Food Hub Models
Feasibility Outline Summary Report

Columbia Valley/East Kootenay

For

Columbia Valley Community Economic Development Office

Prepared by

FARM FOOD DRINK

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Executive Summary

The Columbia Valley Community Economic Development Office commissioned a project to explore and develop tailored operational models for a local Food Hub. The intent was to bridge the gap between a possible Food Hub business plan and the 2018/19 Columbia Basin Food Hub Network Feasibility Study. The latter identified Invermere as a possible brick-and-mortar Food Hub locale, which led to a June 2019 Food Hub Readiness Assessment, where the Columbia Valley (CV) Community decided to further develop a regional Food Hub concept before pursuing a business plan. As such, the specific goal of this project was to outline, develop, and refine 2–3 working models with the goal of selecting 1 model (or hybrid) that could be taken to the business planning stage. During the readiness assessment, a local food Advisory Committee was formed, who worked closely with Farm Food Drink (contracted business Strategists) to complete this project.

The project was successful: two distinct models were identified and developed, and the community voted to develop a business plan for a CV Food Hub based on a hybrid of the two proposed models.

Model A proposed a decentralized (or virtual) Food Hub, that would collaborate and interface between existing local food organizations, producers, and retailers, without operating a physical space.

Model B proposed a physical (brick & mortal) Hub that would exist within the CV area, focused on aggregation and distribution of local food products.

Both models proposed that a central Local Food Coordinator be hired to oversee the operations of the Hub. It was named as an imperative that this person be skilled, well-connected within the local food community, and be reasonably compensated so as to attract and retain their talent.

Throughout discussions with the local Food Hub Advisory Committee, and the larger CV community, it was frequently noted that there was a desire for the Food Hub project to both develop greater (financial) prosperity for local food producers and innovators and also increase local food security and access within the CV (social services). Through a careful review of past Food Hub projects, as well as a January 2020 survey of CV local food advocates, the business Strategists advocated that the most prosperous and viable Food Hub would be founded as an economic development initiative—improving the commercial success and profitability of local food ventures. The Hub could then leverage this success to support local food social services, such as food recovery initiatives, local food literacy, agri-tourism, and improve access to local food via collaboration with the Food Bank and other local initiatives. Moreover, creating a Hub focused on aggregation and distribution as a prime service/facility would be a great asset to enhance food security in the CV. In the current socio-economic climate, healthy local food is expected to see increasing demand and value. Aggregated local food products will thus be able to serve both economic and social needs simultaneously. In other words, it is expected that social ventures (such as enhanced food security) will see increasing economic returns, and a prosperous Hub will be able to focus on both without needing to compromise one for the other.

During the Community Food Hub Forum (Forum) on February 4, 2020, both models were presented to the local community, alongside the background research and prior work that was instrumental in developing the details of each model. For both models, aggregation and distribution were presented as the most viable service/facility to develop, which would in turn support the social initiatives previously mentioned. Moreover, there was a strong recommendation from the Strategists to secure an 'anchor tenant' to add financial and social stability to the Food Hub project; the local community agreed. Local meat and value-added meat products were named as the top prospect for an anchor tenant, via the local abattoir and Columbia Valley Meat & Sausage Co. In fact, it was proposed that the local meat industry could form a cornerstone, comprising the majority of Hub commerce. Lastly, an imperative was named that a successful Food Hub must be driven by local business rather than by government or social-service enterprises.

To complete the loop (commodity chain) of this Food Hub model, it will also be important to secure anchor buyers and/or distributors to ensure there is a viable destination for aggregated local foodstuffs. AG Valley Foods, in particular, was named as a mid-sized local grocer with a proven interest in selling and supporting local food producers' items. It is recommended that, during business planning, partnerships are explored with growers, producers, and retailers that could play a major role in the movement of food through the Hub. As much as possible, securing letters of interest or intent to buy/sell would be a great asset to building a strong business case.

It was also named by the community that a gap assessment (or local food inventory of the CV) has not yet been done, and that this information could prove instrumental in developing a business case. The Strategists recommended that a business plan be developed as a priority; the gap assessment could be completed as a separate project or, if contained in scope, as a component of the business plan. The Advisory Committee was directed to meet before the end of winter to review this report (outcomes of the Forum), and create a plan for next steps, including securing funding for business plan development.

Financial Exploration

Financial estimates are listed for one year of operation, with full figures available in Appendix D. Note that a thorough financial analysis has not been completed as the required data was not yet available and a financial analysis was out-of-scope for the project. Accurate costs can only be calculated once a tangible facility/location is found, at which point accurate capital costs, loan requirements, and fixed costs can be determined.

The numbers below (and in Appendix D) are meant to serve as a guide to ascertain the value of product a Hub must broker within a giving year, within an order of magnitude, to be successful. This was the main goal of preparing high-level financial figures for the Forum: to provide a sense of what *scale* of food product value each Hub model would need to broker in order to be feasible. Notable features/assumptions include $25/hr @ 20 hrs/week paid to the Central Food Hub Coordinator and $100,000 of leasehold improvements to an existing space to facilitate desired services (Model B).

1 Year Income Projections

Table 1. Project Income & Expense Summary

Projected Income & Expense Summary	Model A	Model B
Brokerage fees	$25,000	$125,000
Variable expenses (cost of selling/brokering)	$42,325	$42,325
Fixed expenses	$7,520	$129,510
Total expenses	$49,845	$171,835
Net operating income	$(24,845)	$(46,835)
Income from grants/fundraising	$40,000	$100,000
Net income	**$15,155**	**$53,165**
Revenue	**Model A**	**Model B**
Number of farms	25	50
Product value	$10,000	$25,000
Total value of product	$250,000	$1,250,000
Brokerage fees	10%	10%
	$25,000	**$125,000**

Breakeven Analysis

The table below shows the required sales (brokerage of local food at 10% fee) required to sustain the Hub model. It is shown that while $0.5M is required for Model A, approximately $2.2M is required for Model B. Note that, for Model A, if the position/Hub costs are shared with a partnering organization, this figure could be reduced by half. For Model A, there is potential to reduce this value *in the short-term only*, if initial fundraising/grants allow for a portion of operating expenses in start-up (years 1–3).

Table 2. Breakeven Analysis

Breakeven Analysis	Model A	Model B
Sales	$25,000	$125,000
Variable expenses	$0	$62,500
Contribution margin	**$25,000**	**$62,500**
Contribution margin %	100%	50%
Fixed expenses	$49,845	$109,335
Breakeven sales	**$49,845**	**$218,670**
Breakeven value of food	**$498,450**	**$2,186,700**

Again, it is stressed that such figures should not be taken as accurate, detailed financial projections, but rather as a broad lens through which to place an estimated value and scale on the required operation of each Food Hub model. A complete business plan would provide accurate financial figures that could be used for planning purposes.

Model A: Decentralized (Virtual) Food Hub

The Decentralized/Virtual Food Hub is a model that is designed to have significantly lower risk than a physical Hub, while retaining as many benefits as possible. It is noted that, with lower risk, the potential for scale-up and growth is somewhat limited. However, this model has the main benefits of 1) engaging a dedicated Local Food Hub Coordinator, which would invigorate collaboration and growth within the local food community, and 2) beginning to aggregate local food products in a manner not currently done, which could be used to demonstrate the viability of transitioning to a future physical Hub.

Main Features

- Led by local 'champion': Local Food coordinator
- No physical structure: "virtual" Hub
- Facilitate local food moving between growers, producers, and buyers
- Network throughout the CV and across the Kootenays/Columbia Basin
- Partner with local organizations: Food Bank, C.V. Food and Farm, R.D.E.K., Chamber, etc.

Description of Components

Table 3. Model A Components

Overview	• A virtual Hub without a physical, central location. • This model would require 1 dedicated, paid staff coordinator.
Proposed Facilities	• This Hub would not own or operate physical space or equipment • It may manage use of facilities/equipment owned by others
Services	The coordinator role, depending on funding and supporting organizations, might include: • **Coordinating aggregation** and/or distribution of local foods. • Supporting food recovery efforts. • Managing booking and use of shared facilities (processing kitchens, workshop space, warehousing/storage, etc.). • Coordination of agri-food workshops and events; and/or • **Development of agri-tourism offerings** in the area (e.g. local "Farm Tour Trail" to increase tourist spending on local food)
Governance/ Ownership	• Would require 1 (or more) local organizations to act as umbrella entity to oversee the hired coordinator and their projects. • They could provide office space as part of the arrangement, or it could be a work-from-home agreement.
Operational Model (Revenue Streams)	• **Primary:** Brokerage fee for coordinating aggregation and/or distribution of local food products to retailers, restaurants, etc. • Fee for service (for coordinating booking of shared facilities) • Agri-Tourism component would be indirect revenue stream, and could be funded as an economic development initiative

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Table 4. Continued

Financing/ Start-up	• Would require grants to support 1–3 years to staff + expenses • Capital outlays (software, marketing materials, etc.) could be covered by the same or different organizations • Revenues should reach 50% of expenses in year 3 and fully cover expenses in year 4, for this project to be viable • Must broker $250k/year of food (@ 10% fee) to cover 50% of expenses, (50% covered by local organizations and/or grants) • Figures involved in the financial overview are found in Appendix D
Implementation Stages	Stage 1: Work-from-home coordinator, start-up, 1 year Focus on aggregation, food/farm processing & business growth Stage 2: Central office, 2–5 years, develop agri-tourism projects Collaborate across the Basin (Cranbrook, Creston, etc.)
Collaborative Efforts	• Work with Farm Kitchen in Cranbrook to share and cross-promote resources (refrigerated truck, processing kitchen, workshops) • Connect with Food Hub efforts in the Creston Valley, particularly aggregation/distribution projects • Partner with CV Food Bank to support Food Recovery and local food exposure, (e.g. put unsellable aggregated food to good use)

Analysis & Review

The community met this model with a moderate amount of confidence. There was clear interest in having a Local Food Coordinator, both to manage the Hub and more generally to create cohesion and growth within the CV local food community. However, there was skepticism that a virtual Hub would be able to gain enough traction to create a substantive impact, and uncertain on how it would physically deliver on its offerings (e.g. what facility and logistics would be used to aggregate and deliver the product). There was favorability in the relative ease and low-risk of initiating this model, with a proposal by the Strategists that a truck route could be coordinated by this virtual Hub to collect at existing local food nodes (farms, mid-scale producers, farmers' market, grocers).

Securing local meat as a cornerstone of this project would prove instrumental in reaching scale, not only to efficiently fill a truck and create feasible transportation options, but also to meet sufficient order size to be of interest to mid-size retailers and restaurants in the region. It is noted that such a Hub would have difficult securing any sort of certification—such as HACCP or federal licensing—to facilitate either export to Alberta or supplying to larger grocery chains that require such certification. It would be up to individual growers/producers to self-certify, and track this along the product chain, which could prove to be administratively prohibitive, especially if like products are looking to aggregate (e.g. ground beef from 5 different farms being sold together).

There is merit in exploring this Hub/coordinator role as a partnership, leveraging its benefits to agri-tourism and economic development in the region to attract interest (financial and administrative support) from local government. This would create a blended role, driven both by commerce and social development. A shared office space—in a central/accessible location—could be pursued alongside such a partnership. It is recommended that the CV Community Economic Development Office, in possible partnership with the Chamber of Commerce, is in the best position to engage in this partnership: there is an existing, well-located and connected office space, adjacent to the tourist information desk, and both organizations have a vested interest in local economic development, suggestion that such a partnership could fit their existing mandates.

