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# [CONSIDERATIONS FOR CREATING A FOOD BUSINESS INCUBATOR IN VIRGINIA]

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Online Master of Agriculture and Life Sciences  
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Food Safety

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## ABSTRACT

Due to overwhelming current demand for affordable rental commercial kitchen space in Virginia, this report was compiled in order to assess a viable Virginia model for small food business support. The incubator business model is gaining in popularity across the country, and increasing the capacity for small business operations in many metropolitan areas. Multiple in-person interviews were conducted with food producers, food retailers, shared-use kitchen owners, city/county officials, and food business incubator managers in Virginia and along the Eastern shore of the United States in order to gain more information pertaining to the elements required for success in food business incubation. It was discovered that most successful food business incubators are located in urban areas, with access to support from existing business development infrastructure such as local universities, hospitals, and business development service centers. Each existing facility has received significant funding from philanthropic donors, or investment capitalists who were able to supply the heavy up-front costs associated with facility establishment. The needs of the interested community will be essential in determining the type of food business incubator facility, and the equipment and services that it will provide. The main limiting factors among unsuccessful operations were shortage of dry and refrigerated storage space, and lack of adequate distribution networks, both factors of which are essential for growth and aggregation of small food businesses, and ultimate success of food business incubators.

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# Part 1:

## Introduction

Starting a new business can be one of the most difficult paths to creating personal income in the United States today. There are a multitude of barriers that can present themselves at each step of the process making it an ongoing journey of trial and error as you progress towards your goals. The act of joining the food business market can drop you in the midst of competition amongst existing food businesses, and historically most food businesses struggle to succeed within their first few years of existence. Purchasing real estate and necessary kitchen equipment, or retrofitting a home-based operation can cost food entrepreneurs a small fortune, of which many do not have at their disposal.

This combination of high start-up costs, business loan acquisition, and strategic planning can all be very overwhelming to new entrepreneurs, but that does not mean you are alone in your endeavor. Over the last 10 years Virginia has seen amplifying support for small food based businesses, and across the country we have identified a massive growth in food business incubator facilities. These incubators are helping local food entrepreneurs transcend these initial barriers and preparing them for continued success in the future. This publication identifies the various facility models that exist and stresses the important factors that should be taken into consideration if you are interested in starting a food business incubator in Virginia.

## What is a Food Business Incubator?

Food business incubators are not easily defined. The University of Wisconsin Cooperative Extension service defines a food business incubator as: *“an entity which includes both commercial food production facilities as well as technical assistance services available to those businesses that use the facility”*. It is important to make the distinction between an incubator facility and other shared-use kitchens, which solely rent out kitchen space for production. Shared-use kitchens are an essential building block for incubators to be successful in their mission, however there are many other components required to properly foster small food businesses into their own stand-alone operation.

A food business incubator supplies affordable kitchen rental space, and in addition possesses the capacity to work with producers to help solve many of the other issues they may face. These main components include adequate storage space, business plan development, market research, product marketing, small business low-interest loan acquisition, employee training, insurance, retail avenues, and product distribution hurdles. Forming a single entity that can address each of these issues creates a system that can lay the foundation for success as entrepreneurs create, refine, and grow their businesses in the incubator model.

