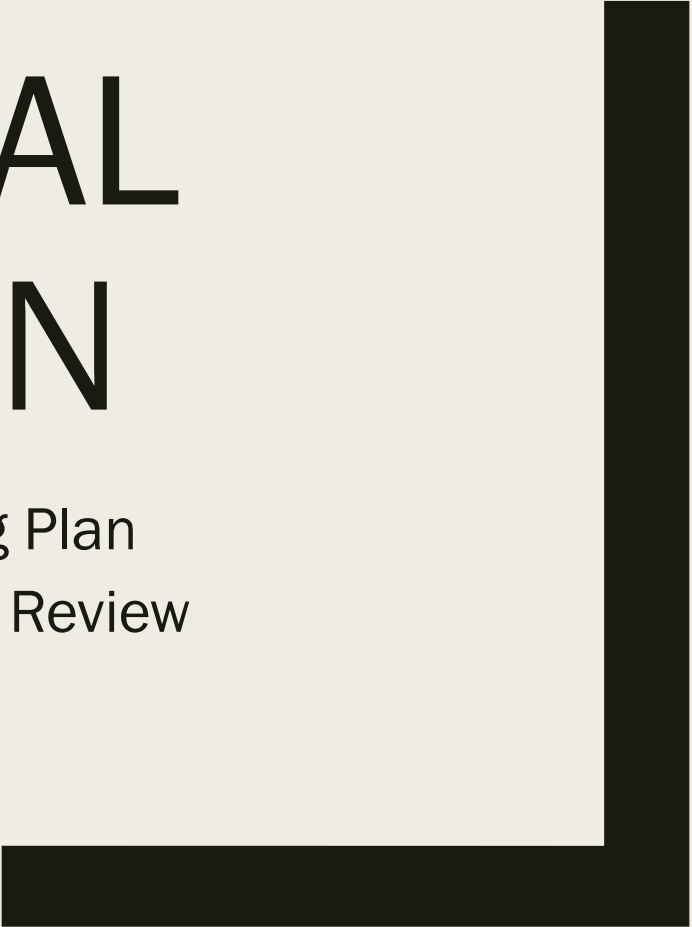




# AGRICULTURAL COMMISSION

Easton Grows, LLC South Park Farming Plan  
Hemp Cultivation Pilot Program Proposal Review



# Proposal: South Park Farming Plan; Hemp Cultivation Pilot Program

## ■ APPLICANT INFORMATION

Contact Name 1: Griff Conti  
Affiliation: Franny's Farmacy, Westport  
Phone:  
Email:  
Address:

Contact Name 2: Christopher Verni  
Affiliation: Northwest Cultivation  
Phone:  
Email:  
Address:

Contact Name 3: Jeff Becker  
Affiliation: South Park Advisory Committee Member,  
Easton Resident  
Phone:  
Email:  
Address:

## ■ PROPERTY INFORMATION

Property Owner: Town of Easton  
Property Name: South Park  
Property Size: 10 of the 29.7 acres mapped  
Property Farm Potential: 4 - 6 acres are farmable per Kip Kolesinskas, Consulting Conservation Scientist for the [Connecticut Farmland Trust](#)  
Property Address: 18 - 22 South Park Avenue, Easton, CT 06612

## ■ AGRICULTURE PROPOSAL HIGHLIGHTS

**Description of Agriculture proposal:** *Easton Grows LLC is proposing the cultivation of hemp on the South Park property for commercial production and for the sale of CBD oil and CBD infused products; and to offer an interactive living hemp history using permaculture principles that include regenerative agriculture, ecological and environmental design, protecting the community and ecosystem in its vicinity. Additionally, the sustainable living history hemp farm will incorporate Agri Therapy for community use, which has proven successful for those with issues surrounding addiction, PTSD.*

**Property Detail:** *Conduct soil samples to identify a one-acre parcel for pilot hemp plants. Erect deer fencing to surround plot, install water, electric, field lights and motion security. Use existing outbuilding for storage and drying of hemp flowers.*

# Easton Grows, LLC Hemp Farm Proposal

## ■ PILOT PROGRAM

April 2021 includes outdoor organic hemp cultivation that continues the farming tradition of Easton, while protecting the fragile watershed and critical habitat for sensitive species including the wild trout in the Class 1 Mill River.

