



OKANAGAN FOOD AND INNOVATION HUB BUSINESS PLAN

PREPARED FOR: DISTRICT OF SUMMERLAND

PREPARED BY: GREENCHAIN CONSULTING, SUSTAINABILITY VENTURES, URBAN FOOD STRATEGIES, MOTIV ARCHITECTS & ENGAGE

Project Overview

Greenchain Consulting and associates have:

- Selected Okanagan Crush Pad (OCP) as the developer and landlord
- Developed schematic plans of the Food Hub
- Created a hybrid non-profit/trust governance structure
- Revised the business plan and reduced the up-front funding required

Market Overview

The need for food hub services & facilities is growing

- ❑ Over 350 food hubs operate across North America
- ❑ 11 food hubs have been established in BC since 2019
- ❑ 260 food processors operate in the Okanagan, mostly small businesses
- ❑ The food and beverage processing industry is growing
- ❑ Some food hub type services exist in the region
- ❑ Many producers/processors are seeking food hub services and facilities

Market Needs

Local food producers and processors need access to:

- A range of food processing equipment
- A HAACP certified facility
- Co-packing services
- Shared marketing, sales and distribution services
- A 'One stop' referral service for technical and business knowledge
- A network of collaborators and partners

Operations Plan

Develop the Food Hub in a phased approach:

- Phase 1 (2022-2023 Opening) – Pre-launch planning
- Phase 2 (2023 Opening-2024) - Initial service offering
- Phase 3 (2024-2028) – Program expansion
- Phase 4 (2028)– Expanded distribution and food testing

Programs and Services

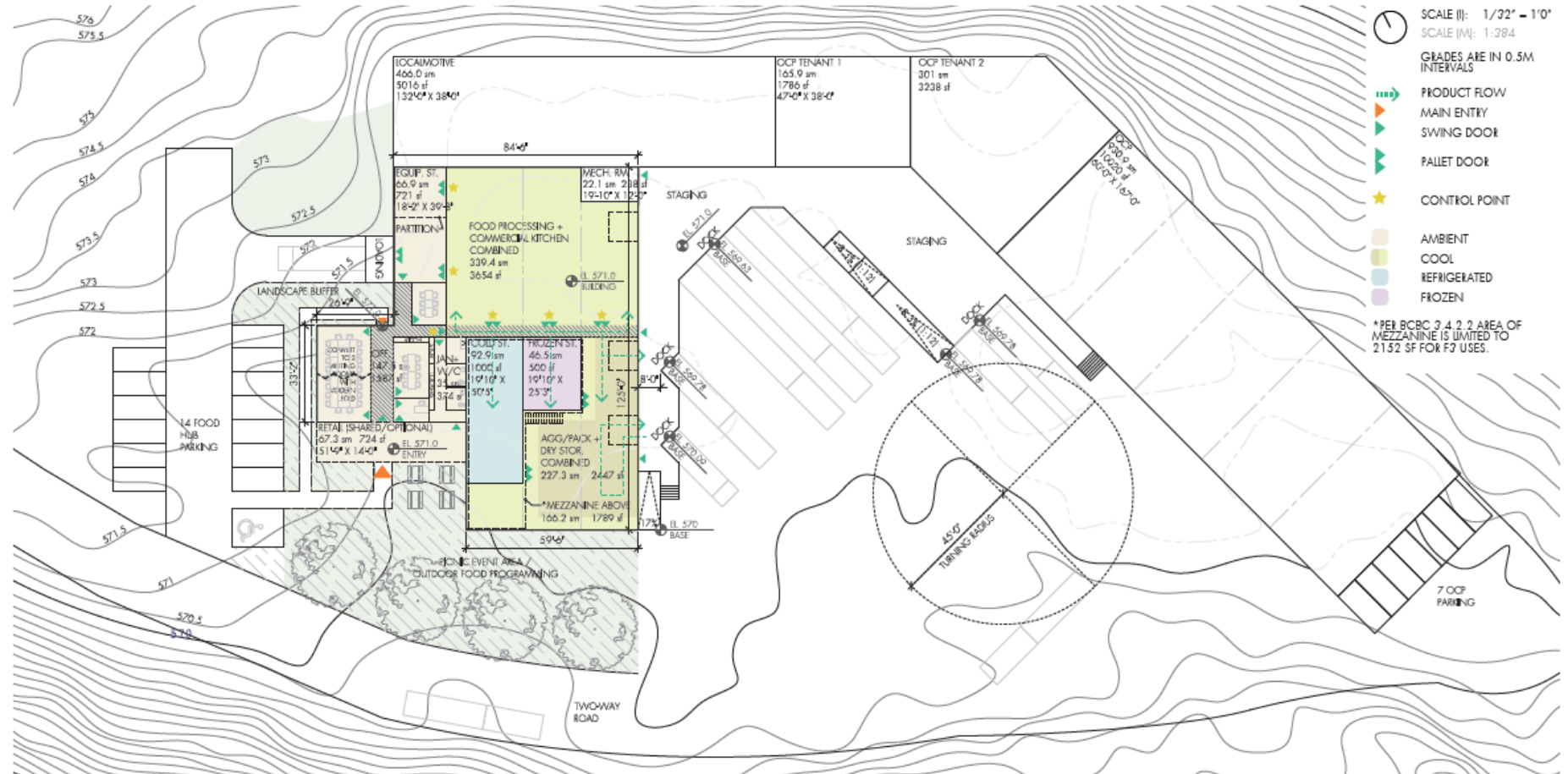
The Food Hub will offer the following programs and services:

- ❑ Commercial kitchen/processing facility
- ❑ Storage services
- ❑ Co-packing services
- ❑ Brokerage, distribution and on-lines sales
- ❑ Business advice and technical training
- ❑ Equipment rentals
- ❑ Food testing laboratory services

Food Hub Location



Facility Layout (29,000 sf)

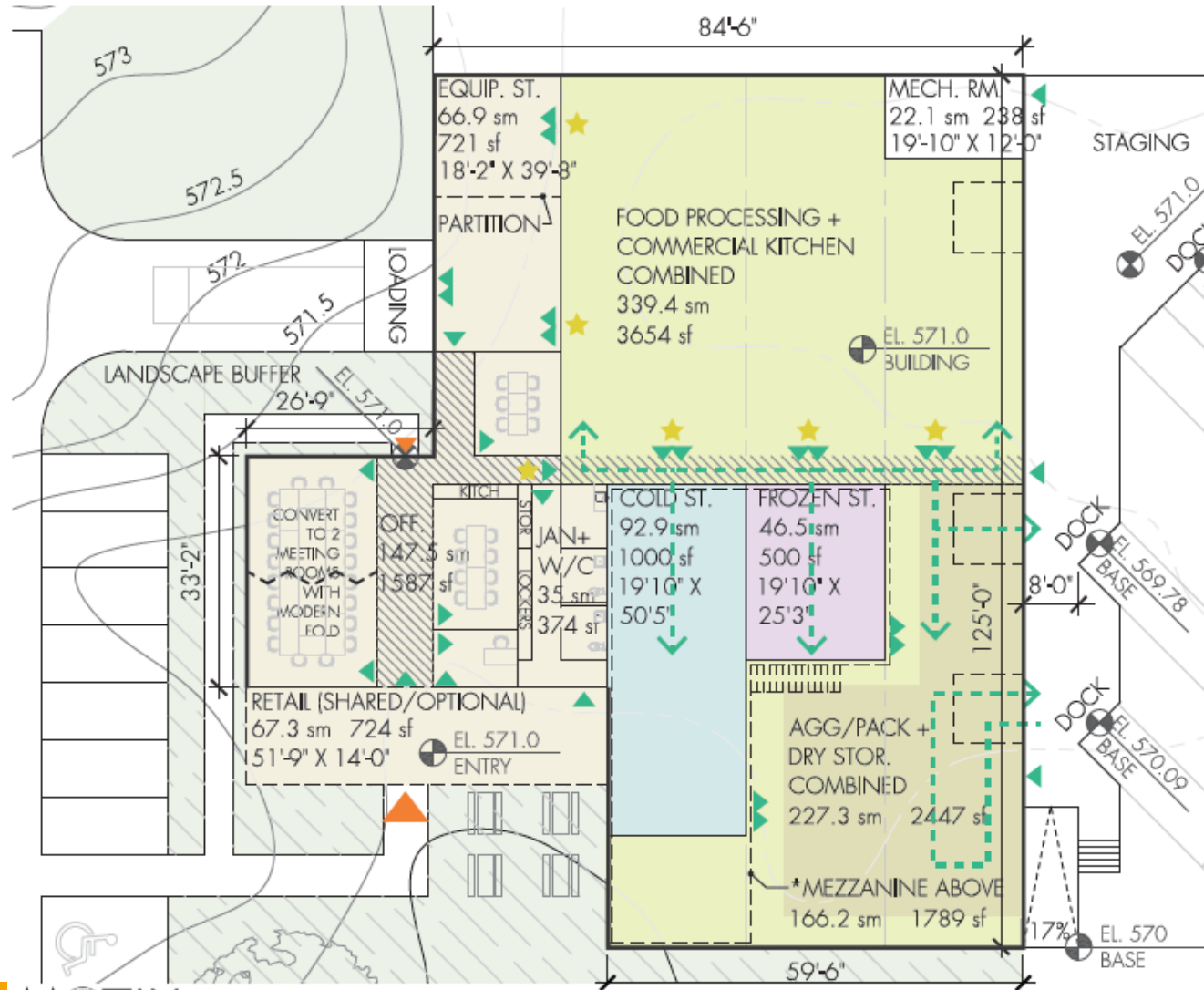


MOTIV ARCHITECTS INC.

2021-009 - Okanagan Food and Innovation Hub

Plan Diagram and Massing
2022 02 22

Food Hub Premises Layout (10,000 sf)



Rendering of facility (food hub in colour)



Marketing Plan

The Food Hub's unique selling propositions include:

- Full suite of services and equipment in one facility
- Ability to scale up hobby-scale food enterprises with full set of services
- Brokerage and distribution services
- HACCP certification support in a HACCP certified facility
- Reduced costs through access to shared equipment and services
- Supportive environment with dedicated support team
- A geographic area with a strong local food culture & excellent climate

Governance and Management Plan

Trust/Non-profit hybrid governance structure

- Trustees to include District of Summerland and Community Futures
- Trust to secure funding, establish key partnerships and set up the non-profit
- Non-profit board of directors to include Food Hub users and key stakeholders
- Non-profit CEO to implement the pre-launch aspects of the Food Hub
- Non-profit will lease the building from the landlord & equipment from the trust

Financial Plan

Start up costs (year 1)

Start up Cost Category	Low Estimate	High Estimate	% of total
Soft costs (planning)	\$300,000	\$400,000	31%
Leasehold Improvements	\$325,000	\$375,000	29%
Office area/conference space	\$30,000	\$35,000	3%
Commercial kitchen	\$133,500	\$153,500	12%
Food processing area	\$170,000	\$194,000	15%
Aggregation/distribution area	\$40,000	\$46,500	4%
Storage areas (ambient/cooler/freezer)	\$81,500	\$91,000	7%