## **Is Virginia interested in supporting local foods and local businesses?**

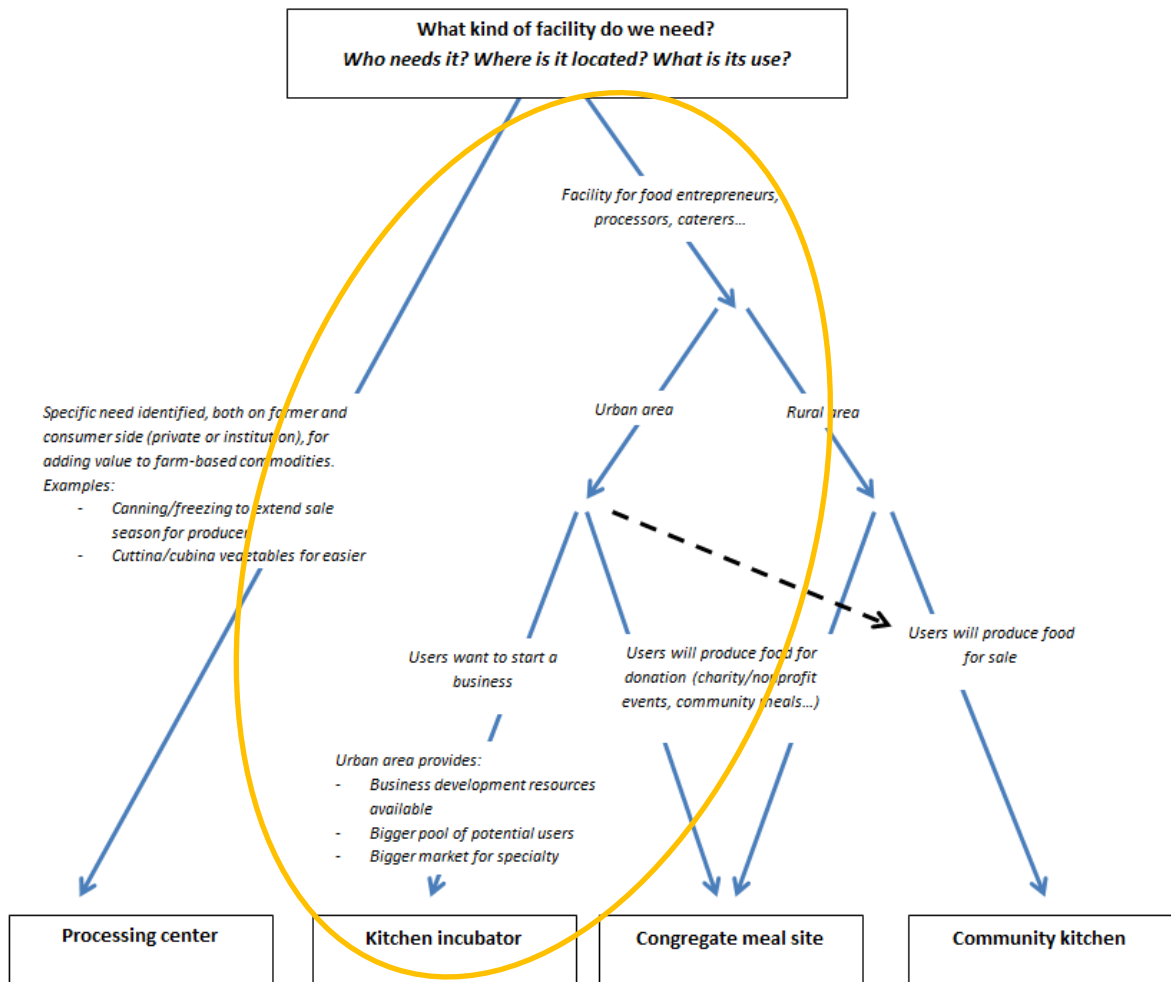
Across the United States we have seen a growing trend in support for local foods. According to the USDA's division of Agriculture and Marketing Services, the number of farmers' markets nationwide rose to 8,284 in 2014, up from 3,706 in 2004 and 1,755 in 1994 (USDA, AMS, 2014). The current number of markets as of 2015 is 8,476 (USDA, AMS, 2015). This shows a 370% increase over the last 20 years, with the general expectation of continued growth. Virginia ranked among the top states for number of farmers markets statewide at 246 in 2013. The number of markets has been growing ever since and Virginia has been indicated as one of the top 10 states for sourcing local foods directly to consumers with over 41.7 million dollars' worth of direct sales in 2012 alone. (USDA Ag Census Data, 2014)

According to a survey of producers, suppliers, and distributors of local foods in the Charlottesville and Thomas Jefferson planning district (PD 10) area published in 2012, the demand for local foods has dramatically increased in recent years and is continuing to grow with a strong support base (Kilroy and Spain, 2012).

As demand for local foods increases, the need for affordable production facilities within those localities will increase with it. The findings of a national survey conducted by Econsult Solutions Inc. indicate that between August 2013 and March 2016, the number of kitchen incubators in the United States increased by more than 50% to over 200 facilities (Wodka, A. 2016). An increasing demand for local and artisanal food products, sometimes referred to as the "locavore movement", has led to this surging necessity for affordable kitchen space, and shared-use incubator spaces are popping up all over the country in order to satisfy the need. According to this survey, kitchen incubators operate in 39 states across the country and tend to be frequently located in urban areas with a concentration in the country's largest cities (ESI 2013, Wodka, A. 2016).

## **Which model will work best for my area?**

Food business incubators can vary greatly in their composition. Most incubators are non-profit models, however there are also examples of for-profit models that provide equal or better services to the entrepreneurs. Traditionally, the for-profit models have had a higher success rate for self-sustainability than their non-profit counterparts (Hall, 2007, NEOEDD, 2012), but this all depends on the type of funding source behind the projects and their business management approach. Collated evidence from multiple existing incubator facilities across the U.S. shows that economic feasibility is proven more applicable when there are anchor tenants established in the building. This creates constant cash flow that helps curb the ebb and flow during contract vacancies between entrepreneurs as they come and go, allowing for more latitude for incubator operations.



