



Staff Analysis

Working Food – Community Food Center Project

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June 8, 2017

CITY OF GAINESVILLE STAFF ANALYSIS

Legistar No: 160879

Title: Working Food – Community Food Center Project

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Summary of Issue

Working Food Community Food Center is attempting to establish itself within the City as a community asset designed to facilitate the local food production economy. The concept seeks to drive this through a focus on the components of: Kitchen, Commerce and Culture.

This aspect of local economic development has been a priority for the City Commission in the past as reflected in prior versions of the City's Strategic Plan and the City has provided limited funding cooperatively with Alachua County for a commercial kitchen needs survey performed last year (\$3,000) and more recently in terms of establishing connections with appropriate City staff regarding the proposed site/building project.

A corresponding presentation was made to the Alachua County BOCC last week.

The General Policy Committee is being asked to hear a presentation from the Working Food project team on status and determine whether or not to participate in further project development.

History/Background Information

Blue Oven Kitchens served the local food production community for many years but is not currently operating its former certified kitchen.

As a result, a team of interested community members has been working on plans for the establishment of a new commercial kitchen with expanded resources for food incubating businesses. Features of this facility will be a commercial kitchen (Kitchen), a co-packing and storage facility to aid local entrepreneurs in growing their business (Commerce) and a community education program designed to build and enhance the local food production culture (Culture).

A commercial kitchens needs survey (156 internet surveyed respondents) conducted by the Florida Survey Research Center was jointly funded by the Working Food team, Alachua County and the City of Gainesville to establish the desire/need for such a facility.

The survey performed in July, 2016 focused on issues related to establishing an interest in a commercial kitchen, the availability of such a facility and then interest in related support services. The survey seems to have established an interest in the concept and provided some direction in terms of proposed services.

The Working Food Community Food Center is currently in negotiations on a lease arrangement on a location proximate to the Grove Street Neighborhood and has secured a \$250,000 private foundation grant over three years to cover rent and start-up. The Center projects revenues of approximately \$250 - 300 over three years for rentals of kitchen and storage space and for consulting, workshops and events.

Funds are still being sought for construction and set up of the commercial kitchen and for additional renovations, equipment and support for initial operations.

With respect to the specific request of the City Commission the Center seeks funding to support the development of the kitchen component inclusive of:

- **City (and County) provide at least 50k toward the kitchen equipment/hookups.**
- **GRU will work with the Center if any upgrades to utilities are required**
- **Exploration of the possibility of the Grove Street area (and our spot specifically) becoming part of a CRA district**

Industry Analysis

A recent study entitled, US Kitchen Incubators, An Industry Update reports the following:

“There has been a recent surge in the kitchen incubators landscape. The findings of a recent study indicate that between August 2013 and March 2016, the number of kitchen incubators increased by more than 50% to over 200 facilities. Kitchen incubators operate in 39 states across the country and tend to be frequently located in urban areas. More than half of the incubators surveyed are for-profit (61%), 20% are USDA-certified and 40% have partnerships with outside organizations. On average, women make up 53% of tenants, down slightly from 61% in 2013. Minorities average 28% of tenants across respondents, down slightly from 32% in 2013.

Most incubators are very lean operations with few employees and modest operating budgets. Although their financial status seems to be strengthening, kitchen incubators continue to be risky endeavors with complex operations and low margins. The success of kitchen incubators continues to rely on operators going beyond just providing shared space and offering a more diverse set of resources for culinary entrepreneurs. Many respondents report that cleaning, maintaining the facility, and finding new customers are the greatest challenges

While still a relatively new phenomenon, kitchen incubators are likely to continue the upward trend and will play an important role in the growth of the economy, creating jobs, fostering business innovation and facilitating development.”

Source: US Kitchen Incubators, An Industry Update, March, 2016
Prepared by American Communities Trust, EconSult Solutions and Urbane Development

Furthermore from the International Business Incubation Association that now operates a food incubation center concentration in its overall program:

“Over the last decade, there has been a significant increase in the development of food business incubation centers as entrepreneurs have created many new startup businesses due to consumer demand for more local and specialty food choices.

In addition, the food marketplace has become incredibly globalized and international food businesses are increasingly seeking specialized food business incubators and Soft Landings programs that can enable them to enter into a foreign marketplace.

Investors are also increasingly attracted to the food industry, and it has been estimated that at least \$6.8 billion of capital has flowed into private companies in 2015, with leading investments occurring in the US, China, Germany, India and the UK.”

Source: inbia.org website regarding food incubators.

Local Analysis

The local food (and beverage) production economy has been growing and developing organically over the last several years and the City of Gainesville has assisted in facilitating this positive trend. The cluster of brewery's as well as many of the associated food entrepreneurs, restaurants and other farm to table continuum enterprises region wide are at testament to that fact.

In recent years, the City has provided a physical place (Bo Diddley Plaza and formerly Lot #10) where commercial exchange occurs on a weekly basis and staff has provided facilitative support in terms of assistance with respect to City compliance on site and building development issues and other similar compliance and limited funding efforts.

Concurrently, the loss of Blue Oven Kitchens as an institution has left a void in terms of providing a space and program to further economic development and entrepreneurial prospects associated with this important sector of the local economy and its anticipated returns to the community in terms of the provision of business opportunities, jobs, tax base and importantly, a healthy, local food culture.

As a consequence of these circumstances it seems that a City effort, in partnership with Alachua County, the Working Food Community Food Center and various private entities to take development of this important local economic sector to the next level seems to make sense.

Staff Recommended Option

As regards to the Center's request of the City Commission staff would recommend the following:

- **City (and county) will each provide at least 50k toward the kitchen equipment/ hookups.**

The City Commission should consider a one-time capital/operating investment consistent with Working Food Community Food Center needs and City budgetary constraints that would move this project towards start up and this could take the form of a performance agreement that would stipulate return to the City.

- **GRU will work with the Center if any upgrades to utilities are required.**

Appropriate GRU staff work with Working Food Community Food Center to determine existing utility capacity and fold reasonable costs for upgrades into the performance agreement.

- **Exploration of the possibility of the Grove Street area (and our spot specifically) becoming part of a CRA district**

The subject site/property is not currently located in a CRA district but it is located in the City's Enterprise Zone (as is a large component of the Grove Street Neighborhood). The General Policy Committee will be reviewing an item at its June 22nd meeting to further discuss incentives offered in the Enterprise Zone and any added robustness to the program can be applied to the Center.

- **Finally, assign project management to Economic Development and Innovation staff.**

Attachments/References

Working Food Community Center Project PPT

Commercial Kitchen Survey Report – Florida Survey Research Center

Strategic Plan 2015-2016 Goals and Initiatives (Policy # 8.2)