animal production and nutrition. Member of Poultry Science Association, BC Abattoir Association, BC Sheep Federation, BC Hazelnut Growers.

Linda Geggie of CRFAIR: Advisor

Member of Peninsula and Area Agricultural Commission, Board Member of the BC Food Systems Network.

Partnerships indicated in the proposal include:

- The Society has secured \$25,000 in grant funding from Vancity and \$40,000 from the Real Estate Foundation through CRFAIR and a potential \$50,000 loan
- Memorandum of Understanding with the University of Victoria
- Partnership with Peninsula Streams for management of the forest and riparian zones

- Support and mentorship from Kwantlen Institute of Sustainable Food Systems (including 3 years of secured funding through the Real Estate Foundation).
- Partnership with Fickle Fig including lease for commercial food production on Sandown, and license arrangement to utilize livestock for managed intensive rotational grazing.

The proposed team includes a diverse range of knowledge and experience from academia, volunteer and community organizations and from operators of small to medium sized farms.

Proposed Plan/Objectives

The proposal lists the following four *Core Offerings / Initiatives*

1. Rotational pasture grazing in collaboration with UVic and Fickle Fig.
2. Farm & Food Entrepreneurs Program, 9 month hands-on course on food production and subsequent incubator plots for graduating students.
3. Community food growing, rehabilitated sections of site made available to community organizations.
4. Managing invasives and enhancing biodiversity in forested areas, working towards increased connection and collaboration with Tseycum nation.

The anticipated revenue streams include:

- Farm & Food Entrepreneurs Program Tuition
- North Saanich 'Fresh Meal Kit'(direct to consumer) program
- Direct sales of produce to restaurants, caterers, and local vendors
- Culinary partnerships with chefs and local vendors
- Select events twice per year and membership

The key aspects of the agricultural plan are illustrated in Figure 1 and summarized in the following.

- 1) The most arable portion of the site which would be amenable to more intensive cultivation and vegetable cropping is located along the Glamorgan frontage and represents 10 acres of area. This area is identified as critical in terms of revenue generation for the initiative. The proponents anticipate annual production of an estimated 43,000 lbs (19,500 kg) of produce by the Society in 2024. On fertile land, this amount of produce could be generated on approximately 3 acres. This would be in addition to the production from the Fickle Fig on the areas it manages/leases from the Society and by the farm school student and graduate plots.
- 2) The north area of the site, generally located in the low lying area within the former race track, represents approximately 30 acres. The proposed approach for this area is intensively managed rotational pasture grazing with livestock (sheep, goats, pigs and chickens) and oversight from the Fickle Fig. The area would be cropped with perennial grasses and the riparian area protected with flood tolerant trees and grasses. The entire area is also intended to be planted with a range of tree species suited to the elevated moisture conditions in this area (e.g. willow, poplar) to delineate grazing areas and provide forage as well.
- 3) The area where the horse stables were formerly located would be used for the operation of a sheep dairy by the Fickle Fig, to house livestock during the winter periods, and for residue management.



Figure 1: Proposed Agricultural Operations on the Sandown Site by the Circular Farm and Food Society

- 4) The proposal for the forested area in the southwest corner of the property is to develop and implement an invasive species management program in collaboration with UVic, and Peninsula Streams. The intent is to leverage employment grants to hire summer staff and Tseycum community members for invasives management.

In general terms, the agricultural plan appears to have taken into consideration the current soil conditions, limitations and capacity of the lands and incorporated reasonable and to some extent innovative agricultural practices for the various portions of the site. The plan depends on the Society's successful production of high value crops (arugula, basil, salad mix, spinach and tomatoes) along the Glamorgan frontage to generate the bulk of the required revenues. Although the soils in this area are likely the most arable on the site, significant time and effort will still likely need to be expended to allow these types of crops to be successfully produced.

The complement of technical skills, knowledge and experience of the assembled team appear to be generally aligned with those required for the activities proposed on the site. Significant labour resources may be required to produce and distribute the high value and labour intensive crops included in the plan.