**Figure 1: Iowa State University Extension Decision Tree for Facility Demand (Topaloff, A. 2014)**

The main determining factor for what type of incubator fits best in your area will be the community demands. Various ways to assess these demands are further explained in **Part II** of this document. If you are located in an urban community with many food trucks and mobile food production units, you may have a higher demand for commissary space with limited preparation equipment needs and higher storage and waste disposal needs. If you are located in a more rural farm-based community, business incubator demand may be lower than in an urban area, and you may see higher demand for frozen storage space, co-packing, or commercial canning production. Here in Virginia we have a wide variety of urban and rural communities with differing demographic populations. It is important to understand the different types of facilities in order to best address your community needs. The various types and examples of existing culinary incubator facilities are listed below.

#### Urban Centric Facilities:

- DC Central Kitchen (Washington, DC) Focusing on reducing hunger with recycled food programs, training unemployed adults for culinary careers, serving healthy school meals, and rebuilding urban food systems through social enterprise. <http://www.dccentralkitchen.org/>
- Food Fort (Columbus, OH) Commissary facility, heavily focused on accommodating food trucks and other types of mobile units. <http://www.thefoodfort.com/>
- Dorrance H. Hamilton Center for Culinary Enterprises (Philadelphia, PA) An incubator which includes a substantial classroom training kitchen that functions as a TV studio, pop-up restaurant venue, and also has made landmark deals with local universities and businesses for distribution and product purchasing to support small producers. <http://theenterprisecenter.com/cc/>
- La Cocina (San Francisco) Focuses mainly on assisting Latino entrepreneurs and deals primarily with immigrant and low-income populations in the San Francisco region. <http://www.lacocinasf.org/>
- Organic Food Incubator (Long Island City, NY) Focuses on co-packing, training, and coaching assistance for their entrepreneur clients. <https://organicfoodincubator.com/>

#### Rural Based Facilities:

- The Vermont Food Venture Center (Hardwick, VT) Part of the Center for an Agricultural Economy, whose mission is to build a regenerative, locally based, healthy food system by engaging the greater Hardwick community through collaboration opportunities, educational outreach and providing infrastructure. <http://www.hardwickagriculture.org/about>
- The Food Ventures Center at ACEnet (Athens, OH) A community based economic development organization that creates a network of over 500 local businesses and serves an average of 30 start-up businesses per year, with food and agriculture incubation as a partial focus for their operations. <http://acenetnetworks.org/>
- Rutgers Food Innovation Center (Bridgeton, NJ) A food incubator facility that enables packaged product design, development, analysis, commercialization, and ongoing manufacture of packaged products for sale to retail and foodservice markets. <http://foodinnovation.rutgers.edu/incubatorcomplete.html>
- Watertown Farm Market Kitchen (Watertown, WI) and YorKitchen (York, PA) Both concepts focusing around involvement with a prosperous local farmer's market. <http://www.watertownfarmmarketkitchen.com/>  
<http://yorkkitchen.com/>

\*This list has been partially adapted from the Econsult Solutions, Inc. report 2016.



Future concept incubator projects for Central/Northern Virginia:

- Random Row Brewery & Incubator (Charlottesville, VA) A brewery incubator concept hoping to launch in June, 2016. With the craft beer movement burgeoning in America we have seen increasing interest in beer brewing incubators and an example can be found here: Platform Beer Co. (Cleveland, OH) <http://platformbeerco.com/our-incubator>
- George Washington Carver Food Processing Market (Culpeper, VA)
- City of Staunton Shared-Use Commercial Kitchen (Staunton, VA)

### **Where do I begin?**

The first step towards incubator development requires the assessment of demand within your community. Is there a need for an incubator facility? How many producers currently exist in your community? What types of foods are being produced? What are the barriers specific to your community? Will we build a new facility or retrofit an old one? These are only a few of many questions one must ask before moving to the next step in development. An example of how to address these issues in your locality via community survey can be found in Appendix A of this document which outlines a pilot survey conducted in Charlottesville, VA in 2015.

Key elements and groups for survey outreach:

- Community Stakeholders
- Existing Small Producers
- Local Farmers
- Farmer's Market Managers
- Food Hubs
- Caterers
- Food Truck Operators
- Food Cart Operators
- Commercial Real Estate Companies
- Local County / City Government Officials
- Economic Development Services
- Virginia Department of Health (VDH) representatives
- Virginia Department of Agriculture and Consumer Services (VDACS) Representatives
- Local Cooperative Extension Office
- Chamber of Commerce

*\*Key Note About Surveys:* A study released in 2014 by Iowa State University Extension and Outreach on shared-use facilities included a list of points to look out for when completing a community survey. The most important point being: Remaining aware that all those who express interest in such a facility in the survey, may not be as committed by the time the facility opens, due to the long lag period during planning and construction stages (Topaloff, A. 2014).

