

A TEMPLATE FOR THE DEVELOPMENT OF COMMUNITY COMMERCIAL KITCHENS

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BRITISH
COLUMBIA

Ministry of Agriculture Food & Fisheries
and
Northern Development Commission
Government of British Columbia



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TABLE OF CONTENTS

| | |
|---|-------------|
| A TEMPLATE FOR THE DEVELOPMENT OF COMMUNITY COMMERCIAL KITCHENS | i) |
| INTRODUCTION..... | i) |
| HOW TO USE THIS TEMPLATE..... | ii) |
| TEMPLATE FLOW CHART | iii) |
| PHASE I: DECISION MATRIX TO ASSIST IN DETERMINATION OF PROCESSING NEED AND DIRECTION..... | iv) |
| GANTT CHART – PROJECT TIMELINES | v) |
| | |
| PHASE I: PROJECT ASSESSMENT (NEEDS ASSESSMENT) ACTIVITY SUMMARY AND CHECKLIST..... | 1 |
| PHASE I: PROJECT ASSESSMENT – NEEDS ASSESSMENT | 2 |
| STEP 1: ESTABLISH STEERING OR PROJECT COMMITTEE..... | 2 |
| STEP 2: DEFINE CATCHMENT AREA..... | 4 |
| STEP 3: PRODUCT OPPORTUNITIES..... | 6 |
| STEP 4: MARKET OPPORTUNITIES..... | 8 |
| STEP 5: PROCESSING OPTIONS..... | 10 |
| STEP 6: SUPPORTING MECHANISMS..... | 12 |
| STEP 7: NEEDS ASSESSMENT | 14 |
| <i>Worksheet: a) List of Steering Committee and Special Interest Members (Phase I, Step 1, Task 5).....</i> | <i>16</i> |
| <i>Worksheet: b) Summary of Existing and Potential Food Processors (Phase I, Step 3, Task 1)</i> | <i>17</i> |
| <i>Worksheet: c) Research Existing Processing Facilities (Phase I, Step 5, Task 1).....</i> | <i>19</i> |
| <i>Worksheet: d) Research Existing Kitchen Facilities Within the Community (Phase I, Step 5, Task 2)...</i> | <i>21</i> |
| <i>Worksheet: e) Production Forecast and Shortfall (Phase I, Step 7, Task 2).....</i> | <i>23</i> |
| | |
| PHASE II: BUSINESS PLANNING (FOR SELECTED OPTION) ACTIVITY SUMMARY AND CHECKLIST..... | 25 |
| PHASE II: BUSINESS PLANNING (FOR SELECTED OPTION)..... | 26 |
| STEP 1: REVIEW PROJECT COMMITTEE AND COMMUNITY INTEREST | 26 |
| STEP 2: BUSINESS PLAN AND FEASIBILITY STUDY | 28 |
| STEP 3: FUNDING..... | 30 |
| <i>Worksheet: f) Building Costs (Phase II, Step 2, Task 2).....</i> | <i>32</i> |
| <i>Worksheet: g) Equipment Inventory and Costs (Phase II, Step 2, Task 3).....</i> | <i>34</i> |
| <i>Worksheet: h) Operational Costs (Phase II, Step 2, Task 5).....</i> | <i>36</i> |
| <i>Worksheet: i) Revenue Forecast (Phase II, Step 2, Task 7, Part a).....</i> | <i>39</i> |
| <i>Worksheet: j) Start-up Costs and Operational Costs – Costing Model (Phase II, Step 2, Task 7, Part c and d).....</i> | <i>41</i> |
| | |
| PHASE III: PROJECT IMPLEMENTATION ACTIVITY SUMMARY AND CHECKLIST..... | 43 |
| PHASE III: PROJECT IMPLEMENTATION..... | 44 |
| STEP 1: PROJECT IMPLEMENTATION..... | 44 |
| | |
| Appendix A - Regulatory Information | |
| Appendix B - Funding Programs | |
| Appendix C - Contact List for Community Kitchens and Business Incubators | |
| Appendix D - Processor Survey | |

A TEMPLATE FOR THE DEVELOPMENT OF COMMUNITY COMMERCIAL KITCHENS

INTRODUCTION

Interest in the development of community commercial kitchens is growing in many small rural centres across North America. With declining renewable resources and static or declining commodity prices many primary agricultural producers have a need to increase farm income. Further processed products can attract premium pricing and provide higher returns so many farmers are diversifying with value added food processing.

This diversification provides benefits to both the local processors and also to the community as a whole. The local processors benefit from increased income, employment during periods of 'low farm' activity, greater control over their future and the potential to participate in co-operative buying and marketing initiatives. Communities benefit through economic diversification, decreased dependence on resources, increased taxes to the municipality, community revitalization and increased employment opportunities.

In British Columbia several communities have been actively researching and pursuing options that add value to food products. The process is time consuming and there are many hurdles along the way. This template has been designed to help communities identify and action the key steps and tasks required to develop a successful food processing community commercial kitchen or business incubator.

Project coordinators and community members from a number of British Columbia communities were contacted during the development of this template. Their commitment to their individual projects is inspiring. These individuals were also willing to share their experiences and welcomed an opportunity to pass on advice or words of wisdom which might make the development of a commercial kitchen or business incubator easier for other communities. Look for those words of wisdom in a "Kitchen Komment" as you progress through this template.

The authors would like to thank all of those people who contributed to the production of this document.



Kitchen Komment

Be open minded – be receptive to different options!

A TEMPLATE FOR THE DEVELOPMENT OF COMMUNITY COMMERCIAL KITCHENS

HOW TO USE THIS TEMPLATE

The process of developing a community commercial kitchen has been presented as three distinct phases:

- ▶▶▶ Phase I: Project Assessment – Needs Assessment
- ▶▶▶ Phase II: Business Planning
- ▶▶▶ Phase III: Project Implementation

A flow chart detailing the relationship between the Phases is shown on the next page.

Each Phase has a series of steps. Key objectives, tasks and deliverables have been defined for each step. Some steps may have only one task and deliverable while others, such as research, have a series of inter related tasks and deliverables which need to be completed before proceeding to the next step.

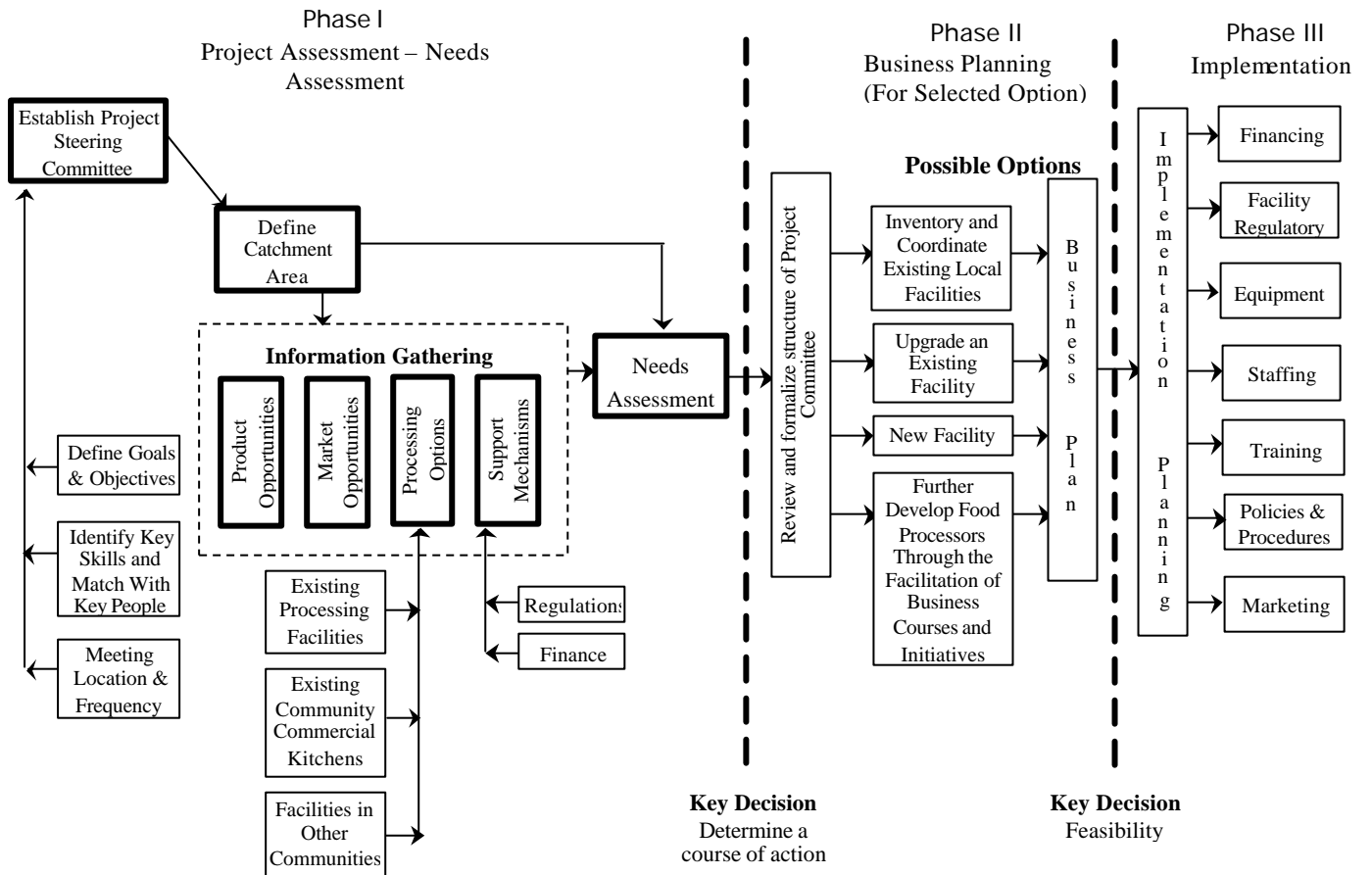
References detailing contact points for government agencies, reference documents and web sites together with extensive notes have been included for each step. References follow the grid outlining objectives and tasks while notes are detailed on the reverse page.

Worksheets have been designed to help gather or process information. They are included at the end of each Phase, e.g., all worksheets for Phase I tasks are attached at the end of Phase I. To identify whether worksheets are available for specific steps and tasks – refer to the Table of Contents where worksheets are listed alongside the relevant step/task. Notes have been detailed on the reverse of each worksheet. Some worksheets may need to be copied to ensure that there is sufficient space for all the information that is required.

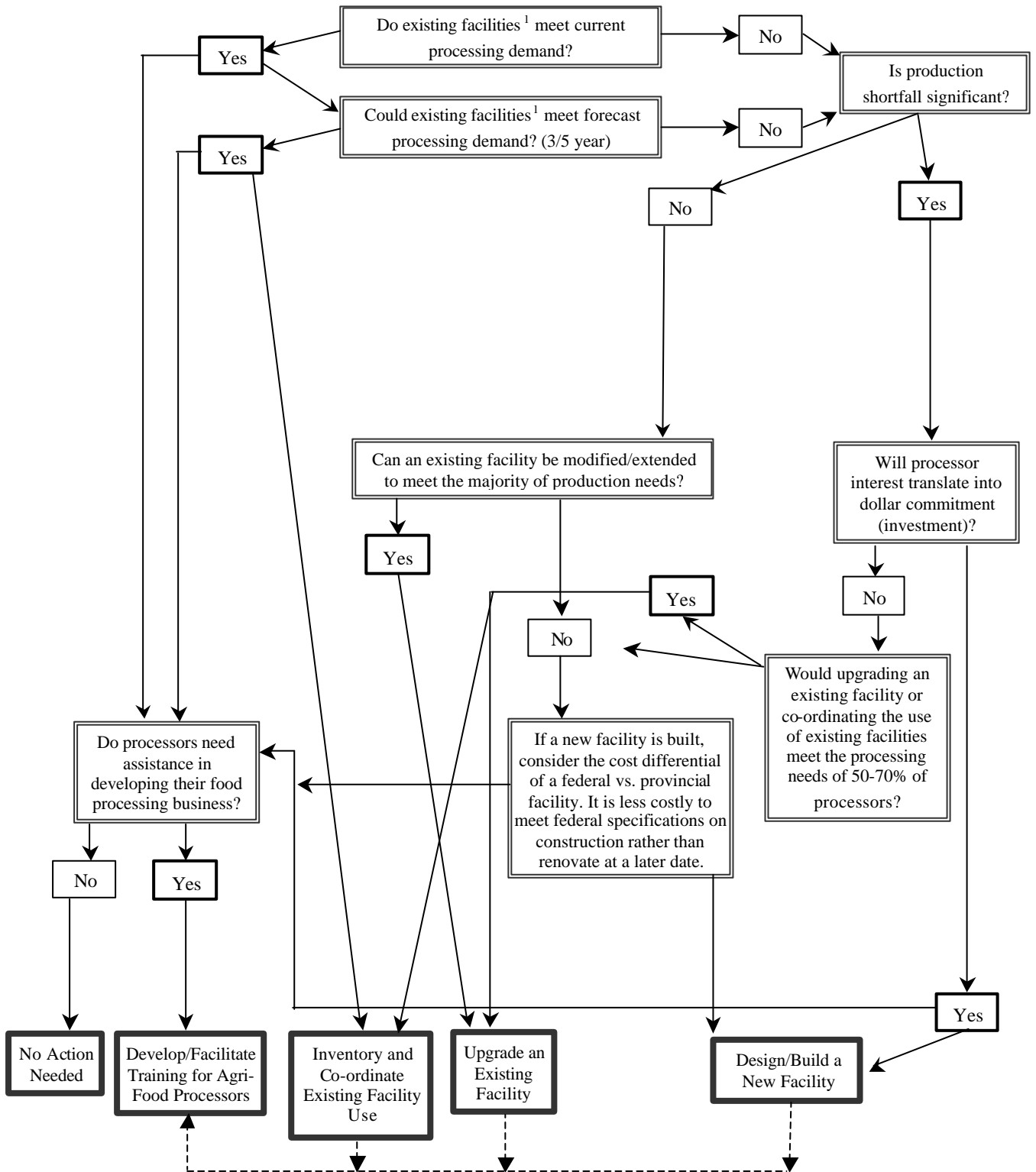
This template is not a detailed theoretical tool for the business processes involved in establishing a commercial community kitchen. It is a guide to the basic steps which must be performed to ensure that there is sufficient information to make sound decisions for a facility which will meet the needs of your community, a facility which will provide economic diversification for the community and also for both existing and new local food processors. Additional information can and should be added, worksheets can be expanded to include more detail.