Overall, the low initial investment makes this model accessible, though the project would need careful planning with specific roles and objectives to ensure that there is 1) sufficient traction to create meaningful socio-economic impact, and 2) a clear role for the coordinator (mitigated 'scope creep') that enables focused delivery of priority projects. Most particularly, the Coordinator, working from a virtual Hub, would need to effectively address to main regional challenge of securing cost-effective logistics for transportation of local products.

Model B: Physical (Brick & Mortar Food Hub)

A physical building full of local food is what comes to mind most often when discussing a Food Hub. This model offers much greater potential than a virtual Hub, in terms of scale, range of services and growth potential; however, with this added potential comes greater risk, most notably in the form of start-up financing required in the range of $500,000 to $1M. There is opportunity to mitigate this risk by locating such a Hub in an existing facility, requiring less capital investment, and being able to rent/lease a space including major equipment.

Main Features

1. Led by local 'champion': Local Food coordinator + broker
2. Physical location for food + people to gather
3. Aggregation, processing, brokerage/sale of local products
4. Network throughout the CV + across the Kootenays/Columbia Basin
5. Could house a variety of equipment, facilities and services

Description of Components

Table 5. Model B Components

Overview	• A physical Food Hub where local food and drink products can be stored, aggregated, sold and/or distributed • This facility would require a viable and suitable location • A dedicated coordinator (staff member) would oversee all operations
Proposed Facilities	• Warehousing facilities with loading dock(s) • Cold, frozen and dry storage • Space for light processing & packing (e.g. chop and freeze fruit) • Packaging equipment, to market value-added products

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Table 6. Continued

Services	The type of services offered requires further analysis, and may include: • Rentable food storage: Cold, dry, and frozen • **Distributor Brokerage**: Purchase products from local producers, aggregate, and sell to retailers, restaurants, etc. • **Transportation Brokerage**: Contract shipping companies to move aggregated product • Rentable processing space: allow food producers to lightly process and/or package their products (value-added) • **Community brand**: Purchase and aggregate local food (e.g. apples from 10 farms); process, package and sell under a unified brand • Processing for **value-added local meat products** (sausage, jerky, etc.)
Governance/ ownership	• Would require 1 (or more) local organizations to act as umbrella entity to lease and manage the facility, and employ the coordinator • A non-profit community, social or government entity is suggested
Operational model (revenue streams)	• Fee for service storage + processing space • Brokerage fees on aggregation (sales) + shipping • Social enterprise: purchase, process, package + sell aggregated product under a CV Food Hub brand
Financing/ start-up	• Would require grants for 2–3 years of operating expenses (wages, utilities @ $80k/year) + start-up costs ($100k equipment) + facility renovation/upgrades (TBD) = $500k est. • **Approximate $2.2M of product per year must be brokered to breakeven (10% brokerage fee, estimate)** • Increased services + co-packing/processing could lower this figure • Figures involved in the financial overview **are found in** Appendix D
Implementation Stages	**Stage 1**: 1–2 years. Aggregate local product (dry, cold, frozen) Make available for sale to local retailers and restaurants **Stage 2**: 2–5 years. Contract aggregated shipping services Increase processing facilities for products (meat, if possible) **Stage 3**: 3–10 years. Develop CV Food Hub brand to process & package aggregated foods for sale + distribution.
Collaborative Efforts	• Work with Farm Kitchen in Cranbrook to share and cross-promote resources (refrigerated truck, processing kitchen, workshops) • **Connect with Food Hub efforts in Creston Valley, pursue co-shipping services and/or co-aggregation efforts to reach scale** • Partner with CV Food Bank to support Food Recovery and local food exposure, e.g. put unsellable aggregated food to good use

Analysis & Review

This model was generally favoured by the community at the Forum, though it was also noted that Model A could be initiated (lower risk) and then transformed into Model B, after the potential for local food aggregation to be profitable is better demonstrated. During the Forum, Rick Tegart plainly noted that "$1.5M to $2M a year is nothing" for local farms to aggregate together, indicating his support for this Hub and lack of concern that the required volume of food might be a barrier. It was noted that many farms turn over $1M+ in revenue per year, and so aggregated product could easily reach minimums. This is important to note, as projected costs (especially for start-up) could be significantly higher if an existing location (structure) is not found. A local food inventory (or a similar component of a Food Hub business plan) could seek to prove this value of food being available from producers with a strong interest in partnering with or using a future CV Food Hub.

Likely the greatest challenges to this model are 1) securing start-up financing, and 2) securing partners to both operate, supply, and purchase from the Hub, particularly in the first years of operation. The Strategists believe there is potential for the CV community to rise to such challenges and realize success in this model, after a full business plan has been completed to better direct and outline the details of such a Hub.

A physical Hub would have the benefits of 1) providing a central drop-off and pick-up location for aggregation and distribution of local products, 2) being able to certify the facility (HACCP, Federal Licensing, Organic, etc.) to enable provincial export and sale to larger retailers that requires certifications. There are limitations on certifying meat, based on the certification class of the local abattoir—and the prohibitive capital cost of becoming federally-certified. This Hub, if implemented, would benefit from engaging with B.C. retailers requiring certification and regulating/government bodies to pursue the maximum feasible certification level that can be attained, or other ways of becoming viable for distribution across the province, and ideally to Alberta, as well.

Summary & Recommendations

The project is considered a strong success. Two Food Hub models were identified and developed, and the community voted to pursue a Columbia Valley Food Hub business plan. The community tasked the Advisory Committee with determining whether they would pursue a hybrid of the two models (virtual, then physical), or one single model. It was generally agreed at the Forum

that a Food Hub ought to have a physical presence to truly be effective and impactful. The Strategist recommendation to secure an 'anchor tenant' —for financial and social stability—was strongly supported by the community. Local meat and value-added meat products were the favored agri-sector to act as a cornerstone for the Food Hub, and this was supported by representatives from the Windermere District Farmers' Institute (WDFI). It was noted by all that the current committee, while well-coordinated, lacks a clear leader or 'champion' to advocate for the Hub, as well as to both manage and secure resources required to develop a business plan.

Figure 1: Invermere Farmers' Market

Strategist Recommendations

The business Strategists at Farm Food Drink Inc. support the community's pursuit of a business plan. We agree that a robust plan is required to outline the potential feasibility of a future Hub, and more specifically, to map out revenue streams, facilities, services, operating structure and location(s). One particular note worth stressing is the imperative that a future, viable Hub be led—financially and operationally—by business rather than by government. While there is certainly a place, and intention, for non-profit/community organizations to support the Hub—such as CV Local Food Matters and the CV Food Bank—it is crucial that there be a demonstrated business case that proves the Hub's likeliness of being profitable and viable, long-term.

Local Agri-Food Inventory

A local agri-food inventory of the CV and potential capacity (market gap analysis) would be a useful addition to a comprehensive plan, demonstrating long-term, commercial sustainability. However, the scope and cost of this project, and the ability to capture meaningful data, should be considered by the Committee. As business Strategists (if we were chosen or choose to work on this project), having this information would lead to a more effective plan that can better demonstrate viability, but we recognize from past experience the difficulty in collecting strong data that can lead to effective conclusions. It can be prohibitive in both time and cost to gather complete data (canvassing all growers/producers and buyers in a region), and so is often not a realistic goal. Nonetheless, surveys and sampling can be conducted to gain a general sense of the production and purchasing capacity of a region.

Part of this inventory could include assessing the interest and potential of local farms/producers to engage in a concerted agri-tourism development effort across the CV, in order to ascertain if this is a viable socio-economic model to pursue. Moreover, this (side) project could include an assessment of the growing capacity/potential of the region, to determine scalability of the Food Hub model. It is noted that the Regional District of Central Kootenay recently completed and co-funded an Agricultural Land Use Survey in 2017, partnering with the BC Ministry of Agriculture, which suggests that the R.D.E.K might support a similar project in the Columbia Valley.

If pursued as part of a business plan, we recommend the local food inventory/gap analysis should be constrained in scope (providing broad information and guidance), or that a more robust agri-food inventory could be completed as a stand-alone project. To be clear, it is *not* recommended that the development of a Food Hub business plan be delayed in order to first complete a local food inventory. In the experience of the Strategists, it can be difficult to secure reliable information that accurately depicts the production and consumption of food within a local area. This is not to suggest the effort does not have merit, but rather that a gap assessment should not be seen as final or necessary to the completion of a successful business plan.

B.C. Food Hub Network

The B.C. Food Hub Network is a province-wide initiative spearheaded by the Ministry of Agriculture, that plans to initiate substantial development of Food Hub projects across the province over the next few years. The Strategists have been following these developed (including direct involvement in specific projects) and has incorporated any relevant learnings into the recommendations and analysis of this report. The CVCED Officer will be participating in a Columbia Basin Food Hub conversation, to better understand the plans and challenges of the other nearby Food Hub groups.

Possible Locations & Partnerships

It has been proposed the Windermere District Farmers' Institute (WDFI) land could be a suitable site, and that such a Hub could be paired with existing abattoir, making use of existing land, possible shared (cold) storage, and have a single main transportation node for local meat and food of all kinds. While this would require new building, putting start-up in the realm of $1M, the community achieved great success in funding the abattoir (approx. $600,000); a physical Food Hub with meat as an anchor tenant has the potential to fully leverage the capacity of the abattoir, especially in terms of value added meat products (sausages, cured meats, etc.).

Other locations have been mentioned during community engagement sessions—such as a former grocery store/market with some useful infrastructure—but have not been spoken to by their owners/managers to the extent that they can currently be proposed as possible sites. It is noted that creating the Hub in an existing location would certainly reduce the upfront cost; however, this would also constrain the size and scope of the facility. It could be most advantageous to secure sufficient partnerships to merit construction of a new facility, that specifically suits the equipment and facility needs identified in a future business plan and considers ability to expand scale and scope over 10–20+ years. One route could be to initiate the Hub as a virtual project, in order to engage a central food coordinator and community buy-in, and then leverage the momentum created after 1–2 years to beginning raising capital for construction of a Food Hub facility.

It was discussed during the Forum that there is greater merit in partnering with existing food retailers than with starting up a new shop (this idea of a 100% local shop received interest during the local food survey). Given the population in the CV, the opportunity to operate a new food retail venture is low at this time. However, it is noted that AG Valley Foods (in particular) has strong interest in featuring local foods in its store and could form a great partner. **It would be worth pursuing, in the business plan, the type and quantity of local food Ag Valley Foods would be willing to purchase.** This could form a distribution anchor, especially in the first years of the Hub's operation, which would significantly ease the logistics, versus the option of to multiple small clients within (and outside) the CV.

Recommended Next Steps

First and foremost, it is essential that the Committee convene after review of this report to: **1) confirm the intent** to proceed to a business plan, **2) elect a leader to direct** that project, **3) determine if and how a local food gap assessment will be conducted** (as part of the business plan or separately though in tandem), and **4) create a plan for securing funding** to accomplish the above (a business plan).

Columbia Basin Trust is noted as a prospective funding partner, with an expressed interest in supporting viable projects that seek to develop and enhance the local food system within the Basin; however, this is not a guarantee of funding and a clear proposal would be required, naming confirmed partners to add security to the project. Local government and non-profit entities (such as Columbia Valley Food and Farm, and the local Food Bank) would be worth securing as partners, whether they would be offering financial support, personnel resources, or other forms of support. Lastly, a secured letter of intent to partner from the WDFI is a recommended imperative to facilitate inclusion of the local meat industry/abattoir as a key pillar of the Food Hub business plan. Other organizations (local tourism, food bank, etc.) would be prudent to contact while developing a proposal for the business plan, to determine interest in partnering to create a social component to the Hub (such as food recovery, agri-tourism offerings, etc.).