Considerations for your building acquisition process:

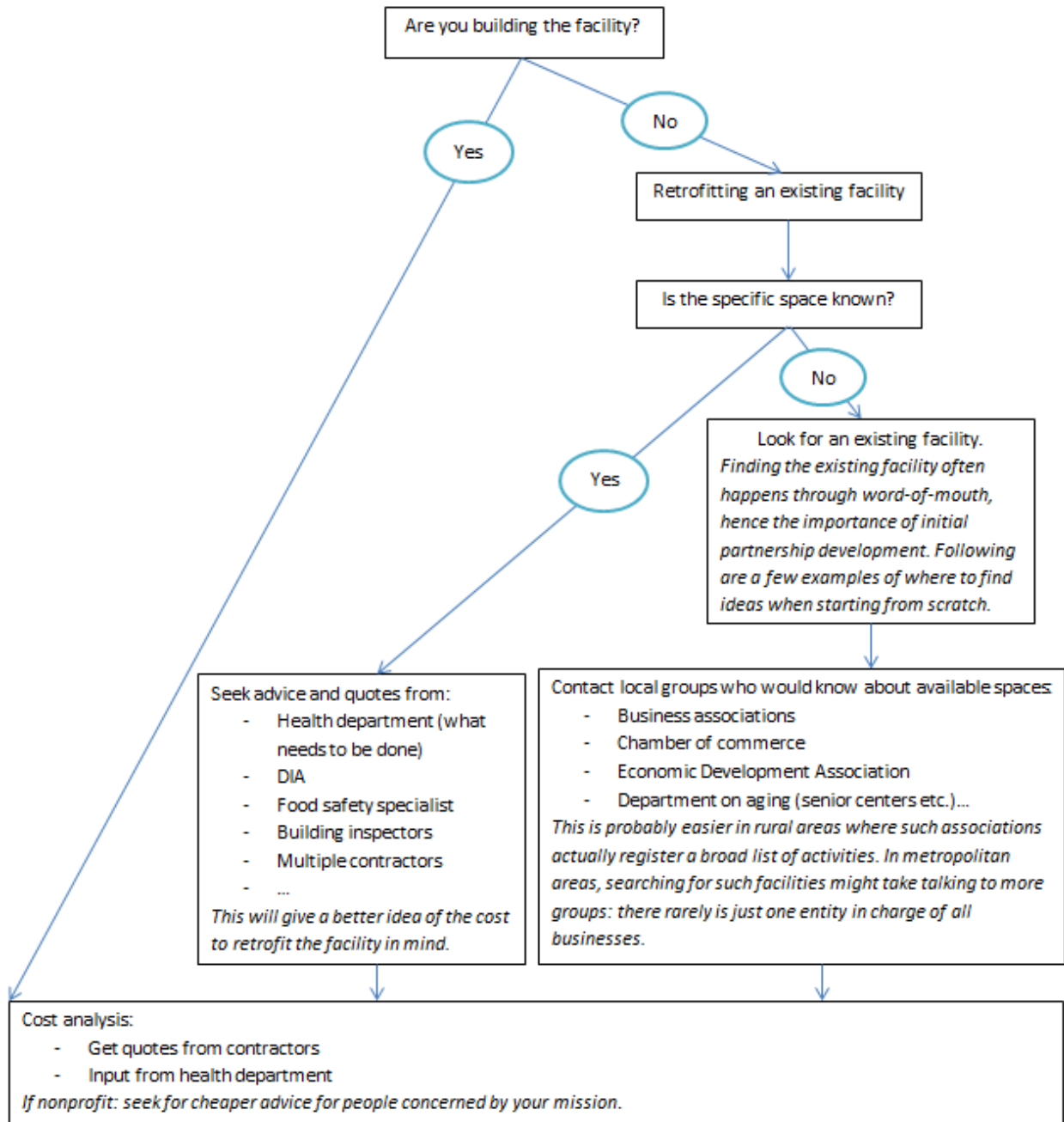


Figure 2: Iowa State University Extension Decision Tree for Building Choices and Development Options (Topaloff, A. 2014)

## Part 2:

### Feasibility Studies

Assessing the demand in your locality may necessitate the implementation of more comprehensive information attainment through a structured feasibility study. Key strategies for gathering information in this type of feasibility study include community surveys, stakeholder interviews, real-estate surveillance, cost estimation, market research, and evaluation of existing operations in other locations. The goal of a feasibility report is to analyze existing issues, and help you make the decision of whether or not to proceed with the project idea.

*“A feasible business venture is one where the business will generate adequate cash-flow and profits, withstand the risks it will encounter, remain viable in the long-term and meet the goals of the founders.”*  
(Hofstrand and Holz-Clause, 2009)

Research and past feasibility studies in the U.S. have shown that the cost of constructing a purpose-built, shared-use commercial kitchen can range from \$50,000 to \$8,000,000 (Carbaugh Associates, 2013, Kilroy and Spain, 2012) depending on the scale, location, and equipment provided. Typical steps to building a new facility include completing a feasibility study, obtaining grant funding or philanthropic donations, and then the construction of the kitchen. Some important notes to include about feasibility studies are the fact that this timeline can take up to 5 years or more, it may cost thousands of dollars, and ultimately there is no guarantee that the project will be as viable as a feasibility study suggests.