The template can also be used as a project management tool. Project steering committees can record and monitor progress as tasks are assigned and completed.

TEMPLATE FLOW CHART



PHASE I: DECISION MATRIX TO ASSIST IN DETERMINATION OF PROCESSING NEED AND DIRECTION



¹ Existing facilities include existing food processors, community kitchens, and commercial kitchens.

GANTT CHART – PROJECT TIMELINES

| MONTH | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--|--------|---|---|---|---|---|---|---|---|
| Week | | | | | | | | | |
| PHASE I: PROJECT ASSESSMENT – RESEARCH AND NEEDS ASSESSMENT | | | | | | | | | |
| Step 1 | Task 1 | | | | | | | | |
| | Task 2 | | | | | | | | |
| | Task 3 | | | | | | | | |
| | Task 4 | | | | | | | | |
| | Task 5 | | | | | | | | |
| Step 2 | Task 1 | | | | | | | | |
| Step 3 | Task 1 | | | | | | | | |
| Step 4 | Task 1 | | | | | | | | |
| | Task 2 | | | | | | | | |
| | Task 3 | | | | | | | | |
| Step 5 | Task 1 | | | | | | | | |
| | Task 2 | | | | | | | | |
| | Task 3 | | | | | | | | |
| Step 6 | Task 1 | | | | | | | | |
| | Task 2 | | | | | | | | |
| Step 7 | Task 1 | | | | | | | | |
| | Task 2 | | | | | | | | |
| | Task 3 | | | | | | | | |

| MONTH | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|------------------------------------|--------|---|---|---|---|---|---|---|---|
| Week | | | | | | | | | |
| PHASE II: BUSINESS PLANNING | | | | | | | | | |
| Step 1 | Task 1 | | | | | | | | |
| | Task 2 | | | | | | | | |
| Step 2 | Task 1 | | | | | | | | |
| | Task 2 | | | | | | | | |
| | Task 3 | | | | | | | | |
| | Task 4 | | | | | | | | |
| | Task 5 | | | | | | | | |
| | Task 6 | | | | | | | | |
| | Task 7 | | | | | | | | |
| | Task 8 | | | | | | | | |
| Step 3 | Task 1 | | | | | | | | |
| | Task 2 | | | | | | | | |
| | Task 3 | | | | | | | | |

PHASE I: PROJECT ASSESSMENT (NEEDS ASSESSMENT) ACTIVITY SUMMARY AND CHECKLIST

| | Worksheet |
|--|-----------|
| Step 1: Establish Steering or Project Committee | |
| Task 1 Define Goals and Objectives | |
| Task 2 Identify Community Members | |
| Task 3 Identify Key Skills and Strengths | |
| Task 4 Establish Meeting Frequency | |
| Task 5 Establish Committee or Steering Committee Structure | ✓ |
| Step 2 Define Catchment Area | |
| Task 1 Define Physical/Topographical Boundaries | |
| Step 3 Product Opportunities | |
| Task 1 Survey Existing and Potential Processors | ✓ |
| Step 4 Market Opportunities | |
| Task 1 Identify Where Locally Produced Products are Sold | |
| Task 2 Identify Market Opportunities for Locally Produced Products | |
| Task 3 Link Product Development Choice to Market Opportunities | |
| Step 5 Processing Options | |
| Task 1 Research Existing Processing Facilities | ✓ |
| Task 2 Research Existing Kitchen Facilities Within the Community | ✓ |
| Task 3 Research Other Community Kitchens and Business Incubators | |
| Step 6 Supporting Mechanisms | |
| Task 1 Research Federal, Provincial, and Municipal Regulatory Requirements for Food Processing | |
| Task 2 Research Funding Availability | |
| Step 7 Needs Assessment | |
| Task 1 Identify Short/Medium Term Processor Goals | |
| Task 2 Identify Shortfalls Between Processor Needs and Existing Facilities | ✓ |
| Task 3 Review Options for Short/Medium Term Food Processing Options | |

PHASE I: PROJECT ASSESSMENT – NEEDS ASSESSMENT

STEP 1: ESTABLISH STEERING OR PROJECT COMMITTEE

| Objectives | Tasks | Deliverables | Project Management | | |
|--|--|--|--------------------|-------------------|-----------|
| | | | Assigned To/Date | Target Completion | Completed |
| Establish a project team or committee to manage and co-ordinate the project. | 1. Define goals and objectives | A list of achievable and measurable objectives. | | | |
| | 2. Identify community members who can help with the project | Develop a list of 4 to 10 people who will be actively involved in furthering the project. | | | |
| | 3. Identify key skills and strengths which can be utilised e.g. financial, marketing | For each individual identify skills that can be called upon to further the project. Names of non committee members can be included – some community members may prefer to be involved on a more limited or special interest basis. | | | |
| | 4. Establish meeting frequency | Identify where and when meetings will be held. | | | |
| | 5. Establish committee or steering committee structure | Identify a project chair, secretary and treasurer. Other positions can be determined based upon local need and dynamics. Identify reporting structure. | | | |

References:

Task 1: Local business groups and associations
 Local agricultural groups and associations
 Manager – Farmers' Market
 Environmental Health Officer

STEP 1: ESTABLISH STEERING OR PROJECT COMMITTEE

Notes:

Communities involved in reviewing micro food processing options for local processors often develop from other groups or local processors who have identified the need for some assistance in developing their agri-food processing businesses. Formalizing the group - establishing a formal structure with set meeting times - will provide momentum to move forward with specific tasks. The Steering Committee may assign tasks to different members of the committee and/or other community members who have a special interest. The Steering Committee will need to consider how it will promote the group, its goals and objectives to local media. Awareness gained through local media will help committee members as they start to research the local food processing industry.

Goals and objectives should be general direction statements rather than specific goals, e.g., to promote and develop food processing in the community rather than to develop a community commercial kitchen or to pursue options that add value to food products.

This generalization permits:

- flexibility to pursue a number of options which may include:
 - co-ordinating an inventory and use of existing local food processing kitchens and facilities;
 - upgrading a facility;
 - constructing a new facility; and/or
 - facilitating business courses and business development initiatives.
- partnering with other industry or business groups to achieve economies of scale;
- phased goals or objectives over the short and medium term:
 - short term to further develop local food processing businesses; and
 - medium term to provide upgraded processing facilities.

Short term is considered to be 1-3 years and medium term is 4-7 years.



Kitchen Comment

Retain flexibility in goals and objectives, in products, markets, and processing options.

STEP 2: DEFINE CATCHMENT AREA

| Objectives | Tasks | Deliverables | Project Management | | |
|---|---|--|--------------------|-------------------|-----------|
| | | | Assigned To/Date | Target Completion | Completed |
| Establish the physical area in which the majority of potential processors will be located | 1. Define physical or topographical boundaries which delineate the catchment area e.g. highways, rivers, mountain ranges or existing regional locales e.g. Peace region of BC | Develop a map which identifies the proposed catchment area | | | |

References:

Local Tourist Office – maps
 Telephone Directory – local calling area maps
 Local Health Boundary maps
 Census Division maps

STEP 2: DEFINE CATCHMENT AREA

Notes:

Defining the proposed catchment area will permit easier identification of existing and potential processors as well as existing processing facilities and kitchens.

Some government agencies may already have maps showing health authority regions or census divisions. Sometimes boundaries will follow physical or topographical boundaries e.g. rivers, highways and mountain ranges. Matching the proposed catchment area to an existing map may provide easier access to government production and population statistics which may be used for planning purposes.

As a general guideline processors should have relatively easy access to the processing facilities – a maximum driving time of between 60 – 90 minutes is recommended.

As information is gathered during Step 2, the map can be used to plot processing facilities, kitchens, existing and potential processors.



Kitchen Kommentar

Confirm acceptable commute time with local processors.

STEP 3: PRODUCT OPPORTUNITIES

| Objectives | Tasks | Deliverables | Project Management | | |
|--|--|--|--------------------|-------------------|-----------|
| | | | Assigned To/Date | Target Completion | Completed |
| To thoroughly research product opportunities for locally produced processed food | 1. Survey existing and potential processors. | Develop a list of both existing and potential processors. Identify current products, processing locations, volume, equipment used, and key limitations for expansion. | | | |

References:

Appendix D: Processor Survey

STEP 3: PRODUCT OPPORTUNITIES

Notes:

Survey or interview existing and potential processors. A separate survey should be used to collect very detailed information from each existing and/or potential processor. Appendix D – Processor Survey can be used as a guide to the type of questions to be asked.

When the survey process has been completed information should be summarized to:

- assist in identifying processing strengths and weaknesses, and
- to assist in the decision-making process.

A summary worksheet has been provided for Phase I, Step 3, Task 1. The Steering or Project Committee may wish to prepare a summary for each processing category, e.g., meat processors, baked goods, preserves, etc. Depending upon local synergies, subcategories may be required, e.g., meat may be categorized as beef, pork, poultry, and alternative, or as organic and conventional.

The current production base, together with new products identified by both existing and new processors, will highlight key target markets.

There will however, need to be a review of existing and potential products to ensure there is a good fit with existing and developing markets, e.g., if the majority of both existing and new processors are targeting tourists, the project steering committee will need to ensure that the tourist market is large enough to sustain existing plus new products and processors.

The project steering committee will also need to ensure that products – existing and new – fit with food trends.

Specialty or high quality, artisan crafted products have a good market.

Volume forecasts should be realistic – i.e., achievable and relevant to the target market. Product options include:

- high quality, artisan crafted specialty food products such as jams, jellies, sauces, preserves
- baked goods
- organic, natural and health related products
- attractively packaged, hand held or portable, snacks and treats
- non-food items such as crafts (toys, pet treats, candles, bric-a-brac, etc.) which fit with the proposed processing facility
- desserts, entrees, and centre of the table products for local restaurants and caterers.



Kitchen Kommentar

Review volume forecasts with existing and potential processors. They should be realistic.

STEP 4: MARKET OPPORTUNITIES

| Objectives | Tasks | Deliverables | Project Management | | |
|--|---|--|--------------------|-------------------|-----------|
| | | | Assigned To/Date | Target Completion | Completed |
| To thoroughly research market opportunities for locally produced processed foods | 1. Identify where locally produced products are currently sold. | Develop overview of existing markets including distribution channels utilized. | | | |
| | 2. Identify new market opportunities for locally produced products. | Develop overview of potential markets, market trends, and key criteria for securing distribution. | | | |
| | 3. Link product development choice to market opportunities. | Develop a product-market overlay chart to identify how proposed products fit with both potential markets and competitive products. | | | |

References:

- *BC Food Processor's Reference Manual*, 2nd edition, Food Industry Branch, Ministry of Agriculture, Food and Fisheries, 1999.
- *Specialty Foods Market Profile*, Agriculture and Agri-Food Canada, 1999 (<http://atn-riac.agr.ca/public/htmldocs>)
- *Direct Marketing*, Canadian Farm Business Management Council, 1994.
- *Who's Eating Specialty Foods*, Peat Marwick for Federal/Provincial Market Development Council, 1998 (<http://foodnet.fic.ca/trends/visions/vol3n1.html>)
- Northern Exposure Gift Company (a division of Community Futures Development Corporation Peace Liard) (<http://www.pris.bc.ca/cfdc/negc.htm>)
- *An Analysis of Consumer Trends for Canada's Agri-Food Sector*, University of Guelph, January, 1993.
- *How to Sell to Grocery Retailers in British Columbia*, Food Industry Branch, forthcoming.
- *Some websites:*
 - <http://www.foodonline.com>
 - <http://www.meatpoultry.com>
 - <http://www.fcPMC.com>
 - <http://www.foodincanada.com>
 - <http://www.foodnet.fic.ca>
 - <http://www.specialtyfoods.org>
 - <http://www.just-food.com>
 - <http://www.agf.gov.bc.ca>
- Others to possibly include:
 - *Health, Time and Shopping: the balance act*, 1999 Consumerline Survey, Canadian Living; sponsored by the Food and Consumer Products Manufacturers of Canada, the Canadian Council of Grocery Distributors and Canadian Living magazine.
 - The US Gourmet/Specialty Foods Market (<http://www.findsvp.com/tocs/ML0120.htm>)

STEP 4: MARKET OPPORTUNITIES

Notes:

Existing and potential target markets can be established from the processor survey. It is critical that products are suitable and relevant to the target markets.