- *Grow up to 2,000 plants*
- *Grow test plots; use existing out building for drying and tool storage*
- *Be compliant with Federal and Local municipalities*
- *Get permits to grow hemp and produce CBD oil and CBD-infused products*
- *Net annual income to support operation and provide revenue to Easton*
- *Monthly sales and capacity increasing steadily in first year*
- ***April:** apply for Hemp Producers License; grow seeds at Northwest Cultivation; prep farmland*
- ***June:** plant Northwest Cultivation seedlings*
- ***September/October:** Test and Harvest*
- ***October:** plant cover crop*

## ■ POST PILOT PROGRAM

Successful completion of the pilot program would lead to a permanent hemp farm:

- *Goal of making Easton the Hemp farming capital of Connecticut*
- *Produce high-grade CBD products*
- *Build a recognizable brand*
- *Bolster local economy*
- *Provide education and community use*

# Easton Grows, LLC Hemp Farm Proposal

## ■ COMMERCIAL PRODUCTION

Town of Easton would share in profits from:

- *Commercial sales of hemp flowers*
- *Commercial sales of extracted oils or subsequent consumer products*
- *B2B commercial sales*
- *Sales direct to consumers or through existing hemp retailers including Franny's Farmacy*

## ■ RETURN PER ACRE

Pilot includes planting of 2,000 plants.

- *One plant yields 1 pound of hemp flowers, thus 2,000 pounds of hemp flowers per acre*
- *Proposal states market rate per pound of hemp flowers is \$150/pound; 2000 pounds = \$300,000*

## ■ START UP and RELATED COSTS

Proposes a partnership with the Town of Easton to cover:

- *Hemp Producers License*
- *Hemp plants - 2000 X \$3.25 per plant = 6,500*
- *Land & Development Labor x \$25/hour (provided by Applicant Northwest Cultivation)*
- *Water and Electric*
- *Security fencing or enclosure*
- *Potential greenhouse hoop house construction*
- *Field lights or motion security*
- *Insurance*
- *Legal fees*
- *Soil amendments*
- *Outbuilding repairs (roof); relocation of carriages stored in building*

# Questions for Easton Grows, LLC

- Please Clarify Roles of Participating Partners:
  - *Three applicants in proposal:*
    - Griff Conti: Franny's Farmacy
    - Jeff Becker: South Park Advisory Committee Member, Easton Resident
    - Christopher Verni, Northwest Cultivation
    - Dwight Senior was added in last discussion with Selectman - is he a participant?
  
  - Town of Easton - listed as cost/net revenue sharing partner in proposal
- Tell us about how this proposal for growing Hemp benefits Easton.
- Tell us about why this proposal was not supported by the South Park Committee.

# Questions for Easton Grows, LLC

- Associated Costs and Budget Standards for Hemp as a specialty Crop:
  - Which budget forecasting model was for your business plan? CBD Tobacco Model, Hemp grain, CBD Row Crop W/Grain Harvested, CBD Row Crop No Grain Harvested/Ensiled, CBD Plasticulture Model>
  - What level of cost sharing is Easton Grows, LLC proposing for the Town of Easton?
  - Leading experts at the University of Kentucky and the University of Connecticut have studied the viability of growing Hemp and offer valuable resources for Farmers growing Hemp including Budgets
    - Budget Template to consider: <https://agecon.ca.uky.edu/budgets> - [Industrial Hemp Budgets 2019](#)  
Tyler Mark and Jonathan Shepherd. February, 2019.
    - CBD HEMP PRODUCTION COSTS & RETURNS FOR CONNECTICUT FARMERS IN 2020 Zwick Center for Food and Resource Policy Fact Sheet 1, Summary of Outreach Report No. 66, February 2020 Jeremy Jelliffe, Rigoberto A. Lopez, & Shuresh Ghimire
    - Given the specialty group's infancy, the Research by UCONN and UK suggests **revenue and cost projections are based on anecdotal prices, yields and costs**. These budgets only address potential gross revenue and cash operating expenses associated with hemp production, and do not incorporate fixed or economical costs of their operation. Cost and revenue estimates provided in these budgets should be critically evaluated and adjusted for each producer's scenario.
  - Comparing the projected revenues calculated by the UK forecasting model or the model from UCONN, the revenue is approximately \$3.3K per acre versus a proposed revenue stream of \$300,000.
  - Can you elaborate on your revenue assumptions?