Governance

The proposed governance structure for the Society includes two Executive Directors (Jen Rashleigh and Lindsey Boyle), four Directors (Dr. Ann Eastman, Lindsay Keele, Lauren Searle, and Dr. DeLisa Lewis), and a Key Advisory Board (Linda Geggie, Ian Bruce, Ted Sheldon, and Dr. Kent Mullinix).

Financial

A detailed and thorough financial plan was included in the submission.

District commitments include a total contribution of \$700,000 from the Agricultural Fund over the first four years of the lease and potential repayment of \$200,000 between 2025 and 2029 (subject to achievement of business plans by the Society) with the following installments:

2020	\$300,000
2021	\$200,000
2022	\$100,000
2023	\$100,000

The financial plan anticipates potential sustainable funding from operations by year 2024. The budgeted annual inflow to the Agricultural Reserve based on the current level of development on the Sandown commercial lands is \$110,000. Funds would need to be drawn from other sources to provide the contribution requested by the proponent.

The Society intends to pay the District for the water supplied to the site at the agricultural rate. The only significant in-kind service requested is for delivery of wood mulch from the green waste facility. The provision of wood mulch from the green waste facility may need certain regulatory approvals. The proposal also suggests that the Centre for Regenerative Agriculture be exempt from property taxes. There are a number of structures or modifications proposed for the site which may require building and/or other permits. It is assumed the fees for the various permits would be expected to be waived as well.

The financial plan details startup costs and infrastructure investments by the Society over the first four years totaling approximately \$430,000. Major costs over this time period include

Fencing	\$35,000	
Power Hookup	\$35,000	
Road Construction	\$14,000	
Site Preparation	\$17,000	(rock picking, tilling, seeding)
Water Hookup	\$9,000	
Greenhouse, Storage and Processing Equipment	\$133,000	
Farm Main and Laterals (water)	\$15,000	
Irrigation System	\$5,000	
Farm Equipment	\$73,000	
Van	\$30,000	
Toilet Rental	\$10,500	
Classroom Use	\$9,000	
Curriculum Development	\$26,000	

A number of these capital investments would add value to the land and/or could be turned over to the District at the end of the lease.

Starting in 2021, major annual revenues (excluding grants and fundraising) include:

Produce Sales (Direct)	ranging from \$105,000 to \$147,000
Produce Sales (Fresh Meal Kit)	ranging from \$32,000 to \$176,000
Tuition to Farm School	\$60,000
Community Events	ranging from \$4,000 to \$6,000
Lease Fees	ranging \$1,800 to \$4,300
License Fees	\$7,500
Membership Fees	ranging from \$6,900 to \$19,750

The plan anticipates sustainable operations by 2024. For that year, the plan anticipates the following major revenue streams (not including grants, donations and fundraising):

Produce Sales (Direct)	\$146,831
Produce Sales (Fresh Meal Kit)	\$176,000
Tuition to Farm School	\$60,000
Community Events	\$6,000
Lease Fees	\$4,300
License Fees	\$7,500
Membership Fees	\$19,750
Program Fees	\$3,600
Total	\$423,981

The produce sales would require productive intensive agriculture on a site which has not produced the kinds of high-value crops envisioned. The produce sales represent approximately 43,000 lbs (19,500 kg) of produce by the Society in 2024 at an average price of approximately \$6.70/lb (\$14.75/kg). The highest value products, arugula (\$13.65/lb), basil (\$19.00/lb), salad mix (\$15.00/lb), spinach (\$13.65/lb), and tomatoes (\$3.60 and \$5.00/lb), represent approximately 90% of the revenue generated from produce.

The cultivating of this produce will require significant investment of time and effort in preparing, cultivating the soils and in harvesting, processing, marketing and distributing the product.