Market options include:

- 1) Farmers' Markets – while provincial regulations are increasing for food products sold at Farmers' Markets, this potential for products sold through Farmers' markets will remain high – particularly for smaller processors with multiple focus, i.e., primary production, processing, and possibly even off-farm employment. Products sold through Farmers' Markets generally attract a good price as consumers search out higher quality and “home made” products.
- 2) Local gift shops serving the tourism industry – tourists often search out higher quality local products as gifts for family and friends at home.
- 3) Food retailers – retail chains – volume may be a key issue as many retail chains utilize a centralized warehouse and distribution system. Some local store managers may be amenable local products, but it is very time consuming for processors to sell and distribute in this way. Some efficiencies may be achieved for both the stores and the processors through a marketing co-operative. Independents – may be more amenable to listing local products.
- 4) HRI (hotel, restaurant and institutions) – product specifications, quality and supply consistency are critical to securing HRI contracts. Contracts are often awarded through a bid process and may result in lower margin potential as price stability is a key concern. Packaging and labelling design tend to be less important providing that cartons and product layout or presentation meet the specifications.
- 5) e-Commerce – growth in e-commerce has been phenomenal and provides a variety of marketing opportunities. While many larger specialty food and gift companies have their own websites to showcase and sell products, startup or smaller companies may prefer to utilize the e-commerce options offered through companies such as Northern Exposure Gift Company or a local co-operative or association.

Products targeted to different markets – local versus interprovincial or out of the country – can make a big difference to the building specifications and the need for, and cost of, building upgraders. Export markets may be targeted but processors should have developed business plans and strategies to secure overseas customers – processors focused on export markets require different solutions from local, specialty processors for a very select local customer base, i.e., produced, processed and consumed within the community.

Processors should be able to identify the target market and key product attributes of both competitive products as well as their own proposed products. This information is critical to the success of their individual endeavours and products. It is also critical to the success of any proposed community commercial kitchen. The Steering or Project Committee, while not technically providing business counselling, will have to determine the market suitability and market readiness of proposed products and companies.



Kitchen Kommentar

Product attributes – quality, packaging, presentation and volume – must meet target market requirements.

STEP 5: PROCESSING OPTIONS

| Objectives | Tasks | Deliverables | Project Management | | |
|---|--|---|--------------------|-------------------|-----------|
| | | | Assigned To/Date | Target Completion | Completed |
| To thoroughly research community needs, existing processing activities and existing processing facilities | 1. Research existing processing facilities | Develop a list of existing processing facilities, identifying products, packaging options and co-packing arrangements | | | |
| | 2. Research existing kitchen facilities within the community | Inventory existing facilities which may be suitable for community processing activities. Identify location, equipment available, space availability and rental cost | | | |
| | 3. Research other community kitchens and business incubators | Develop a portfolio about other community kitchens – how they are structured, funded, managed. Include copies of administration forms, tenant contracts, fee schedules etc. | | | |

References:

- Task 1: Food and Beverage Processors Directory, B.C.-Ministry of Food and Agriculture, Food Industry Branch
Local Telephone Directories and Yellow Pages
- Task 2: Environmental Health Officer
- Task 3: Refer Appendix B – Potential Funding Sources for Community Kitchen

STEP 5: PROCESSING OPTIONS

Notes:

Time spent “up front” on research will provide benefits as the project progresses because of the quality of information received, the ability to make informed decisions and access to industry contacts. The critical areas that should be thoroughly researched are:

Existing Processing Facilities: Existing facilities could be utilized by smaller processors either short or long term to get their businesses up and operating. Co packing may cost more and reduce profit on a per unit basis but it provides a low risk, low capital option for small start up or expanding businesses. Existing processing facilities may have a better range of equipment and produce better looking products than can be achieved in small community kitchens. Co packing may also provide longer term options for one-off processors who do not “fit” with other local processors e.g. a lone meat processor in a community of jam, jelly and preserve processors.

Existing Local Commercial and Community Kitchens: An inventory of existing facilities should be prepared for both community kitchens (community halls, lodges, schools, colleges etc) and commercial kitchens (restaurants, cafes, hotels etc). Equipment and availability should also be recorded. The cost of developing and maintaining a purpose built facility is substantial. If existing facilities are not currently fully utilized, spare capacity could be utilized to help processors get established. Processors may be able to help identify ways in which the community kitchens that they currently use could be improved – providing storage lockers could significantly reduce the packing/unpacking required in a temporary location. There may also be ways that access can be improved to provide better cost (rental) efficiencies for small processors. Key limitations to the use of existing facilities must be explored – access to larger equipment – e.g. 40 gallon kettles may improve production efficiencies without the cost of a new facility.

Existing Community Kitchens and Business Incubators: Gather as much information as possible from other communities with community kitchens and business incubators – policies, training, clean up procedures, fees schedules, booking procedures, copies of tenant contracts and marketing plans.



Kitchen Comment

Keep researching – and reconfirming information until the project is completed – information can change e.g. CFIA is working towards consolidating or “Harmonizing” existing regulations.

STEP 6: SUPPORTING MECHANISMS

| Objectives | Tasks | Deliverables | Project Management | | |
|---|---|--|--------------------|-------------------|-----------|
| | | | Assigned To/Date | Target Completion | Completed |
| To thoroughly review regulatory requirements and financial options for food processing and business development initiatives | 1. Research federal, provincial, and municipal regulatory requirements for food processing. | Develop a portfolio of regulatory information and agency contacts. | | | |
| | 2. Research funding availability from federal, provincial, municipal, and private sources. | Develop a portfolio of funding sources, eligibility criteria, and agency contacts. | | | |

References:

- Task 1: Food Protection – Vital to Your Business, B.C. Ministry of Health & Ministry responsible for services.
 Canadian Food Inspection Agency (CFIA)
 United States Department of agriculture (USDA)
 United States – Food and Drug Administration (FDA)
 Municipal Building and Bylaws
 Food Processor’s Reference Manual – B.C. Ministry of Food and Agriculture. Appendix A: Regulatory Information Chart.
- Task 2: Food Processor’s Reference Manual- B.C. Ministry of Food and Agriculture. Appendix C: Funding Program Chart.

STEP 6: SUPPORTING MECHANISMS

Notes:

Food Processing Regulations: With three levels of government involved, it is hardly surprising that many small processors feel overwhelmed by the amount of regulatory information that surrounds micro-food processing. Environmental health officers are a good contact point – they interpret the Provincial Health Act and understand how federal and municipal regulations interrelate. Because federal regulations differ by product category, e.g., meat, fish, dairy, etc., it is very important that all food categories currently being processed and all food categories being considered for processing locally are referenced in any communication with the environmental health officers.

Funding Options: Various government agencies have established ongoing programs to assist small communities establish new business opportunities and foster economic diversification. Appendix C – Funding Programs – overviews some of the most directly related programs. Contact numbers and website addresses have been included for further reference.



Kitchen Kommentar

Regulations are often considered the biggest hurdle - enlist the aid of the environmental health officer.

STEP 7: NEEDS ASSESSMENT

| Objectives | Tasks | Deliverables | Project Management | | |
|---|--|---|--------------------|-------------------|-----------|
| | | | Assigned To/Date | Target Completion | Completed |
| <p>To review and analyse processor needs and equipment requirements on a short and medium term basis.</p> <p>To determine a course of action for further development – options include:</p> <p>a) Promote the development of local food processors though the inventory and co-ordination off existing kitchen facilities</p> <p>b) upgrade an existing facility</p> <p>c) build a new facility, and /or</p> <p>d) further develop food processors through the facilitation of business courses and initiatives</p> | 1. Identify short and medium term processor goals with regards to volume and markets | Develop a forecast of processed food products that can be produced in existing facilities | | | |
| | 2. Identify shortfalls between processor needs and local processing facilities and existing community based kitchens | Develop a forecast of processed food products that could be produced if all processing needs are met. Establish what the short and medium term shortfalls are | | | |
| | 3. Review options for the short and medium term development of local food processing- options include: a) Promote the development of local food processors though the inventory and co-ordination off existing kitchen facilities b) upgrade an existing facility c) build a new facility, and /or d) further develop food processors through the facilitation of business courses and initiatives | Determine a course of action which will provide local food processors with a suitable means to meet their short and medium term processing requirements | | | |
| Key Decision – Project Direction/Objective | | | | | |

References:

STEP 7: NEEDS ASSESSMENT

Notes:

While reviewing current volume, forecast volume, and processing capacity, it is important to remember that a **key decision** must be determined. The key decision will determine a course of action or goal for the local food processing community. Care must be taken to ensure that the goal is relevant and achievable.

Forecasting: Processor needs and potential volume must be reviewed. Preparing a forecast of processing volume that can be produced in existing facilities together with a forecast of volume that could be produced if current equipment and facility limitations are overcome will provide a good indicator of the net gain or increased volume that can be achieved. It is important to ensure that processors provide reasonable forecasts. Some processors will need talking through the forecasting and the project steering committee may need to adjust forecasts that they consider are unrealistic or unattainable.

Review Options: After all the information has been gathered and reviewed the project steering committee will have to determine a course of action. Options include:

- Further develop food processors through the facilitation of business courses and initiatives
- Promote the development of local food processors through the inventory and co-ordination of existing kitchen facilities
- Upgrade an existing facility, and /or
- Build a new facility

The last two options are obviously more costly solutions and both involve lengthier lead times than the ongoing management and utilization of existing facilities.

The key determinants will be:

- **Target markets:** Existing kitchen facilities may well serve products to be sold through existing farmers markets and retail outlets targeting tourists. The cost incurred to build a new facility or upgrade an existing facility to meet federal regulations for meat or seafood products will need to be offset against the number and throughput ability of potential meat or seafood processors.
- **Forecast volume or processing throughput:** Volume must translate to significant and regular production if a new facility is to be built. Few, if any, of the existing rural community processing centres or incubators are self financing in the short to medium term (2 to 5 years).
- **The types of products:** If most of the products are similar and require similar equipment e.g. jams, jellies and preserves it is easier to determine a course of action. Meat, dairy and seafood products have more onerous standards and regulations which place greater restrictions on the facilities that can be utilized for processing. Facility costs – upgrades and/or new building costs - will be higher so it is essential that forecasts for any of these products are based on reality rather than conceptual. The project steering committee may well have to consider a phased approach to meeting the development needs of local food processors – utilization of existing kitchen facilities for products which have lower microbial and associated contaminant risks with ongoing business development and training for other processors until the level of local processors and/or products warrant a new facility.
- **Processor State of Readiness:** there may many good business ideas but they will not all go to market.

The number of processors together with product forecasts will probably dictate a course of action – however the project steering committee may elect to review two options through Phase 2 - Business Planning and Feasibility- a short term, reality based course of action and a longer term (5 plus years) goal.

Kitchen Kommentar

Numbers may not speak for themselves but they are excellent silent indicators.



PHASE I WORKSHEETS

Worksheet: a) List of Steering Committee and Special Interest Members(Phase I, Step 1, Task 5)

| Name | Telephone No | e-Mail | Committee Position | Special Interest |
|------|--------------|--------|--------------------|------------------|
| | | | Chairperson | |
| | | | Treasurer | |
| | | | Secretary | |
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Worksheet: b) Summary of existing and potential food processors (Phase I, Step 3, Task 1)

| Processing Category: | | | | | | | |
|---------------------------------|-------------------------------------|-----------------|---------|------------------|------------------|--|---|
| Existing Potential or Processor | Producer/Processor Details | Product/Markets | Volume | | | Current Production | Special Needs to Further Develop Business |
| | | | Current | 3 Years Forecast | 5 Years Forecast | | |
| | Name: Address: Tel: e-mail | | | | | Location: Equipment used: Equipment owned: | Bus Plan: Yes/No |
| | Name: Address: Tel: e-mail | | | | | Location: Equipment used: Equipment owned: | Bus Plan: Yes/No |
| | Name: Address: Tel: e-mail | | | | | Location: Equipment used: Equipment owned: | Bus Plan: Yes/No |
| | Name: Address: Tel: e-mail | | | | | Location: Equipment used: Equipment owned: | Bus Plan: Yes/No |
| | Name: Address: Tel: e-mail | | | | | Location: Equipment used: Equipment owned: | Bus Plan: Yes/No |
| | Name: Address: Tel: e-mail | | | | | Location: Equipment used: Equipment owned: | Bus Plan: Yes/No |
| | Name: Address: Tel: e-mail | | | | | Location: Equipment used: Equipment owned: | Bus Plan: Yes/No |
| | Name: Address: Tel: e-mail | | | | | Location: Equipment used: Equipment owned: | Bus Plan: Yes/No |
| | Name: Address: Tel: e-mail | | | | | Location: Equipment used: Equipment owned: | Bus Plan: Yes/No |
| | | TOTAL: | | | | | |

Notes:

Worksheet: b) Summary of existing and potential food Processors (Phase I, Step 3, Task 1)**Worksheet Notes:**

This worksheet should be used to capture the basic information about existing and potential processors so that local production and processing strengths can be identified.

