

Brewery Questions as posed by Briefing Notice

A: Questions dealing with location:

1. Why were other properties in the Town not considered for the development?

The developers considered a host of options in the Town before proposing the present selected site.

- The Blue Ocean Industrial Park – this area is well & septic and is not suitable – the business case does not lend itself to the industrial description
- Beach Cottage – property condition is a concern – building has challenges regarding height – had to be demolished before development could occur
- Former fish plant adjacent to Marine Institute – access is poor – acquisition cost proposed by owner was unrealistic
- The Stores – Costs provided by developer were astronomical – lease rates were unreasonable and not competitive even in St. John’s standards – it’s a destination brewery and locating it in commercial zone doesn’t make logical sense
- Pynn property – backing directly onto the sewage treatment plant
- Property between Festival grounds & Marina – was not for sale – investors approached the Town because they felt the brewery could enhance economic development creating a 10:1 ratio meaning a 3-million-dollar Brewery translates to a 30-million-dollar economic impact for the Town.

2. Why not lease the property instead of selling it?

The investors have exhausted the conversation of ownership versus lease with their funders and their insurance providers. The investors have provided the Town with adequate documentation to show they cannot lease.

The Town of Holyrood has protected itself in the event of default of the mortgage by structuring its amendment to identify the property use as being a brewery. This limits the usage at that site and therefore the bank could not sell the building for other uses.

3. What assurance does the Town of Holyrood have that the proponents will go through with the project after sale?

There will be no sale transaction until confirmation of financing for the project has been confirmed. The Town of Holyrood will require a letter from the bank to confirm they are funding the project.

4. Will this proposed development cause problems for the storing of boats at the Marina?

HMPC has determined that the development will displace 10-12 boats at the Marina. Since a parking lot for boats is an issue regardless of this development and especially with future expansion plans, the Town and HMPC are working together to find a solution. There have

been proposed solutions identified and we are working on solidifying a short term, as well as a long-term solution to boat storage. In the case of Spring 2021 – there will be no disruptions, but boats coming out of the water in Fall 2021, we plan to have a solution which meets the needs of HMPC and the Town of the Holyrood both in the short term and long term as they too will see expansion as a result of the proposed brewery development. The solutions are being followed up by HMPC and Town staff with a recommendation coming to Council once possibilities are confirmed.

5. Is the festival grounds a flood plain and what implications would this have for the development?

Progressive Engineering have completed the engineering work for the site and their development plans are designed around their findings when they had test holes completed to investigate the property. See below information submitted by Progressive Engineering addressing the site.

The finished floor elevation for the proposed brewery has been determined based on the following:

- i. Historical high-water levels were analyzed for the closest continuous monitoring station (St. John's, NL). The highest observed water height was 2.26m using Chart Datum on December 22,1980 at 9:00am.
- ii. The Chart Datum elevation of 2.26m was then converted to the NAD 83 coordinate system used for construction and was found to be 1.661m.
- iii. The recommended conversion of tidal data from St. John's to Holyrood is -0.2m. This was ignored to add a safety factor to the final finished floor elevation.
- iv. To account for climate change, and an associated rise in sea level, a buffer of 1.0m as applied to the 1.661m elevation which determined the finished floor elevation for the proposed brewery.
- v. The proposed finished floor is 2.661m. This elevation is approximately 1.2m above the highest recorded sea level in Holyrood Harbour when converted from the St. John's data.

B: Questions related to Process:

2018

- i. August 16, 2018 – email from Jamie Clarke interested in starting a business
- ii. August 23- 2018 – discussions with Mr. & Mrs. Clarke – leading to a gap analysis and where their interest lay
- iii. August 25- 2018 – formal discussions with Tom Williamson and the Clarke's to pursue a brewery development
- iv. December 22, 2018 – Mr. Clarke sent email to all councilors outlining his interest in a brewery in the Town

2019

- v. December 02,2019 – Town advertised regulations amendment to add craft brewery to that zone.

2020

- vi. January 14, 2020- Town approved regulations amendment to add craft brewery to the zone.

