

Crown Land Lease Allocation Process for Wild Blueberry Cultivation

Department of Agriculture, Aquaculture and Fisheries
July 29, 2014

Acknowledgement

The Department of Agriculture, Aquaculture and Fisheries, in developing a new site allocation process for the allocation of Crown lands to support wild blueberry production, would like to acknowledge the contributions that were provided by the Department of Natural Resources, Bleuets NB Blueberries, l'Association des producteurs de bleuets sauvages du Nord-Est du Nouveau-Brunswick, and the New Brunswick Wild Blueberry Sector Strategy Steering Committee.

Table of Contents

Definitions	4
1. Purpose	5
2. Background	5
3. Objectives	5
4. Wild Blueberry Leasing Program	6
5. Requirements of Lessee	7
6. Annual Rental Rates	9
7. Authority	10
8. Inquiries	10
Table 1 – Criteria	11
Appendix A – Overview of Wild Blueberry Leases by County	12
Appendix B – Information Requirements	13
Table A - Site Development and Operating Plan with Financial Overview	15

Definitions

Blueberry Operation	The commercial production of wild blueberries.
Department/DAAF	The Department of Agriculture, Aquaculture, and Fisheries, Province of New Brunswick
DNR	The Department of Natural Resources, Province of New Brunswick
Lease (Blueberries)	A written agreement for the exclusive use of Crown land for up to 20 years to grow blueberries.
Leasing and Licensing Branch	The Leasing and Licensing Branch of the Department of Agriculture, Aquaculture and Fisheries, Province of New Brunswick
Lessee/ Successful Proponent	The successful proponent to a RFP who enters into a written lease agreement with the Province
Minister	Minister of Agriculture, Aquaculture and Fisheries, Province of New Brunswick
Person or Party	Means the applicant and includes a corporation, partnership or society and the heirs, executors, administrators or other legal representatives of a person.
Proponent	A party who submits a proposal in response to a “Request for Proposals”
Province	Her Majesty the Queen in Right of the Province of New Brunswick and represented by the Minister of Agriculture, Aquaculture and Fisheries.
RFP	Request for Proposals
New Entrant	An individual who has not filed an income tax return as a farmer for more than five years, or has not owned shares in a farming corporation for more than five years; and has (or plans to have within 3 years) gross farm income in excess of \$10,000 per year.

1. Purpose

This document provides an overview of the Crown lands leasing program to support the development of the wild blueberry sector in the province of New Brunswick.

In order to support development of the wild blueberry sector and facilitate access to Crown lands, a process has been developed that involves:

- 1) pre-identification of lands; and
- 2) submission of applications through a request for proposals (RFP).

Crown lands will be pre-identified and acquired by DAAF from DNR with the request for proposals being managed by the Department of Government Services. Decisions on offering a lease will be made by the Minister of Agriculture, Aquaculture and Fisheries, as described in this document, under the authority of the *Agricultural Development Act*. For counties or regions where the pre-identification of lands may not be undertaken, the Department will be developing a process for accepting applications.

2. Background

The cultivation of wild blueberries occurs in several areas throughout the province in which Crown lands have been made available to support the sector. Of the estimated 13,355 hectares of lands currently in wild blueberry production, 8,233 hectares are Crown lands that have been made available to operators. (A breakdown of Crown lands allocated by county is summarized in Appendix A). Crown land has played an important role in the development of the sector particularly in Gloucester and Northumberland counties. In several other regions of the province, Crown land has played a lesser role due to the limited amount of suitable Crown land, with sites that are typically smaller in size.

In the fall of 2013, the New Brunswick government released a five-year New Brunswick Wild Blueberry Sector Strategy which highlights the current contribution of this agri-food sector to the provincial economy. The strategy provides an overview of the sector's sustainable economic development and growth opportunities as well as strategic initiatives to realize this potential. Optimizing the use of Crown lands to support economic growth has been identified as a strategic objective.

3. Objectives

To promote and support the production of wild blueberries by making Crown lands available through a process that:

- pre-identifies Crown lands available for development; and
- is transparent, equitable and timely for the applicant.