The following is a summary of the annual salaries for the duration of the proposed Contract (10 year lease is proposed with consideration for renewal):

Two Executive Co-Directors: 20 hours per week, year round, \$34,400 each annually
Educational Farm Manager: Full Time, \$54,600
Sales Marketing Manager: Full Time, \$62,400
Fresh Meal Kit Manager: \$22,400
Fresh Meal Kit Student: \$16,800
Salad Mix Startup Lead: \$4,800
Total Wages, Salaries Benefits: Ranging from approximately \$265K to 295K from 2021 to 2024

The detailed financial plan relies on a significant contribution of District funds (a total of \$700,000 over the first 4 years of operation) and ambitious revenues from direct produce sales and tuition fees for the farm school.

Willingness to Partner/Share the Site

In the RFP, the proponents were asked to consider the possibility of the District leasing the site to multiple proponents and the minimum lease area(s) that would be considered viable for their proposal.

In response, the proponents requested the entire site be provided for their long term operation and cited a number of reasons for that request. The operation proposed makes use of all the available areas and a reduction/sharing of lease area could have a significant detrimental impact on the activities proposed including the partnering activities and lease areas with the Fickle Fig.

Alignment with District Objectives

The proposal identifies a number of objectives in the District's Official Community Plan (OCP), Whole Community Agricultural Strategy (WCAS), and CRD Regional Context Statements (RCS) with which the proposal aligns or at least in part achieves.

Summary:

The proposal involves District investment of \$700,000 from the Agricultural Reserve over the first 4 years of operation, with a potential repayment of \$200,000 in the last five years of the lease (subject to the financial performance of the operation). The funds available in the Agricultural Reserve may be less than the investment anticipated by the proponents and would likely require funds be drawn from other sources. A significant portion of the proposed startup costs and infrastructure investments in the first four years would improve the District's land and/or could be turned over to the District as assets at the end of the lease.

The proposed team includes individuals with experience managing productive and intensive farm operations of small to medium size. A significant investment of time, effort and resources will be required for continued soil conditioning/rehabilitation before intensive agriculture can be successfully achieved. The proposed rotational grazing for the former track area may be an appropriate, patient, and passive approach to managing the areas in the vicinity of the former racetrack.

In terms of viability, to achieve sustainability, the proposed financial plan depends on substantial revenue from direct sales of high value crops. Shortfalls from these anticipated sales could significantly impact revenues of the Society and could impact its ability to remain solvent.

The table below shows the overall assessment of the proposal using evaluation criteria from the previous RFEI process:

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, reasonable and thorough agricultural plan for the site, potentially ambitious revenue streams from product sales
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)	\$500,000 to \$700,000	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 Satnam Dheenshaw

This Expression of Interest was submitted by Satnam Dheenshaw of Gobind Farms. Gobind Farms is an established farming enterprise on the Peninsula since 1980, currently operating 90 acres including 17 acres adjoining the Sandown property. The current operation employs approximately 30 staff, provides transportation and has on-site housing for 20 employees. The operator has its own fleet of farm equipment including 8 tractors and a variety of implements, a fleet of four refrigerated trucks and a flatbed delivery truck to supply fresh and wholesale produce throughout Vancouver Island, and any excess to the Lower Mainland and Alberta. A 12,000 ft² on-farm market is also operated on Veyaness Road, which has cold and freezer storage, sorting, drying and packaging facilities.

Gobind Farm Certifications:

- Previously Certified Local Sustainable Operation – Local Food Plus (2009 to 2010) for the production of Beet (1.5 acres), Squash (30 acres), Rutabaga (5 acres), Pumpkins (5 acres), and Leek (7 acres)
- Completed Environmental Farm Plan in 2007 – BC Environmental Farm Plan
- CanadaGAP Food Safety Certification – NSF Canada Agricultural Certification Company (Audit Date Sept 26, 2019) for the Production and Packing of Beets, Blackberries, Boysenberries, Garlic, Kale, Leeks, Loganberries, Pumpkins, Raspberries, Squash, Strawberries, Tayberries, Zucchini, Blueberries, Rhubarb
- Certificate of Incorporation – BC Corporations Act
- Member – Island Vegetable Cooperative Association

The proposed team also includes the following:

- | | |
|---------------------------------------------------------|-----------------------|
| • Phil Christie, P.Ag. | Agrologist |
| • Wm Patrick Lucy, R.P.Bio. (Aqua-Tex Scientific) | Aquatic Ecologist |
| • Mike Wignall, P.Eng. (Westbrook Consulting Engineers) | Civil Engineer |
| • Rich Naturals Inc. (CLR-DRY) | Industrial Dehydrator |

The proposed team consists of an experienced farmer who has successfully managed a similar sized farm operation on the Peninsula for a number of decades. The operator is knowledgeable of local conditions and has the resources, labour and equipment required to carry out the required operations. The operator also already has in place marketing, processing, distribution, and supply chains in place for the agricultural products which would be generated from the operation. The team includes qualified professionals who are also knowledgeable of local conditions for the major development activities planned for the site.

Proposed Plan/Objectives

The proponent has proposed five options for operation of the site (in decreasing order of feasibility/desirability by the proponent):

- 1) Lease/operation of the entire parcel (81.55 acres) with infrastructure improvements funded by the District. The required improvements are later described as part of the financials. The proponents have indicated this as their preferred and most desirable option for their operation and utilization of available resources, capability and capacity.
- 2) Lease/operation of 59.31 acres (reclaimed area) with infrastructure improvements funded by the District. The area proposed excludes the western 20 acres of the site as shown in Figure 2.
- 3) Same lease area as Option 2) without infrastructure improvements funded by the District. This option would presumably delay improving the productivity of the site.
- 4) Shared area with 49.31 acres leased/operated by Gobind Farms and 10 acres in the southeast quadrant (see Figure 2) leased/operated by SCRA. Note, the SCRA proposal did not consider an option to operate on the 10 acre area delineated in this proposal. The SCRA proposal would have to be significantly modified and/or curtailed to fit within this footprint. This option would also include the infrastructure improvements funded by the District.
- 5) Similar to Option 4), with a smaller area of lease/operation (35.31 acres) but subtracting the ponding areas from the lease for Gobind Farms and without infrastructure funding from the District. This option also includes 10 acres to be leased/operated by SCRA.

The proponent proposes to grow cabbage, beets, leeks, assorted squash, pumpkin, zucchini, melons, cucumbers, cauliflower, garlic, lettuce, carrots, Chinese cabbage, Savoy cabbage, bean corn, hay and/or hops from April to January in the remediated area. These crops would be grown once the infrastructure improvements are completed and the soil becomes productive. With productive soil, the proponent expects a production of 10 to 15 tons per acre. Production would be distributed throughout Vancouver Island, excess to Lower Mainland and Alberta. Operating costs are expected to be in the order of \$10,000 per acre.

With respect to Area 5, the proponent intends to have it assessed by the team's arborist (Talbot-MacKenzie) and to implement a long term plan to enhance the forest.

Crop residue is proposed to be composted on site using best management practices in accordance with the BC Agricultural Composting Handbook. The proponent indicates soil fertility tests would be completed regularly and nutrient management completed in accordance with the BC Ministry of the Environment, Code of Practice for Agricultural Environmental Management. The proponent plans to utilize horse manure from local stables as a soil amendment. Pest management would use biological controls to maintain a pest-predator balance to reduce and eliminate the use of chemicals.

Governance

The proposal indicates that should Gobind Farms be awarded the lease for the Sandown Lands, it intends to create a wholly owned subsidiary, with 60% independent directors on the Board and one non-voting member from the District of North Saanich to manage/govern/oversee operations on the site.

