

# **Proposal to the Ontario Farm Products Marketing Commission**

To form

*Turfgrass Farmers of Ontario*

**Representing Ontario's  
nursery sod growers**

June 2017

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## **A. Executive Summary**

Turfgrass sod is an important part of Ontario’s agricultural economy. It represents over 22,500 acres of land in production and generates over \$56 million dollars in cash receipts at the farmgate.<sup>1</sup> It is the foundation for a landscaping value chain that adds additional value in installation and maintenance. Statistics Canada reports that there are sixty-five sod producers in Ontario.<sup>2</sup> Many of these farms are family businesses that are operated by the second generation of the family. The growers represent dedication to and experience with the crop. The primary market for Ontario-grown sod is within Ontario. Sod is required in many applications – for homes and buildings, parks, roadside construction, golf courses and green spaces – and, when installed, forms a core part of our living, green infrastructure.

The sector has been experiencing stagnation in product demand as a result of many societal factors including smaller home lot sizes and increasingly negative perceptions of the value of lawns and sod applications. This proposal intends to address this marketing opportunity.

By forming a marketing board and wisely using the authorities requested, as provided under the legislation, the proponents of this proposal believe that trend can be overcome and reversed and that the public interest would be served by this outcome. Growers will reinvest a portion of the additional returns into a well-researched and executed campaign to positively change the public perception of the value of lawns as green spaces to enjoy and use, leading to more market demand and sector growth.

The proponents are requesting that the Ontario Farm Products Marketing Commission approve the request to conduct a producer expression of opinion vote before the end of 2017 in order that, should the proposal meet with favour by two-thirds of the voting producers and at least 50% of their acreage, the plan can be implemented in time for the 2018 growing season. The proponents have a plan to consult with Ontario sod growers and with all other parties affected by the proposal in a full, open and transparent manner. Significant consultation with sod growers has already been completed.

## **B. Data**

### **B.1 Proposed Definition of the Farm Product**

The proposed definition of the farm product is “turfgrass sod.”

### **B.2 A proposed definition of a producer of the farm product**

A producer is proposed to be a commercial sod farmer intended for sod production, that is seeded for sod and grown commercially for harvest and sale.

### **B.3 An estimate of the total number of producers of the product in Ontario**

Statistics Canada publication Table 001-0060 indicates that the number of sod producers in Ontario has declined from 70 in 2011 to 65<sup>2</sup> in 2016. Of these growers, 38 are members of the NSGA. The NSGA has identified about 20% of the growers that are not members, leaving a small number in the outlying areas of the Province that have not been identified. The NSGA estimates that its current membership represents 70-80% of the acres of sod in production with the largest farms in Ontario operated by NSGA members.

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<sup>1</sup> Statistics Canada data from 2016 has been used in this report, as taken from Table 001-0060

<sup>2</sup> Statistics Canada reports 65 but the sector has not been able to identify more than 52. It is possible that Statistics Canada has counted some growers that may operate under more than one business identity more than once.

The total sod area in Ontario was reported at 22,500 acres in 2016 with farmgate value of \$56,030,388 in 2016 [Source: Statistics Canada Table 001-0060].

#### **B.4 A petition in favour of support for the proposal signed by at least 15% of the total estimated number of producers**

To be attached as Appendix A

#### **B.5 Authorities to be requested**

- the ability to license producers
- the ability to fix and collect license fees
- grant exemptions from board regulations such as mandatory license fees
- collect acreage and market information from growers
- assess interest on overdue payments and other penalties for non-compliance including prohibiting production or marketing
- Undertake farm inspection to verify acreage declaration (i.e. acreage measurement)
- Inspect grower records to verify compliance

### **C. License Fee Proposal**

#### **C.1 Details regarding the initial suggested license fee**

The proposed basis for collecting license fees is based on acres that are seeded to sod as of October 1<sup>st</sup> each year. Growers will self-declare their acreage as of October 1<sup>st</sup>. Approximately one-third of the acres will be audited each year based on a random selection of reported acres. Fallow acres are not included.

The plan is that the license fee will be established at \$25.00 per eligible acre.