It is clear that there is strong engagement and interest from various facets of the CV local food community. Leveraging this momentum would be instrumental in the successful development of a CV Food Hub business plan within the next 6–9 months.

Appendices

Appendix A: Food Hub Models Nov. 13 Shortlist Material

This Appendix outlines a shortlist of potential Food Hub models for the Advisory Committee to discuss at their meeting on November 13, 2019. The goal is to select 2 or 3 of the models outlined below and recommend them to the Farm Food Drink team for further development (feasibility outline). At the following Committee Meeting, an outline of the proposed 2–3 feasibility models will be presented, discussed, and amended (if necessary), before substantive work is draft and presented to the local community for discussion and feedback in January 2020.

Note that the models proposed are not "fixed"; the Committee my select a given model(s), while stating that they wish to add and/or remove certain proposed elements.

Elements to Include within Any Hub Model

Within any of the models presented below, the following can be included. Once the top 2–3 models are selected, the proposed outline for feasibility development could name any of the below items for consideration.

Anchor Tenants: An anchor tenant can be any business, organization/society, or professional service provider who would like to partner with a (prospective) Food Hub by agreeing to lease a certain amount of space. The goal is to reduce operating expenses and secure guaranteed income to improve the financial viability of the Hub, while providing mutual benefit to other tenants and service users. Securing multiple anchor tenants could be advantageous for any of the models outlined below.

Workshop & Training Space: In order to receive Ministry funding, most Hub proposals are required to include space for workshops and training (such as food business planning workshops or community food project meetings). This would include desk/meeting space as well as associated AV equipment to host presentations and speakers.

Professional Services (BBA, Ag. Min., etc.): Existing professional services, such as the Basin Business Advisors farm program, Young Agrarians, EK Employment, or local CV farm/food collectives could be solicited to move their HQ (or 1 staff member) to be located at the Hub. This could also include a professional service provided (food scientist, marketing specialist and/or business strategist). This may overlap with anchor tenants.

Shortlist of Proposed Models

Model 1: Aggregation & Distribution Hub

Table 7. Model 1

Facilities	Storage (frozen, cooler and dry), certified kitchen for light processing (chop & freeze, canning). Loading bay/warehousing facilities for shipping and receiving pallets.
Services	Aggregation and distribution of similar product(s) could either purchase food from producers to aggregate and sell or offer storage space for producers to sell their own brand(s). Aggregate local products to reach scale to serve larger restaurants, grocery stores, and/or institutional facilities.
Governance/Ownership	Non-profit/community organization.
Financing/Start-up	Would require significant grants for capital (government and other non-profit grants).
Operational Model	Operating costs and upkeep covered by operating revenue, from renting storage space and/or mark-up on aggregated produce/products that are resold.

Model 2: Feed Columbia Valley/East Kootenays

Table 8. Model 2

Facilities	Processing kitchen & cold/dry storage. Local market/café frontage (option).
Services	Received and re-distribute recovered food from local grocers and producers. Offer recovered food to food banks/those in need, and process viable foods into products for sale. Partner with ongoing programs to offer employment to youth at risk, people with disabilities, or other programs through e.g. Work B.C. to train them in food processing/production. Offer compost to local farmers.
Governance/Ownership	Non-profit society/community organization. Could have a private partner, e.g. a local entrepreneur who purchases recovered food and sells it as a business venture.
Financing/Start-up	Largely grants, as a community service driven entity. A private partner could private investment, as well.
Operational Model	Would rely on grants via food recovery. As well, there would be a goal of having the processing kitchen and staff funded by sales of processed/upcycled product.

Model 3: Processing Kitchen Partnership

Table 9. Model 3

Facilities	Full-scale processing facility, with cold/frozen storage, and extensive equipment for baking, canning, vacuum packing, etc.
Services	Rentable certified kitchen space and associated storage. Could partner with a non-profit and/or publicly funded program (e.g. BC Works) to provide food production skills & training to the under/unemployed.
Governance/Ownership	Partnership between an established local processor + a local non-profit society and/or for-profit social enterprise.
Financing/Start-up	Joint between established processor and community kitchen society, based on amount of space shared. May be supported by grants for agri-innovation.
Operational Model	Established processor operates their business, with lower fixed and variable costs due to shared facility. Rental kitchen revenue covers fixed + variable costs.

Model 4: Hybrid

Table 10. Model 4

Facilities	Cold/dry/frozen storage, warehousing, processing kitchen.
Services	Aggregation and distribution of product, receiving of recovered food, rentable commercial kitchen space. Could have market/café attached (or partner with existing).
Governance/Ownership	Could be all non-profit/community org., or public-private partnership.
Financing/Start-up	Mostly granting through agri-innovation & development organizations/gov't.
Operational Model	Initial capital costs need to be funded. Upkeep + operating expenses to be covered by service fees. Could be ongoing grants to support food recovery et al programs.

Overview of Model Categories

Services/Facilities

These were discussed extensively during the Community Food Hub Readiness Assessment. Aggregation and distribution were consistently identified as the top needs. Processor support (such as a commercial incubation kitchen or rentable space) was also identified; however, it is recognized that a strong facility exists in Cranbrook, currently underutilized by processors/businesses, and so it is unclear that such a facility would be fully utilized if built in the CV. Many processors/producers feel they have production handled privately but need support for aggregation and distribution.

There was a general desire to "feed the basin" and participate in food recovery and food security projects through the Hub. This led to a related tension of how to balance the desire for scale-up, growth and expansion/distribution while also seeking to saturate the local market with local food. Innovation, research and related services were not frequently named or identified as a priority compared to the above services and facilities.

Ownership Models

There was a strong desire in the community to develop partnerships to create and operate the Hub. In the West Kootenay Readiness Session, a model was identified whereby a larger private processor/producer would co-own/operate a facility. For example, 50% of the production and storage space (cold, frozen, and dry) might be privately utilized while the remaining 50% was made available for smaller producers, societies and/or collectives. The benefits of this model are both decreased risk to private and public parties, as well as reduced capital and operating costs due to the facility being shared. It would require a “champion” entrepreneur (or perhaps 2 or 3) to spearhead development and would make the facility more appealing to funding organizations, as the private component would add a degree of viability. Community service organizations/activities (such as food recovery) could operate in a portion of the facility.

Generally, there is not a viable model that is strictly private/for-profit, especially in serving the greatest need of aggregation and distribution support. Moreover, no viable organizations/candidates were identified who could support this. Social/non-profit societies were identified who might operate, singly or jointly, a Food Hub facility. If the facility were to have a clear revenue model (facility rental for aggregation, distribution, process kitchen), it is possible for a for-profit model to operate. However, demand in the local area would need to be demonstrated first.

In any case, most Hubs will need grant support for capital costs and the Hub’s operation would aim to be profit-neutral (or slightly profitable). The Hub’s operation may or may not need to (re)cover capital expenses, depending on how it is initially funded.

Possible Models, Combinations of Ownership & Services/Facilities

Table 11. Possible Models Breakdown

Functions / Ownership	Aggregation & Distribution	Production Kitchen/Value-Added	Community Service (Food Recovery, etc.)	Innovation/ Research
Private/for-profit	Not named, but possible option	Possible, but not highly ranked	Not a viable model	Not identified as a need or desire
Public/non-profit	Most highlight identified as need & opportunity	Already exists in Cranbrook. Unclear if needed in in CV	Viable model	
Hybrid/ Partnership		Possible, through a partnership w/ FarmKitchen and others	Combine community services with for-profit business activities for mutual benefit	

Background, Food Hub Readiness Discussion & Interviews

The following comments from the Food Hub community session in Invermere, June 2019, were most relevant in determining the proposed Food Hub models above.

Round Table Discussion (entire group)

- Competing directions: feed ourselves/feed CV vs. business goals for distribution & scale-up
- Both growers/producers and processors required to work together to achieve scale to create any kind of viable Hub
- Keen to use "Hub and spoke" model, partner w/ existing services from Revelstoke to Cranbrook, rather than creating anything new, link them together somehow
- Balance between collaborative scale-up and micro-scale/small-scale producers that are the majority (particularly in Golden but also throughout CV and Revelstoke)
- How to connect North Basin (Golden/Revelstoke) with action focused in CV area?
- Distribution/logistics remain biggest barrier and opportunity for all players and scales

Break-out Discussion: Food Hub Modeling

Following the round table discussion, participants discussed the 4 following questions.

1. What services and facilities would you see at your ideal Food Hub?
2. What land, building and/or location would suit its needs?
3. What opportunities exist for collaboration?
4. What is your vision for an East Kootenay Food Hub?

Highlights from the break-out discussion are listed below, while a full list of discussion points can be found in Appendix D of the AIRA Summary Report from July 2019.

Services & Facilities

- Aggregation and distribution (frozen, cold, dry)
    - Logistics support
    - Software?
- More access to commercial kitchen space for micro-processors is essential
- Aggregation/distribution needs to be centralized for scale
- Some desire for storefront/market

Location & Building

- Good highway access
- #1 = WDFI location, #2 = old gas station
- Must already have distribution/aggregation capacity
- Getting products TO market = top priority
    - Distribution vs. processing focus
- Produce Local/Eat Local
- Cranbrook as node/location option

COLLABORATION OPPORTUNITIES

- General consensus to collaborate as much as possible
- Local orgs (CV Chamber, CV Farm/Food, WFDI,) and also education inst., Community Futures, Interior Health
- Leverage access to students and training via education etc. institutions

VISION

- "The Silicon Valley of food systems"
  - All services, support incubations
  - Incl. access to affordable land
- Address economic development and food security simultaneously
- Deliver healthy, efficient food in a timely manner
  - Make use of existing infrastructure
  - Replication of FarmKitchen model
- Mix of marketing and technical services
  - Columbia Basin model/network

Identified During Interviews

Requirements for a viable Food Hub

Requirements identified by all three groups of interviewees are:

- Transportation and distribution are a key barrier and growth opportunity
- Collaboration is a key growth opportunity
- Other top needs/growth opportunities: marketing and market access; connection and collaboration amongst Basin businesses
- Network would help Basin's predominantly small-scale businesses achieve economies of scale
- Marketing based on a Kootenay brand would be beneficial, while retaining individual identity
- Hubs to provide aggregation/distribution need to accommodate large trucks
- Hubs need federal approvals to enable export
- A Basin industry association tied to the network would be beneficial

Requirements identified uniquely in CV interviews are:

- Getting product in and out of CV is a huge, costly challenge

Barriers to the development of a Hub

- The majority of those interviewed identified high costs and low population as big challenges
- None of the interviews identified a clear leader or champion in the creation of a Hub

Barriers identified uniquely in CV interviews are:

- Many details to be clarified before the project can move forward:
  - Who or what will determine participants in the network?
  - What criteria will be developed and by whom?
  - What entity will link the three Hubs and other services in the AICN Network?