Here in Virginia, two feasibility studies have recently been completed for a shared-use kitchen and food business incubator concept in Staunton, VA and Culpeper, VA. The executive summaries of each can be found in Appendix B of this publication.

### Food Safety Regulations

Before establishing an incubator, first consult with representatives from the local Virginia Department of Health and Virginia Department of Agriculture and Consumer Services. Each of these entities oversee the various forms of food business regulation in Virginia. VDH regulates all direct food service operations, and VDACS oversees all packaged food production, both of which a food business incubator should be equipped to accommodate in order to maximize services to a diverse array of entrepreneurial businesses.

It is often misunderstood that a facility becomes “certified” for production, therefore allowing anyone to produce for commercial production in that space. This may be interpreted differently across the state depending on the foods being produced and the local city, county, or planning district regulatory requirements. For instance, in the Thomas Jefferson planning district in central Virginia, each individual food business must undergo their own inspection from either the health department or the department of agriculture no matter which space they are producing in. The main reasoning behind this practice is for verification that the production procedure is being carried out in a manner that will ensure safe food

handling and safe end products. The kitchen space being used for this process is simply a piece of the puzzle that must be able to accommodate the production process. In this case the kitchen is not technically “certified”, rather the process itself is certified for operation.

You can however certify a facility for processing of meat and poultry products. If you wish to certify your operation as a processing facility, you must contact the VDACS office of Meat & Poultry Services. This is the USDA branch of the Food Safety and Inspection Service (FSIS) affiliate that will review the Hazard Analysis & Critical Control Points (HACCP) and Sanitary Standard Operating Procedures (SSOP’s) necessary for processing of meat and poultry products in your facility. You can find more information about this here: <http://www.vdacs.virginia.gov/animals-meat-and-poultry.shtml>

By consulting with VDH and VDACS before construction or property purchases, you can assure that your facility will be prepared to handle any future regulatory requirements. Certain design features such as septic system capacity, hand washing sink placements, storage capacity, bathroom facilities and floor drain construction can all have major impacts on the effectiveness of operational flow within the facility. Planning for these issues ahead of time can save money, time, and effort for future operations.

## **Equipment**

Specialty equipment can be a very effective draw for clientele who cannot afford these commercial grade pieces on their own. One of the main reasons shared-use kitchens are so desirable is the opportunity to utilize equipment that many small producers either cannot accommodate in their home operations, or cannot afford to purchase. Choosing the right equipment for your incubator will directly relate to the type of clientele you wish to serve. This is another concept that should be considered during the community survey and analysis stage in order to assess what your community’s needs are. This can help avoid the purchasing of a shiny new expensive piece of equipment that eventually lies dormant in your facility because nobody needs it or is certified to use it properly.

Equipment can be purchased new or used, and it can be very helpful to contact local retailers and restaurant suppliers to see what may be available in your area. Purchasing used equipment can save you a lot of money on upfront costs, but there are always other things to consider when making that decision. Often times older equipment has the potential to be less energy efficient and may break down more easily over time.

All equipment should be commercial grade and able to withstand rigorous cleaning with various washing and sanitizing agents. Equipment surfaces should also be smooth and easily cleanable in order to reduce the risk of biological contamination.

## Storage

*(Possibly the most underestimated aspect of any shared-use commercial kitchen space.)*

Adequate storage space has proven to be the most desirable trait and major determinate for usability in all surveyed shared-use spaces in and outside Virginia. Both dry storage and refrigeration storage are usually the main areas of interest for most small-scale producers, with freezer storage tending to be less of a necessity among most operations. The reasons driving these factors are as follows:

- Larger storage space allows for multiple producers to operate out of the same facility
- Increased storage space makes for easier segregation of individuals' products, which is required by Virginia Department of Health and Virginia Department of Agriculture and Consumer Services regulations
- Freezer space is generally only required for value added producers that either create products intended for freezing (i.e. Ice cream, popsicles, etc.), or for farmers who wish to store frozen produce for future production of value added products
- Lack of storage space can inhibit the amount of producers operating out of your facility, limiting income revenue and reducing chances for expansion

## Management

- Employment – It is necessary to establish who will be employed as the in-person work force maintaining operations on a daily basis. This will add extra expense to operating costs and will vary in necessity depending on the scale of your operation. When it comes to cleaning and maintenance of equipment and facilities, it is difficult to leave all responsibilities up to the rental tenants and usually requires in-house or contracted facilities management personnel.
- Rental Rates – The average rental rate of all existing shared-use kitchens in the Commonwealth of Virginia is \$35.00/ hour. This figure may be skewed due to the variation in urban vs rural communities of Virginia. For instance, a shared-use space in the Washington DC metropolitan area may be rented at a higher price due to higher real estate costs and per-capita income levels than a shared-use facility in a more rural county in Southwest Virginia.
- Scheduling – Most shared-use operations utilize an online calendar showing which times are available and are capable of completing reservations via the online portal making it user friendly for entrepreneurs seeking available space.
- Tenant Selection Process – Accountability is very important for shared-use space and must be addressed in policy development prior to rental operation.