#### **C.2 The proposed procedure for collection of license fees payable by the producer**

The proposed procedure consists of the following plan:

- Growers will self-declare their acres seeded to sod as of October 1<sup>st</sup> each year. In some years, a small amount of acres may be seeded in October that would not be captured by this date. Growers will be asked to identify any October planting intentions. Seeding after October 1 carries risks because the sod may not be sufficiently established to survive winter injury and therefore is not commonly done.
- A third party firm with expertise in GPS acreage measurement will be contracted to randomly select the sample from among declarations received and then to verify the acreage declarations on a randomly selected basis with a goal of covering approximately 33% of the reported acres in the first year (approximately 20 farms). Acreage verification measurements will be undertaken in October each year.
- Growers will be assessed their license fees annually on November 1<sup>st</sup> based on the acreages declared. License fees will be payable in four equal instalments; January 15<sup>th</sup>, April 15<sup>th</sup>, July 15<sup>th</sup> and September 15<sup>th</sup> of the following calendar year. Any sod farms using a cash basis for their accounting can make their expenditure before the end of the calendar year (the Board will determine to what extent it will offer a cash discount for full payment by January 15) and all growers that use the calendar year can accrue the full expense in the year ending December 31.

### **C.3 Details of any exemptions from payment of license fees**

There are two circumstance in which exemptions will be contemplated by the Board of Directors. A grower seeking to obtain exemption will make application at the time of self-declaration of fees on October 1<sup>st</sup> of each year and will be required to pay in advance for the additional audit steps required to verify the exemption.

- While most growers seed sod in the first year and harvest it in the second year, there are circumstances in which growers may maintain the sod as “inventory” in the ground for a third or subsequent year. Growers that can substantiate acres that were seeded to sod as of October 1<sup>st</sup> two or more years prior and remain in sod will be entitled to exemption from license fees on those acres.
- One of the first actions of the first Board is expected to be the implementation of an exemption for a portion of the license fee related to the marketing expense for sod that growers can document was sold outside Ontario. This partial exemption will take the form of a rebate that the eligible growers will receive after an appropriate audit process.

Audits of any growers requesting exemption will be undertaken in October and a decision on the exemption will be taken by the Board on or before November 1 each year. Any member of the Board requesting exemption will declare a conflict of interest and will not participate in Board deliberations related to his or her case. A third party firm will be used to undertake the audit and the costs of the audit will be paid 100% by the party seeking the exemption regardless of whether or not the exemption is granted in whole or in part. The fee is expected to screen out small lots of acres and ensure that growers seeking exemption are reasonably assured that they can establish their case.

The Board therefore needs broad exemption authority to be able to address situations that could arise in order to provide equitable treatment for all growers.

## **D. Documentation on the level of Support for the Proposal by Affected Parties**

### **D.1 Evidence that the request for license fee authority, the proposed program of the association and its cost/benefit has been provided to and discussed with all producers**

The proponent is taking the following steps to ensure that growers are aware of the proposal.

- At its membership meeting and dinner, attended by 21 growers or their proxies, and by Marilyn Sewell as a representative of the Ontario Farm Products Marketing Commission, held on January 12, 2016, there was an extensive presentation and discussion of the plan to become a marketing board. A resolution from members giving direction to pursue the application with FPMC was passed by a vote of 20 to 1.
- Growers received a direct notice in July 2016 informing them of an open meeting to be held in Vaughan, Ontario on August 17<sup>th</sup>. For those growers for whom it was inconvenient to attend in person, arrangements were made to provide live internet access, this session was recorded and is accessible from the NSGA for subsequent viewing. Every grower in Ontario had an opportunity to attend and participate in this meeting. There was a draft summary of the proposal provided in advance for open discussion and modification to make it as clear and effective as possible to serve the interests of growers. The draft proposal under consideration at this date differed from this final proposal in three respects (more rationale for the current proposal is provided later):

- Price-setting authority was proposed in which the Board requested the authority to set and enforce prices at a minimum level – *there is no such authority requested in this proposal which significantly simplifies the proposal*
- The proposed fee explained to growers was \$50 per acre in order to fund a marketing campaign – *the proposed fee is now \$25 per acre<sup>3</sup>*
- There was a minimum acreage of 50 acres in order to be considered a member – *there is now no minimum. All commercial growers are included.*

The changes to the draft of the proposal as it stood in August 2016 were made as a result of producer feedback. A presentation of ON sod marketing research conducted in the past year was delivered to participants. This presentation demonstrated the opportunities for a sod marketing campaign, examples of how it could be rolled out and the budget pricing of a future campaign. Marilyn Sewell attended the August 2016 meeting as the representative of the OFPMC.