# Questions for Easton Grows, LLC



TABLE 1: SUMMARY OF CBD HEMP PRODUCTION COST AND RETURNS PER ACRE FOR 2020

Budget Items	Value
	--- \$ per Acre ---
<b>Value of Production</b>	
Dry Hemp Flower (\$1.25 / % CBD / pound)*	22,500
<b>Costs of Production</b>	
<b>Variable Inputs</b>	
Fertilizer & Lime	210
Seeds	1,678
Other Crop Inputs: Irrigation, Mulch, Spray, Custom, Etc.	4,321
Labor	5,259
Repair & Maintenance	170
Fuel	211
Interest on Operating Capital	770
<b>Variable Costs Total</b>	<b>12,619</b>
<b>Fixed Inputs</b>	
Buildings & Equipment	2,357
Land Charge	167
Drying Facility	2,000
Value of Operator Management	1,250
Administrative & Regulatory Expense	796
<b>Fixed Costs Total</b>	<b>6,570</b>
<b>Total Costs</b>	<b>19,189</b>
<b>Net Returns</b>	
Returns above Variable Costs	9,811
<b>Returns above Total Costs</b>	<b>3,311</b>

Note: \*Yield assumed at 2,000 lbs/acre and 9% CBD on a dry weight basis.

What are the projected expenses as it relates to the following:

- Hemp Producers License; Connecticut Department of Consumer Protection Licensing and Fees
- Hemp replacement plants (studies show need for 7% replacement)
- # Hours for Land & Development Labor x \$25/hour (provided by Applicant Northwest Cultivation) – *Per USDA NASS 2019, the wage rate is \$13.00/hr for unskilled and \$16.50/hr for skilled workers*
- Soil amendments and fertilization
- Water and Electric; irrigation
- Security fencing or enclosure
- Potential greenhouse hoop house construction
- Field lights or motion security
- Insurance - Crop insurance, property and liability insurance.
- Administrative and Regulatory expenses
- Legal fees
- Soil amendments
- Pre-harvest testing fees
- Outbuilding repairs
- Ongoing repairs and maintenance
- Interest on Operating Capital.
- Equipment Operating Costs. Fuel, lubrication, maintenance, and repairs are included in the budget for all machinery and equipment
- Pickup Truck.
- Disposal cost if pre-harvest testing indicates non-compliant crop
- Field sanitation – portos

# Questions for Easton Grows, LLC

## ■ Lease Question:

- *Who constructed and edited the lease: Applicants? Town?*
- *What length of lease is desired by Easton Grows, LLC?*
- *Given the focus on agriculture for South Park, who are the farmers cultivating the proposed hemp plots?*

## ■ Managing Risks:

- **Security Risk:** *What are the security measures to protect the land, the product, and the town. Instances of theft and damage to property with this specialty crop.*
- **Regulatory Risk:** *How are you addressing potential changes in regulation\* ? What assurances do we have that you will comply with regulatory requirements to test crop and sanitize field if crop is a loss due to failed testing results?*
- **Market Risk:** *Hemp supply exceeds demand resulting in declining prices; how will costs adapt to lower market prices?*
- **Complying with Lease agreement:** *Who is responsible for compliance with terms, reporting, and Town of Easton farming requirements? Who is the farm supervisor?*

## Other:

- You are suggesting that Easton be positioned as the Hemp Capital of CT. Tell us more.
- How do you suggest Easton manage the risk associated with the Political & Branding issues faced by growers of Hemp across the Country?
- Why is it a good idea to get into a business of profit sharing given that you are asking Easton to pay for start up costs?
  - Profit sharing model may or may not be in the best interest of Easton if income is a goal: Research suggests that there is market risk associated with increased supply of CBD hemp from expanded production is likely to result in declining prices if demand does not increase accordingly (Sterns 2019).
- How are you solving the problem Hemp farmers across the country are having with storage and drying of harvested product and buyers for product?

*\*Regulatory risk stems primarily from potential shifts in the regulatory and legal frameworks guiding hemp production as well as the requirement of less than 0.3% d9-THC on a dry weight basis, which has become an important issue faced by early growers. If pre-harvest testing indicates a non-compliant crop, the farm faces a total loss as well as the additional cost of disposal services approved under current guidelines.*



# Questions for Easton Grows, LLC

**Land Prep & Protection:** The crop is to be farmed organically and sustainably without the use of pesticides and herbicides or synthetic fertilizers.