Processing Category: Categorize processors by type of product e.g. Jams, sauces, body lotions, meat processors, baked goods, pasta etc. Processors producing similar products will have similar equipment and facility requirements. Record information for each processing category on a separate worksheet – it will be easier to identify local processing strengths and the work sheet to summarize category volume and requirements.

Existing Or Potential Processors: Identify whether the processor is an existing or a potential processor. Some processors may be both – they currently produce some products but lack the resources (time, dollars, equipment etc) to produce other products. Use separate worksheets to capture information for existing and potential processors. Some processors will appear on both worksheets but it will be easier to summarize existing versus potential products.

Producer/Processor Details: Record name, address and contact numbers for each local processor.

Products/Markets: Detail products and where they are currently. Distinguish between local and distant markets e.g.

- Local gift stores, farmers market, tourists.
- Vancouver – Ready Mart.
- Japan – Through distributor.

Volume: Detail current volume and in conjunction with the processor, establish a 3 year and 5 year forecast. For potential processors who are not currently processing and for existing processors who have additional products that they would like to process, try to estimate when they will start production and develop a three year and five year forecast. If processing is dependent upon new equipment or a special facility then this should be identified under "Special Needs". It is important to use the same unit throughout e.g. kilograms.

Current Production: Identify the current production location, equipment that is used at the facility and any equipment (other than utensils) which the processor owns. If the processor is producing in a "home kitchen" then equipment used and equipment owned will likely be the same. If another facility is used it may be useful to note the costs are incurred by the processor.

Special Needs To Further Develop Business: Any special needs which are required for processing should be identified e.g. equipment, staff, laboratory services, special storage, capital(loan) etc.

Bus Plan: Yes/No Discuss business planning with the processors and potential processors. Identify whether they have developed a business plan. It may also be useful to note how long they have been processing food products. Ensure that the group has a copy of the plan.

Total: For each category of existing and potential processors – total current, 3 year forecast and 5 year forecast of product volume.

Notes: Additional notes can be added as required by the local project committee.

Worksheet: c) Research existing processing facilities (Phase I, Step 5, Task 1)

| Company Details | Product(s) | Equipment Notes | Co Packing Arrangements | Spare Capacity |
|--|------------|-----------------|-------------------------|----------------|
| Name: Address: Tel. #: Contact: | | | | |
| Name: Address: Tel. #: Contact: | | | | |
| Name: Address: Tel. #: Contact: | | | | |
| Name: Address: Tel. #: Contact: | | | | |
| Name: Address: Tel. #: Contact: | | | | |
| Name: Address: Tel. #: Contact: | | | | |
| Name: Address: Tel. #: Contact: | | | | |

Notes:

Worksheet: c) Research existing processing facilities (Phase I, Step 5, Task 1)**Worksheet Notes:**

This worksheet should be used to capture the basic information about existing commercial food processing facilities. The facilities should be located within easy reach of the project area – a maximum of 1 – 1 1/2 hours drive away.

Company Details: Enter company name, address, contact name and telephone number for each established processing facility.

Product(s): List the products that are/can be processed.

Equipment Notes: Identify equipment that is used e.g. mixer – minimum 120 gallons, vacuum packaging – maximum 6"x6" pocket.

Co-Packing Arrangements: Discuss whether the company currently co-packs any products. Detail any special requirements or arrangements e.g. minimum run sizes or seasonality limitations, not available Monday – Wednesday 7.00 am – 1.00 pm. Detail pricing schedules – if available – co packing arrangements are frequently arranged on a company by company basis as production runs are impacted by everything from ingredients through to label size.

Spare Capacity: Identify whether there is any spare capacity for co packing – understandably some companies may be reluctant to give a specific volume so spare capacity may have to be assumed on a graded basis – none, limited, monthly, seasonal etc.

Notes: Additional notes can be added as required by the local project committee.

Worksheet: d) Research existing kitchen facilities within the community (Phase I, Step 5, Task 2)

| Category: <input type="checkbox"/> Community Kitchens (community halls, lodges, schools, colleges, etc.) <input type="checkbox"/> Commercial Kitchens (restaurants, cafes, hotels, etc.) | | | | |
|---|---------------------|--------------|--------------------------|----------------|
| Facility Tel #/Contact | Equipment Available | Suitable for | Availability Day/Time | Rental Charges |
| Tel. #: Contact: | | | | |
| Tel. #: Contact: | | | | |
| Tel. #: Contact: | | | | |
| Tel. #: Contact: | | | | |
| Tel. #: Contact: | | | | |
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| Tel. #: Contact: | | | | |

Notes:

Worksheet: d) Research existing kitchen facilities within the community (Phase I, Step 5, Task 2)**Worksheet Notes:**

This worksheet should be used to capture the basic information about existing community food processing facilities. The facilities should be located within easy reach of the project area – a maximum of 1 – 1 1/2 hours drive away.

Category: Identify the type of facility:

- Community kitchens which include community halls, lodges, schools, colleges etc and
- Commercial kitchens which include restaurants, cafes, hotels etc

Separate worksheets may be completed for each category, or, if required, for each sub category i.e. community halls and colleges etc.

Facility- Tel Number/Contact: Enter the facility details including name, location, telephone number and a contact name.

Equipment Available: Identify the type of equipment that is available e.g. commercial gas ovens or steam kettle – 20 gallon.

Suitable For: Identify the type of products that would be suitable for production in each facility.

Availability Day/Time: Identify availability. Some facilities may only be available during “down time” e.g. restaurants may only rent out their kitchens during the early hours of the morning, colleges and schools may be closed during the summer months etc.

Rental Charges: Detail charges for each facility. Identify any

Notes: Additional notes can be added as required by the local project committee.

Worksheet: e) Production forecast and shortfall (Phase I, Step 7, Task 2)

| Category <i>(e.g., jams, baked goods, processed meat, dairy, lotions, etc.)</i> | Projected Annual Volume Utilizing Existing Facilities | | | Projected Volume Assuming no Equipment/ Facility Issues | | | Summary |
|--|---|--------|--------|---|--------|--------|---------|
| | Year 1 | Year 3 | Year 5 | Year 1 | Year 3 | Year 5 | |
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Notes:

| Category <i>(e.g., jams, baked goods, processed meat, dairy, lotions, etc.)</i> | Annual Volume Shortfall | | | Annual Volume Shortfall – Converted to Processing Hours | | | Summary |
|--|-------------------------|--------|--------|---|--------|--------|---------|
| | Year 1 | Year 3 | Year 5 | Year 1 | Year 3 | Year 5 | |
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Notes:

Worksheet: e) Production forecast and shortfall (Phase I, Step 7, Task 2)**Worksheet Notes:**

Category: Enter the category descriptor e.g. jams, baked goods, processed meat, dairy lotions etc. The categories should be same as those used during Phase 1: Step 3: Research – existing and potential processors then for each category listed:

Projected Annual Volume Utilizing Existing Facilities: Enter the projected volume forecast for years 1,3 and 5 that can be achieved utilizing existing kitchen facilities and co packers. Some categories may have two entries to identify, and differentiate between the projected volume for existing processors versus new or potential processors.

Projected Volume Assuming No Equipment/Facility Issues: Enter the projected volume forecast for years 1,3 and 5 that can be achieved if there are no equipment and/or processing facility issues. Again there may be two entries for some product categories to identify and differentiate between the projected volume with no equipment and/or facility issues for existing versus new or potential processors.

Summary: Key points which should be noted include the identification of:

- the categories which are currently most impacted by equipment and/or facility issues
- the categories which can achieve major gains if equipment and/or facility issues are eliminated

Annual Volume Shortfall: Again for each category, for years 1, 3 and 5, enter the difference between the projected annual volume assuming no equipment and/or facility issues and the projected annual volume utilizing existing facilities.

Annual Volume Shortfall Converted To Processing Hours: Local processors may need to be involved in helping to converting the annual volume shortfall identified (above) into processing hours. This step will essentially identify the net gain – in processing hours - that can be achieved for each category of local processors by upgrading an existing and/or building a new facility.

Summary: Key points which may be noted include:

- the market status (existing processor versus new/potential processor) of categories which could achieve major gains if equipment and/or facility issues are eliminated
- the potential rate of market entry by new or potential processors
- the categories which will likely provide most potential tenants for an upgraded or new facility

Prior to determining a course of action the project steering committee will need to review the information and possible test potential scenarios with existing and potential processors e.g.:

- the commitment level to a new or change in processing facility for processors in the categories which have low processing shortfalls
- the willingness to pay higher rental charges for processors in categories which have low processing shortfalls
- the location of processors in categories with processing shortfalls in relation to the possible site for an upgraded or new building
- the commitment to (further) developing their food processing business of existing and new/potential processors in the categories with the highest production shortfalls.

Notes: Additional notes can be added as required by the local project committee.

PHASE II: BUSINESS PLANNING (FOR SELECTED OPTION) ACTIVITY SUMMARY AND CHECKLIST

| | Worksheet |
|---|-----------|
| Step 1: Review Project Committee and Community Checklists | |
| Task 1 Communicate and Promote Proposed Direction to Local Processing Community | |
| Task 2 Review and Formalize Project Committee Structure | |
| Step 2 Business Plan and Feasibility Study | |
| Task 1 Define Locational Requirements | |
| Task 2 Define Building Requirements | ✓ |
| Task 3 Define Equipment Requirements and Research Equipment Costs | ✓ |
| Task 4 Define Management Structure and Operational Guidelines | |
| Task 5 Research Operational Costs | ✓ |
| Task 6 Prepare a Marketing Plan | |
| Task 7 Complete a Feasibility Study | ✓✓ |
| Task 8 Review Project Feasibility | |
| KEY DECISION – PROJECT FEASIBILITY | |
| Step 3 Funding | |
| Task 1 Review Needs and Identify Options | |
| Task 2 Develop Funding Presentation | |
| Task 3 Secure Funding | |

PHASE II: BUSINESS PLANNING (FOR SELECTED OPTION)

STEP 1: REVIEW PROJECT COMMITTEE AND COMMUNITY INTEREST

| Objectives | Tasks | Deliverables | Project Management | | |
|---|---|--|--------------------|-------------------|-----------|
| | | | Assigned To/Date | Target Completion | Completed |
| Confirm community interest and commitment to the project. | 1. Communicate and promote the proposed direction to the local processing community | Develop processor interest and commitment to the project | | | |
| Review the structure of the Project Committee. | 2. Review and formalize the structure of the project committee | Establish a management board and legal entity as required for the direction determined | | | |

References:

STEP 1: REVIEW PROJECT COMMITTEE AND COMMUNITY INTEREST¹

Notes:

Communication with the local processing community and local media should be ongoing but once a course of action has been determined, the project steering committee will need to promote the organization and its goals and objectives. Awareness will assist as more specific research is undertaken to research costs and may also provide the impetus for other groups or companies - who may wish to play a key role as a mentor, anchor tenant or partner - to come forward.

The structure of the committee may also need to be reviewed and possibly even formalized as funding may be necessary to complete the business planning and implementation phases of the project. Options include:

| Organization | Structure | Key Advantages | Key Disadvantages |
|--|--|---|--|
| Co -Operative | Members purchase shares and benefit through service, savings and/or profit. Historically one member, one vote. Co Operatives can be organized in many ways – to serve member needs. Examples include: <ul style="list-style-type: none"> ▶▶▶ Marketing Co Operative ▶▶▶ Supply Co Operative ▶▶▶ New Generation Co Operative – members commit to deliver a predetermined quantity of raw product | <ul style="list-style-type: none"> ▶▶▶ Share trading ▶▶▶ Reduced risk ▶▶▶ Reduced costs (capital and overhead) ▶▶▶ Economies of scale | <ul style="list-style-type: none"> ▶▶▶ Potential for inter-personal conflicts re direction, management styles |
| Not For Profit | Form a society or association and apply for not for profit status. May need to have distinct socio-economic missions and objectives i.e. training for low income groups, community development initiatives etc. | <ul style="list-style-type: none"> ▶▶▶ Exempt from tax – federal, local business and permits – although this may vary by type of organization and jurisdiction ▶▶▶ Access to government funding ▶▶▶ Potential to perform key tasks for other community groups | <ul style="list-style-type: none"> ▶▶▶ Limited to cost recovery versus profit generation – organization not individual processors |
| Partnership with Investment | An association of two or more entities, operating as co owners. Two types: <ul style="list-style-type: none"> ▶▶▶ General – operate as co owners and share all financial liabilities ▶▶▶ Limited – no active role in management and liable only up to the amount that they have contributed | <ul style="list-style-type: none"> ▶▶▶ Voluntary legal agreement to suit partners. ▶▶▶ Limits or reduces risk for each partner ▶▶▶ Expanded financial capability ▶▶▶ Complementary management skills ▶▶▶ Efficiencies ▶▶▶ Ease of formation ▶▶▶ Profit | <ul style="list-style-type: none"> ▶▶▶ Need to negotiate new agreement whenever new partners leave or join ▶▶▶ Potential for interpersonal conflicts re direction, management styles ▶▶▶ Unlimited personal liability (except for limited partners) |
| Private Development Corporation | Shareholders own business through purchase shares and receive profit based on time and/or money investment. Voting based on number of voting shares. | <ul style="list-style-type: none"> ▶▶▶ Liability limited to share subscription ▶▶▶ Surplus earnings distributed to shareholders | <ul style="list-style-type: none"> ▶▶▶ Directors may be liable |
| Incubator | Generally not a business or revenue generator. Economic development tool to help small businesses survive and grow during the start-up period when they are most vulnerable. | <ul style="list-style-type: none"> ▶▶▶ Permits development of businesses during risky start -up period ▶▶▶ Hands-on management assistance ▶▶▶ Access to finance/technical support | <ul style="list-style-type: none"> ▶▶▶ No revenue generation |

¹ It is important to recognize that organization structure may have to be revisited at each step of this phase in order to ensure its consistency with the goals of the operation as per the various market, operational, and financial plans.