4. Wild Blueberry Leasing Program

4.1 Submission of Applications through a Request for Proposals (RFP)

The allocation process is based on pre-identification of lands available through an application process involving a Request for Proposals (RFP). The applicant will have the opportunity to apply for a specified number of sites (Crown land lots) outlined in the RFP. For each site applied for, names of eligible applicants will be placed in a draw with a successful applicant drawn for each site offered. Once an applicant is drawn, they will not be considered for other sites.

A person or party, as described in the definitions, is eligible to apply for the specified number of sites outlined in the RFP within one application. If discovered that multiple applications are submitted by a person and/or party, it will result in the disqualification of all applications. A successful applicant will not be eligible to submit an application under another RFP for a minimum of one year after accepting any offer. Incomplete applications or those received after the RFP deadline will be rejected and returned to the applicant.

Individual parcels offered under the RFP may vary in size based on the following:

- natural and manmade separations such as watercourses and roads; and
- established buffer zones for ecological purposes.

Where possible, parcels of approximately 40 hectares will be offered. The applicant will be responsible for researching the suitability and limitations of the site(s) for which they are applying.

Applications will be reviewed and evaluated by DAAF based on the criteria contained in Table 1. Should the application meet the minimum requirements and score, the applicant's name will be placed in the draw for the site(s). Letters of Offers will be sent to the successful applicant based on the results of the draw. The offer will be subject to the applicant filing a business and development plan that is acceptable to the Department and consistent with the initial proposal received. The timeframe for submitting the business and development plan will be specified in the offer. In the event the submitted documentation is not acceptable to the Department, the lot will be offered to the next applicant drawn if he/she is not in receipt of an offer for a site. Successful applicants will be provided with opportunity to exchange sites within a prescribed time frame subject to the approval of the Department. Any approved exchange will be subject to the same conditions as the original offer.

The Department reserves the right to cancel, terminate or suspend the RFP process.

4.2 Application Information Requirements

Eligibility for placement in the draw:

- Applicant's accounts are in good standing with the Province of New Brunswick;
- Confirmation that the applicant has at a minimum 25% equity available;
- Confirmation that financing is available and can be accessed to develop and operate the site;
- Applicants will be required to submit a *Site Development and Operating Plan with Financial Overview* (Appendix B) and achieve a prescribed minimum score;
- Applicants with an existing Crown land lease(s) will be required to demonstrate existing lands are developed as per approved development plan(s);
- Applicants will be required to provide confirmation that they have not transferred a Crown land lease(s) for the cultivation of wild blueberries in the last five years, prior to the RFP.

The applicant will be required to complete an application form with general information including: the name of applicant; the language of choice; the contact person; the type of entity, as well as, owners; and the parcel(s) of land applied for. A completed *Site Development and Operating Plan with Financial Overview* (Appendix B), which should be based on the largest site applied for, will form part of the application. A draw will only be required where there are competing interests for a site.

4.3 New Entrants

For each RFP, consideration will be given to allocating a certain number of sites for new entrants. New Entrants will be required to provide the same information as outlined in this document.

5. Requirements of Lessee

5.1 Legislation

The lessee shall comply with all acts and regulations relating to the development and operations of wild blueberry production on Crown land, and other applicable laws.

5.2 Transfer of Leases

Leases of Crown land will be subject to the site development and operating plan. The leases will be non-transferable for the first eight (8) years of the lease or at the discretion of the Minister.

The Minister may consider a lease transfer request prior to the eight (8) year anniversary if:

- a. The lessee or his/her spouse is seriously ill or incapacitated resulting in an inability to fulfill the conditions of the lease;
- b. The death of the lessee;
- c. The lessee is required for business reasons to move his/her principal residence, making it impractical to fulfill the conditions of the lease; or
- d. Cases where other extenuating circumstances of similar gravity to either a, b or c above exists.

5.3 Lease Cancellation

Failure to comply with the requirements of the lease may result in lease cancellation.

