

**South Shore Agri-Innovation Park
Update Report
To the Municipality of the District of Lunenburg
March 12th, 2018**

Referencing

**#2016-05-405 Uses or Purchase of Municipal Property at
Harold Whynot Rd., Pinegrove, NS
PID # 60487824**

Introduction

This is an update to the October 2016 formal proposal for the creation of an Agri-Innovation Park to advance the Agriculture Industry in the South Shore and create an innovation center for new enterprises & products. This update includes a Project Development Plan for which approval is being sought from Municipal Council.

Background

We have been asked by the Municipality's Administration Team to provide an update to the plan to develop the Agri-Innovation Park. There are several key points coming from the multi-months of discussion held between the Park Association and MoDL's Administrative Team:

1. The original plan was for the Municipality to lease the lands to the Agri-Innovation Park Association ("Park Association").
 - a. On examination, MoDL's Administrative Team has determined the lands proposed for development into experiential vineyards should be leased (approximately 5-acres) directly to the South Shore Wine Growers Association's grower's co-op, called the South Shore Viniculture Co-op ("Vineyard Co-op").
 - b. Secondly, MoDL's Administrative Team has determined the lands that are to be developed into a commercial park should not be leased to the Park Association as the overall plan contemplates the sale of these lands. There is a sense that the Municipality should not be attempting to sell land to one party after it has leased the same lands out to a different party. Thus, MoDL's Administrative Team is proposing to enter into a Management Agreement with the Park Association for the remaining lands not leased to the Vineyard Co-op (approximately 7 acres), herein referred to as the "Commercial Lands."
 - c. The Municipality Administration has determined the lease for the planned vineyards cannot be signed until Municipal Council approves the Property Development Plan outlined within this update.
 - d. Further, the first review of the attached Project Development Plan surfaced the issue that MoDL's Administrative Team feels a more complete Property Development Plan is required prior to the Municipality entering a long-term lease for the Experiential Vineyard.
 - e. MoDL's Administrative Team has asked the Park Association to provide a Property Development Plan including lot design with roads and parking lots. Further, MoDL's Administrative Team does not want to enter into a lease for the 5-acres until the Property Development Plan is approved by Council.

The Park Association does not feel it is possible to simply create a Property Development Plan without pursuing the process outlined in this Project Development Plan. This Project Development Plan is similar in context and just differs in the degree of 'how to get it done' data from the proposal submitted more than a year ago.

The Park Association proposal to move this file forward is for Council to approve this Project Development Plan and enter into a Management Agreement with the Park Association for the 7-acre property.

- i. The advantages to the Municipality is that it breaks this impasse and gets the project moving without the Municipality needing to enter into any long-term lease on the property until more of the Agri-Innovation Park is approved by Council.
 - ii. It does not change the current framework of the Park Association contained within the original proposal that every transaction proposed for the 12 acres, whether a lease or sale, needs to be approved by Council.
 - iii. It allows the Agri-Innovation Park to represent the lands to third parties so that the planning for the lands can begin in earnest.
 - iv. This proposal also works well for the South Shore Wine Growers Association. It desperately needs a lease to pursue the application for Provincial Vineyard Expansion funding as it does not need a commitment until late Spring/Summer 2018. Unfortunately, the opportunity to plant fields in 2018 is long past. In fact, the Wine Growers might prefer to have a lease approved with an effective start date of Spring 2019, just prior to when the use of the land begins, thus avoiding the need to insure the property prior to its use.
 - v. In this approach, the Park Association will lead the negotiation of the lease and bring it to Council for approval after MoDL's legal team has approved the wording.
2. There have been some regulatory changes at the Provincial level. The Dept. of Agriculture has increased the number of acres for a group submission (more than one property owner combining the number of acres for a submission) from more than 5-acres to 10-acres. This makes the 5-acres in Pinegrove critical to an application from the South Shore. The South Shore Wine Growers Association has secured another 7-acres of private land, so an application of 12-acres is contemplated. That will represent a 20% increase in planted acres on the South Shore.
 - a. It is crucial to the timing of the vineyard planting that we are able to secure a lease agreement in the near future. Time is of the essence as many participants had hoped to plant in 2018 and we need to submit an application as a group prior to individual farmers making a deposit on the nurse plants for 2019. The lease must formally exist prior to the submission for Vineyard Expansion Program funding.
 - b. Additionally, the lands at Pinegrove need to be approved for farm usage (change of use), a process we understand to take four to six months.

Summary of Previous 2016 Submission

These following four paragraphs are a summary of the original proposal and provided here to simplify the review by Council.

The Agri-Innovation Park (“The Park”) will be industry led and focused on value-added products, particularly beverage based on NS produce. The key proponents include the South Shore Wine Growers Association and the South Shore Wine Co-op and a collection of private companies including Elmwood Winery, Petite Riviere Vineyards, ShipBuilders Cider, and Saltbox Brewery.