- On November 23, 2016, all ON sod growers were invited to participate in a pricing strategy workshop aimed at education and to provide another forum to discuss a marketing board
- On January 10, 2017 NSGA members attended a membership meeting, where preliminary results of a survey regarding a marketing board were shared. The survey was open to all ON sod growers.
- The NSGA AGM was held on March 21, 2017. Laurinda Lang attended as representative of the OFPMC, discussions were held regarding the draft marketing board proposal. All Ontario sod growers were invited to attend and vote on key aspects of the draft proposal. The resulting vote was 24 to 3 in favour of submitting a proposal to form an Ontario sod marketing board. The deliberations were specific as to whether or not price setting authority was to be included in the marketing board proposal. After extensive discussion, the decision taken was not to seek for price setting authority. Subsequent to this meeting, to respond to grower concerns raised at this meeting, the proposed license fee was lowered from \$50 to \$25 per acre. To the extent that those growers who expressed opposition to the proposal indicated their reasons, it was their objection in principle to a mandatory license fee system into which all growers would be obligated to pay. The objection was expressed when the license fee under consideration was \$50 per acre and it is not known whether the objections remain with the reduction of the fee to \$25 per acre.
- The NSGA has modified its website to provide information for growers and other members of the value chain in a section of the website that it is in the public domain.

<sup>3</sup> The current membership fee structure, for comparison purposes, of the NSGA is:

Number of Acres in Production*	Membership Level
1-149	\$410.00
150-299	\$655.00
300-499	\$975.00
500-799	\$1,300.00
800-1199	\$1,470.00
1200 +	\$1,620.00

The proposed fee of \$25 per acre is planned largely to fund the marketing campaign and allow more resources to be devoted to sector advocacy than was undertaken by NSGA.

- The goal of the NSGA is to be open and transparent in disclosing the details of the proposal and outlining its costs and benefits to all producers and other parties affected by the proposal.

**D.2 Evidence that the request for establishment of a marketing board and the proposed program has been provided to and discussed with all affected parties, e.g. the purchasers of the product and other appropriate stakeholders in the industry**

Affected parties have been identified and were consulted as fully as possible.

The principal association in Ontario representing the sector’s value chain, including garden centres and landscape companies, is Landscape Ontario. Landscape Ontario has provided a letter of endorsement.

NSGA has consulted with other organizations that are relevant to the sector and obtained letters of endorsement from Guelph Turfgrass Institute, Ontario Golf Superintendents’ Association, Ontario Recreational Facilities Association, Ontario Turfgrass Research Foundation, and Trebro Manufacturing, a major supplier of harvesting technology to the sector. NSGA relies on these associations to inform their members. There is broad support from affected parties for the direction of this proposal.

## **E. Strategic Plan**

*The long term (three to five year) strategic plan should address the following elements:*

### **E.1 Mission Statement**

To promote and develop turfgrass as the natural solution for growing green spaces for the benefit of farmers and communities

## **E.2 Situation Assessment**

### ***E.2.1 Overview***

The current position of the nursery sod sector of agriculture was assessed by a working committee of the Board.