Resources to support the development of a Hub

- Kootenay Association of Science and Technology (KAST) is motivated to be a Network partner
- Organizations such as the BC Food Processors Association and the Small Scale Food Processor Association were identified as helpful resources
- Collaboration is a key ingredient for a more prosperous food economy in the Basin
- The community element that will allow a successful Basin-wide network is already widely in place

Resources identified uniquely in CV interviews are:

- Kootenay Employment Services (KES), Columbia Valley Food & Farm (formerly Slow Food Columbia Valley), Windermere District Farmers Institute and several local businesses are likely participants in a Hub, though with widely different offerings and needs
- KES could serve as a mechanism to link Creston and Invermere Hubs

Appendix B: Food Hub Model Outline Review

Dec. 2, 2020 Meeting Materials

This Appendix describes 2 Food Hub models selected for further development, and proposes an outline for the investigation of these 2 models:

Model 1: Aggregation & Distribution

Table 12. Model 1 Aggregation & Distribution

Proposed Facilities	• Storage: frozen, cooler and dry • Certified kitchen for light processing (chop, freeze, can). • Warehouse for aggregating & distributing local products
Services	Aggregate local products to reach scale to serve larger clients
Governance/Ownership	Non-profit/community organization.
Financing/Start-up	Would require significant grants for capital (apply to gov't, CBT, etc.).
Operational Model	Fee for service(s) to maintain operating costs + upkeep

Model Approaches/Considerations

- Apply WavePoint report on Basin Food Transportation to the CV
- Leverage/network existing opportunities & upcoming projects
- Explore potential for central (brick & mortar) vs. decentralized model
- Aggregation/distribution heavily prioritized (other services not explored in detail)

Model 2: Hybrid Hub with Staged Implementation

Table 13. Model 2 Hybrid Hub

Facilities	• Cold/dry/frozen storage • Warehousing/shipping terminal • Networking/office/educational space
Services	• Aggregation and distribution of product • Food Recovery, other social services • Market/café (adjacent or close partner) • Education & Tourism connections • Network w/ existing processing kitchens
Governance/Ownership	• Non-profit/community organization
Financing/Start-up	• Largely grant funded, could have partner(s)
Operational Model	• Initial capital costs need to be funded (grants?) • Fee for services: upkeep & operating expenses • Ongoing grants to support social programs

Model Approaches/Considerations

- Model will be broader scope than aggregation/distribution Hub
- Considers multiple potential services/facilities
- Determines best order to stage implementation
- Proposes extensive networking between existing facilities & services/providers
    - Throughout the CV, and
    - Between Basin communities (Cranbrook, Creston, etc.)

Proposed Outline for Model Exploration

Outline Common to Both Models

1) Overview of Model + Goals
    a) Description of model
    b) Key targets & drivers
2) Background
    a) Demonstrated Need (Feasibility Study, Readiness Assessment, Basin Forums, Interviews)
    b) Related projects across the Basin/Province
3) Exploration of Potential Hub location(s)
    a) Centralized Location: outline feasible site locations & capacity
    b) Decentralized Approach: Name and map partner facilities
4) Financial feasibility
    a) Start-up funding & potential partners
    b) Operating/revenue model
5) Ownership & governance
6) Overall recommendations & next steps for development

Aggregation & Distribution Model Components

7) Assess Readiness
   Determine if there is capacity for a stand-alone distribution facility and/or a node in a Basin transportation route
   a) Survey of local production capacity
   b) Survey of local purchasing capacity
8) Implementation & Logistics
   Outline how local food/drink products could be effectively aggregated & distributed
   a) WavePoint Basin transportation study analysis & application
   b) CV Storage & transportation needs
   c) Proposed transportation/distribution approach
      i) Partnership with other BC/Basin organizations

Hybrid Model Components

9) Specification of services and facilities
   a) Facilities: space, equipment, infrastructure
   b) Services: description, capacity, partner organizations
      i) Aggregation & Distribution
      ii) Food Recovery/Upcycling/Social Services
      iii) Educational & Professional Services
      iv) Eco-Tourism Connection
      v) Retail Market/Cafe
10) Networking & Collaboration Opportunities
   For the Hybrid Model, existing services and facilities would be leveraged and interconnected to form a decentralized Hub, which may or may not have a central facility/office location
   a) Local (CV)
   b) Regional (Columbia Basin)
   c) Provincial and/or Alberta
11) Proposed implementation timeline & stages
   a) Prioritization of facilities
   b) Prioritization of services

Appendix C: CV Food Hub Survey Analysis

Overview

The purpose of the Columbia Valley Food Hub Survey was to explore the potential for a Food Hub (e.g., such as a facility to aggregate and distribute local food) to come to fruition within the CV and to, accordingly, assist the local Food Hub Advisory Committee to explore the specific needs local food producers, processors, and organizations would require when accessing a Foods Hubs.

Overall, survey respondents identified that in order for them to meet their business/ organizational goals and for the region to have a sustainable and profitable local food sector, investment/support priorities include (1) a local market/shop featuring exclusively local food products; (2) better access to local food for those who are in need; (3) investment into the agri-tourism sector (food/beverage /culinary); and (4) development of collective aggregation and distribution (refrigerated & frozen).

Highlights

The survey results indicate the following trends/results:

1. Primary and secondary food producers, along with local food organizations and advocates what to see the expansion of the CV local food economy inclusive of increased profitability for producers, increased visibility of and access to local food at retailers, and increased collaboration/integration of the local food economy across diverse sectors (e.g., tourism and health).
2. Individual survey participants felt that the development of (1) a local market/shop featuring exclusively local food products; (2) the region's agri-tourism sector; and (3) a collective aggregation and distribution (refrigerated and frozen) will best assist them to reach their food-business/organizational goals over the next 2-5 years.
3. As a collective, the survey participants identified that the sustainability and profitability of the CV food system will be best supported through the development of (1) a local market/shop featuring exclusively local food products; (2) better access to local food for those who are in need; and (3) agri-tourism.
4. The investment/support priorities identified differ between food business types, and between the business community and organizational communities.
5. A significant percentage of survey respondents identified "better access to local food for those who are in need" as an investment/support priority. However, it was not clear, from an operational perspective, why this need ranked higher than the need for collective aggregation, value-added processing supports, certified kitchen space, among others. A follow-up question at the February 4th meeting is advised.
6. Despite a shared vision to see a successful CV food system, perspectives differ on the future of the local food sector as they relate to trade, with some survey participants interested in supporting the local food economy for local food consumption/procurement and others interesting in supporting both local food for local consumption and regional trade (e.g., to Alberta).
7. There exist unique visions in the CV around the idea of "sustainable economic growth", with some survey participants interested in seeing "slow" or "moderate" growth. There also exists tensions between the need for food businesses to make a viable living and for these food businesses to balance out consumer concerns around the rising cost of food.

Results

The total sample size for this survey was n=37.

Participant Profile

Survey participants represented primary food producers (35.1%), restaurant/café owners/operators (32.4%), food retailers (24.3%), community organizations (21.6%), farmers' markets (21.6%), value-added food processors (18.92%), and food associations (16.2%). A limited number of survey participants identified as being engaged with the local food sector through their government (8.1%) or research (8.1%) roles, and zero survey participants identified as being engaged with the local food sector through an emergency food organization, food policy council, health authority/services, or faith-based program/services.

55.1% of survey participants identified one primary role within the CV's food system, such as a food producer or owner of a restaurant/café.

45.9% of survey participants identified having multiple roles within the CV's food system. These multiple roles reflect their businesses' vertical integration within the sector, such as operating a farm, a value-added food operation, and a food retail outlet, or their ties to both the food business and non-profit communities, such as operating a value-added business and volunteering or serving as a member of a local food organization/association.

The primary food producers who participated in the survey represent small to medium-sized operators of vegetables, fruit, flowers, herbs (medicinal and culinary) honey, meat and poultry, and eggs. Some operators are certified organic and/or practice ecological methods of production.

The value-added processors who participated in the survey produce a mix of baked goods, confectionery, condiments, dried/preserved meats, and dried fruits.

The food retailers and restaurant/café owner/operators who participated in the survey share a common goal of supporting the local food and beverage sector. However, restaurant/café owner/operators also aspire to host more/new cooking classes and educational workshops geared towards increasing consumer knowledge of local food.

Several of the community organizations/members who participated in this survey self-identified as "local food advocates" and wish to see more local food produced, distributed, and consumed within the CV.

Where participants hope their business/organization will be in the next 2 to 5 years

45.9% of survey participants, including primary food producers, value-added processors, restaurants/cafés, and community organizations (those that operate a food-based social enterprise) want to see their operation expand in terms of production (volume and product diversity), customer/client base, distribution (wholesale/retail within and outside the CV), and overall sales. Interestingly, 8.1% of these participants identified that they strive for "slow", "steady", or "moderate" growth and one retailer expressed an interest in continuing to retail "affordable" groceries—trends that suggest there are unique visions in the CV around the idea of sustainable economic growth as well as tensions between the need for primary/secondary food producers to make a viable living and for producers/retailers to balance out consumer concerns around the rising cost of food.

10.1% of survey participants, specifically those that identified as "local food advocates" what to see more local food production/consumption/services in the CV and/or a local food retail outlet.

Other business/organizational goals that participants identified include greater collaboration across the food system between stakeholders, developing curriculum on sustainable food and supply chains, driving agri-tourism (e.g., increase agri-tourism in general and to use agri-tourism as a way to drive tourism overall such as increase hotel traffic), supporting institutional procurement (e.g., hospital), and seeing community food associations/organizations becoming financially sustainable, more accessible, and recognized as a key element in the local food system.

The resources, infrastructure, facilities and/or services required to support CV food businesses and organizations to achieve the above goals

The data indicates that the priority investments/supports required to assist individual CV food producers and organizations include:

1. A local market/shop featuring exclusively local food products (51.3% of survey participants identified this as "very important")
2. Agri-tourism (48.6% of survey participants identified this as "very important")
3. Better access to local food for those who are in need (43.2% of survey participants identified this as "very important")

The priorities identified differ between the business and community stakeholders. For example, the business community prioritized (1) a local market/shop featuring exclusively local food; (2) agri-tourism; and (3) collective aggregation & distribution (refrigerated & frozen). Conversely, the community stakeholders prioritized (1) agri-tourism; (2) better access to local food for those who are in need; and (3) a local market/shop featuring exclusively local food.

As well, priorities also differed between the types of food businesses, reflective of the diverse demands/needs of each food businesses' niche(s) in the food sector.

Table 14. Investment/Support Priorities by Business Type

Primary food producers	Value-added producers	Food retailers	Restaurants/cafés	Farmers' Markets
A local market/shop featuring exclusively local food	A local market/shop featuring exclusively local food	Collective aggregation and distribution (refrigerated & frozen)	Collective aggregation and distribution (refrigerated & frozen)	A local market/shop featuring exclusively local food
Better access to local food for those who are in need	Agri-tourism	A local market/shop featuring exclusively local food	Agri-tourism	Better access to local food for those who are in need
Collective aggregation and distribution (refrigerated & frozen)	Education services/community space	Better access to local food for those who are in need	A local market/shop featuring exclusively local food	Agri-tourism

However, when the responses to question 4 were aggregated (See Appendix C for the survey question and original results), with the "not important" and "a little important" responses merged and the "important" and "very important" responses merged, the results indicate a shift in priorities as they relate to the individual needs of the businesses/organizations who participated in the survey.