- vii. April 23, 2020 – Notice of registration for regulations amendment was published
- viii. September 23, 2020 - Town advertised development application

Town staff have been assisting the investors with the Town requirements to get it to this stage – a stage which requires approval to move the concept to reality

C Questions on Water & Sewer:

How much water will the brewery require and how will that affect water supply for the Town?

The engineers and the brew master have provided information to the Town stating that on the highest peak of production there will be approximately 20,000 liters per week used. The water tanks on site will be filled overnight to avoid peak usage time.

The developers will put in 3-inch waterline to benefit their business which will also benefit the Marina in going forward.

In terms of sewer – the developers will install their own lift station before the waste goes to sewage treatment plant.

There is a requirement by Provincial government that all breweries complete an environmental assessment – this will be started once the application meets conditional approval. That assessment will determine if there are any environmental issues and propose the necessary solutions.

D. Land Sale – Price and Procedure

How much was the land sold for?

The land is NOT sold. The land is identified. The fair market price established for the property was established through a Comparative Market Analysis.

The Brewery investors have tentatively agreed to pay an amount greater than the recommended price.

The Town intends to follow the process to sell the land pursuant to section 201.2 of the *Municipalities Act 1999*.

Despite social media comments to the contrary, the Town has always followed and will continue to follow these requirements. The Town must demonstrate to the Department that we have completed the due diligence for sale of land for economic purposes before receiving their approval.

E. Festival Grounds disrupted

1. The loss of festival grounds space

Mills and Wright prepared a design for the revitalization of the festival grounds in 2018. In that design they created a space for covered concessions and port-a potties among

other amenities. This concept was developed through a public consultation process and vetted through Council.

The town has now moved to the implementation stage of that project.

Pic #1 shows how the plan included that structure. It also included the walkways and parking.

Pic #2 identifies the brewery and how that would replace the structure on the original picture. The availability of bathrooms as well as the additional garden attached to the brewery area allows for a more organized and user-friendly place to host events including Squidfest.

Pic #1 (Mills & Wright proposal)



Pic #2 (Brewery Rendering)



The brewery leaves enough space for the festival as per Mills & Wright plan. The building and the garden area shown in the picture are usable during the festival. If anything, this facility will align our festival to current trends among summer festivals, making it a unique experience for all participants at SquidFest. As a matter of fact, the amount of usage of the grounds for events will significantly increase.

In recent years, The Festival Grounds has acted as a space for Minor Soccer due to poor drainage at the soccer field site. The town was very fortunate in acquiring \$720,000 to complete renovations on the soccer field so play can resume there in 2021.

2. The natural beauty of the area?

If we are honest and true to the condition of the area- the area is unkempt with a deteriorated gazebo, poor fencing, open view of boat cradles and several derelict boats. The proposed building is a real improvement and it blends very well with the ocean front appeal. The new boardwalk design which has already been vetted through Council will bring a much more user friendly, inviting atmosphere to the area. The safety issues related to parking and both vehicular and pedestrian traffic will be addressed during the boardwalk revitalization process. The brewery will help make the area a destination as they are planning on hosting family friendly and other events through their operation.

F. Road Concerns

1. Traffic

There has always been an issue with the Byrnes Road exit/ entrance to the festival grounds- Marina area. This has been accentuated with the introduction of the Station Diner. The Town has bought the piece of property on the East corner of Conception Bay Highway and Byrne's Road to address the traffic getting off and on Conception Bay Highway. A full engineered plan has been developed to upgrade that section of road to improve the road network and to ensure safety for users. The plan includes intersection upgrade, road upgrade, paving and a bulb at the end to accommodate turning of boats and trailers which use the road frequently especially during recreational fishery. These upgrades will reduce any concerns for traffic.

2. Parking

The developer has identified an appropriate amount of parking for the business model. The Town planner has reviewed the plan and is satisfied parking can be accommodated. When addressing parking, it is important to remember that this type of business does not equate to long term, consistent parking – it is fluid. It is also noted that such venues attract taxi and other such means of transport. There is a total of 32 available parking spaces for patrons and 4 for staff.

Besides the actual brewery parking, the area being used by HMPC for winter boat storage is expected to have significant parking opportunity for a variety of users. The parking for the boardwalk/festival grounds area is addressed in phase II of the boardwalk project and during that process Mills & Wright will assist in addressing additional parking for a variety of users in the general area.