- **Cover Crop and initial disking :** Typically, a cover crop is planted at the end of a previous growing season and soil disked twice with any necessary amendments 2-3 weeks of planting. Will you do this?
- **Soil test & Amendments:** Two soil samples are taken to test for pesticide residue and heavy metals, and to determine soil amendments and fertilizer levels. Have you taken these soil test and what did they show in terms of need for amendments? How will you do this organically?
- **How will you manage weeds and conserve soil moisture?**
- **Watering:** What method of irrigation will you use?

# Board of Selectman Feedback

## Understanding Purpose and scope of the Project, RFP Process, Lease Considerations

Reviewing the proposal from Easton Grows LLC was difficult to return a decision give the Ag Commission was not aware of the purpose and scope of the South Park project, and what Easton's goals are for the property, i.e. farming, income generation, community engagement, etc. The proposal did not clearly identify "What's in it for Easton?" The proposal recommended Easton as the Hemp capital of Connecticut which could open up opened up Political & Branding issues for the Town of Easton.

The Ag Commission did not have access to a RFP for the South Park project and was curious about this process, as it seemed void. The Commission recommends RFP to formally and clearly define the project expectations and to bring the Ag Commission into the process when farming is a potential use.

The proposal recommends a project sharing model. If income is a goal, this endeavor faces Market risk associated with increased supply of CBD hemp from expanded production, which is likely decline prices if demand does not increase accordingly (Sterns 2019). Yield, quality, and price variations are addressed in studies

The Ag Commission was surprised by a lease produced by the applicants and not created by the Town, and a fee of \$1 versus the going rate of \$167 and \$300 per acre

Basic lease elements that were missing and should be considered include: financial considerations, managing risk (specialty crop like Hemp requires additional consideration; clause for farm supervisor, security measures and farm oversight, provisions for testing to determine if crop tests above legal thresholds and action required by regulations. \*

\*Regulatory risk stems primarily from potential shifts in the regulatory and legal frameworks guiding hemp production as well as the requirement of less than 0.3% d9-THC on a dry weight basis, which has become an important issue faced by early growers. If pre-harvest testing indicates a non-compliant crop, the farm faces a total loss as well as the additional cost of disposal services approved under current guidelines.

# Easton Grows, LLC follow up

Given the proposal differs from the discussion held between the Ag Commission and proposal applicants, a restatement of South Park Farming Plan; Hemp Cultivation Pilot Program to clarify the following open items is recommended. :

## ■ **APPLICANT INFORMATION:**

Clearly define the contact information for each applicant, and their role to understand who the Farmer and key contact will be when addressing the lease.

Contact Name.

Role in project.

Phone:

Email:

Address:

## ■ **HEMP LICENSE INFORMATION:**

Provide information on whether a license to grow hemp was issued, to whom, and how long the license is valid.

## ■ **AGRICULTURAL PROPOSAL:**

Clearly define the intent of hemp cultivation, along with the process from planting, to harvesting, drying and packaging for distribution. The original proposal mentioned *Easton Grows LLC is proposing the cultivation of hemp on the South Park property for commercial production and for the sale of CBD oil and CBD infused products*; however, the discussion was for the sale only of hemp flowers.

## ■ **VERTICAL INTEGRATION STRATEGY:**

Please describe the relationship with Northwest Cultivation, the role of this business in providing quality hemp plants, the retail distribution and sales strategy via Franny's Farmacy.

## ■ **SOUTH PARK BUILDING and SECURITY**

Please describe the security planned to protect the hemp field from invasion by animals and humans, and the use planned for the outbuilding.

## ■ **FINANCIAL FEES/INCOME FOR THE TOWN OF EASTON**

The original proposal included cost sharing without a defined budget. Please define the expenses expected and the restatement of the profit expected by the Town of Easton to successfully produce hemp during the lease, including building repairs, irrigation, etc. Clarification of the wholesale price expected per pound of Hemp Flowers and the commitment by Griff Conti as stated during the meeting but not referenced in the proposal to a guaranteed buy of the harvested crop.