STEP 2: BUSINESS PLAN AND FEASIBILITY STUDY

Note: At the end of Phase I communities commit to a specific goal to meet the needs of their local food processors. Options included:

- a) Promote the development of local food processors through the inventory and co-ordination of existing kitchen facilities
- b) upgrade an existing facility
- c) build a new facility, and /or
- d) further develop food processors through the facilitation of business courses and initiatives

Phase II Business planning steps will need to be tailored to the goal selected.

| Objectives | Tasks | Deliverables | Project Management | | |
|---|---|---|--------------------|-------------------|-----------|
| | | | Assigned To/Date | Target Completion | Completed |
| Develop a business plan including a financial or feasibility study. Confirm project feasibility prior to implementation. | 1. Define locational requirement | Identify key locational requirements | | | |
| | 2. Define building requirement/options | Identify basic building specifications such as size, number of rooms etc and identify building costs or inventory existing community kitchens and food processors | | | |
| | 3. Define equipment requirement/options and research equipment costs | Develop an equipment inventory and identify equipment costs. | | | |
| | 4. Define management structure and operational guidelines | Identify how the facility will be managed and outline key operational guidelines | | | |
| | 5. Research operational costs | Identify ongoing operational costs | | | |
| | 6. Prepare a marketing plan | Identify key marketing activities and costs | | | |
| | 7. Complete a feasibility study and financial statement for the proposed facility | Develop a detailed financial statement including: a) revenue forecast b) sensitivity analysis c) start up costs d) operational costs | | | |
| | 8. Review project feasibility | Confirm project feasibility | | | |
| Key Decision – Project Feasibility | | | | | |

References:

- Task 2: Food Protection – Vital to Your Business, BC Ministry of Health and Ministry Responsible for Seniors
Canadian Food Inspection Agency (CFIA)
Municipal Building and By Laws
United States Department of Agriculture (USDA)
Food Processor's Reference Manual – BC Ministry of Agriculture and Food, Food Industry Branch
- Task 5: Workers' Compensation Board (WCB) – www.wcb.bc.ca - Core Requirements: apply to all people in the work force.
General Hazard Requirements: more specific to the food processing sector industry/activity requirement.
Employment Standards Act of British Columbia.

STEP 2: BUSINESS PLAN AND FEASIBILITY STUDY

Notes:

Locational Requirements:

- Activity required will depend upon the project direction.
- Office/training accommodation will need to be reviewed if business development is to be facilitated.
- Define the optimum location for a new or upgraded building. Preference should be given to a location which best serves the majority of the processors.
- Consider also foot traffic access if a retail outlet will be attached to the facility and location on a main through route versus an industrial park.

Building Requirements: Identify basic building specifications such as size, number of rooms, construction materials etc for a new or upgraded facility. Involve local environmental officers, CFIA and Municipal staff as applicable. Research building or upgrades costs with local builders and architects. Alternatively prepare an inventory of existing community kitchens, commercial kitchens and food processors. All three facility types were researched during Phase I so most of the information should be available but may need consolidating for printing and circulating to processors. Only include facilities which are suitable and available. Group facilities by category e.g. detail all meat processing facilities in one section.

Equipment Inventory Including Costs: Develop an equipment inventory for a new or upgraded facility and identify equipment costs. Include only equipment which will be used by a number of processors. Processors may need to purchase "one off" equipment individually.

Management Structure: The business plan will need to identify how the facility will be managed. The management or co-operative board will need to be identified and mandates outlined. Financial focus – not for profit versus member share terms will also have to be outlined. Staffing requirements should be noted along with job descriptions and salaries. Some maintenance, repairs and ground keeping could be performed by members

Operational Guidelines: Hours of operation, booking and scheduling of tenants should be detailed together with tenant responsibilities such as clean up and sanitation, Food Safe training, WCB and liability insurance

Revenue Forecast: From the forecasts developed during Phase I a five year revenue forecast should be prepared. A tenant fee schedule can be prepared based from the research of similar facilities across Western Canada. Tenant user fees are generally at a premium on weekdays while reduced rates apply at night and weekends. Other revenue can be generated from the rental of storage lockers, freezer and warehouse space, supplies such as rubber gloves and hair nets. Business training and office space and services may also generate revenue for some facilities. The proposed fees should be tested with existing and potential new processors for willingness to pay.

Sensitivity Analysis: The revenue forecast should be repeated to show how alternative scenarios impact upon the bottom line. Suggested alternatives include:

- reduce the average number of days of week day use to 66% of the original
- reduce the weekday and night/weekend rental charge by 25%
- both of the above Reductions

Start-Up Costs and Operational Costs: Start up and operational overhead costs should be researched – worksheet has been developed to record the operational costs. When all the financial information is available a five year financial plan can be prepared. Some assumptions will need to be made e.g. costs will not remain static so costs should be shown to increase by a small percentage each year. Any assumptions should be noted on the financial worksheet.

Marketing Plan: A marketing strategy and promotion plan should be developed to promote the facility/facilities and/or business incubation service. The need for brochures and business cards need to be reviewed. Media advertising and the use of trade shows. If a retail outlet is attached to the processing facility then a separate promotion strategy should be developed to target consumers. Costs for all marketing activities should be included in the start up and operational costs.

Project Feasibility: After completing all the tasks to complete the business planning the project steering committee will need to review the information particularly the financial information – that revenue forecast will meet ongoing operational costs - and then confirm that the project can move to the funding stage.

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Proposed rental and revenues must cover costs.



STEP 3: FUNDING

| Objectives | Tasks | Deliverables | Project Management | | |
|---|--|---|--------------------|-------------------|-----------|
| | | | Assigned To/Date | Target Completion | Completed |
| To pursue financing options which ensure that the facility or other community projects and initiatives will be financially stable and self supporting. Financing options include: a) anchor tenants b) processor buy-in (shares) c) business loans d) grants and funding from federal, provincial and private companies | 1. Review financial needs. Identify funding options for start up capital and short term operational overhead | List of financial needs and target funding source | | | |
| | 2. Develop funding presentation | Financial statement for the proposed project | | | |
| | 3. Secure funding | Committed funds, letters of intent and down payments. | | | |

References:

Appendix B – Potential funding agencies for British Columbia community, business development and micro food processing focused initiatives.

Inventory of Community, Economic and Social Development Funding Programs Serving B.C., June, 2000, prepared by James Pratt.

STEP 3: FUNDING

Notes:

Once the revenue and operating overhead forecasts have been balanced the project steering committee should develop a list of funding options and match them to local needs. Ideally a target funding source for each financial component – capital costs, equipment costs and operational expenses - should be identified. It may also be prudent to identify back up funding sources.

Appendix B – Potential funding agencies for British Columbia community, business development and micro food processing focused initiatives

Key financial components should be documented – most of the information has been compiled in Phase II but will require input into a formal document or structure – together with a summary of the project, its purpose and expected benefits to the local community. A suggested format for a financial presentation document would include:

- Introduction – outlining the project objectives , goals and timeframes
- Revenue forecast
- Capital and operational overhead forecast
- Funding sources – including a break down of community and processor funding

Benefits will vary by project defined but may include:

- providing business development opportunities for local micro food processors through business training and business development initiatives
- improving economic stability by providing local processors with a processing facility to add value and increase the potential profit on a per unit basis

Wherever possible provide numbers – the number of processors impacted, current volume versus forecast volume, extra employment etc.

Capital and equipment costs incurred for a new building or leasehold improvements for an existing facility are substantial - \$100,000 to \$400,000 for a small facility in the 1800 sq ft – 2,500 sq ft range. Revenue forecasts – of potential users and facility use - may not be enough to secure loans or start up grants and some indication of commitment may be required to substantiate the revenue forecast. The project steering committee may request commitment from potential processors in the form of letters of intent which should be presented along with any other funding documentation. If processor investment has been planned as an integral part of the project funding then a down payment should be requested as the same time as the letter of intent. The down payment should be sufficient to confirm intent – 50% of the full processor payment is suggested. Down payments should be held in a separate bank account and would be fully refundable should the project not proceed as planned. Similarly if there is to be an anchor tenant or partnership then a letter of intent together with a down payment or dollar confirmation should also be requested.

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Viable and sustainable – in the long term.



PHASE II WORKSHEETS

Worksheet: f) Building Costs (Phase II, Step 2, Task 2)

| Operational Costs ¹ | Specifications ² | Source ³ | Detail ⁴ |
|--------------------------------|-----------------------------|---------------------|---------------------|
| Construction Costs: | | | |
| New building | | | |
| Leasehold improvements | | | |
| Extension (to existing) | | | |
| Redecorating (existing) | | | |
| | | | |
| Design Costs: | | | |
| Building design | | | |
| Mechanical plans | | | |
| Electrical plans | | | |
| Development permit | | | |
| Building permit | | | |
| | | | |
| Land Costs: | | | |
| Purchase | | | |
| Leasehold | | | |
| Site servicing costs | | | |
| Landscaping | | | |
| Parking Lot: | | | |
| Gravel | | | |
| Paved | | | |
| Electrical: plug ins/lights | | | |
| | | | |
| Other: | | | |

¹ All costs associated with the planning, design, construction and completion of a project should be listed. If there are several options each should be researched and compared e.g. new building versus leasehold improvements. Information for each option should be recorded on a separate costing sheet.

² Enter key specifications for reference during telephone calls/meetings with information providers.

³ Identify contact details.

⁴ Record cost details.

Worksheet: f) Building Costs (Phase II, Step 2, Task 2)

Notes:

Construction Costs: Construction costs can include:

- ▮ New building costs are generally quoted on a cost per square foot basis.
- ▮ Leasehold improvements are also quoted on a cost per square foot basis.

To avoid wide variances in the quotes received it is important to provide detailed specifications, including size, number and approximate dimensions of rooms, construction materials to be used, type of finish etc. Prior to requesting quotes the project steering committee should draw a simple plan – to scale - of the proposed facility. Much of the information is detailed in the Food Protection – Vital to Your Business publication issued by BC Ministry of Health and available at local health offices. The publication includes a sample floor plan together with key criteria. Key highlights include:

- ▮ Requirements for floors, walls, ceilings, cupboards and counters – finishes and coving
- ▮ Lighting – minimum intensity of 50 and 30 foot-candles in processed/other areas respectively
- ▮ Ventilation – sufficient to prevent odour, smoke and condensation build-up
- ▮ Equipment – should be easy to clean with removable parts on larger equipment
- ▮ Sanitation Facilities – references the BC Building code and WCB who regulate washrooms

The environmental health officer has to approve plans prior to construction so the business planning stage is a good time to review facility requirements to ensure they will meet Health Act standards.

Design Costs: Design costs including mechanical and electrical plans can be as high as 10% of the construction budget – with building and development permits as additional costs. Better rates can be negotiated - 5% - 7% of the construction budget should be allocated for design services.

Land Costs: Local realtors will be able advise on the current market value for any land which needs to be purchased. The value will increase with location on a main through route or closer to the commercial centre. Leasehold versus purchase costs should be compared.

Site Servicing Costs: Site servicing costs can vary widely depending upon whether the site needs to be serviced or just have service taken into the building. Realtors and contractors may be able to provide realistic estimates.

Landscaping: The need for more than basic landscaping needs to be tempered with location and visibility within the community. If a kitchen is to be built as an add-on to an existing community facility, then landscaping may need to be more elaborate to ‘fit in’. Location in a manufacturing or industrial park will generally require only basic landscaping. Local health authorities may require concrete or gravel paths around the building to prevent or limit insects and rodents.

Parking Lot: Local health authorities may specify building materials. The number of parking spaces and plug-ins may need to be higher if: a retail outlet is included, or if space will be used for training or meeting purposes.

Other:

- ▮ Other start up costs will be required during the construction or leasehold improvement stage including building insurance, telephone costs, promotion and the cost of a facility manager/project manager.
- ▮ Consideration should be given to tasks which may be completed at a lower costs by the project team, potential tenants and/or the local community e.g. landscaping, paths and/or gravelling of a parking lots. However the finished quality should always be the over riding concern.