## **Distribution**

Most large scale retail operations such as Whole Foods for example, love to promote local foods and local products. However, this can create a major burden on the small producers because there is often no existing network for shipping and stocking shelves with their products without an exorbitant cost associated with it, ultimately reducing profit margins to negligible amounts. This usually results in each small producer manually shipping and stocking to retailers in their surrounding area, making scalability seem beyond reach once product sales actually begin to increase.

Distribution channels are a common thread among successful incubator facilities, and are always a highly desirable piece of the puzzle for small producers. Small producers like Sam Speedie of Speedie B's Energy Bars in Charlottesville have been attempting to create a network of existing small food producers to tackle the distribution challenge in the Central Virginia region for the past few years. This has proven to be a difficult task, and something that works in an area like Richmond may not necessarily work for a more rural location.

One example of a way to address the problem of distribution is to mirror the strategy utilized by the Dorrance H. Hamilton Culinary Incubator facility in Philadelphia, PA. They have created a partnership with a local university and Sodexo foods which has contractual agreements to source and distribute products created in the incubator facility. This guarantees product displays and sales within the University's dining areas and also provides an avenue for distribution to other commercial retail operations throughout the Philadelphia metropolitan area and beyond. Another example of potentially beneficial distribution channels can be achieved through establishment or utilization of an existing local food hub. Although these organizations are usually catered towards serving farmers and fresh market produce, many also supplement their services by distributing locally produced value added products and other packaged goods as well.

## **Entrepreneurial Assistance**

For a business incubator to be successful, it must provide avenues for business development assistance for the small scale producers. It is highly important to note that without considering the multifaceted approach to business incubation, the model will not be successful and the small businesses will not survive on their own. A study completed by the University of Pennsylvania in 2007 outlined the failure of the Nuestra Culinary Ventures incubator project in Boston, MA (Hall, 2007). This report concluded that the NCV facility could not achieve its business incubation goals, nor remain financially sustainable based solely on providing affordable rental kitchen space and limited technical assistance for underserved populations in the Boston area.

This report stresses the importance of the full circle approach to business incubation, and how supplying each aspect of business assistance is important to success for both the producers and the incubator itself. Many avenues for entrepreneurial assistance may already exist within your community, and being

able to tap into those resources may help reduce redundancy of efforts. It is a priority to first establish which community organizations currently operate in your area that you may be able to partner with in order to provide services to your entrepreneurs. Some examples of existing entities in Virginia include:

- 
- The Virginia Small Business Development Center (SBDC) Network – “The largest and most effective provider of customized counseling and education for small businesses in the Commonwealth” - [www.virginiاسبdc.org](http://www.virginiاسبdc.org)
  - The Virginia Department of Small Businesses and Supplier Diversity (SBSD) – “The Virginia SBSB has two key goals: (1) increase the number of certified businesses in the Commonwealth, and (2) increase the total dollars allocated to Small, Women, and Minority-based vendors as a percentage of all discretionary spend or contract dollars. <http://www.dmbе.virginia.gov/>
  - The Virginia Economic Development Partnership (VEDP) – Whose mission is *“To enhance the quality of life and raise the standard of living for all Virginians, in collaboration with Virginia communities, through aggressive business recruitment, expansion assistance, and trade development, thereby expanding the tax base and creating higher-income employment opportunities.”* <http://www.yesvirginia.org/>
  - Local Colleges and Universities (Virginia Tech, UVA, VCU) – These organizations can provide many different services such as business planning advice, low-cost student led marketing, advertising, and market analysis, or product testing through facilities such as the Virginia Tech Food Innovations Laboratory
  - Virginia Cooperative Extension (VCE) – Local offices located throughout the Commonwealth are a direct link Virginia Tech and Virginia State University, and also to their vast amounts of information pertaining to starting and operating food based businesses in Virginia - <http://www.ext.vt.edu/offices/>
  - The U.S. Small Business Administration (SBA) – A Government run organization focused on preserving the free competitive enterprise in America by aiding, counseling, and assisting small businesses. Provides opportunities for small businesses to acquire low-interest loans. [www.sba.gov](http://www.sba.gov)

## Summary

Food business incubators will not be successful without fully analyzing their operations from the ground up, and creating successful small businesses requires more than the provision of affordable rental space and equipment. Supplying broad spectrum services that will assist entrepreneurs in overcoming small business hurdles is the key to creating a successful incubator model. As Virginia’s budding economic opportunities evolve and the current trends toward shared-use economy models continue, we are likely to see an increase in demand for incubator facilities in Virginia. Utilizing the information put forth in this publication can get you started in the right direction, and hopefully set you up for successful proliferation of diverse food operations in your community.