On the marketing side, there are concerns over the long term growth prospects for the sector as a result of:

- New home building lot sizes tend to be smaller and therefore less sod is required for new home construction, one of the key markets
- There are competing ground covers as alternatives to sod, including artificial turf, which appeal to buyers in some segments of the market including public infrastructure projects
- Changing social attitudes towards lawns – are lawns perceived positively for the environment? What kind of labour does it require to maintain?
- There are opportunities arising from a growing focus on green infrastructure

On the production side, there are concerns over the cost structure:

- Input costs are increasing – fertilizer and fuel
- Distribution costs are increasing – labour and fuel
- Labour supply is a challenge and has led to more capital investment in productivity enhancing technologies that have reduced labour requirements; For example, many growers report that it is becoming more difficult to attract workers for seasonal work than it was previously
- Health and safety standards have increased, leading to the need for more training
- Climate change is causing changes in weather patterns, long, hot, dry summers and winters that are stressful to the crop
- Regulatory pressures related to water use and the use of crop protection materials to control weeds and pests

The implication of market demand diminishing and costs rising is that gross profit margins are becoming slimmer. Having the ability to undertake a robust marketing campaign on behalf of producers is a core part of the plan to improve consumer perception and willingness to pay for quality sod.

### ***E.2.2 SWOT Analysis - Strengths***

- Turf is a good product comprised of living plants that offers the advantage of carbon sequestration. Nursery sod takes carbon dioxide from the air and releases oxygen to the environment.
- Aligned with the government policy reduction related to reduction of GHG emissions and the move towards a lower carbon economy
- Commercial growers in Ontario that are passionate for the business and bring significant experience, often in their second generation, in production and marketing
- Guelph Turfgrass Institute (GTI) provides excellent research capacity to support the sector
- Technology adoption to raise labour productivity and improve efficiency such as GPS-planned spraying applications
- The product is not genetically modified and therefore has broad consumer appeal
- Growers have a history of working together collaboratively
- Consumers are hungry for information about climate change

### ***E.2.3 SWOT Analysis - Weaknesses***

- Breeding advances are lagging other crops where there is more critical mass (i.e. larger market) to attract the R&D investment
- Segments of public perception are negatively disposed towards turf on account of the maintenance (primarily mowing) and the use of herbicides
- Some smaller operations have a different cost structure and risk exposure – some businesses do not place a value on land inherited from ancestors that could be realized and may lack understanding of the returns leading to a certain measure of arbitrariness about decisions
- Sod requires labour intensive installation and in certain applications, other alternatives offer a low cost option
- The industry has a difficult time getting its positive message out when competing with the voice of environmental groups that may not support turf

### ***E.2.4 SWOT Analysis - Opportunities***

- There is an opportunity to change negative public perception and reinforce positive perceptions by developing a marketing story that connects with consumers
- Develop the science case for those audiences like municipal planners that respond to and need a science-based argument
- Show benefits of green space benefits and performance over other options

### ***E.2.5 SWOT Analysis - Threats***

- Shrinking markets are a reality as a result of many factors such as high density housing and vertical growth rather than suburban sing-family housing
- Decision-makers in public infrastructure are not receiving effective communication that speaks their language with an environmental equation impact
- Government regulation can impact the sector in terms of crop protection materials, labour cost, water access, application of nutrients, etc.

## **E.3 Strategy**

How will the new organization make a positive difference to the future of the Ontario's sod growers?

There will be more capacity and more resources to:

- Reach and influence decision-makers: individual consumers and municipal and large commercial buyers as well as policy decision-makers in government
- Educate and inform the broad spectrum of society as well as growers
- Enable increased grower participation
- Serve as a unified voice with one consistent message
- Achieve win/win solutions that contribute to better environmental outcomes

The results of this effort will result in better returns to growers.

The key premise of this proposal is that a marketing investment can make a positive difference to consumer attitudes towards sod among homeowners in Ontario and indirectly influence more use of sod by green infrastructure planners and other municipal buyers.

#### E.4 Long Term Objectives

- Financially stable, well governed organization with reasonable level of reserves
- Satisfied growers that are profitable in a disciplined market together with end users.
- Sod (also known as turfgrass) has an improved, socially acceptable image – positive measurable change in attitude has occurred among consumers towards natural turfgrass that is backed by market research and research which validates the environmental benefits
- Growth is occurring in the sod sector as measured by acres in production
- Effective relationships are thriving throughout the value chain and with government enabling issues to be proactively managed and addressed
- Support for production-related research investment is producing results that have direct application to growers
- Sustainable and environmentally responsible best practices are followed by growers in sod production