Financial

The infrastructure improvements proposed are summarized in Table 1. The proponent provided cost estimates for the infrastructure upgrades in an overall summary (page 17 of the attachments) and a detailed schedule of the upgrades anticipated over the first three years of operation (pages 18 to 20 of the attachments). As was clarified by the proponent, the estimated costs in these tables differed because the totals estimated on Page 17 assumed all the work completed at the outset, the totals estimated on Pages 18 to 20 were based on work completed over a period of three years incurring higher costs. The total values provided in the proposal were recalculated, including corrections provided by the proponent in a subsequent clarification and are presented in Table 1. The infrastructure improvements required over the first three years represent a total value of approximately \$1,100,000 (including contingencies). These upgrades are proposed to be funded by the District for proposed Options 1, 2, and 4. If the District were to move forward with this proposal, there would likely be an opportunity to negotiate with the proponent the improvements and/or the maximum level of funding to which the District would be willing to commit. Another consideration is that effectively all of the proposed infrastructure improvements would add value to the District land.

Table 1: Infrastructure Improvements and Estimated Costs

Infrastructure Improvements	Estimated Value (Page 18-20)	Estimated Value (Page 17)
Deer Fencing	\$ 42,000	\$ 42,000
Mapping, Analysis	\$ 26,000	\$ 26,000
Roads	\$ 70,000	\$ 70,000
Soil Remediation (Cleaning 60 acres)	\$ 90,000	\$ 35,000
Drainage Works	\$ 485,000	\$ 360,000
Civil Engineering	\$ 70,000	\$ 55,000
Soil Import	\$ 120,000	\$ 100,000
Agrologist and Biologist	\$ 45,000	\$ 15,000
Water Connections and On-Farm Water Lines	\$ 20,000	\$ 90,000
Management	\$ 60,000	\$ 50,000
Subtotal	\$ 1,028,000	\$ 843,000
Contingency (10%)	\$ 102,800	\$ 84,300
Total	\$ 1,130,800	\$ 927,300

Other infrastructure considerations are presented in Appendix F-7 (Initial Report on Sandown Lands by Agrologist Phil Christie) of the proposal. This report mentions the potential relocation of the drain which currently traverses the middle property to one side of the property, presumably along the north boundary. Relocation of the drainage channel would have significant impact on the function of the regional drainage system and would require investigation to determine its feasibility and cost. The required investigations do not appear to

have been completed as part of this proposal nor have the costs been determined but these could be significant. The proposal also indicates the intention to construct a 3 acre irrigation pond in the northwest quadrant of the property (Figure 2) with an average depth of 12 feet (3.6 m) representing a total volume of approximately 44,000 m³.

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 as is indicated in the proposal. The possibility of a stormwater impoundment in the northwest corner of the property was previously 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 safety regulations. Modification of stormwater management system may require consultation with the ALC as the current system was approved by the agency. In response to clarification questions from the District, it was subsequently indicated the costs of and the responsibility for the design and construction of this facility would be borne by the proponent.

The proponent requests irrigation water be provided at no cost for the first 5 year of operation or until Sandown lands become productive at which point the operator would pay the agricultural rate for its consumption. The proponent estimates annual demand of 100,000 m³. At the current Agricultural Water Rate of \$0.206/m³, this represents a potential annual subsidy of up to \$20,000 from the District. The proponent indicates construction of the irrigation pond described above could reduce annual consumption by 44,000 m³.

The proponent requests all taxes and fees be waived *in appreciation of Gobind Farms sweat equity in Sandown Lands*. Access to compost from the green waste facility and delivery to the site from the District is also indicated. The proponent has indicated seeking *unlimited quantities* from the green waste facility. The ability to provide compost from the green waste facility may require certain regulatory approvals. The provision of one or two water service connections to the site provided by the District is also indicated. The cost will depend on number and size of service connections required but would be expected to be in the order of \$20,000 to \$40,000.

Willingness to Partner/Share the Site

The proponent has included two lease options for the site (Options 4 and 5) which would allow 10 acres to be shared with the other proponent. The area proposed to be shared includes some of the most arable land on the site. However, it does not appear the area proposed was discussed with the other proponent.