The revised priorities include:

1. A local market/shop featuring exclusively local food products (70.2% of survey participants identified this as "important" or "very important")
2. Agri-tourism (e.g., "Farm Tour Trail") (67.5% of survey participants identified this as "important" or "very important")
3. Collective aggregation & distribution (refrigerated & frozen) (64.8% of survey participants identified this as "important" or "very important")
4. Better access to local food for those who are in need (62.1% of survey participants identified this as "important" or "very important")

The resources, infrastructure, facilities and/or services required to support a sustainable and profitable food system in the CV

The data indicates that the priority resources required to support a sustainable and profitable food system in the CV include:

1. Better access to local food for those who are in need (54.0% of survey participants identified this as "very important")
2. A local market/shop featuring exclusively local food products (54.0% of survey participants identified this as "very important")
3. Agri-tourism (51.3% of survey participants identified this as "very important")

The priorities identified differ between the business and community stakeholders. For example, the business community prioritized (1) a local market/shop featuring exclusively local food; (2) better access to local food for those who are in need; and (3) agri-tourism. Conversely, the community stakeholders prioritized (1) better access to local food for those who are in need; (2) collective aggregation and distribution (refrigerated & frozen); and (3) a local market/shop featuring exclusively local food.

As well, priorities also differed between the types of food businesses, reflective of the diverse demands/needs of each food businesses' niches in the food sector.

Table 15. Investment/Support Priorities by Business Type

Primary food producers	Value-added producers	Food retailers	Restaurants/ cafés	Farmers' Markets
A local market/shop featuring exclusively local food	Better access to local food for those who are in need	Better access to local food for those who are in need	Food recovery	Better access to local food for those who are in need
Collective aggregation and distribution (non-refrigerated)	Educational services	Educational services	Better access to local food for those who are in need	A local market/shop featuring exclusively local food
Better access to local food for those who are in need	Agri-tourism	Collective aggregation and distribution (non-refrigerated)	Agri-tourism	Collective aggregation and distribution (non-refrigerated)

However, when the responses to question 5 were aggregated (See Appendix C for the survey question and original results), with the “not important” and “a little important” responses merged and the “important” and “very important” responses merged, the results indicate a shift in priorities as they relate to the investments/supports needed to foster a sustainable and profitable CV food system.

The revised priorities include:

1. Better access to local food for those who are in need (78.3% of survey participants identified this as “important” or “very important”)
2. Collective aggregation & distribution (refrigerated & frozen) (77.7% of survey participants identified this as “important” or “very important”)
3. Collective aggregation & distribution (non-refrigerated) (75.0% of survey participants identified this as “important” or “very important”)[1]

It is of interest to note that “better access to local food for those who are in need” presented itself as a common priority both in regard to the resources survey participants felt are needed to support the future of their business/organization and in regard to what is needed to support a sustainable and profitable food system. This is a perplexing result given that the goal of a Food Hub, whether structured as a for-profit/not-for-profit business or co-operative will need to be financially independent (unless operated as a co-operative with access to grant/funding). Although nothing precludes a Food Hub from engaging in food recovery or in donating food to emergency food providers and those in need, the fact that this variable ranked higher than the need for collective aggregation, value-added processing supports, certified kitchen space, and at times agri-tourism, the need for a local food market/store, and collective aggregation (whether refrigerated/frozen or not), is a result that will require contextualization and follow-up.

Although the survey data cannot define why survey participants placed such significance on this need, a few assumptions emerged during analysis:

1. Participants only read the first part of the sentence (better access to local food) meaning they interpreted the question as one about increasing opportunities for local food to be sold at local markets/retailers/wholesales /restaurants/cafés/institutions.
2. Food businesses see selling directly to emergency food providers as a source of revenue and as a way of ensuring all local residents have access to local food.
3. Food businesses see donating directly to emergency food providers and those in need as part of their social responsibility to their community.
4. Food businesses see donating surplus produce or recovered food direct to emergency food providers and those in need as part of their environmental mandate/commitment; or
5. The results indicate concerns of food insecurity within the CV are a region-wide priority amongst all food stakeholders.

[1] A local market/shop, agri-tourism, and services to create & package certified value-added meat products ranked closely behind collective aggregation.

Other items needed to support a thriving local food system in the CV (ranked in descending order).

1. Develop a Food Hub
2. Increase collaboration/communication between food systems stakeholders
3. Increase the visibility of local food through promotions
4. Create more food education/food literacy services and opportunities
5. Develop a regional tourism/agri-tourism strategy
6. Increase sales of local food and retail outlets that cater to local food
7. Government support for the local food system and its stakeholders
8. Increase food producers/entrepreneurs
9. More competitive food prices
10. Develop affordable transportation system for food sector

Methodology

Survey Distribution: In consultation with the Local Food Hub Advisory Committee, the survey was developed by Farm|Food|Drink. This 10-minute survey was hosted online via SurveyMonkey and responses were collected through a web link that was distributed via email. Responses were collected between January 13 and January 27, 2020.

Sampling: The survey was distrusted, by the Food Hub Advisory Committee, to personal contacts as well as mailing lists representing individuals with an active stake in the local food community: business owner/operators, farmers, active local food advocates (currently employed or volunteering with relevant community organizations), retailers and/or supporting organizations (education organizations, economic development, etc.). The survey was *not* targeted to local food consumers unless they were also engaged in the kind of work identified above.

Sample Size: 38 participants completed the survey. However, one respondents' data was removed as they did not represent a food systems stakeholder in the CV. The total sample size for this survey was n=37.

Limitation: The sample size (n) of this survey is small. For example, 13 primary producers participated in this survey. However, according to the 2016 census, 348 farms were in operation within the Regional District of East Kootenay. Accordingly, the sample of primary producers who participated in this survey represents <4% of the farm population within the regional district.

Given this, the results and recommendations should be utilized to inform, not determine decisions.

Reference

Province of BC. (2016). Agriculture in Brief: Regional District of East Kootenay 2016. Retrieved from https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/agriculture-and-seafood/statistics/census/census-2016/aginbrief_2016_east_kootenay.pdf

Question Response Summaries

1. What is your role(s) in the Columbia Valley food system?

(Respondent Count: 37; Skipped: 0)

Primary food producer (e.g., farmers, ranchers, growers, etc.)	35.14%
Restaurant/café	32.43%
Food retailer (e.g., grocery stores, independent stores, farmers' markets, etc.)	24.32%
Community organization(s) (e.g., registered non-profit or charitable organizations that run community food programs such as cooking classes or gardening projects, or whose programs have a food component)	21.62%
Farmers' market	21.62%
Value-added food processor (e.g., baked goods, preserved foods, cheeses, etc.)	18.92%
Food association (e.g., agricultural or processor associations that serve a membership)	16.22%
Food network or coalition	8.11%
Government (e.g., local, regional, provincial, or national)	8.11%
Other • Disqualified response • Non-profit business support organization • Food education	5.41%
Research (e.g., university or private sector)	5.41%
Emergency food organization(s) (e.g., registered non-profit or charitable organizations that run meal programs or food banks)	0.00%
Food policy council	0.00%
Health authority/services	0.00%
Faith-based programs/services	0.00%
Do not know/I do not work or volunteer in my local food system	0.00%

2. Please describe your role(s) in the Columbia Valley's food system. What specifically do you and/or your organization(s) offer (services, products, etc.), and what motivates you to undertake this/these role(s) in this food system?

(Respondent Count: 37; Skipped: 1)

Data not reported here to protect identity/anonymity of survey participants. A general overview of the participants industries is outlined on page 1-2.

3. Where would you like to see you/your food business or organization in the next 2-5 years? In other words, what are your goals for the future of you/your food business or organization?

(Respondent Count: 36; Skipped: 2)

Expand business/distribution/sales/client base	55.55%
See more local food production/consumption/services	11.11%
Address food waste	2.77%
Develop curriculum focused on sustainable food	2.77%
Develop market niche for produce that is affordable	2.77%
Drive tourism	2.77%
Food Hub	2.77%
For organization/activities to be self-sustaining	2.77%
Grow farmers'/gardeners' market	2.77%
More collaboration in food system	2.77%
Retail affordable groceries	2.77%
See greenhouse/garden become an accessible educational Hub	2.77%
Survive	2.77%
To be recognized as an integral part of the food system	2.77%

4. Using a scale of 1 (not important) to 5 (very important), please rate what resources, infrastructure, facilities and/or services would support you/your food business or organization to achieve these goals?

(Respondent Count: 38; Skipped: 0)

	1 (Not Important)	2	3 (Somewhat Important)	4	5 (Very Important)	No Opinion
Collective aggregation & distribution (refrigerated & frozen)	21.62%	0.00%	10.81%	27.03%	37.84%	2.70%
A local market/shop featuring exclusively local products (e.g. 100-mile diet)	8.11%	8.11%	13.51%	18.92%	51.35%	0.00%
Collective aggregation & distribution (non-refrigerated)	16.22%	0.00%	24.32%	18.92%	35.14%	5.41%
More certified processing kitchen space (for making value-added products)	27.03%	2.70%	21.62%	18.92%	29.73%	0.00%
Better access to local foods for those who are in need	16.22%	2.70%	18.92%	18.92%	43.24%	0.00%
Agri-tourism (e.g. "Farm Tour Trail" that connects local farms, producers, shops)	2.70%	5.41%	24.32%	18.92%	48.65%	0.00%
Education services (agricultural, business strategy, marketing	5.41%	8.11%	32.43%	21.62%	32.43%	0.00%

skills, etc.)						

Continued next page

	1 (Not Important)	2	3 (Somewhat Important)	4	5 (Very Important)	No Opinion
Services to create & pack certified value-added meat products (cut & wrap, jerky, sausage, etc.)	24.32%	5.41%	27.03%	16.22%	24.32%	2.70%
Food recovery (gathering unsellable food from farms, stores, etc., and re-distributing it throughout the local food system)	16.22%	8.11%	13.51%	16.22%	40.54%	5.41%
Better access/scheduling to certified processing kitchens	27.03%	5.41%	21.62%	21.62%	21.62%	2.70%
Community space to gather, network, host food-related workshops & events	18.92%	5.41%	24.32%	16.22%	35.14%	0.00%

5. Using a scale of 1 (not important) to 5 (very important), please rate what resources, infrastructure, facilities, and/or services would support a sustainable and profitable food system in the Columbia Valley?

(Respondent Count: 38; Skipped: 0)

	1 (Not Important)	2	3 (Somewhat Important)	4	5 (Very Important)	No Opinion
Collective aggregation & distribution (non-refrigerated)	8.33%	0.00%	13.89%	36.11%	38.89%	2.78%
Collective aggregation & distribution (refrigerated & frozen)	11.11%	0.00%	8.33%	30.56%	47.22%	2.78%
Food recovery (gathering unsellable food from farms, stores, etc., and re-distributing it throughout the local food system)	10.81%	5.41%	18.92%	16.22%	45.95%	2.70%
Better access to local foods for those who are in need	8.11%	0.00%	13.51%	24.32%	54.05%	0.00%
Educational services (agricultural, business strategy, marketing skills, etc.)	5.41%	5.41%	32.43%	21.62%	35.14%	0.00%
Agri-tourism (e.g. a "Farm Tour Trail" that connects local farms, producers, shops)	2.70%	2.70%	21.62%	21.62%	51.35%	0.00%

Continued Next Page

A local market/shop featuring exclusively local products (e.g., 100-mile diet)	8.11%	2.70%	16.22%	18.92%	54.05%	0.00%
More certified processing kitchen space (for making value-added products)	11.11%	2.78%	25.00%	22.22%	36.11%	2.78%
Better access/scheduling to certified processing kitchens	8.33%	8.33%	27.78%	27.78%	22.22%	5.56%
Services to create & pack certified value-added meat products (cut & wrap, jerky, sausage, etc.)	8.33%	0.00%	13.89%	38.89%	33.33%	5.56%
Community space to gather, network, host food-related workshops & events	10.81%	8.11%	35.14%	16.22%	29.73%	0.00%

6. In 1 sentence, can you describe what else you think is needed to support a thriving local food system in the Columbia Valley?