5.4 Lease Renewal

Renewal of the lease is not automatic and will be dependent on the performance of the lessee in meeting the terms and conditions of the lease.

5.5 Site Inspections

All new wild blueberry leases issued under the RFP process, lease expansions or renewals may be subject to inspection by DAAF staff.

5.6 Site Development Plan

The lessee shall develop the site in accordance with the approved site development and operating plan. The awarded parcel must be in full production in accordance with the lessee's submitted plan and financial overview within the first eight (8) years of the lease. Failure to do so may result in cancellation of the lease.

5.7 Site Access

The lessee will be responsible for the establishment and maintenance of site access roads and any other infrastructure required on the lease (e.g. firebreaks, windbreaks, etc). Where requested, the lessee must provide documentation of their proposed means of securing and maintaining access to the site.

5.8 Survey of Lease

The lessee is responsible for the full cost of completing the legal survey of the awarded parcel. The survey must be completed by a Registered New Brunswick Land Surveyor. If the parcel survey has been completed by DAAF, the lessee shall reimburse the Department for the full cost.

5.9 Registration of Lease

The lessee shall reimburse DAAF for the cost of registering the associated legal documents with Service New Brunswick (SNB).

5.10 Liability Insurance

The lessee shall obtain third party liability insurance in the amount of \$1,000,000.00 with “Her Majesty the Queen in Right of the Province of New Brunswick” named as an “Additional-insured” in the policy. The lessee shall provide a copy of the policy and certificate of insurance upon request. Proof of insurance will be required annually.

5.11 Use of Pesticides

Where pesticides are required, the lessee must comply with the *New Brunswick Pesticides Control Act* and the *Federal Pesticide Control Products Act*.

5.12 Storage of Petroleum Products

The lessee must comply with the *New Brunswick Clean Environment Act, Petroleum Product Storage and Handling Regulation*.

5.13 Building Permit

The lessee must obtain any required building permit from the proper planning authority before constructing any building or structure on the leased lands.

6. Annual Rent Rate

Description	Rate in \$/ha/yr
	(excludes HST)
Wild Blueberry Cultivation	
1 to 3 years	2.88
4 to 5 years	5.00
Year 6	17.25
7 to 8 years	23.00
9 to 20 years	28.75
Non productive land	2.88

The rent fee shall be fixed in accordance with the Table for five (5) years after the Date of Commencement of the Lease. After this initial five (5) year period, the Lessor shall have the right to amend the rent fees for the remainder of the Lease by providing the Lessee with written notification outlining the amended fees at least six months prior to the date for which the rent fee increase would take effect.

7. Authority

Sections 29 to 44 of the *Agricultural Development Act*

8. Inquiries

Inquiries concerning this document or about agricultural Crown land lease applications may be directed to the Leasing and Licensing Branch at (506) 453-2252.

Table 1: Criteria

Mandatory Criteria

Criteria	Mandatory Requirements	Comments	
Capital investment	Equity requirement (25%) is met.	YES	NO
Financing	Submits the financial overview (Appendix B)	YES	NO
	Provides a comfort letter from financial institution stating availability of financing (operating and development)	YES	NO
Other	Applicant's accounts with the Province of New Brunswick are in good standing	YES	NO
	Applicant has not transferred a lease in the last 5 years	YES	NO
	Applicant's existing leases are developed in accordance with approved development plan.	YES	NO

Evaluation Criteria

Criteria	Minimum Evaluation Requirements	Comments
Site Development and Operating Plan with Financial Overview	Submits a complete Site Development and Operating Plan with a Financial Overview (Appendix B)	Scoring will be determined on the applicant's ability to complete those described actions and the timing of the proposed development.
The Evaluation Criteria outlined on the following page will be used	Minimum Score of 80%	Score:

Note: The applicant must meet every mandatory requirement (those with a Yes or No) outlined above to be considered.