Alignment with District Objectives

The proposal includes the following statement with respect to alignment with the OCP and WCAS:

We plan to apply for and if approved install drainage and build a 3-acre storage pond to promote utilization of rainwater for food production. When the Sandown Lands is fully productive, it increases the quantity of food grown and consumed locally. This increase in the quantity of food will enhance local food security. We have always been farming in sustainable ways and we would start working towards organic certification provided there is heightened demand for locally grown organic produce without hurting the market of existing certified organic growers in the Peninsula. Basically, our goal has always been to enhance local food security and agricultural sustainability. So, we believe that our proposal aligns with OCP and WCAS.

The proponent subsequently indicated that with the proposed infrastructure upgrades, the site would have the potential to generate 600 tons of food annually, representing a significant boost to food security.

Summary:

The proposal involves an investment of an estimated \$1,100,000 in District funds in infrastructure improvements on the site over the first 3 years of operation for proponent's preferred options (Options 1, 2, and 4). The investments proposed would increase the value of the land which would ultimately be returned to the District at the end of the lease.

The proponent has offered two options which do not include infrastructure investments funded by the District. It is anticipated that the options which do not include the infrastructure improvements would impact productivity of the site and delay its development, however these potential impacts are not discussed or quantified in the submission.

Having a single operator for the entire Sandown property would reduce the administrative and operational burden for the District which would favour Options 1, 2, and 3.

The proposed team includes an established agricultural enterprise already located on the Peninsula operating a farm larger in size than Sandown. The implication is that the proposed operator is not wholly dependent on the agricultural production and revenues from the site.

Given the options proposed, staff would recommend further evaluating the feasibility of Option 3 (or some hybrid thereof) with the proponent and prioritizing the infrastructure upgrades identified as part of Options 1 and 2 for the District's consideration.

The table below shows the overall assessment of the proposal using evaluation criteria from the previous RFEI process:

Criteria	Rating	Comments
1. Alignment with District Agricultural Strategies	Medium	Would support the expansion of a local agricultural enterprise and increase sustainable food production on the Peninsula
2. Viability of the Proposal	Medium to High	Successful local farm operator with demonstrated knowledge and experience in cultivating, harvesting, processing, marketing and distributing produce. Aspects of water management plans may conflict with current function of the drainage system. Success of the operation depends on significantly increasing the agricultural capability of the land in a relatively short period of time.
3. Qualifications/Experience of the Team	Very High	Established farm operator with knowledge/experience in local context
4. Estimated Costs to the District (Over 15 year lease)	Up to \$1,200,000	15 year lease is proposed, with terms for an additional two 15 year renewals.