#### E.5 Financial Projections

##### Turfgrass Farmers of Ontario Proforma Budget Year 1

###### Revenues

License fees		
Rate per acre	25	
Estimated acres	22,500 <sup>4</sup>	562,500
		<hr/>
<b>Total revenues</b>		<b>562,500</b>
		<hr/>

###### Expenses

###### Marketing Allocation

Marketing campaign		300,000
		<hr/>

###### Research Allocation

Research Projects		-
		<hr/>

###### Board Operations

Director Per Diems		
Directors	7	
Rate	250	
Number of Days	10	17,500

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<sup>4</sup> Based on Statistics Canada 2016 data. The applicant anticipates that the actual number will be higher than 22,500 acres. The difference will provide additional revenue that covers the rebate for a portion of license fees related to marketing expense for audited sod sold outside Ontario.

Director Travel	12,000
Meeting Costs	5,000
<b>Total Board Operations</b>	<b>34,500</b>
<b>Member Services</b>	
Website Maintenance	2,500
Communications	2,500
Annual General Meeting	2,500
<b>Total Member Services</b>	<b>7,500</b>
<b>Staff Resources</b>	
Board Staff Salaries	127,500
Staff Travel	5,000
Cellphone and Email	2,500
<b>Total Staff Resources</b>	<b>135,000</b>
<b>Administration</b>	
Insurance	5,000
Financial Audit	7,500
Acreage Verification	20,000
Legal Services	10,000
Office Supplies and Services	2,500
Telephone and Teleconference	2,500
Memberships and Registrations	5,000
<b>Total Administration</b>	<b>52,500</b>
<b>Total Expenses</b>	<b>529,500</b>
<b>Net Surplus to Build Reserve</b>	<b>33,000</b>

Opening Cash Position	-
Transfer from NSGA	30,000
Cash Surplus Year 1	33,000
Closing Cash Position Year 1	63,000

The Board is not expected to undertake research-related spending until its reserve is significantly greater.

## E.6 Cost-Benefit Analysis for the Industry

Beneficiary	Benefits Received
<b>Ontario sod growers</b>	<ul style="list-style-type: none"> <li>• Increased profitability and stability</li> <li>• Positioned to grow the market through product marketing</li> <li>• Growers better organized and coordinated to address issues</li> <li>• One voice to inform consumers and represent the sector to government</li> </ul>
<b>Input suppliers</b>	<ul style="list-style-type: none"> <li>• The market for input suppliers will be growing and growers will be thriving</li> <li>• Confidence in the sector will increase as the sector will be more stable</li> <li>• One window access to approach with solutions for innovation and collaboration</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• The investment by the applicant in marketing to change consumer perception will increase demand from customers</li> </ul>
<b>Consumers Public/society</b>	<ul style="list-style-type: none"> <li>• Consumers will be better educated and better informed as a result of the marketing investment</li> <li>• Outperform alternatives providing a positive environmental gain</li> <li>• Pride in viable green spaces</li> </ul>
<b>Government</b>	<ul style="list-style-type: none"> <li>• Better understanding of the sector and the product and its benefits</li> <li>• Enhanced green spaces and increased living infrastructure</li> <li>• Contribution to the greenhouse gas emission reduction goals and other climate change agenda actions</li> <li>• Single go-to point for reaching growers</li> </ul>
<b>Research Institutions</b>	<ul style="list-style-type: none"> <li>• Funding is more consistent and there is stability to make allocations to multi-year projects</li> <li>• Funding is more strategically aligned with goals and needs</li> <li>• Research communication can be effectively disseminated to growers</li> </ul>

The greater part of grower license fees is expected to be directed to a well organized, professionally developed and delivered marketing campaign. The positive marketing messages are expected to lead to market growth and contribute to better returns to growers. Turfgrass Farmers of Ontario is also expected to effectively represent growers' interests at policy and regulatory consultations where decisions which impact sod, as well as other sectors of agriculture, are taken.

## **F. Operational Plan**

### **F.1 Objectives**

- Implement the new organization including the first year’s acreage declaration and measurement sampling verification process and assess and receive the first license fees from growers
- Develop and finalize a five-year marketing and communication plan to change the perception of the industry with defined metrics for determining its impact – this plan will include finalizing key messages and a brand look and will be based on sound market research conducted as necessary
- Launch a major campaign to increase awareness of the benefits of sod and communicate the plan and metrics for measuring its impact to the grower-members

### **F.2 Action Plans (e.g. marketing, research, education, etc.).**

What will the Board do differently than the predecessor organization, Nursery Sod Growers’ Association of Ontario?