Appendix A

Overview of Blueberry Leases by County

County	Number of Leases	Total Area Leased (hectares)
Gloucester	106	6 391
Northumberland	27	909
Charlotte	30	486
Kent	7	167
Queens	2	157
Restigouche	3	99
Albert	1	24
Total	176	8 233

Appendix B

Information Requirements

Site Development and Operating Plan Overview with Financial Overview

Business and Project Overview:

- Description of business and project (if an existing blueberry operation, include a brief history of the business);
- The number of hectares you plan to develop each year;
- Do you presently have the equipment and machinery to clear and develop the property? If not, how will the land be cleared and development work be completed; and
- How will the land clearing and development work be paid for?

Management Qualifications:

- Number of years you have been involved in the blueberry industry, either as a producer or as an employee;
- If you have worked for an existing blueberry producer, indicate the years and work performed;
- Highest level of related post-secondary education; and
- Other qualifications, experience or education that would contribute to the success of the operation.

Financial Information:

- Provide an overview of how proposed development and operation will be financed;
- Demonstrate that 25% equity requirement is available;
- Provide a comfort letter from financial institution stating availability of financing (operating and development);
- If an existing blueberry operation, please attach the last two years financial statements (audited if available);
- Projected expenses and incomes for an 8 year period (as found Table A)
- Personal net worth statement indicating all assets and liabilities;
- If borrowed funds are required, please include the name of the Financial Institution and contact person;
- If an existing blueberry producer, a current net worth statement for your present operation; and
- Assumptions for financial information provided including;
 - Annual blueberry yield per acre,
 - Annual price per pound of blueberries,
 - Price per tonne of fertilizer and amount per acre,
 - Pollination – number of hives per acre,
 - Description of custom work carried out, and

- Type of spray material and number of applications.

Marketing Strategy:

- Indicate the company or individual that will purchase the blueberries produced.

Site Development and Operating Plan with Financial Overview:

Completion of Table A

Table A

SITE DEVELOPMENT AND OPERATING PLAN WITH FINANCIAL OVERVIEW

Name: _____

Location: _____

Total acres: _____

Productive acres: _____

ACTIVITY	20() (1)		20() (2)		20() (3)		20() (4)		20() (5)		20() (6)		20() (7)		20() (8)	
	Acres	Total Cost	Acres	Total Cost	Acres	Total Cost	Acres	Total Cost	Acres	Total Cost	Acres	Total Cost	Acres	Total Cost	Acres	Total Cost
Income																
Blueberry sales (yield and price)																
Other Income (Source _____)																
Total (A)																
Development Cost																
Land Clearing (cost per acre)																
Land levelling and forming (cost per acre)																
Biomass disposal (\$ per acre)																
Other Development Costs (wind and fire breaks, drainage, etc.)																
Total (B)																
Operating Cost																
Fertilizing (price, application rate)																
Pollination strategy (price, # hives per acre)																
Harvesting (total production per year)																
Pest Management (Weed, Insect, Disease)																
Other Operating Costs (pruning, etc.)																
Other Expenses (administration, interest, etc.)																
Total (C)																
Cash Flow																
Net Income (A-B-C)		(100,000)		(100,000)		(50,000)		(50,000)		(50,000)		(50,000)		(50,000)		(50,000)
Cumulative Total		(100,000)		(200,000)		(250,000)		(300,000)		(350,000)		(400,000)		(450,000)		(500,000)
Cash (Start of year)		-		120,000		40,000		10,000		-		-		-		-
Net Income (A-B-C)		(100,000)		(100,000)		(50,000)		(50,000)		(50,000)		(50,000)		(50,000)		(50,000)
Equity (Source _____)		20,000		20,000		20,000		20,000		20,000		20,000		20,000		20,000
Loans (Source _____)		200,000		-		-		-		-		-		-		-
Operating (Source _____)		-		-		-		20,000		30,000		30,000		30,000		30,000
Cash (End of year)		120,000		40,000		10,000		-		-		-		-		-
Other comments	<div style="border: 1px solid black; height: 20px; width: 100%;"></div>															

Submitted by: _____

Date

Reviewed by: _____

Date * as per Wild Blueberry Production Guide

* Firebreaks - not a condition of lease, but required if pruning by burning