Worksheet: g) Equipment Inventory and Costs (Phase II, Step 2, Task 3)

Notes:

A detailed equipment inventory will need to be compiled for new buildings and upgraded facilities. Equipment which should be inventories includes:

Fixed Equipment: Sinks, stoves, work tables, ventilation equipment etc.

Processing Equipment: Mixers, hoppers, kettles, trolleys, steam kettles etc.

Packaging Equipment: Vacuum sealers, chamber packaging, labellers, conveyors etc.

Storage Equipment: Freezer, refrigerators, shelving, storage lockers etc.

Utensils: Ladles, weigh scales, food processors, bowls, basins, knives etc.

Office/Administration Equipment: Desks, chairs, extensions, book shelves, computer, printer, telephones, facsimiles, photocopiers, filing cabinets etc.

Janitorial Equipment: Mops, brooms (indoor and outdoor), pails, trolley, shovels (outdoor), snow shovels – snow blowers etc.

Lunch Room/Meeting Room Equipment: Tables, chairs, storage, refrigerator, microwave, coffee pot, kettle, utensils, crockery etc.

The equipment shown will not apply to all situations.

New purchases may not be necessary for all the equipment. Equipment donations may be solicited from community groups and some may be purchased through second hand through auctions and other local sales. Care must be taken when purchasing second hand or reconditioned processing equipment – most equipment is sold on an ‘as is’ basis – parts may be hard to secure and service manuals may not be available. Processing equipment must be reliable to attract and retain a processor base.

Communities which are committed to utilizing existing commercial kitchens, community kitchens and existing processing facilities will have already completed a detailed list of facilities and equipment during the research phase. These communities will not need to complete a separate equipment inventory but may want to:

- ▣► Inventory equipment that local processors have and are willing to loan to other processors, and/or
- ▣► Inventory equipment for which there is high demand but is currently not available locally.

Worksheet: h) Operational Costs (Phase II, Step 2, Task 5)

| Operational Costs ¹ | Specifications ² | Source ³ | Detail ⁴ |
|--|-----------------------------|---------------------|---------------------|
| Fixed Costs: | | | |
| Lease | | | |
| Mortgage | | | |
| Equipment Loan | | | |
| Reserve | | | |
| Salaries and Wages: | | | |
| Facility Manager/Co-ordinator | | | |
| Janitorial | | | |
| Contracted Services | | | |
| Repairs and Maintenance | | | |
| CPP, EI & WCB Premiums | | | |
| Contracted Services | | | |
| Repairs/maintenance | | | |
| Health/Operating Permit | | | |
| Business Permit/Licence | | | |
| Insurance | | | |
| Other: | | | |
| Variable Costs: | | | |
| Utilities: | | | |
| Gas | | | |
| Electricity | | | |
| Water | | | |
| Telephone – rental | | | |
| Telephone – calls | | | |
| Supplies: | | | |
| Office Supplies | | | |
| Janitorial Supplies | | | |
| Marketing: | | | |
| Promotional material | | | |
| Promotion – travel/shows | | | |
| Other: | | | |
| ¹ All costs (fixed and variable) associated with the day to day operation of the facility should be researched. ² Enter key specifications for reference during telephone calls/meetings with information providers. ³ Identify contact or information provider details. ⁴ Record cost details. | | | |

Worksheet: h) Operational Costs (Phase II, Step 2, Task 5)

Notes

Fixed Costs: Fixed costs are the costs which have to be paid to keep the doors open i.e. they have to be paid whether processors use the facility or not. They include:

- **Lease:** Current market lease costs for a processing facility can be obtained from local realtors. Site specifications should be provided to ensure that the costs quoted are realistic. They are usually quoted on a cost per square foot basis.
- **Mortgage:** The terms or cost to service a mortgage can be obtained from a bank. Many banks have a 30% down payment requirement for a new building. A mortgage may not be available for leasehold improvements and may incur a higher interest rate which is generally applied to standard business loans. Another major difference between a mortgage for a new building and a business loan is the amortization rate – because the building would provide security a longer amortization period would probably be available on a new building.
- **Equipment Loan:** A business loan will probably be required for equipment purchases although the project steering committee will need to discuss other options such as equipment donations and processor commitment to providing some of their own specialized equipment.
- **Reserve:** A reserve or green fund has been included but is optional. Building a reserve will allow the facility to fund future projects or major equipment purchases with out the need for funding. However because the facility will need to establish itself and build up a clientele, the project steering committee may decide not to introduce the reserve until year 3 or 4.
- **Salaries and Wages:** Salaries and wages have been included under fixed costs as variable labour requirements for processing will be the responsibility of tenants. Staff costs could include a facility manager, office/administrative, janitorial (excluding clean up and sanitation at the end of each processing day/run which is the responsibility of the tenant), and contracted services including repairs and maintenance. Canada Pension Plan (CPP), Employment Insurance (EI) and Workers Compensation Board (WCB) premiums should also be factored in. CPP, EI and WCB premiums are only required for facility staff – any processing staff brought in by tenants are covered by the tenant.
- **Permits:** The cost of an operating permit can be confirmed with the environmental health officer. A business permit is also required from the City or Municipal office. An application may be made to waive these charges for some not for profit organizations. Charitable organizations may apply for “non-application” of the fee.
- **Business Tax:** Municipalities levy a business tax through the Business Tax and BC Assessment Department. The project steering committee should confirm the assessment basis. Some jurisdictions use the actual value or market value – the building plus land, less any design or service costs. Leasehold improvements are generally included in the building value. Mill rates are assigned to different types or classes of buildings e.g. commercial. Some building uses may be exempted by Statute e.g. colleges and therefore are not liable for business tax.
- **Insurance:** Insurance rates will vary by type of construction materials, location, proximity to fire hydrants and contents etc. Boilers and other heavy machinery may have separate coverage. Liability insurance will also be required. It is assumed that incoming tenants will all be required to have their own liability insurance (\$2,000,000) for product exposure, contaminants etc.
- **Other:** Other costs as determined by the project steering committee should be detailed and costed.

Variable Costs: Variable costs are linked to use – as more processors use the facility the higher the variable costs will be. They include:

- **Utilities:** Utilities are very hard to estimate given that processor use of the facility can fluctuate and processor use of equipment can also vary e.g. a baker may require a gas oven while a jam processor may use an electric steam kettle. Assumptions or comparisons will need to be made with similar sized commercial facilities e.g. restaurants or hotels with similar sized kitchens. Costs for gas, electricity, water, telephone rental and long distance calls will need to be researched.
- **Supplies:** Office and Janitorial supplies will need to be estimated.
- **Marketing:** Marketing costs will need to be estimated. First year costs may be the highest because of the need to develop and print brochures, business cards and other promotional material for use at trade or agricultural shows. Costs for a community open house or “first day” event should also be included.
- **Other:** Other costs as determined by the project steering committee should be detailed and costed.

Worksheet: i) Revenue Forecast (Phase II, Step 2, Task 7, Part a)

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|------------------------------------|--------|--------|--------|--------|--------|
| WEEK DAY USE | | | | | |
| Number of tenants | | | | | |
| Average number of days used | | | | | |
| Total number of processing days | | | | | |
| Daily rental fee | | | | | |
| Total Week Day Rental | | | | | |
| | | | | | |
| NIGHT/WEEK END USE | | | | | |
| Number of tenants | | | | | |
| Average number of days used | | | | | |
| Total number of processing days | | | | | |
| Daily rental fee | | | | | |
| Total Night/Week End Rental | | | | | |
| | | | | | |
| OTHER REVENUE | | | | | |
| Storage Lockers: | | | | | |
| Number of months rented | | | | | |
| Monthly rental charge | | | | | |
| Total Storage Locker Rental | | | | | |
| OTHER (specify) | | | | | |
| OTHER (specify) | | | | | |
| | | | | | |
| TOTAL REVENUE | | | | | |

Worksheet: i) Revenue Forecast (Phase II, Step 2, Task 7, Part a)**Notes:**

Realistic revenue forecasts are crucial to effective business planning decisions.

Revenue Forecast: All revenue sources should be identified – they may include week day use, night, weekend use, rental from lockers, freezer space, supplies such as hair nets and rubber gloves, and, where focus has also been directed on business incubation, rental may also be generated from training courses, office supplies and services, meeting rooms etc. Then detail a five year forecast for each revenue channel. The applicable rental fee can then be applied to provide the total revenue.

Sensitivity Analysis: The revenue forecast should be repeated to show how alternative scenarios impact upon the bottom line. Suggested alternatives include:

- reduce the average number of days of week day use to 66% of the original
- reduce the weekday and night/weekend rental charge by 25%
- both of the above reductions

Kitchen Kommentar

Review proposed use for each processing category – ensure category and individual processor projected growth are realistic.



Worksheet: j) Start-up Costs and Operational Costs – Costing Model (Phase II, Step 2, Task 7, Part c and d)

| BUILDING COSTS : | Start Up | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Notes/Assumptions: |
|------------------------------|----------|--------|--------|--------|--------|--------|--------------------|
| Building Costs | | | | | | | |
| Loan/Mortgage Payments | | | | | | | |
| Leasehold Improvements | | | | | | | |
| Lease Costs | | | | | | | |
| Business Tax | | | | | | | |
| Legal Fees | | | | | | | |
| Equipment Costs | | | | | | | |
| Equipment Loan Payments | | | | | | | |
| Reserve | | | | | | | |
| SALARIES & WAGES: | | | | | | | |
| Facility Manager | | | | | | | |
| Janitorial | | | | | | | |
| Contracted Services | | | | | | | |
| Repairs/Maintenance | | | | | | | |
| CPP | | | | | | | |
| EI | | | | | | | |
| WCB | | | | | | | |
| Health/Operating Permits | | | | | | | |
| Health Inspection | | | | | | | |
| Business License | | | | | | | |
| Insurance | | | | | | | |
| Utilities: | | | | | | | |
| Gas | | | | | | | |
| Electricity | | | | | | | |
| Water | | | | | | | |
| Telephone - rental | | | | | | | |
| Telephone - calls | | | | | | | |
| Supplies: | | | | | | | |
| Office Supplies | | | | | | | |
| Janitorial Supplies | | | | | | | |
| MARKETING: | | | | | | | |
| Promotional Material | | | | | | | |
| Promotion | | | | | | | |
| OTHER: | | | | | | | |
| TOTAL | | | | | | | |

Worksheet: j) Start Up Costs and Operational Costs – Costing Model (Phase II, Step 2, Task 7, Part c and d)

Notes:

Start-up costs and operational costs should be input into the costing model for each of five years. Any assumptions should be noted e.g. utilities may be increased by 2% per annum to allow for inflation or repairs costs may be nil in year one increasing to 10% of the equipment value by year 5.

After completing the costing model yearly expenses must be compared to the forecast revenue. If expenses exceed the forecast revenue the project steering committee must make some adjustments and re review.

Options to consider if annual operating expenses exceed forecast revenue include:

- ▶▶▶ Increase the daily tenant fees until forecast revenue meets operational expenses. This exercise will provide a good indicator of the level of cuts or adjustments that will need to occur to ensure that forecast revenue and operating expenses balance. If the adjusted tenant fee has only increased \$1 - \$2 then minor adjustments can be made to supplies, utilities and contracted services. If the tenant fee has to be increased substantially – 30% - 50% above the original then more drastic adjustments will need to be tested.
- ▶▶▶ The highest costs associated with a micro processing facility will include building costs, equipment and staffing. All of these costs will need to be reviewed.
- ▶▶▶ **Building costs:** The processing facility may need to be scaled down to reduce not only capital costs but also operational expenses such as mortgage and utilities. Another alternative may include partnering with a local business to develop a shared space facility or anchor tenant arrangement.
- ▶▶▶ **Staffing:** The need for full time staff should be reviewed. A facility co-ordinator should be able to manage day to day facility management plus related marketing and administrative functions. Direction will be provided by the management board. Alternatively a local not for profit agricultural or business focused organization could provide these services.
- ▶▶▶ **Equipment Costs:** Local processors will be accessing a micro food processing facility with low or no capital risk. The facility may be fitted with basic “fixed” equipment such as sinks, worktables, gas ovens etc with any specialized equipment becoming a tenant responsibility.
- ▶▶▶ Alternatively tenants may be required to commit to purchase shares – the funds being directed solely towards purchasing larger processing equipment.

Any solutions which impact upon the proposed facilities physical size, services or the fees and costs which tenants will have to pay will have to be tested with potential tenants. The financial viability must be thoroughly reviewed before the project steering committee can proceed to Phase II: Step 3 – Funding.