G. Competition

1. The Town should not involve itself in deciding whether businesses in the Town are in competition. Competition is an important driver in the business world.

It's easy to find facts and figures online that demonstrate the significant tourism draw that breweries create. Using the Station Diner as an example, being located virtually beside the brewery, the Station Diner will see a direct benefit from increased traffic in the area. Or take the Hat Lounge for example, the brewery is NOT a lounge – DOES NOT sell Molson/Labatt products- does NOT have VLT machines and appeals to a different target audience.

If you take a hard look at other communities where breweries have popped up, you'll see two things.

First, breweries create a major economic impact within those communities, and the local business community flourishes with new opportunities for B&Bs, Inns, restaurants, etc.

Second, craft beer culture is based on collaboration and the investors have indicated they fully intend to continue this trend. Take again, for example, the Station Diner. When we met with the investors, they made it abundantly clear they wanted to search for collaboration opportunities, they even went as far as to incorporate a catering kitchen for events in case some service like the Station Diner was catering a wedding or conference. The same goes for The Hat Lounge or Furey's, they indicated they would be wildly interested in collaborating to make a Holyrood specific beer, only available at those locations.

From all indications the investors are going to encourage collaborations and appreciate those existing business owners may feel concerned that they may lose business, however the investors also indicated they would like the local businesses to reach out to them to determine how everyone can work together.

2. New ventures

While we have had questions leveled to Town staff about a brewery both before and after this application – The first brewery discussions were with the present Port Rexton brewery and we worked with them until they exhausted their ability to formalize an application. The other discussions were with 2 potential interests and these took place after receiving the Beach Head Brewery Application. No one was denied access to the development process and no other applications have been received for a craft brewery.

All potential interests coming to the Town are given the accurate information and the option to present an application. In the spirit of integrity NO one was given the particulars of an already submitted application. A submitted application of any kind is private and privileged information.

The Town of Holyrood has set regulations regarding how applications are to be addressed and clearly these regulations were followed.

H. Costs

1. How much is this costing the Town?

The Town is **not** providing any unfair advantage to this application. We are completing due diligence hoping to attain the business to increase the annual revenue from business tax, so that services delivered to the residents of the Town are able to be at a level they deserve.

The Town is NOT paying any fees for this development. Concept drawings, engineering, etc. are all at the cost of the developer.

However, it is important to note the developer has infused 120,000 in the preparation of their application demonstrating their commitment to the project. There is no cost to taxpayers.

2. How come others didn't get a chance to put a brewery on that site?

No one has ever come to the Town with a proposal for that parcel of property. Equally important to know is that the Town did not go out to solicit applications for the development. It was through the due diligence and creativity of the investors that they identified that area and the Town is following through on their proposal. It is the prudent thing to do.

I. Conflict of Interest

Staff person part owner of proposed brewery.

Absolutely NOT. The three members of the company are listed on the Registry of Companies provincial website (CADO) and are clearly identified. They do not work for the Town. Jamie Clarke, Craig Farewell and Tom Williamson are the three owners. There has never been any interference, discussion or approach involving the identified staff member in this project.

These types of irresponsible remarks are very unfortunate and can cause damage to the overall economic growth of the Town. Investors are interested in Holyrood because we take their business idea from concept to fruition assisting them with all the details. Serious investors – those intent on producing an application - will think twice before investing if such allegations are entered into the decision making of Council.

J. Commentary

The Beach Head Brewery is a very exciting business opportunity that has been given due diligence for two years. The team working on behalf of the Town of Holyrood have always put Holyrood first and in their efforts with this application – that remains constant. The business model is excellent bringing a 10:1 benefit to the revenue stream so you can do more programming/ build better infrastructure and garnish new businesses. The location is perfect – the Town is not losing festival grounds- it is elevating its space and enriching the festival.

The Town of Holyrood, Council & Management staff continue to work with all the identified partners in this initiative to ensure success for all concerned. The Beach Head Brewery investors,

HMPC and the community at large are all important considerations and we will continue to work diligently with everyone until the file reaches completion.