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## Appendix A: Charlottesville Incubator Survey





**1. The Charlottesville area is in need of a food business incubator that can be rented out by the hour to help get small food based entrepreneurs off the ground. This business incubator would supply commercial kitchen space and equipment to those that cannot afford to purchase their own. (i.e. Caterers, Food Trucks, Push Carts, Home Producers, Future Restaurant Owners, etc.)**

#	Answer		Response	%
1	Strongly Agree		66	77%
2	Agree		15	17%
3	Neutral		4	5%
4	Disagree		0	0%
5	Strongly Disagree		1	1%
	Total		86	100%



**2. It would be beneficial to link food based entrepreneurs with other local resources, such as information on business plan development, small business loan acquirement, food testing labs, food nutritional analysis, and job skill education.**

#	Answer		Response	%
1	Strongly Agree		64	77%
2	Agree		14	17%
3	Neutral		4	5%
4	Disagree		0	0%
5	Strongly Disagree		1	1%
	Total		83	100%



**3. The Charlottesville area has the capability and motivation to sustain a facility like this by introducing new food based businesses on a regular basis.**

#	Answer		Response	%
1	Strongly Agree		56	67%
2	Agree		16	19%
3	Neutral		10	12%
4	Disagree		1	1%
5	Strongly Disagree		0	0%
	Total		83	100%





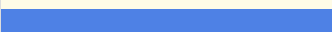

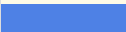


**4. Do you feel that this food business incubator facility would be a benefit to the local economy?**

#	Answer		Response	%
1	Yes		72	89%
2	No		0	0%
3	Maybe		9	11%
	Total		81	100%





**5. Would you personally be interested in taking advantage of a shared rental kitchen space, gluten free kitchen space, rental food truck, or food truck/cart commissary space to operate your food based business? (Or to follow your dream by starting your very first food business without needing the upfront capital to build a kitchen!)**

#	Answer		Response	%
1	Yes		60	75%
2	No		20	25%
	Total		80	100%



**6. If you were going to rent a kitchen space (gluten free or regular), rental truck, or commissary space, what type of business would you use it for? (You may choose more than one answer)**

#	Answer		Response	%
1	Catering		18	31%
2	Food Truck/ Push Cart Commissary		10	17%
3	Food Truck Rental		9	15%
4	Research and Development (Utilizing equipment not usually available to you, attempting larger scale recipes, trying out future restaurant menus, etc.)		21	36%
5	Packaged Food Production		41	69%
6	Gluten Free Production		17	29%
7	Hosting Events or Dinners		16	27%
8	General Kitchen Rental		26	44%
9	Other		5	8%




## 7. How much would you expect or be willing to pay for an hourly rental rate to utilize the rental kitchen or gluten free kitchen space?

#	Answer		Response	%
1	>\$25.00/hour		31	52%
2	\$25.00-\$35.00/hour		22	37%
3	\$35.00-\$45.00/hour		5	8%
4	\$45.00-\$55.00/hour		2	3%
5	\$55.00-\$65.00/hour		0	0%
6	>\$65.00/hour		0	0%
	Total		60	100%

## 8. Do you currently operate a food business?

#	Answer		Response	%
1	Yes		30	50%
2	No		30	50%
	Total		60	100%

## 9. How much time do you devote to your business?

#	Answer		Response	%
1	Full Time		16	53%
2	Part Time		11	37%
3	Just a Hobby		3	10%

## 10. What type of food business?

#	Answer	Response	%
1	Ex: Food Truck, Baked Goods, Push Cart, etc...	28	100%
	Total	28	100%

Ex: Food Truck, Baked Goods, Push Cart, etc...

Value added food products - canned goods, mostly pickles.

Gluten Free Bread

Food product

organic farm

Confectionary

Gourmet Food

Speciality Food

Farmers market packaged pork and hot food

Grow and sell fresh vegetables and chicken.

Catering, stall, wholesale

Value added food product

Manufacturing

Canned goods, cooking classes

Pies

Baked goods

gift shop

take-out window/restuarant

Catering and Food Production

Honey

Baked goods but also produce canned organically grown vegetables which I can't sell without a bad inspection

Baked goods

specialty food product

healthy snack foods

Bee Keeping for raw local honey

baked goods

baked

## **Appendix B:**

### **George Washington Carver Food Processing Market (Executive Summary)**

**December, 2015 – Culpeper, VA**

The George Washington Carver Food Processing Market Analysis is the result of an evolving partnership between local and regional governments, non-profit agricultural-focused stakeholders, agriculture experts, and training providers. The analysis was undertaken to determine whether creating a food enterprise center in Virginia's Northern Piedmont would foster job creation, benefit local farmers and producers, and generally improve the quality and quantity of local food availability. This analysis was funded by a private foundation, with additional support from the Virginia Department of Housing and Community Development, through the Building Collaborative Communities Program.