# APPENDIX

Agricultural Commission comments



# References

## REFERENCES

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- Smart, Lawrence, and Maire Ullrich. 2019. "Beginning Hemp? Keys to Successful Production in New York State." Cornell Cooperative Extension and School of Integrative Plant Science, College of Agriculture and Life Sciences, Cornell University. <http://hemp.cals.cornell.edu>.
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# Examples of Budget Considerations:

## LABOR, EQUIPMENT, AND INTEREST

- Labor. This study assumes temporary seasonal labor is available throughout the growing season. The wage rate is \$13.00/hr for unskilled and \$16.50/hr for skilled workers (USDA NASS 2019).
- Payroll overhead of 33% is added to the wage rate, such that labor expense is calculated as \$17.29/hr for unskilled and \$21.95/hr for skilled workers.
- Interest on Operating Capital. This study uses an interest rate of 6.50% (Bolda et al. 2019).
- Equipment Operating Costs. Fuel, lubrication, maintenance, and repairs are included in the budget for all machinery and equipment listed in Table 7. Red diesel fuel is purchased for on-farm equipment (e.g., tractors).
- Pickup Truck. A company pickup truck is used for farm activities and is included in the budget.
- Risk. The risk associated with hemp production is high due to factors related to production, environment, regulation, and markets.
- Crop insurance is available to hemp growers to mitigate some of the production and environmental risk.
- Regulatory risk stems primarily from potential shifts in the regulatory and legal frameworks guiding hemp production as well as the requirement of less than 0.3% d9-THC on a dry weight basis, which has become an important issue faced by early growers. If pre-harvest testing indicates a non-compliant crop, the farm faces a total loss as well as the additional cost of disposal services approved under current guidelines.
- Market risk associated with increased supply of CBD hemp from expanded production is likely to result in declining prices if demand does not increase accordingly (Sterns 2019). Yield, quality, and price variation are addressed in studies

# Examples of Budget Considerations: Cash Overhead

- Property Taxes: property taxes are paid by the Town and included in the rental rate.
- Property and liability insurance are available to the farm and estimated based on average values for field crop production (USDA NASS 2019).
- Office Expenses. Administration and office supplies, bookkeeping, accounting, utilities, and other miscellaneous expenses are included at an annual rate of \$750 per acre (Bolda et al. 2019).
- Land Rent. The land is leased at an annual rate of \$167- \$300 per acre (USDA NASS 2019).
- Connecticut Department of Consumer Protection Licensing and Fees. Growers pay a one-time \$50 application fee and a licensing fee of \$50 per acre every two years (\$25/acre/year).
- Connecticut Department of Agriculture Regulatory Requirements. Official pre-harvest testing is done at a rate of \$151/hr and a testing fee of \$95 by the UConn Center for Environmental Sciences and Engineering laboratory, Storrs, CT, which reports results directly to CT DoAG. If a second test is required, \$50 is paid to CT DoAG in addition to the aforementioned testing costs.
- Field Sanitation. A sanitation services company provides on farm portable toilets and washing stations. The cost includes two single units with nine months of servicing.
- Farm Supervisor.

# Examples of Budget Considerations: Non-Cash Overhead

- **Capital Recovery Costs.** Annual depreciation and interest expenses for equipment and other farm investments are calculated according to the following equation:  $((\text{Purchase Price} - \text{Salvage Value}) \times (\text{Capital Recovery Factor})) + (\text{Salvage Value} \times \text{Interest Rate})$ , where the Capital Recovery Factor 9 is taken from an amortization table value that corresponds to the effective interest rate; the salvage value is the remaining value of equipment at the end of its useful life, which is calculated using methods outlined by the American Society of Agricultural and Biological Engineers; and an interest rate of 6.50% is used to calculate capital recovery (Boehlje and Eidman 1984; AAEA 2000; Bolda et al. 2019).
- **Buildings.** An 1,800 sq. ft. greenhouse and a 1,200 sq. ft. metal equipment shed are maintained. Fuel Tank. A pickup truck-mounted 5-gallon fuel tank is used to deliver fuel to farm equipment.
- **Tools.** This includes a general set of tools used on the farm for equipment maintenance and repair, and in the field during cultivation, harvest, and processing. The total value is estimated and does not reflect any specific inventory.
- **Irrigation System.** An in-ground well maintained by the landowner is assumed to be included in the land rental cost. The grower is responsible for irrigation equipment, piping components, and drip tape to cover the 10-acres.
- **Equipment.** Farm equipment is valued at 70% of the purchase price for new equipment to reflect a combination of used and new items. Table 7 includes annual ownership costs for equipment and other capital investments. These include operational costs, such as repairs, fuel, and lubrication, as well as overhead described in previous sections.