(Respondent Count: 30; Skipped: 10)

Develop a Food Hub	20.00%
Increase collaboration/communication between food systems stakeholders	13.33%
Increase visibility of local food through promotions	13.33%
Create more food education/food literacy services and opportunities	13.330%
Develop regional tourism/agri-tourism strategy	10.0%
Increase sales of local food and retail outlets that cater to local food	10.00%
More government support for the local food system and its stakeholders;	6.66%
Increase food producers/entrepreneurs	3.33%
More competitive food prices	3.33%
Develop affordable transportation system for food sector	3.33%
Nothing	3.33%

Appendix D: Food Hub Models Financial Analysis

Financial projects below are listed for one year of operation. Note that a thorough financial analysis has not be complete as the required data was not yet available and/or was out-of-scope for the project. Fixed costs and variable cost margins are best on best practices (Industry Canada benchmarks), and possible revenue are estimates. A future business plan would prepare thorough financial projections for a 3-year period, based on more accurately gathered data (local food inventory, letters of intent from farmers and producers, etc.)

Moreover, the scenario for Model B was based on a scenario to lease/operate an existing facility with cold storage, which lessened the initial capital outlay in favour of increase loan payments/fixed costs. During the completion of this report, this opportunity has been removed and another suitable location will need to be found. Again, accurate costs can only be calculated once a tangible facility/location is found, at which point accurate capital costs, loan requirements and fixed costs can be determined.

The numbers below are meant to serve as a guide to ascertain to value of product a Hub must broker within a giving year, within an order of magnitude, to be successful.

Table 16. Projected Income & Expense Summary

Projected Income and Expense Summary	Model A	Model B
Brokerage fees	$25,000	$125,000
Delivery, shipping and warehouse expenses	$-	$-
Amount paid to broker	$42,325	$42,325
Other expenses	$7,520	$129,510
Total expenses	$49,845	$171,835
Net operating income	$(24,845)	$(46,835)
Income from fundraising	$40,000	$100,000
Net income	**$15,155**	**$53,165**

Table 17. Revenue

Revenue	Model A	Model B
Number of farms	25	50
Product value	$10,000	$25,000
Total value of product	$250,000	$1,250,000
Brokerage fees	10%	10%
	$25,000	**$125,000**

Table 18. Projected Cash Flow Summary

Projected Cash Flow Summary	Model A	Model B
Cash from operations and fundraising	$15,155	$73,165
Loan principal repayments	$-	$(3,137)
Capital equipment, vehicles and leasehold improvements	$-	$(100,000)
Proceeds from loans	$-	$50,000
Net cash inflow	$15,155	$20,028
Opening cash	$-	$-
Closing cash	**$15,155**	**$20,028**

Table 19. Statement of Income & Expense

Statement of Income & Expense		Model A		Model B
Brokerage fees (Revenue)	In the first 3 years, operate as a brokerage firm, subcontract to a delivery company.	$25,000		$125,000
Variable costs				
Other expenses	Added in based on numbers from Industry Canada website	$-		$62,500
Total variable costs		**$-**		**$62,500**
Fixed costs				
Bank charges		$120	$30 per month	$360
Depreciation	No Assets in Model A	$-		$20,000
E-commerce website	E-commerce website plus on-going web advertising	$5,000		$5,000
Insurance		$-	2% of product value	$25,000
Interest	No loan	$-		$5,000
Licences and permits and memberships				$1,250
Office expenses	Assumes payment for computer, printer, cellphone internet and cellphone charges	$3,600	Office supplies, computer, printer	$3,600
Professional and business fees	Accounting and bookkeeping	$1,200	Accounting, bookkeeping, legal for contracts and liability	$1,200
Promotion	Social media, branding, logo design, database development	$1,200		$1,200
Rent	Office rent (paid to manager for home office)	$-	$3000 per month includes utilities	$3,000
Repairs and maintenance	home office / online services	$-	5% of capital investment	$5,000
Travel	Mileage paid to broker/manager 250km per week x .55 per km	$6,875	Mileage paid to broker/manager 100km per week x .55 per km	$6,875
Utilities and telephone/ telecommunication	Telephone and internet $50 per month	$600	Telephone & internet	$600
Wages and benefits	20 hours per week @ $25 per hour plus 25% benefits	$31,250		$31,250
Total fixed expenses		**$49,845**		**$109,335**
Net operating income		**$(24,84**		**$(46,835**

		5)		)

Table 20. Cash Flow

Cash flow		Model A	Model B
Net income		$15,155.00	$53,165
Add back depreciation		$0.00	$20,000
Loan principal repayments		$0.00	-$3,137
Office Equipment	Included in office expense		
Warehouse Equipment	No warehouse		-$10,000
Leasehold improvements	No warehouse		-$90,000
Vehicles	Brokers uses on vehicle and is paid mileage		
		$15,155.00	**-$29,972**
Proceeds on loans		$0.00	$50,000
Net change in cash		$15,155.00	$20,028
Opening cash		$0.00	$0
Closing cash		**$15,155.00**	**$20,028**

Table 21. Projected Balance Sheet

Projected Balance Sheet	Model A	Model B
Working capital	$15,155	$20,028
Net equipment and vehicles	$-	$80,000
Total Assets	**$15,155**	**$100,028**
Operating Loan	$-	$46,863
Retained Earnings (Loss)	$15,155	$53,165
Total Liabilities and Equity	**$15,155**	**$100,028**

Table 22. Operating Loan

Operating Loan	Model A		Model B
Opening balance	$0		$0
Proceeds/Lump sum payments	$0	50% of capital investment	$50,000
Interest at 10.0%	$0		$5,000
Loan payments	$0	Amortization period 10 year	$-8,137
Principal repayments			$-3,137
Closing balance	**$0**		**$46,863**

Table 23. Balance Sheet

Balance sheet		Model A		Model B
Assets				
Working capital	From cash flow	$15,155		$20,028
Leasehold Improvements		$0		$-
Warehouse Equipment		$0	Aggregation tables	$10,000
Office Equipment		$0	Upgrades to freezer, cooler, loading docks, storage, security and aggregation equipment	$90,000
Vehicles		$0		$-
Accumulated depreciation		$0		-$20,000
		-		**$80,000**
Total assets		**$15,155**		**$100,028**
Operating loan		$0		$46,863
Total equity				
Retained earnings - opening		$0		$-
Current year earnings		$15,155		$53,165
		$15,155		$53,165
		$15,155		**$100,028**

Table 24. Breakeven Analysis

Breakeven Analysis	Model A	Model B
Sales	$25,000	$125,000
Variable expenses	$0	$62,500
Contribution margin	**$25,000**	**$62,500**
Contribution margin %	100%	50%
Fixed expenses	$49,845	$109,335
Breakeven sales	**$49,845**	**$218,670**
Breakeven value of food	**$498,450**	**$2,186,700**

Table 25. Financial Ratios

Financial ratios	Model A	Model B
Current ratio		
Debt to equity ratio	0%	-88%
Interest coverage ratio	N/A	44
Debt ratio	N/A	47%
Revenue to equity ratio	165%	235%
Net profit to equity (%)	100%	100%
Sales	$25,000	$125,000
Equity	$15,155	$53,165

Net income	$15,155	$53,165

Appendix E: Overview & Summary

Project Delivery

The project was commissioned as a joint effort between the Economic Development Office (EDO) of the Regional District of the East Kootenays (RDEK) and the Columbia Valley Chamber of Commerce (CVCC). An established Advisory Committee ("The Committee") was tasked with project oversight and direction, while a Business Strategist team was contracted to deliver the majority of the project, including research, model development, Forum presentation, and final project report.

Advisory Committee

At the June 18th, 2019 East Kootenay/North Basin Food Hub Readiness session, the community selected an Advisory Committee to represent them through this planning process. The individuals on this community have fluctuated since that time, and the list below reflects those who remained active throughout the Food Hub Modeling project.

Figure 2. Advisory Committee

Figure 3. Advisory Committee

Ryan Watmough, from the EDO, stepped forward to provide internal leadership with the Committee, effectively acting in a position of Secretary (organizing the committee and ensuring project deliverables proceeded favorably). However, the Committee acted largely on the basis of consensus without a nominated or elected leader. This role provided a level of neutrality toward project outcomes, while also

NAME	CONTACT	TOWN	ORGANIZATION
Alison Bell	alisonbell0@gmail.com	Invermere	Columbia Valley Food & Farm
Pete Bourke	executivedirector@cvchamber.ca	Invermere	Columbia Valley Chamber of Commerce
Ryan Watmough	cvced@rdek.bc.ca	Invermere	Columbia Valley Community Economic Development Office
Richard Tegart	drtegart@icloud.com	Windermere	Windermere District Farmers Institute
Lin Egan	lin@winderberry.ca	Windermere	Winderberry Farm/Edibles Cafe
Dale Wilker	dale@quiniscoe.ca	Invermere	Old Blue Truck Farm
Lara McCormack	lara@fromscratchfood.com	Fairmont	From Scratch Foods Inc.
Michelle Wall	MWall@cotr.bc.ca	Invermere	College of the Rockies - Invermere
Lawrie Mack	lwrmack@yahoo.ca	Invermere	Columbia Valley Food Bank
Angela Ross	angelaspastas@gmail.com	Invermere	Formerly Angela's Pasta

Food Hub Business Strategist

The Advisory Committee selected Farm Food Drink Inc. as the experienced Food Hub Business Strategist to deliver the majority of the project. They have a wealth of experience delivering Food Hub business and feasibility plans across the province, recent experience working in a similar capacity within the Columbia Basin, and a local strategist who would be able to meet with local stakeholders to help bring the project together.

Project Objectives

The overall goal of this project was to bridge the gap between the Food Hub Readiness Assessment (June 2019) and a possible Food Hub business plan for the CV. Specifically, the objective was to identify and develop 2–3 Food Hub models, conduct a broad assessment of their feasibility, and present them to the local food community for feedback and direction. In doing so, the community, supported by the Advisory Committee, could decide if they would like to pursue development of a full business plan, or other course of action.

Planned & Executed Deliverables

The main project deliverables are listed below, including brief commentary *in italics* on their process of execution and success.

1. **Food Hub Models Shortlist & Selection**: Based on previous experience and the outcomes of the readiness session in June 2019, Farm Food Drink would present the Committee with a shortlist of 2-4 promising Food Hub Models. The Committee would select 2-3 models from the shortlist, which will be fully developed as part of this project.

   A Committee meeting was held November 13, 2019, where a Farm Food Drink strategist presented a shortlist of 4 possible Food Hub models, including background on how the models were structured and what informed their development (See Appendix A for a full list of this document).

   Most notably, there was a consensus to develop the Hybrid Model: A Food Hub delivering more than one primary service, combining economic development and social services, and there was an expressed interest in using the Food Hub to develop agri-tourism in the area. Agri-tourism was not previously considered as a major model component and presented a unique opportunity for the CV as there is a planned closure of Trans-Canada Highway #1 that will route significant traffic through the CV.

   The second selected model was a Hub focused on Aggregation & Distribution as its primary service. There was some disagreement on the Committee about this selection, particularly by those who wanted to ensure a social service component played a strong presence in the Hub. It was discussed that commercial viability was essential for a Hub to be feasible, and so to have the ability to deliver social services in the future. With this in mind, the Strategists proceeded with development of these 2 models.