PHASE III: PROJECT IMPLEMENTATION ACTIVITY SUMMARY AND CHECKLIST

| | Worksheet |
|---|-----------|
| | |
| Step 1: Project Implementation | |
| Task 1 Confirm Availability of Funds | |
| Task 2 Implement the Proposed Processing Option | |
| Task 3 Purchase Equipment | |
| Task 4 Hire Staff | |
| Task 5 Develop Training Programs and Documentation | |
| Task 6 Develop Administrative Policies/Procedures | |
| Task 7 Market Development and Promotion to Prospective Tenants and Community at Large | |

PHASE III: PROJECT IMPLEMENTATION

STEP 1: PROJECT IMPLEMENTATION

Note: At the end of Phase I communities commit to a specific goal to meet the needs of local food processors. At the end of Phase II – Business Planning – project feasibility should have been confirmed. Phase III: Project Implementation should be tailored to the goal selected.

| Objectives | Tasks | Deliverables | Project Management | | |
|---|---|--|--------------------|-------------------|-----------|
| | | | Assigned To/Date | Target Completion | Completed |
| Implement project components to provide local processors with a means to further develop their businesses: a) a co-ordinated inventory of existing local food processing kitchens and facilities b) an upgraded facility c) a new facility, and/or d) facilitated business courses and business development initiatives | 1. Confirm funds are available and accessible | List of available funds. | | | |
| | 2. Implement the proposed processing option. | Processing availability for local micro food processors. | | | |
| | 3. Purchase equipment | Equipment to meet local processor and potential tenant needs | | | |
| | 4. Hire staff | Staff to co ordinate day to day activities | | | |
| | 5. Develop training programs and documentation | Train staff and tenants | | | |
| | 6. Develop administrative policies and procedures | Administrative policies and procedures complete with documentation | | | |
| | 7. Market development and promotion to prospective tenants and the community at large | Promotional aids such as business cards, brochures and trade show posters. Media promotional plan. Open house activities for prospective tenants and the community in general. | | | |

References:

Step 1: Project Implementation

Notes:

Confirmation Of Funds: Prior to incurring any equipment, facility, promotional or other costs the project steering committee should confirm that all the required funding is available and accessible. Outstanding down payments and/or share purchases should be actioned and if necessary be offered to other potential processors.

Implement the Processing Option

- **Construction of a new building:** Building designs including mechanical and electrical plans should be commissioned and then approved by the environmental health officer – no building or construction should start until approval has been received. The construction project will need to be tendered and bids will need to be vetted by the project steering committee. Depending upon the size of the facility and start time the construction process will generally take between 4 and 6 months.
- **Leasehold or improvements to an existing building:** Again building plans including mechanical and electrical plans must be approved by the environmental health officer. The construction project will need to be tendered and bids reviewed by the project steering committee.
- **Inventory of existing kitchens and facilities:** A final copy of the inventory list of community kitchens, commercial kitchens and local processing facilities that are suitable and available on a rental basis was prepared during Phase 2: Step 2. The list will need finalizing before printing and circulating to potential users – any booking or scheduling procedures should also be attached.
- **Facilitated business courses and other business development initiatives:** The project steering committee will need to arrange suitable offices and meeting/training rooms from which to run the development sessions.

Purchase Equipment: This is probably only applicable to communities planning a new facility or leasehold improvements to an existing facility. The project steering committee will need to assign someone to oversee equipment purchases – if a facility manager/co-ordinator is to be employed they should probably be brought on staff during the construction.

Hire Staff: Staff – particularly the facility manager/co-ordinator should be interviewed and hired during the construction and implementation phase. They should be actively involved in the implementation process – developing the documentation, reviewing the tender documents and co-ordinating equipment purchases. The facility manager/co-ordinator will also be instrumental in vetting and training other staff – such as janitors as well as incoming tenants.

Training Programs And Documentation: The need for training will have been established during Phase I and II. Training material should be developed and sessions advertised well in advance of the start date.

Administrative Policies And Procedures: Administrative policies and practices which should be developed and documented during the implementation phase include:

- Rate and fee schedule
- Scheduling or booking procedure
- Tenant lease agreement
- Tenant application
- Facility rules and regulations -may include reference to a no smoking policy, no animals, removal of jewellery, leave clean and ready for the next user, garbage disposal, access arrangements for “out of hours”, lights out/windows closed at the end of the shift etc. Some of the rules such as “no smoking” may be posted in the facility – confirm with both the municipal by law officer and the environmental health officer which rules, if any, must be posted. In the facility.
- Tenant clean up and sanitation procedures – for end of day/end of shift

Market Development and Promotion: Marketing and project promotion should begin in earnest during the implementation phase to ensure that tenants utilize the facility as soon as it is ready and that any processors are aware and signed up for the training and business development initiatives. Promotion will focus mainly on local media coverage, direct mail outs to local processors and presentations to local agri food associations. Once the facility is open group tours can be scheduled for interested processors. Attendance at local agricultural trade shows should also be planned.

APPENDICES

A – REGULATORY INFORMATION

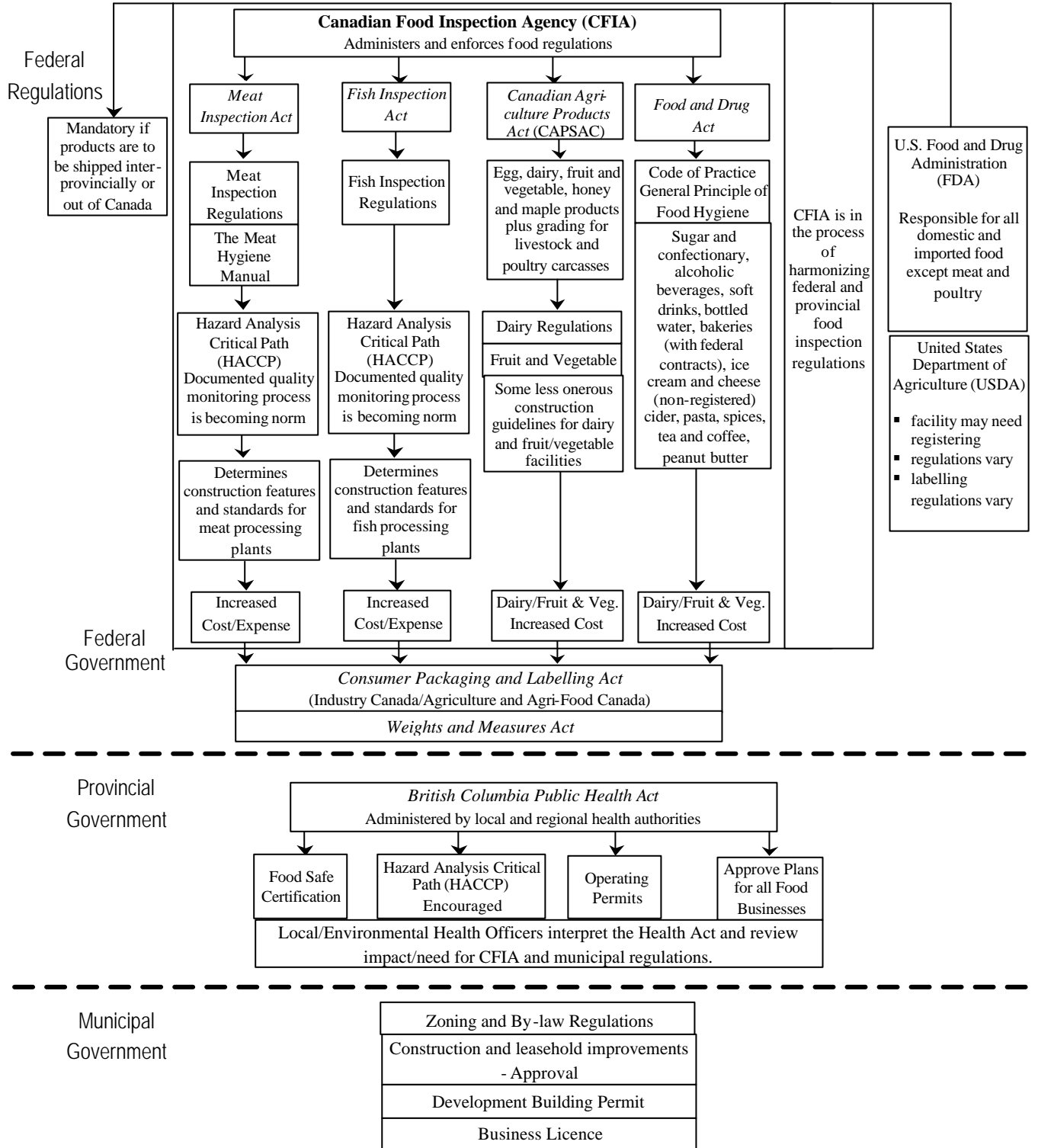
B – FUNDING PROGRAMS

C – CONTACT LIST FOR COMMUNITY KITCHENS' BUSINESS INCUBATORS

D – PROCESSOR SURVEY

APPENDIX A - REGULATORY INFORMATION

Normal Food Processing Regulations Apply For Micro-Food Processors



APPENDIX B - FUNDING PROGRAMS

| | |
|--|--|
| <p>DEPARTMENT/SOURCE:</p> <p>Program:</p> <p>Description:</p> | <p>GOVERNMENT OF BRITISH COLUMBIA Community Development, Co-operatives and Volunteers Website: http://www.cdcv.gov.bc.ca Community Enterprise</p> <ul style="list-style-type: none"> ▶▶▶ “Economic diversification is the key to prosperity for rural, coastal and resource-based communities. Through Community Enterprise, communities will be able to broaden their opportunities for growth and diversify their local economies.” ▶▶▶ There are three main components of Community Enterprise. |
| <p>Program:</p> <p>Description:</p> | <p><i>Community and Co-operative Business Development</i></p> <ul style="list-style-type: none"> ▶▶▶ “The Community and Co-operative Business Development component provides planning and implementation assistance to local groups interested in establishing a business [co-operative].” ▶▶▶ Funding is in the form of matching contributions to projects that diversify local economies. ▶▶▶ Funding is available for: <ul style="list-style-type: none"> ⇒ “Business Opportunity Identification ⇒ Business Analysis and Planning ⇒ Cooperative Business Development ⇒ Project Implementation Management” ▶▶▶ Criteria: <ul style="list-style-type: none"> ⇒ Community or area served by the project <ul style="list-style-type: none"> ▪ is in economic hardship ▪ has “higher than B.C. average dependency on resource (fish, forest, agriculture, mining) sector income.” |
| <p>Program:</p> <p>Description:</p> | <p><i>Community Capacity Building</i></p> <ul style="list-style-type: none"> ▶▶▶ “The Community Capacity Building component of Community Enterprise will fund a number of pilot projects to create work opportunities and sustainable income for individuals from marginalized groups.” ▶▶▶ Projects will focus on two areas: <ul style="list-style-type: none"> ⇒ “Development of cooperatives, micro-enterprises, and self-employment initiatives for individuals in marginalized groups.” ⇒ Development of micro-credit loan funds, support for peer lending initiatives to manage the funds and mentor individual participants, and other activities that promote community investment and increased access to capital for individuals in marginalized groups.” ▶▶▶ Funding is in the form of “contribution payments” and is limited. ▶▶▶ Funding will be provided to applicants in “communities experiencing economic hardship”. <ul style="list-style-type: none"> ⇒ Eligible communities include: municipalities, regional districts, unincorporated districts, Tribal Councils, rural areas made up of a number of villages and settlements, either singly or in partnership ▶▶▶ Funding is available for such things as: <ul style="list-style-type: none"> ⇒ “Hiring of community/project development facilitators and technical contractors (but not ongoing operational costs such as salaries) ⇒ Costs for training, mentoring and skills development ⇒ Business Plan development ⇒ Special technical and equipment for people with disabilities ⇒ Promotion within the community |

| | |
|----------------------------------|---|
| Program: Description: | <i>Community Venture Capital</i> <ul style="list-style-type: none">▶▶▶ “The Community Venture Capital Program component of Community Enterprise is designed to encourage investment in small businesses by providing investors with a 30 percent refundable tax credit.”▶▶▶ Eligible small businesses must meet certain criteria which include:<ul style="list-style-type: none">⇒ being “permanently established outside of the Capital Regional and Greater Vancouver Regional Districts”⇒ “Have fewer than 75 employees” with 75% of wages and salaries paid to “employees who are B.C. residents” |
|----------------------------------|---|