Total start up costs	\$1,085,000	\$1,295,000	100%

Financial Plan

Post startup capital costs (years 2 - 5)

Capital Cost Category	Low Estimate	High Estimate	% of total
Dry processing line	\$410,000	\$547,000	31%
Primary production processing line	\$95,000	\$132,000	29%
Food testing lab	\$75,000	\$100,000	3%
Take back of sublet space	\$185,000	\$216,000	12%
Total capital costs – years 2 to 5	\$765,000	\$995,000	100%

Financial Plan

Five-year summary financial projections

Capital Cost Category	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	\$401,000	\$832,000	\$1,171,000	\$1,496,000	\$1,928,000
Cost of sales %	63%	56%	54%	51%	49%
Overhead labour %	49%	20%	16%	16%	16%
Expenses	73%	43%	35%	30%	27%
Operating profit/Loss	-\$340,000	-\$160,000	-\$54,260	\$46,459	\$160,791
Profit/loss %	-85%	-19%	-5%	3%	8%

The impact on the local food economy : It will expand by almost \$13M/year

Fundraising needs and sources

Food hub will need to raise \$2.25M in grants and \$0.5M in loans

Grant funding scenario

□ Regional District of South Okanagan	\$50,000
□ Matching funds from (SRDC, CFOS, Accelerate OK, local govts)	\$150,000
□ PacifiCAN jobs and growth fund	\$1,400,000
□ BC Ministry of Agriculture	\$300,000
□ Social Finance low interest loan fund	\$250,000
□ Foundations interested in local food	<u>\$100,000</u>
Total	\$2,250,000

Loan funding scenario

□ Loans from core users	\$100,000
□ Community Futures OS	\$150,000
□ Individual or company loans	\$125,000
□ Bank line of Credit	<u>\$125,000</u>
Total	\$500,000

Next Steps – Next four months

2022	Key Tasks
March	Finalize business plan
March	Formalize partnership between District, CF and OCP
April	Work on ALR regulations
April	Create Trust
April	Apply for funding
May	Re-engage with potential core users
June	Secure financial funding from key partners
June	Create Non-Profit
June	Host an open house including visit to OCP

Questions