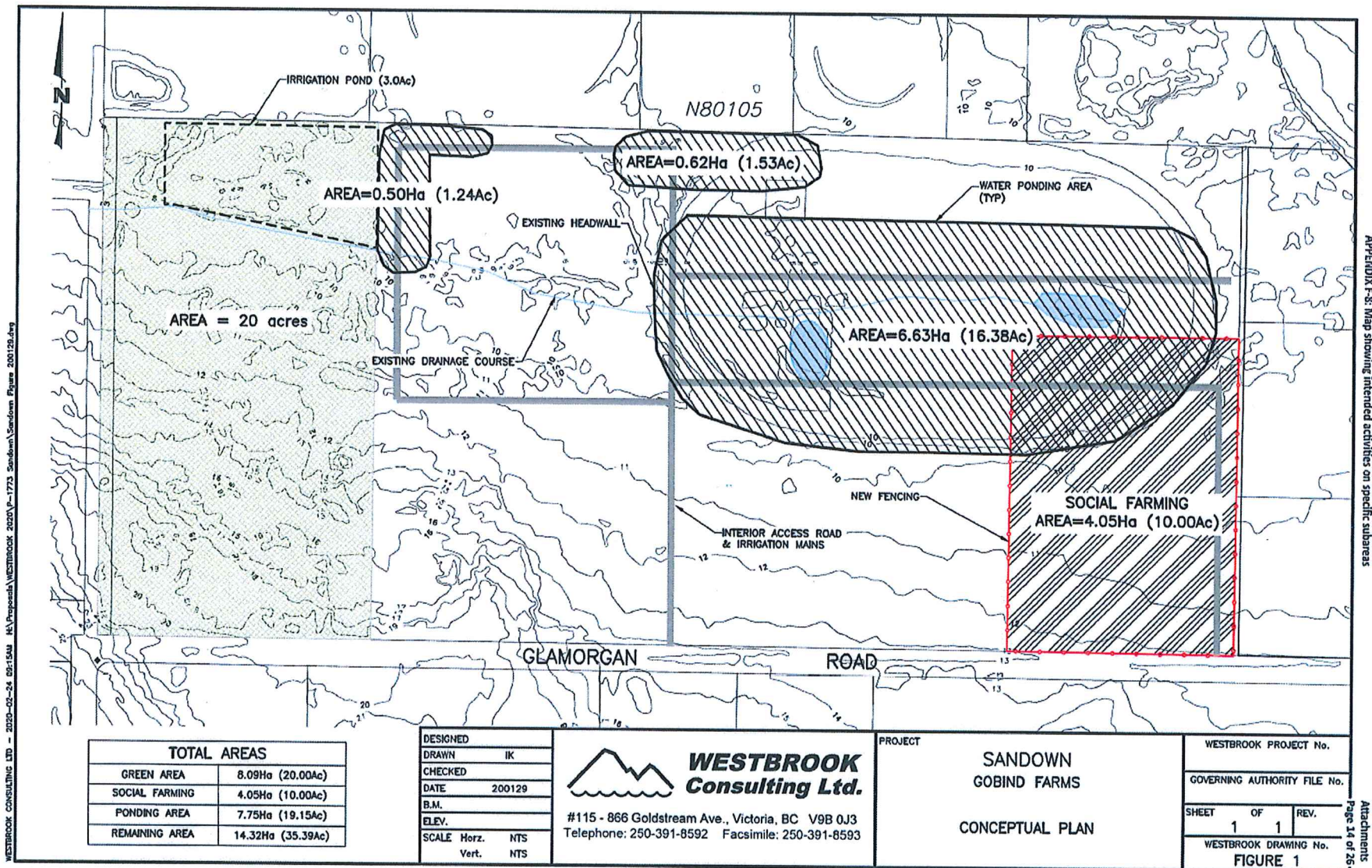


Figure 2: Proposed Agricultural Operations on the Sandown Site by the Gobind Farms

District Maintenance of the Property

The District will continue to maintain the property until an agreement with a long term operator is in place. A short term maintenance plan for the property was developed for the District which includes activities such as mowing, cultivation, seeding, rock picking, and incorporation of cover crops as green manure. These services have been procured by the District through external contracts. Funds from the Agricultural Reserve are used to complete these activities and represent estimated annual costs of \$45,000.

Maintenance of the property by the District allows for gradual improvement of soil conditions over time and does not preclude any of its long term operation options. Short term maintenance does not result in the production of food crops and requires on-going staff oversight.

Summary of Options

Option	Alignment with District Agricultural Strategies	Viability of the Proposal	Qualifications / Experience of the Team	Estimated Direct Costs to the District
Proposal 1: Sandown Centre for Regenerative Agriculture	Very High	Medium	High	\$500,000 to \$700,000
Proposal 2: Offer of Lease by Gobind Farms	Medium	Medium to High	High	Up to \$1,200,000
Continued District Maintenance of the Property	Medium	Medium	High	\$45,000 annually

Both of the proposals would advance the development and improvement of the Sandown site with the objective of producing food crops. The proposals however differ in their approach to achieving this objective, in their costs to the District, and in achieving other agricultural objectives the District has set in its WCAS and OCP.

The proposal for the Sandown Centre for Regenerative Agriculture offers a more passive approach to using a large portion of the site using rotational grazing. It involves a number of partnerships, including a local operator (Fickle Fig) and an educational partnership with the University of Victoria. The proposed plan also involves the production of high value crops along the Glamorgan frontage which would generate a substantial portion of the revenues. The proposed team has a range of experience generally suited to the diverse activities proposed on the site. The proposal attempts to address a number of District agricultural objectives documented in its WCAS and OCP. It requires the investment of \$700,000 over the first four years of which \$200,000 could be repaid during the last 5 years of the lease.