This group proposes to partner with the Municipality of the District of Lunenburg (MoDL) and form the South Shore Agri-Innovation Park Association (the “Park”). The Park asks to acquire, by lease, management control of the land owned by MoDL situated at Harold Whynot Road, PID # 60487824 the (“Land”). The Park participants feel these Lands can build a community economic development asset that alters the trajectory of South Shore’s agricultural industry and the production of valued-added products.

The members of the South Shore Wine Growers Association, an association of 20 members dedicated to the growth of the wine industry in the South Shore, reached an agreement with the Ministry of Agriculture to form a South Shore Wine Coop (the “CO-OP”). The expressed purpose of the CO-OP is to act as an economical catalyst to expand the wine industry at an accelerated rate in the South Shore.

Initially, the formation of the CO-OP would allow all commercial vineyards on the South Shore, regardless of size, to access the funding from the Provincial Vineyard Expansion Program. Currently the funding program requires each vineyard to have a minimum of 5 acres under development. The Ministry of Agriculture was sympathetic to the South Shore topography, dominated by Drumlin Hills, which hills individually typically have less than 5 acres suitable for vineyard planting. Thus, by pooling their new planting acres together the participants in the Wine Growers Association can level the playing field with other NS grape growers.

2018 Project Development Plan

The following is the Park Associations plan to develop the Commercial Lands component of the South Shore Agri-Innovation Park. Specifically, this refers to the lands separate from the investigation vineyard.

Process

The Agri-Innovation Park Association was formed on May 20, 2017. Its Board (“The Park Board”) consists of 5 members:

- Dan Thimot, President of the South Shore Wine Growers Association
- Sean Sears, CEO of Ogden Pond Capital and Partner of Petite Riviere Vineyards
- George Anderson, Former CEO CMHC and Partner of Salt Box Brewery
- Lief Helmer, Community Activist and NSCC Faculty Member
- Ton Kars, Former CFO of Paramount Films Canada and Famous Players Theaters

The Park Board has approved the following process and feels it has the adequate personnel and financial resources to execute this plan in a reasonable time period.

1. Development Objectives – The Park Association would survey and discuss with stakeholders a finalized set of objectives for the Park’s development. These Park objectives would be brought back to MoDL Municipal Council for approval and would include:
 - a. The Park Association’s original 2016 proposal that was framed in the use of an economic clustering model. This is similar to the Super Ocean Cluster which the Federal Govt. recently announced funding:

A business **cluster** is a geographic concentration of interconnected businesses, suppliers, and associated institutions in a particular field. **Clusters** are considered to increase the productivity with which companies can compete nationally and globally. Participants often share common markets, technologies, worker skill needs, and which are often linked by buyer-seller relationships.

In this step, the Park Association would produce a precise definition of the industry cluster to be promoted within the Park. This would be very specific as we anticipate the definition would define the inclusivity of the Park participants and be used to attract participants from both industry (members) and research partners.

- b. In the original Park Association’s 2016 proposal, it was proposed the cluster be based on value-added beverages from locally grown ingredients. Since the idea was first developed, numerous other types of use cases have been identified. This was recently reflected when the South Shore’s very own rural incubator, Mash-Up Labs, reported that of the 37 applications from the South Shore for its recent incubation cohort more than 10 were Agri-industry culture related. Further, 6 of the 11 accepted applications were Agri-industry related with everything from growing hops to cosmetics made

from locally-grown materials.

2. **Participant Identification** – This step would involve community planning sessions, some with public access, to engage the local entrepreneurial community to understand the who, how and when participants might participate so that an economic model could be created outlining the needs of the park’s proposed users and participants interested in investing and using the park.

A large emphasis will be placed on identifying the type of R&D intended by the participants and any common equipment or facilities that might enhance or accelerate the Parks outcomes. The outcomes of this process will be presented to MoDL Council for their review and feedback.

3. **Property Development Plan Proposal** – This step involves the Park Association working to develop the final Property Development Plan including lot layouts, road access, and infrastructure such as parking lots, power, water and septic. This property development plan would be brought to MoDL Council for approval.
4. **Sale of Lands** – The Park Association will work with interested investors to define facility and land needs and bring recommendations to MoDL administration and Council for each transaction to sell or make use these lands.

Specific Approval Being Sought

This update to our October 2016 proposal is meant to seek Council’s approval to instruct Municipal Administration staff to:

1. Approve the Project Development Plan as outlined or add suggestions as to how it can be improved. We request that any suggestions be conducted in tandem with the approval of the Project Development Plan.
2. To appoint to the Agri-Innovation Board member of Council to sit on the Park Board and to task that Councilor with finding an appropriate community member to join the Park Board as the Municipalities 2nd member.
3. To instruct MoDL’s Administration Team to complete a Management Agreement with the Park Association for the 7d Acres, based on this Project Development Plan.