- A major difference in the proposed new organization is the level of resources that will be invested in market projects – more impactful, strategic longer term marketing projects will be undertaken
- More professional management can be brought to bear so that Board members are not hands-on in day to day tasks and can focus on setting policy and maintaining oversight of a professional management team to drive the organization<sup>5</sup>
- The base of growers that will be represented by the Board will be larger and inclusive

### **F.3 Financial Plan (e.g. a monthly projection of income and expenses).**

#### ***F.3.1 Fiscal Year-End***

The proposed fiscal year of the Board is October 1<sup>st</sup> to September 30<sup>th</sup> with the annual general meeting occurring in December or January.

#### ***F.3.2 Sources of Funds***

The principal source of funds is license fees collected from growers. License fees are expected to generate approximately \$562,500 each year received in four quarterly instalments.

#### ***F.3.3 Uses of Funds***

The longer term targets for the use of funds are indicated below.

- 53% for direct marketing and promotion outsourced to third parties
- 41% for administration, advocacy and managing the marketing campaign (staff, Board operating costs, audit, legal, etc.)
- 6% for incrementing the reserve until the target level is reached

The Board proposes to cover all eligible travel expenses in line with the Board policy for travel and accommodation. The Board will provide reasonable per diems to Board directors and will have a higher

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<sup>5</sup> The management team will include salaried management as elaborated in section F.4 as well as out-sourced expertise such as market research experts and market and brand building specialists

per diem for the Board Executive Committee members to reflect the greater time and responsibility of that role.

#### ***F.3.4 Level of Reserve***

The Board will hold sufficient reserve to enable it cover all its liabilities in a hypothetical situation. The Board will establish a reserve policy.

### **F.4 Staffing and operation of marketing board office**

#### ***F.4.1 Executive Director position***

The Executive Director position will be a full-time position with the following key tasks:

- Accountable to the Board for the execution of the Board’s strategic policy direction
- Overseeing the marketing and communications out-sourced contract and executing functions for which the Board is responsible
- Participating in meetings of the Board by reporting results to the Board and obtaining approval for plans and policies including an annual operating budget and an updated strategic plan
- Representing the organization at external meetings and consultations
- Public presenter to represent the Board at appropriate venues including liaising with media
- Building effective relationships throughout the industry including input suppliers, service providers, lenders and insurers, government, customers as well as being accessible to and at the service of growers
- Managing the processes for compliance and enforcement with the third party firm contracted to measure acres, with the legal firm for enforcement actions and with the external audit firm

#### ***F.4.2 Administration Manager***

Responsibilities include:

- Issuing all invoices to growers, managing declarations of acreage from growers
- Organizing meetings of the Board and members and recording minutes as Corporate Secretary and distributing all related communications with the Board including scheduling
- Maintaining the books and records of account and preparing financial statements
- Managing the bank account including deposits from grower license fees and issuing disbursements for vendors with appropriate signing authority as authorized by the Board; treasury function investing balances in authorized interest-bearing instruments
- Maintaining appropriate insurance coverage
- Serving as membership secretary for the Board, arranging the Annual General Meeting and other grower events, and communicating with growers
- Preparing and administering funding applications
- Credit reporting service for members based on member input during the selling season

This position may not be full-time depending on the work load experienced. It is part-time in the NSGA. This position will report to the Executive Director and the Executive Director will report to the Board in general and the Executive Committee in particular. The Executive Director will stand aside as an ex-officio member of that Committee over any issue in which there may be a conflict of interest.

#### ***F.4.3 Composition of the Board Elected By Members***

The expectation is that the workload of the Board will be less than the role of current directors at NSGA because the full-time Executive Director will relieve Board members of certain tasks which they now undertake on a volunteer basis. The Board proposes to hold four quarterly Board meetings in person annually, including one in conjunction with the Annual General Meeting, and such meetings by conference call as are needed.