   Further, there was discussion on whether to proceed with a centralized or de-centralized/virtual Hub Model for the Aggregation & Distribution Hub; the Strategists were tasked with incorporating these options into a combined Model. For the Hybrid Hub, it was agreed at this meeting to pursue a model with staged implementation, launching the most pressing and viable service(s) one at a time, over time.

2. **Food Hub Model Review & Outlines**: Working closely with the Advisory Committee in 2-3 monthly meetings, Farm Food Drink would develop a feasibility outline for each of the chosen models.

   On December 2, 2020, Strategists from Farm Food Drink met in person with the Advisory Committee in Invermere to review refinement of the Models selected on Nov. 13 and proposed outlines that would develop the models. (See Appendix B for the complete documentation that was reviewed at this meeting). Through engaged discussion, it came to light that (then) current models were not structured in a way that best met the needs of the community. Particularly, the Committee was not clear who or what was driving the chosen services and whether they accurately reflected community needs.

   There was a proposed revision to the models and modelling approach. Instead of developing models based on services (Aggregation & Distribution or Hybrid), the models would be framed based on their operating structure—Model A being a physical Food Hub and model B becoming a virtual/decentralized Food Hub. The Committee, Strategists and local community would co-determine the top identified service needs of a future Food Hub. Then the Strategists—using their experiences and best practices in the field—would combine (mesh together) the two revised Models with the identified service/facility needs, based on their professional understanding of viability within a Food Hub framework.

   a. ***Local Food Community Survey:*** *On January 8, 2020, the Committee met virtually with the Strategists to confirm the revised Food Hub Models (Centralized and Decentralized) and determine how to proceed. During the process of refining the models, it was proposed and accepted that a local food survey be distributed to constituents within the CV local food community.*

      *The Strategists, in collaboration with the Committee—and working closely with their in-house Market Research specialist—developed a SurveyMonkey survey to canvass what local constituents identified as the top service/facility needs for the success of their business and the local food community (**See Appendix C** for full survey results and Analysis).*

      *It is noted that this effort shifted the focus (and scope) of the project deliverables, in a manner that favourably impacted the outcomes of the project. Local community members were able to engage directly with the Food Hub Models, and the results of the survey—while not viewed as a directive, by any means—were compared alongside previous work (see "**Knowledge & Experience Informing the Project**") to complete the model development. As such, some components previously identified in the Model Outlines were contracted or removed, while others were expanded to account the survey. Overall, the Strategists believe this improved the quality and accuracy of the delivered models, and particularly of the community's engagement at the February 4 Community Food Hub Forum.*

3. **Community Food Hub Forum:** After completing and reviewing the survey, analyzing Food Hub developments from across the province (and beyond), and further refining the models, they were presented to the local food community in a planning session, in order to solicit feedback and direction.

   The Forum was held February 4, 2020 at the Invermere Lion's Hall. Leveraging momentum from the Local Food Survey, there was strong attendance by approximately 30 engaged local food community members. The full outcome of the Forum is discussed in detail further in the report. It is particularly noted that questions and discussions were supportive to the project's development, and that the community voted to develop the Centralized Food Hub Model into a full business plan.

   Moreover, there was expressed interested in conducting a gap assessment/local food inventory of the CV. The merits and possible approaches to this are discussed further in this report.

4. **Final Report**: Using feedback from the Planning Session, the Business Planner will complete a report summarizing the Food Hub Model Feasibility Outline.

   This report was completed by Farm Food Drink, drawing largely on the events and outcomes of the Forum, as well as their previous and ongoing expertise in Food Hub feasibility analysis and business planning across the province. Ongoing Food Hub projects across B.C. were consulted as reference points (industry best practices) to inform and direct report suggestions and recommendations. The Committee reviewed a draft of the report to provide feedback, clarification and direction, and to ensure that the reports reflects both the required project scope and needs of the local food community.

Appendix F: Knowledge & Experience Informing the Project

In this section are listed the major works that were consulted, and the specific notes from each that informed the development of the CV Food Hub Models

List of past Work Consulted

1. Basin Food Hub Network feasibility study, interviews and community discussions (2018)
2. Food Hub Readiness Assessment, Community Sessions + Interviews (2019)
3. Basin Food Transportation Study (2019/20)
4. Basin Agri-Food Forums (2018–19)
5. Columbia Valley local food survey (Jan. 2020)
6. Food Hub projects across the province (Commissary Connect Vancouver, Port Alberni Seafood Hub, Quesnel Food Hub Business Plan, CR Fair Victoria Regional Food Hub, Salt Spring Farm Trust, etc.)
7. Food Business Incubator Feasibility Study (Brightwell Consulting, April 2014)

Basin Food Hub Network Feasibility Study (2018/19)

This study, commissioned by the Columbia Basin Trust (CBT) identified the following as the top needs across the Basin in order to realize successful in Food Hub implementation, and general prosperity in the local food economy:

- Economies of scale
- Aggregation, packaging, storage
- Scaling-up: distribution and logistics
- Commercialization
- Partnerships & collaboration
- Navigating regulatory environment
- Investment and funding resources

Basin Food Hub Readiness Assessment (2019 May/June)

This project sought to assess which communities in the Columbia Basin were ready to proceed from the Feasibility Study toward further development of a Hub. Interviews and community engagement forums were held.

Feedback from Readiness Interviews

Challenges: Interview respondents unanimously identified distribution as a key challenge, as well as related difficulties in growing to sufficient scale to achieve successful commercialization and profitability. High costs—across the board—and low population density are strong barriers to overcoming this difficulty.

Needs & Opportunities: Concordantly, access to reliable and affordable distribution was named as a top need, while support with market and market access—as well as enhanced networking across the sector—were viewed as possible opportunities to be leveraged.

Feedback from the CV Readiness Session

The needs and challenges of the CV community were similar to those across the basin, though they were expressed somewhat uniquely at their local Readiness Session. The top notes are:

- Getting product in/out of CV is a huge difficulty and need
- There is a seeming conflict between supporting business growth and developing social food services
- There is a need to recognize and embrace the CV's small scale: collaboration is key for success
- In order to move forward, we need to address: how can we deliver all services, at scale, in a small area?

Basin Agriculture Transportation Study (2019/20)

This study, commissioned by CBT and conducted by WavePoint consulting, sought to explore, analyze, and suggest solutions to the known difficulties in transporting agricultural and food products in and out of the Basin, as well as within the Basin. At the time of the Community Food Hub Model Forum and the writing of this report, only the draft report of the study was available, and excerpts are used here with permission of the commissioners.

Recommendations most Relevant to Food Hub Development

To achieve (better) success in overcoming transportation and logistical barriers, the Basin food community of businesses and organizations could:

- Engage in development activities with a focus on regional branding, market readiness and sales aggregation
- Create local Food Hub(s) where food production, packaging, aggregation, and distribution are all co-located
- Collaborate to form a transportation buying group and pilot a small-scale local distribution service

It was also noted that 87% of all shipping vehicles through the Basin are full truckloads, indicating that there is limited opportunity for backhauling to meet distribution needs, and that communities must collaborate to create local food truckloads. (During the Forum some participants disagreed and pointed to examples of empty backhauls or part-full truck routes they were aware of and/or had partnered with in the past, so this should not be taken as a strict rule).

The report listed that the following were “required” for successful local food distribution. In the opinion of the Strategists, as many of the following as possible should be incorporated into any future Hub, to optimize its likelihood of long-term success.

- Keen producers & supportive customer base
- Central coordinator & strong leadership
- Central branding (for credibility)
- Multiple sales options: on-line, CSAs, etc.
- Warehousing, processing, and distribution Hub(s)
- Truck service direct to consumer/buyer

Transportation Considerations for the CV

Applying the above recommendations to the CV, the following questions and notes arise:

1. **There is difficulty moving product through the CV.** This is a repeated concern. The CV corridor is not on a major transportation route (Hwy 1 through Golden nor Hwy 3 through Cranbrook),

2. **Small population and scale are challenging.** Moreover, the CV has low population—so options are even more limited that some other areas—as well as diverse food and beverage products,

which complicates the ability to reach critical scale within a single product category or sub-sector. What kind of collaboration or Food Hub facility could help address this? It is noted that there are seasonal fluctuations due to both summer and winter tourism, which could enable different economies of scale and transport options during these periods.

3. What scale is required to pilot local transportation option(s)? Building off of the above, it will be important to address what kind of scale (of Food Hub/local food production) would enable a pilot transportation project, e.g. refrigerated cube truck doing a Creston–Invermere–Calgary run, or similar. Similarly, moving fresh, frozen and refrigerated produce all have different needs and challenges.

4. Collaborate across sectors & communities. It will be imperative to combine diverse producers and supporting organizations work together to achieve the scale, and limited product waste/spoilage, required to make local transportation viable. As noted during the Forum, there is great opportunity to leverage CV beef/meat (and related VAPs) to reach a critical scale onto which other products could 'piggy-back'.

5. Frozen + dry good could ship less often. It was noted during the Forum that focusing on dry and frozen product could be beneficial. Enabling a project that is less volatile (less risk of spoilage) and has less need for frequent deliveries (could be weekly or monthly).

Columbia Valley Food Hub Survey (Jan. 2020)

During the model development process, there was an interest expressed by the Committee to conduct a survey of local food constituents to assess their needs, as well as their perceived needs for the community, to thrive and prosper. A survey was developed by Farm Food Drink, incorporating market research best practices. The survey questions were targeted to provide the maximum amount of informative quantitative data while being direct and easeful for participants to complete. A full survey report, including questions, can be found in Appendix C.

Participant Profile

The following table lists what percentage of respondents identified with specific roles / sub-sectors in the local food community. Note that more than one answer was permissible, so the total is over 100%

Table 26. Participant Profile

Primary Food Producers	35%
Restaurant/Café Owners/Operators	32%
Food Retailers	24%
Community Organizations	22%
Farmers' Markets	22%
Value-Added Food Processors	19%
Food Associations	16%

Top Ranked Services

Participant responses to qualitative questions were compiled and ranked (See Appendix C) and yielded the following results:

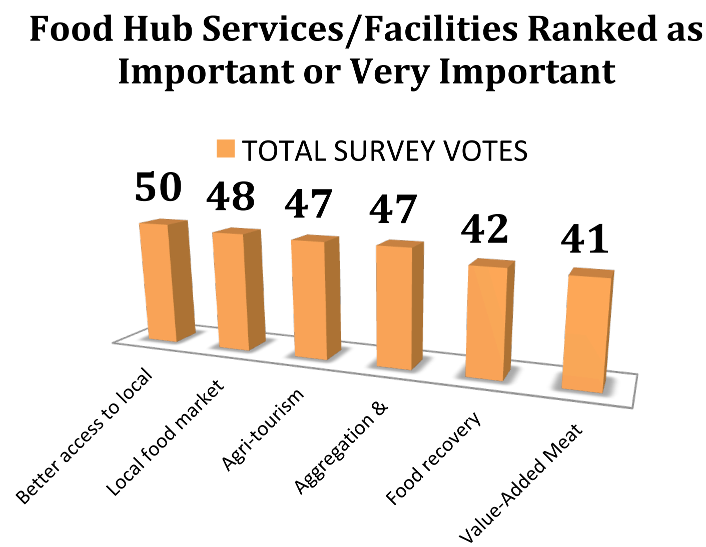

Figure 4. Ranked Food Hub Services

What would best support the Local Food Community?

The table below shows the top 6 survey respondent suggestions for the single greatest action the local food community could take, and the percentage of responses that idea received. Note that responses with less than 10% are excluded here and shown in Appendix C.