Key findings include:

There is a producer-driven demand to meet increasing consumer markets for commercial value-added food processing, based on a five-county producer survey. In the absence of infrastructure to meet this demand, producers are not able to gain additional profit from their crops.

Small-scale producers expressed need for support services in order to succeed in manufacturing and marketing their products, with a focus on learning how to process food; meet food safety and other regulatory requirements; develop recipes; prepare business plans; pricing, labeling and marketing their products; and product distribution.

There was a wide range to the products that farmers and producers are interested in developing, from jams and jellies to fruit juices, further processing of meats (jerkies, smoked meats, sausages, chicken stock), Bloody Mary mix, yogurts and cheeses, baked and canned goods, medicinal and culinary herbs, soaps and lotions.

Many growers expressed willingness to scale up their current production and/or add new crops to meet demand. Cooperatives and produce aggregation were identified as additional ways to meet increased supply needs.

Institutional buyers indicated interest in expanding procurement of local foods, and to participate in regional, local food education programs. They also see a need for providing nutritional information and counseling to seniors and others.

The chosen site is well located within the regional area of focus. The physical size and infrastructure of the existing school building is more than adequate to meet the needs of a food processing center, assuming upgrades are made to the well, waste water treatment system, electrical, heating and cooling. The site offers space for dry storage, cold storage and flash freezing, as participants requested. The site also offers transportation access and proximity to large population centers.

An ancillary benefit of the Carver Center location is the strong interest and enthusiasm for rehabilitation of the former school as a vibrant agricultural center. Support from Culpeper County, the facility's current owner, is important, and is evidenced by an application by the County for Brownfields Remediation funds in November 2015, including the allocation of additional funds to provide rehabilitation to classroom and office space at the entrance to the school. In addition, a major strength of this project is the interest and support of other local governments, farmers, producers, and social service organizations from across the region.

In summary, we have determined that creation of a food processing center, including a commercial kitchen, a food aggregation center, a business incubator, and related training, can become economically viable, strengthen the local food system, help address the need of food insecure families, create jobs, inform and encourage healthier food choices, and especially provide Virginia's farmers with a fair, local market for specialty and other crops. We have concluded that this Center, if developed in phases, will be a valuable, sustainable, infrastructure component of Virginia's Northern Piedmont local food and agricultural network.



## City of Staunton Feasibility Study for Shared-Use Commercial Kitchen (Executive Summary)

### October, 2014 – Staunton, VA

In 2013, The City of Staunton in conjunction with the Staunton Creative Community Fund applied for an Agriculture and Forestry Industries Development planning grant to determine the demand for a shared-use commercial kitchen space to serve the surrounding region. This Virginia Department of Agriculture and Consumer Services grant was awarded in July of 2013 for a two year period to study this demand. In 2014, The Staunton Creative Community Fund entered into an MOU with the City of Staunton to oversee the study for this project.

In June 2014, Skill Set Partners, LLC was hired through an RFP with the City to conduct Phase I. Phase I will be a feasibility study to determine the viability of a shared-use commercial kitchen space for the City, surrounding counties and municipalities. Upon completion of the editing process by the Food Working Group, a presentation will be made to the City of Staunton, Staunton Creative Community Fund, and their guests.

Phase II will create a business model surrounding the kitchen complete with a financial plan to reach a level of sustainability. Phase II will focus on a business plan and begin to identify potential locations. Phase II will consist of exploring the lead partner, developing the best model, and designing a business plan to implement the project. The plan will include funding sources, equipment needs, and potential locations.

Together, these phases will pave the way for finding the ideal location to serve as a hub for business incubation, food education, and healthier lifestyles.

Key findings in this research include:

- Demand exists for a shared-use commercial kitchen space from farm-based producers and food entrepreneurs in Virginia;
- Aspiring farm-based food entrepreneurs are in need of comprehensive technical support services to help them enter and succeed in value-added food manufacturing and marketing—these include training in food processing, formula development for large and medium quantity processing, business planning, food safety training, labeling, adherence to FDA guidelines and food safety laws, and marketing;
- Opportunities exist for expansion of existing businesses to provide anchor tenants;
- Market opportunities exist for direct retail of such products, and wholesale distribution to gourmet retailers, natural foods stores, and Co-Op retailers;
- There must be a collaborative partnership that operates the facility;
- The space cannot exist simply as a stand-alone kitchen. It must encompass programming, business incubation, a way to engage producers, and other options to ensure long-term sustainability without grant dependence.