The proposed size of the Board is seven directors with the seven directors elected by all grower-members of Ontario without representing specific districts or providing explicit district representation. There are no specific regional differences that need to be specifically represented. To ensure that the Board reflects a balance indicative of members reflecting appropriate diversity, the Board will work to ensure that nominees reflect the diversity of its membership and contribute to an orderly development and succession plan. “Business diversification” means size and scale of business.

- Directors are proposed to serve for two year terms. In the first election, three of the growers will be arbitrarily designated for a one-year term and four directors for a two-year term to ensure that the expiry dates of terms are staggered. Directors will be eligible to serve for three consecutive terms and then not eligible to stand for election for at least one year. Directors who serve for a one-year term will not have that term counted for the purposes of determining consecutive terms.

The first Board will be appointed by the Commission in consultation with the grower community. Subsequently, the board members will be elected by the membership.

#### ***F.4.4 Composition of the Board Executive and Committees Elected by Directors***

- The Chair and Vice-Chair will be elected annually from among the Board of Directors.
- The Board shall have an Executive Committee consisting of the Chair, Vice-Chair and third director as elected by the Board and shall be chaired by the Chair of the Board. The Executive Director will be an ex-officio member of this Committee. This Committee, without the Executive Director, will serve as the HR Committee with respect to undertaking the performance review of the Executive Director annually.
- The Board shall designate three directors to form a Director Development and Nominating Committee which will be responsible for development, training and succession of directors.
- The Board shall appoint such other Committees as it determines to be necessary which could include (a) Finance and Audit Committee (b) Marketing and Communications Committee and (c) Research Committee. Each Board committee shall be chaired by a member of the Board and may include committee membership from growers who are not members of the Board and/or such other subject matter experts in industry that are approved by the Board. Board committees are advisory in nature: they make recommendations to the Board but the recommendations are not binding.

#### ***F.4.5 Advisory Committee Specified In The Enabling Regulation***

The applicant plans to post suggested selling prices that have been approved by the board in the public domain at least annually and otherwise on a periodic basis whenever there is a material change in market conditions. While these suggested prices will have no legal authority standing behind them, the practice

of recommending prices is expected to contribute to greater market discipline over time. This proposed practice represents a change from current industry practice in which no pricing information is disclosed.

In addition, the applicant is open to an Industry Advisory Committee being specified in the Regulation that would meet at least annually and allow growers, input suppliers and customers to address any issues that arise that challenge the sector and to examine opportunities for growth. The Advisory Committee would review the results of the marketing campaign annually, for example, and could recommend changes in emphasis or approach. The proposed composition of the Committee is: three grower representatives from the Board, one representative from municipal government and institutional buyers; one representative from the retail sector, and one representative from the nursery landscape contracting sector. A representative of the Commission would Chair the Committee.

#### ***F.4.6 Office Location***

The official head office of the organization is proposed to be the offices of Landscape Ontario in Milton, ON and the use of office space will be accessed there on an as-needed basis. The staff will work virtually from that office and will convene there for meetings when required. This arrangement will keep the costs of the office modest and maximize its functionality.

#### ***F.4.7 Electronic Media and Communications***

The Board expects to maintain two websites, one a conventional one dedicated to the business of Turfgrass Farmers of Ontario to serve its grower-members, and one as a communication site for public audiences under the tagline of the marketing campaign which will also be integrated with social media. The latter site will be managed by the marketing campaign manager which will be outsourced to the firm contracted to deliver this campaign. The first cost is explicit in the budget provided in this proposal and the second one is bundled in the costs of the marketing and communication campaign.

The Board will use electronic communications to the fullest extent possible including the filing of grower acreage declarations, the issuance of invoices, payments, and voting for directors.

#### **The name of the organization**

The proposed name is “Turfgrass Farmers of Ontario.” Should there be concerns that this name yields the acronym, “TFO,” and could lead to confusion with “Turkey Farmers of Ontario,” the applicant has two possible solutions which it would be willing to discuss with the Commission:

- The acronym could be “TGFO” with an additional letter “G” for the word “grass”
- The name could be rearranged as “Ontario Turfgrass Farmers”

The applicant would prefer to use the name proposed.