The proposal submitted by Gobind Farms includes five options with differing levels of investment by the District and the potential sharing of a portion of the site (10 acres) with the SCRA team. Gobind Farms is a long-standing farmer the Peninsula with an operation of an equivalent size as Sandown and is equipped, resourced, and experienced in production, processing, storage, marketing and distribution of fruits and vegetables. The proponent's preferred option involves the investment of up to \$1,200,000, the bulk of which would be improvements to the land itself in the form of soil amendments, roads, fencing, drainage, and

irrigation. The proponent has also included options without land improvement investments from the District.

Continued District maintenance of the property leaves the potential to attract future proponents that could offer more attractive proposals to the District. This option represents a nominal investment by the District but would not result in the production of food crops from the site in the short term.

COMMUNICATION IMPLICATIONS:

The Sandown Agricultural lands has been a matter of significant interest and importance for the community. The two proposals contain a substantial amount of information. Given the current health emergency and the associated restrictions on public attendance at Council meetings, Council may wish to provide additional time before making its decision. The District could raise awareness of the pending decision and inform the public how to provide feedback.

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)
Balance at December 31, 2019	<u>\$ 69,952</u>	<u>\$ 85,782</u>

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
	<u>\$ 110,000</u>

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.

OPTIONS:

Council can:

- 1) Direct staff to enter into negotiations and to develop a tentative lease agreement with one or both of the proponents;
- 2) Refer this report to a future meeting of Council and direct staff to invite feedback from the public on the two proposals.
- 3) Allow the Sandown agricultural lands to continue to be maintained by the District and defer selection of long term operator for the site; or
- 4) Other.

CONCLUSION:

At the direction of Council, staff advanced the development of an RFP for a long term operator for the Sandown Agricultural Lands which was issued to two proponents: the Sandown Centre for Regenerative Agriculture and Gobind Farms. Proposals were received from both and were evaluated by staff.

The proposal for the Sandown Centre for Regenerative Agriculture involves a number of partnerships (Fickle Fig, UVic), the production of high value crops, and rotational livestock grazing. The proposed activities are intended to address a number of District agricultural objectives documented in its WCAS and OCP. A District investment of \$700,000 over the first four years is required with a potential repayment of \$200,000 during the last 5 years of the lease.

The proposal submitted by Gobind Farms includes five options with differing levels of investment by the District and the potential sharing of a portion of the site (10 acres) with the SCRA team. Gobind Farms is a long-standing farmer the Peninsula and is equipped, resourced, and experienced in production, processing, storage, marketing and distribution of fruits and vegetables. The proponent's preferred option involves the investment of up to \$1,200,000, the bulk of which would be improvements to the land itself. The proponent has also included options without land improvement investments from the District.

The Sandown Agricultural lands has been a matter of significant interest and importance for the community. The two proposals contain a substantial amount of information. Given the current health emergency and the associated restrictions on public attendance at Council meetings, Council may wish to provide additional time before making its decision.

Staff respectfully submit the following recommendation:

RECOMMENDATION:

That Council:

- 1) Refer this report to the June 1st, 2020 Meeting of Council and direct staff to invite feedback from the public on the two proposals; and
- 2) Direct staff to enter into lease negotiations with Gobind Farms for their proposed Option 3 for the long term operation of Sandown.

Respectfully submitted:

Concurrence,


Eymond Toupin
Director Infrastructure Services


Tim Tanton
Chief Administrative Officer


Stephanie Munro, Director Financial Services


Curt Kingsley, Director Corporate Services

ATTACHMENTS:

Appendix A: Sandown Centre for Regenerative Agriculture Proposal submitted by Jen Rashleigh and Lindsey Boyle on behalf of the Circular Farm and Food Society: Vancouver Island

Appendix B: Gobind Farms Proposal submitted by Satnam Dheenshaw