Develop a Food Hub	20%
Increase collaboration/communication between food systems stakeholders	13%
Increase visibility of local food through promotions	13%
Create more food education/food literacy services and opportunities	13%
Develop regional tourism/agri-tourism strategy	10%
Increase sales of local food and retail outlets that cater to local food	10%

Appendix G: Food Hub Services & Facilities

After reviewing the survey results, along with all of the aforementioned Food Hub research and projects, the Strategists proposed two services that were most viable (pertinent) to include in the Food Hub models, circled in orange. The other services identified in the local CV survey were largely social in nature; it was proposed that, in order to be viable and sustainable, the Hub would need a core drive from business enterprise, and that this success could be leveraged to better deliver these social services (circled in yellow) to the local community.

Using this approach, the most recently identified needs of the local food community were put in a context of industry best practices and current Food Hub research in order to propose two distinct, viable Food Hub models.

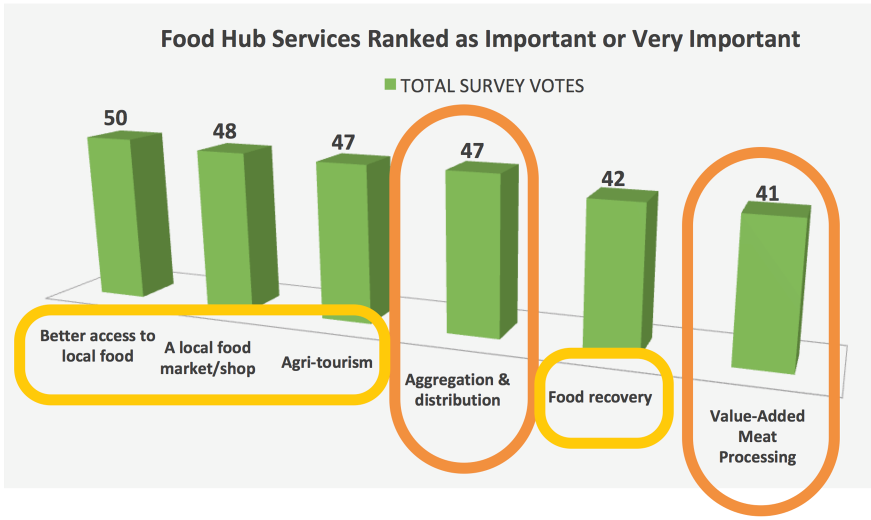

Figure 5. Ranked Food Hub Services

Aggregation & Distribution

Aggregation and distribution—including dry, cold, and refrigerated products—is the most pertinent and impactful service that could improve the vitality of the local food economy. As previously mentioned, achieving scale and collaboration is necessary for the success of local food transportation, and any Hub, overall.

Value-Added Meat Processing

It was frequently mentioned during Committee discussions that engaging the local meat producing/processing community would be essential for any CV Food Hub to achieve scale. They represent the largest category of producers in the CV (though it will be prudent to quantify this more specifically through a local food inventory), and the capacity of the Columbia Valley Abattoir and Meat & Sausage Co. is significantly under-utilized.

Food Security

The Strategists strongly recommend that a Food Hub model be economically driven, in order to best encourage its long-term viability. As previously noted, this suggests placing revenue-generating activities at the forefront. However, such a procedure still enables social enterprise activities focused on food security to take a strong role in the Hub. It is noted that “better access to local food” was the top ranked service in the local CV food survey. Addressing this need can be both economic and social in nature. For example, increasing access to local food could be accomplished *by* creating aggregation and distribution services that better enable local farmers/producers to reach markets, locally (within CV and the Columbia Basin/Kootenays), across the province, and potentially into Alberta (if certified).

It was stated by the Committee and the community that there is not enough being done to feed the local community. Given the changing marketplace—and particularly during the present socio-economic climate during the COVID-19 pandemic—it is expected that services enhancing food security will have increased economic incentives; as the need to feed ourselves locally rises, local food security will become increasingly profitable. Still, the recommended approach is to focus on aggregation and distribution—and on securing local meat as an anchor tenant (and any suitable other anchors)—in order to build up the infrastructure that can address the needs of both enhanced food security and economic development (through broader distribution of local products).

Offerings Excluded from the Models

The following services/facilities were excluded from the developed Food Hub models. They were identified by the Committee as not being a strong need, and the survey results reflected this. It is the understanding of the Strategists that such facilities are currently available with sufficient availability, and do not pose a barrier or hidden opportunity toward greater success.

- Processing kitchen space: supply currently exceeds demand, and the Committee agreed that this was not viewed as a current need, and certainly not a pressing one. There are multiple options for start-up/small producers in the Valley, and the nearby Farm Kitchen in Cranbrook for those looking to expand before building their own facility.
- Educational workshops, professional training: while effective and important, physical business development is a much greater current need, and some workshops/training are currently offered
- Community/networking space: the available space appears to suit the present and future needs of the community

Appendix H: Food Hub Forum Recap

Overview

The goal of the Forum was to share 2 proposed Food Hub models with the CV local food community for review and feedback, and to allow them to collectively decide on their next course of action. Together, we reviewed highlights from previous Food Hub work across the Basin (and province), discussed the merits and pitfalls of the two proposed models, and explored possible outcomes. At the end of the Forum there was an almost unanimous vote to proceed to a Food Hub business plan.

Figure 6. Community Food Hub Forum

Outcomes & Decisions

After a brief review of the models, all participants except 1 (30 total) expressed interest in pursuing one or both proposed Food Hub models, with many favouring both. Following in-depth discussions, the community generally favoured a hybrid: blending elements of both models.

A motion was put forward by Rick Tegart, Windermere District Farm Institute (WDFI) president, that the community pursue a Food Hub business plan based primarily on Model B (a physical Food Hub focused on aggregation & distribution), including an anchor tenant (local beef/meat) while also considering and including merits of Model A (decentralized/virtual Hub with no physical structure).

All participants except 1 voted in favour of the motion to pursue a business plan

It was noted that a gap assessment/local food inventory would be useful; however, this was not clearly specified and was left to the Advisory Committee to determine. Alison Bell, of Columbia Valley Food and Farm, expressed interest in working with the Advisory Committee to advance this project.

Presentation & Discussion

After a round of introductions, the presenters reviewed the project scope and approach, namely that:

1. The Food Hub model structures were developed by the business Strategists (Farm Food Drink) in consultation with the Columbia Valley Food Hub Advisory Committee.
2. Desired/required services and facilities were based on the past Food Hub work across the province previously mentioned in this report, including interviews, surveys and research.
3. The full models and feasibility were based on the above plus careful consideration of best practices (what has been successful in other Food Hubs), as well as financial overview.

Next, an overview of the two model structures was presented—a decentralized (virtual) Hub or a physical Food Hub —followed by a review of past Food Hub work across the basin. The latter focused on the common challenge of transportation and distribution within the basin, and the need to collaborate and reach collective scale in order to effectively commercialize the local food system. Specific to the CV was an (apparent) tension between wanting to feed the CV community, while also desiring to scale-up, expand, and export. A review of the Basin Agriculture Transportation study named Food Hubs, regional branding, and strong partnerships as key to success, as well as a strong local food coordinator and an effective sales approach.

Food Hub Facilities, Services & Anchor Tenants

The top named Food Hub facilities/services with a viable economic model were aggregation and distribution services (brokerage, etc.), as well as value-added meat processing. It was discussed that social services—better access to local food and food recovery—as well as agri-tourism could be supported by these services. Focusing on the social services, as primary, would put the viability of a future Hub at risk (lacking any clear, reliable revenue model). In this way, the above-named tension between social and commercial goals could be harnessed as an opportunity for collaboration and growth across the entire local food system. The discussion highlighted the strong desirability of securing an anchor tenant to best enable short- and long-term viability. The local meat producers, in combination with the CV Abattoir and value-added meat products, were highlighted in this regard. This would secure a portion of rent, equipment, transport and staffing costs, enabling smaller segments to 'piggy-back' and take advantage of production and expansion opportunities not otherwise available to them.

It was noted that, with diets shifting toward increasing vegetarianism and reduced meat consumption, quality meat (grass fed, free range, natural) will become an important and sought after commodity; so, beginning to brand, scale, and market the CV's meat, now, could be pivotal.

Agri-tourism growth was named as a desired outcome, noting its ability to provide indirect revenue as an economic development initiative (discussed further below). The impending highway 1 detour that will route high volumes of traffic through the CV is the impetus to pursue this. There was discussion around a Regional Place-based Food Brand to elevate perceived value and create collective distribution, e.g. CV, Kootenays or Kootenay Rockies, etc. It was noted, with general agreement, that a dedicated, paid Food Hub coordinator will be essential, and that having an anchor tenant will support this.

Food Hub Viability & Examples

There were clarifying questions from multiple, strong contributors. These focused on clarifying the Food Hub concept, better understanding the existing market opportunity and supply capacity, and how that relates to the sustainability of a Hub. Questions included:

- What is the goal of the Food Hub models, and of a Food Hub in general?
- What is the opportunity, and do we have the capacity to be feasible?
- Is a Food Hub necessary for growers/producers to be successful?
- Is there a comparable, operating Food Hub (similar scale and/or agri-diversity)?

In response to the last question, participants pointed to the Alberta herbal grower's Hub and Montana Growers Food Hub. The facilitators suggested there is no directly comparable operating model: small scale, diverse growing segments, semi-remote with direct links to a major urban market (Calgary). It was noted that the CV is distinct. The strong interest in local food community growth is the push to innovate a Food Hub, using best practices from other models. The challenge may appear unique, but the motivation and capacity to innovate are both strong. **The success of a Food Hub in this community depends on collaboration across a variety of agricultural sub-sectors, for example, combining models from Hubs in small populations with singular growing sector (e.g. all orchard fruit, or all herbs) with larger Hubs that are multi- faceted.**

The forthcoming Port Alberni agri-innovation centre, with seafood anchor tenants and multi-service facilities, seemed comparable to the CV (with a potential beef/cattle anchor) as an example of a new Hub model recognized by the province as having strong promise. The Alberta and Montana example were also accepted by the Forum participants.

Port Alberni Seafood Hub

Last Fall, the Ministry of Agriculture granted $750,000 to the forthcoming Port Alberni Full-Scale Food Processing & Innovation Hub. While the Hub will predominantly serve seafood processors—effectively having them act as an anchor tenant. This arrangement will create a type of financial stability for the Hub that allows for the inclusion of land based product aggregation and processing; it is hoped the latter will grow over time, but poignantly noted that it could not start on its own (lack of viability). This is similar to the proposed role of meat processing in the CV Food Hub, which could financially secure a future Hub (space + equipment) in a manner that enabled other agricultural sub-sectors to engage and scale-up.

Model Review & Next Steps

The two models were reviewed in full, based on a 2-page handout outlining their proposed structure, services, staging, and governance. **Partnering aggregation/distribution services with farmers' markets and institutional procurement were noted as opportunities to add to both models**.

It was agreed that a business plan be pursed and that the Advisory Committee would consider the input from this Forum and the model report and decide on the model (or hybrid) that plan would follow. The community was informed that new members are invited to participate in the Committee. Heather Fischbuch (former director of the Alberta Herbal Growers co-op) agreed to join and support the Committee in clarifying the chosen model (or hybrid) and in securing funding for the project. It was noted that the current Committee does not have a clear leader (though several recognised Ryan Watmough's leadership to date and wanted that to be maintained), and that this should be addressed at its next meeting.

There was general agreement that a future Hub should (eventually) have a physical presence, as well as an understanding that a first stage could begin with a decentralized Hub.