| | |
|----------------------------------|---|
| DEPARTMENT/SOURCE: | GOVERNMENT OF BRITISH COLUMBIA |
| Program: Description: | <p>Community Development, Co-operatives and Volunteers Website: http://www.cdcv.gov.bc.ca Community Solutions</p> <ul style="list-style-type: none"> ▶▶▶ “Community Solutions will provide funding to community-based, non-profit organizations and co-operatives, and First Nations Bands across B.C. to develop and implement locally designed and driven projects that support and empower multi-barriered, low-income residents to participate in their communities, obtain employment and enhance their quality of life.” ▶▶▶ Funding of varying amounts is available for: <ul style="list-style-type: none"> ⇒ community development needs identification ⇒ new project development ⇒ longer-term development and implementation |
| DEPARTMENT/SOURCE: | GOVERNMENT OF BRITISH COLUMBIA |
| Program: Description: | <p>Community Development, Co-operatives and Volunteers Website: http://www.cdcv.gov.bc.ca/Cooperatives/CoopAdvantage/ The Co-op Advantage is an important part of the Ministry’s commitment to promote, support and invest in grassroots efforts to build healthy, self-reliant communities. There are two components of Co-Operative Advantage.</p> |
| Program: Description: | <p><i>Innovation and Demonstration Projects</i> Contributions will be made to support new, innovative models of co-operatives, representing a range of large and small co-operatives, in a variety of strategic sectors, to meet (local) economic diversification and social needs. As well, contributions will be considered for existing co-operatives where opportunities exist for growth and job creation.</p> |
| Program: Description: | <p><i>Partners in Co-Operatives</i> Contributions will be made in response to proposals from individuals and groups to develop business plans and start new co-operatives, and for development and training to strengthen existing co-operatives.</p> |
| DEPARTMENT/SOURCE: | GOVERNMENT OF BRITISH COLUMBIA |
| Program: Description: | <p>BC Investment Agriculture Foundation Agriculture Risk Management Branch Ministry of Agriculture and Food BC Investment Agriculture Foundation Funding for projects which benefit B.C.’s agriculture and food industry. Initiatives should impact one or more strategic areas:</p> <ul style="list-style-type: none"> ▶▶▶ Planning and Communications ▶▶▶ The Business Environment ▶▶▶ Domestic and International Marketing ▶▶▶ Value-Added Processing ▶▶▶ Natural Resource Management ▶▶▶ Human Resource Development ▶▶▶ Science and Technology |

| | |
|--|--|
| <p>DEPARTMENT/SOURCE:</p> <p>Program: Description:</p> | <p>The Community Futures Development Association of British Columbia Website: http://www.communityfutures.ca/provincial/bc Community Investment Loan Fund</p> <ul style="list-style-type: none"> ➤ Program involves providing “business loans to current or prospective entrepreneurs who may have trouble accessing capital from traditional lenders”. ➤ “A partnership between the Community Futures Development Association of B.C., the Working Opportunity Fund and Western Economic Diversification Canada resulted in the creation of the Community Investment Loan Fund.” |
| <p>Program: Description:</p> | <p>Entrepreneurs with Disabilities Program</p> <ul style="list-style-type: none"> ➤ “The program was established to make it easier for entrepreneurs with disabilities to pursue their business goals and to contribute to economic growth within their rural communities.” ➤ Qualifications include: <ul style="list-style-type: none"> ⇒ “live in a rural community in B.C., and ⇒ have a disability that impairs your ability to perform at least one of the basic activities of self-employment or entrepreneurship.” ➤ Funding is in the form of business loans with terms that are “specifically tailored to address each individual entrepreneur’s needs and are repayable at competitive rates.” ➤ Loans can be used for a number of projects or purposes. |
| <p>Program: Description:</p> | <p>Fisheries Legacy Loan Program</p> <ul style="list-style-type: none"> ➤ The “Fisheries Legacy Trust was created to help bridge the financial ‘gap’ by providing communities with capital to make investments in fisheries-related commercial ventures. The Trust has established two major investment funds: the Fisheries Legacy Loan Fund (FLLF) and the Recreational Sports Fishery Loan Fund (RSFLF).” <ul style="list-style-type: none"> ⇒ The two funds are directed at specific applicants and are to used for specific purposes. ➤ Funding is in the form of business loans with negotiated terms. |
| <p>Program: Description:</p> | <p>Self-Employment Program</p> <ul style="list-style-type: none"> ➤ “The Self-Employment program is funded by Human Resources Development Canada and is available throughout Canada” through local Community Futures Development Corporation. ➤ Program provides business training and financial assistance during the start-up phase. ➤ Funds are in the form of a Self-Employment grant, “which is equivalent to their Employment Insurance benefits or a predetermined flat rate.” ➤ Eligibility: <ul style="list-style-type: none"> ⇒ “have a viable business idea, ⇒ and either; <ul style="list-style-type: none"> ▪ be currently receiving Employment Insurance, [or] ▪ have had a regular Employment Insurance claim within the past three years, [or] ▪ have had either a maternity or paternity Employment Insurance claim within the past five years.” ➤ Business ventures not eligible include: <ul style="list-style-type: none"> ⇒ businesses started by applicant prior to program application ⇒ businesses not controlled by the applicant unless the applicant owns 51 percent of the business in a partnership. ⇒ “businesses that will receive over 50 percent of revenue from commissions” ⇒ “businesses not considered to be bringing social and employment benefits to the community” ⇒ “businesses that are only part-time in nature.” |

| | |
|--|---|
| <p>Program: Description:</p> | <p>Western Youth Entrepreneurs Program</p> <ul style="list-style-type: none"> ▶▶▶ The Western Youth Entrepreneurs Program was created in response to “shrinking employment opportunities for rural youth” by Western Economic Diversification Canada. ▶▶▶ Is delivered through the Community Futures Development Corporation offices. ▶▶▶ Qualifications: <ul style="list-style-type: none"> ⇒ “have a viable business idea, ⇒ be between 18 and 29 years old, and ⇒ live in rural British Columbia.” ▶▶▶ Funds are in the form of business loans that have term “which are specifically tailored to address each individual entrepreneur’s needs and are repayable at competitive rates”. |
| <p>DEPARTMENT/SOURCE:</p> <p>Program: Description:</p> | <p>The Women’s Enterprise Initiative The Women’s Enterprise Society of British Columbia (WESBC) Website: http://www.wes.bc.ca/ Financing Program</p> <ul style="list-style-type: none"> ▶▶▶ “WESBC administers a \$5 million loan fund for women entrepreneurs unable to obtain financing from a bank or credit union.” ▶▶▶ Funding is in the form of a loan that has an interest rate that is “comparable to that of traditional lending institutions.” ▶▶▶ Criteria that must be met: <ul style="list-style-type: none"> ⇒ “The business must be at least 51 percent owned and controlled by a woman or women who reside in BC and plan to operate the business in BC. ⇒ Applicants are generally required to provide 50 percent security and 25 percent equity.” ⇒ See their business plan guidelines for detailed information. ▶▶▶ “..the goal of the organization is to help women entrepreneurs to succeed. For that reason, the application process is rigorous.” |
| <p>DEPARTMENT/SOURCE:</p> <p>Description:</p> | <p>Canada/British Columbia Business Service Centre Government Sources website: http://www.sb.gov.bc.ca/smallbus/sblinks/govfunding.html PDF Document entitled: Overview of Government Financing</p> <ul style="list-style-type: none"> ▶▶▶ <u>Overview of Government Assistance Programs</u>, September, 1999 <ul style="list-style-type: none"> ⇒ “The Overview acquaints you with government assistance programs and services for small business. Both federal and government programs are listed. <p>The Overview is a collection of more popular programs and is not a complete listing.”</p> |

APPENDIX C - CONTACT LIST FOR COMMUNITY KITCHENS AND BUSINESS INCUBATORS

CANADA

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| <p>NIAGARA FOOD INNOVATIONS LTD. Jordan Road, Jordan Station, Niagara Mary Wylie - GM (905) 562 1907</p> <p>Food Innovations -private enterprise – started 1997. Specialty fruit preserves/sauces. Purpose built (1999), federally inspected, commercial kitchen based in leased Frozen Foods building. Own use plus leased to other companies. Located in fruit belt to capture tourist traffic but business plan emphasises wholesale.</p> | <p>SMOKY LAKE Alberta</p> <p>Project in progress for 3-4 years. County funding (\$100,000) available on matched basis and minimum membership of 50. Membership achieved – but difficult to secure dollar commitment and maintain board interest. Project future unknown. Unlikely to proceed.</p> |
| <p>SHUSWAP BUSINESS DEVELOPMENT CENTRE Marcie Redding #100 – 5450 – 48th Av SE, Salmon Arm BC (250) 832-2118 mredding@futreshuswap.bc.ca</p> <p>Opened Nov/Dec 1998 – 1800 sq ft shared kitchen. Also several offices and four industrial bays. Not licensed for meat. High interest level but low commitment/usage</p> | <p>DAWSON CREEK</p> <p>Donna Tookey (250) 782 5745 Prp@pris.bc.ca www.pris.bc.ca Needs assessment and feasibility study completed (2000) for a shared use commercial kitchen.</p> |
| <p>WILD ISLAND CO-OP Sointula Liette Lavoie (250) 973 6618 Liette@island.net</p> <p>Surveys and studies over last ¾ years – now working towards small 3,000 sq ft with retail outlet and test marketing</p> | <p>WARMLANDS CO-OP Duncan Louise McMurray (250) 746-1004 lmcmurray@cowichan.com</p> |
| <p>COURTENAY/COMOX</p> <p>Kerren Shalanski (250) 339 7123 Kerrens@mars.ark.com</p> <p>Study completed including survey of 40 processors – not conclusive on need for new facility – decided to inventory/co ordinate existing facilities, provide training , bulk buying etc</p> | <p>SLOCAN VALLEY</p> <p>Abra Brynne (250) 226 0021 Abrachar@uniserve.com Vince Salvo (250) 226-0016 sucds@nctidca.com</p> |
| <p>VANDERHOOF Glenda Ols on (250) 567 4307 golson@onramp.hwyl6.com</p> | <p>UCLUELET Joy-lynn Eyford 726-7083 sustain@island.net</p> |

UNITED STATES

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| <p>MARYLAND FOOD PROCESSING CENTRE AND AGRIBUSINESS INCUBATOR</p> <p>http://www.stektek.com/agribus/ Consultant report commissioned to evaluate the need for and feasibility of a food processing centre. Phase I report covers market demand, and overviews facility, equipment, services and funding. Phase II provides detailed financial analysis, business and market planning.</p> | <p>ESTABLISHING A SHARED USE COMMERCIAL KITCHEN Cameron Wold, Martin F Sancho, Karen Schubert, John Wojtacha & Laura Hobbs A 'how to' manual detailing the steps required to develop a shared use kitchen. Detailed information for two projects – a 1440 sq ft rural kitchen in Sandpoint, Idaho and a 7,900 sq ft urban kitchen in Denver, Colorado.</p> |
| <p>SPOKANE BUSINESS INCUBATOR</p> <p>Formed in 1985 – 8,600 sq ft – financial responsibility/management provided by Eastern Washington University. Offered leased office space. Closed in 1995 – replaced by The Kitchen Centre – details below.</p> | <p>BONNER BUSINESS CENTRE 804 Airport Way Sand point, Idaho 83864 (208) 263 -4073 Fax: (208) 263 4609 pride@netw.com</p> <p>1440 sq ft processing attached to 10,700 sq ft business incubator – in mountain area – little primary production. Information package available for a small charge (\$15 US). No funding – kitchen revenues do not cover operating costs – subsidized by business incubator.</p> |
| <p>THE KITCHEN CENTER Spokane International Airport Business Park 3707 S.Godfrey Blvd, Spokane WA 99224 (509) 455 9320</p> <p>Licensed food-production facility opened April 1996 – first kitchen incubator in the US. Detailed tenant package available– includes detailed tenant application and lease agreement</p> | <p>DENVER ENTERPRISE CENTER</p> <p>7,900 sq ft processing attached to 64,00 sq ft business incubator. 16 users/400 hours month in 1997.</p> |
| <p>VERMONT</p> <p>Incubator kitchen - 3,000 sq ft– previously a licensed meat processing facility. 36 members of which 12 active at any given time (1998).</p> | <p>COLUMBIA RIVER COUNTRY KITCHEN Port of Douglas County 3306A 5th St SE, East Wenatchee, WA 98802 (509) 745 8531 viebrock@wsu.edu</p> |

APPENDIX D – PROCESSOR SURVEY

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|----|--|----------------------------------|------------------------------------|---|---------------------------------|----------------------------|
| 1. | Name: | | | | | |
| | Address: | | | | | |
| | Tel. No. | | E-mail: | | | |
| | Do you currently process food products? Yes <input type="checkbox"/> Complete all Survey No <input type="checkbox"/> Go to Section 3 | | | | | |
| 2. | What products do you currently process? | Current Annual Production Volume | Where is the product sold? | How is the product packaged? | How is the product distributed? | |
| | | | | | | |
| 3. | What other products would you like to process? | Where would the product be sold? | How would the product be packaged? | Please identify why these products are not currently processed. | Three Year Product Forecast | Five Year Product Forecast |
| | | | | | | |
| 4. | Where do you currently process food products: Please detail: | | | | | |
| | What equipment do you use? | | | | | |
| | | | | | | |
| | What equipment do you own? | | | | | |
| | | | | | | |
| | Identify any equipment required to expand your food processing business? | | | | | |
| | | | | | | |
| | Will you purchase additional equipment in the next three years? <input type="checkbox"/> Yes <input type="checkbox"/> No | | | | | |
| | Please detail: | | | | | |
| | | | | | | |
| | How much will it cost? | | | | | |

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| 5. | How long have you been processing food products? Do you have a business plan? How often do you update the business plan? Are any of the new products, identified in Section 3, included in the business plan? Do you have a marketing plan/strategy? |
| 6. | Have you taken any food processing training in the last three years? Please detail: Have you taken any business courses in the last three years? Please detail: Would you take any business or food processing training in the next three years? Please detail any courses you are interested in? |
| 7. | Would you be willing to make a financial investment in a community kitchen? How far are you willing to travel to use a processing facility? Do you purchase all your ingredients locally? |