



# CENTRAL SAANICH FOOD HUB FEASIBILITY STUDY

FINAL REPORT — FOR PUBLIC USE

PREPARED FOR

DISTRICT OF CENTRAL SAANICH

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Prepared for



## Central Saanich

## Disclaimer and Acknowledgements

This report is intended as a management tool to support the planning and launching of a food hub in Central Saanich. The authors have relied primarily on information provided by the District of Central Saanich, engagement with stakeholders and supplemented by additional research, to compile the feasibility study. The authors have attempted to ensure that the information contained herein is credible but there are many factors that affect the feasibility study and its assumptions some of which are beyond the control of the project. Accordingly, the authors cannot be held responsible for the accuracy of this information.

Greenchain Consulting & Sustainability Ventures would like to acknowledge the thoughtful insights of community members, farmers, entrepreneurs, regional, provincial and federal government agencies, industry associations, accelerator and incubator programs and partners of this project who have shared their enthusiasm, creativity, knowledge and experiences in farming, new product development and processing, technological developments and innovations in the sector, as well as in community, business and economic development and growth.

The consultants would also like to thank the BC Ministry of Agriculture and Food for funding this project and for their enthusiasm and desire to steer this project through to completion.

Finally, a special thank you to the District of Central Saanich for helping organize and accommodate the meetings and focus groups; and for giving their time to review and provide guidance and expertise on this project.

# Executive Summary

## Background

The District of Central Saanich (the District) is supporting the feasibility study of establishing a food hub in Central Saanich thanks to a grant from the Ministry of Agriculture. The project aims to assess the viability of a shared-use food processing facility (food hub) for food and beverage producers and processors in the region. The food hub would integrate food processing and innovation activities and services and be located within the District of Central Saanich.

## Overview of Central Saanich Food Sector

209 farms operated in the District in 2016, a 9% increase from 2011. These farms generated \$20 million in revenues in 2016, a 14% increase from 2011. Farms within the region are smaller than the average farm in BC and earn less than half the revenues of an average BC farm. Almost 30 food processors operate in the District, including those involved in food service, catering and alcoholic beverages. Three companies provide local food distribution within the District.

The District of Central Saanich has only two community kitchens, both of which have restricted access for food processors and limited facilities and equipment. However, a few well-equipped commercial kitchens exist in other parts of the Capital Regional District. No commercial kitchens exist in the District but there are two in Victoria.

Three food hubs/shared food processing facilities are planned to open in the region in the next 12 months. Sufficient demand exists for the proposed Central Saanich food hub and the planned food hubs to all be viable and to even enhance their financial performance through cost sharing and joint marketing.

## Potential food hub site analysis

The research team identified a preliminary list of 8 potential food hub locations in the District. The District of Central Saanich then issued a Request for Expressions of Interest (RFEOI) for a party to provide a location and/or a facility for a Central Saanich Food Hub (CSFH) in the District of Central Saanich that could be launched in 2024. While the District received one formal submission and one informal submission, the process did not result in a definitive food hub facility proponent. The consultant team therefore recommends that the District continue to search for a suitable location.

## Potential food hub model

The food hub would offer most or all of the following services:

- An online ordering platform.
- An aggregation and distribution service
- A marketing and brokerage service.
- An equipment rental service.
- A food storage rental service.
- A processing facility.
- Co-packing services
- Third party dedicated space rentals.
- Business education and training services
- Shared office and co-working space.
- A small retail store.

The most appropriate scale for the food hub should be a medium scale facility (about 10,000 sq. ft.) with room to expand in the future. About 10 anchor tenants and another 20-30 frequent users would be needed for the hub to be viable. The Food Hub should be expanded in the following phases, securing member and customer commitments for each phase to minimize financial risk:

- Phase 1 Establish the Food Hub and launch online sales and distribution
- Phase 2 Move into Food Hub facility, expand sales and offer storage services
- Phase 3 Launch the processing facility and purchase a delivery truck
- Phase 4 Launch auxiliary services and a retail outlet

The Food Hub could be governed as a non-profit or as a for-profit. The Food Hub will be staffed with a qualified Executive Director and various staff roles to deliver the services of the Food Hub. The Executive Director position is the most important role.

## Financial Strategy

Initial start-up costs are estimated to be \$500,000 to \$575,000, which includes both soft costs (e.g. planning labour, website site up) as well as some more significant capital costs (e.g. leasehold improvements, equipment costs, furniture). Financial projections for the first 5 years, provided in the table on the following page, show the revenues of the hub rising from about \$180,000 in Year 1 to just over \$900,000 by the end of Year 5. The hub is projected to have losses totalling about \$175,000 over the first three years of operation. From that point on the hub is profitable and will generate modest profits of about 5%.

## Financial Projections for the Central Saanich Food Hub

Revenue/Cost Categories	Year 1 Total	% of revs	Year 2 Total	% of revs	Year 3 Total	% of revs	Year 4 Total	% of revs	Year 5 Total	% of revs
<b>Network Revenues</b>										
Ecommerce retail customer	\$19,200	11%	\$33,660	10%	\$51,840	11%	\$71,250	9%	\$93,600	10%
Ecommerce wholesale customer	\$14,400	8%	\$20,280	6%	\$27,216	6%	\$35,280	5%	\$44,544	5%
Order fulfillment program	\$16,200	9%	\$27,615	8%	\$39,917	9%	\$54,949	7%	\$73,498	8%
Brokerage service	\$6,000	3%	\$9,563	3%	\$14,045	3%	\$19,500	3%	\$25,978	3%
Distribution fees	\$3,750	2%	\$8,670	3%	\$9,884	2%	\$14,592	2%	\$20,296	2%
Consulting services	\$2,700	1%	\$5,033	2%	\$5,580	1%	\$5,906	1%	\$6,240	1%
Training programs	\$5,000	3%	\$7,875	2%	\$9,188	2%	\$11,000	1%	\$12,375	1%
Dedicated space rentals	\$57,500	32%	\$73,313	22%	\$89,735	20%	\$106,784	14%	\$124,480	14%
Processing facility space rental	\$1,050	1%	\$1,650	1%	\$2,300	1%	\$2,880	0%	\$3,500	0%
Equipment rentals	\$350	0%	\$2,160	1%	\$2,331	1%	\$2,514	0%	\$2,709	0%
Storage space rentals	\$15,063	8%	\$49,865	15%	\$77,469	17%	\$80,339	10%	\$83,429	9%
Pallet in/out handling fees	\$9,270	5%	\$30,686	9%	\$47,673	10%	\$49,439	6%	\$51,341	6%
Pallet assembly fees	\$1,970	1%	\$6,521	2%	\$10,131	2%	\$10,506	1%	\$10,910	1%
Retail market gross margin	\$26,250	15%	\$48,125	15%	\$63,000	14%	\$306,250	39%	\$350,000	39%
Other Revenues	\$1,525	1%	\$2,769	1%	\$3,873	1%	\$4,649	1%	\$5,529	1%
<b>Total Network Revenues</b>	<b>\$180,228</b>		<b>\$327,784</b>		<b>\$454,182</b>		<b>\$775,837</b>		<b>\$908,427</b>	
Cost of sales	\$111,016	62%	\$187,874	57%	\$255,830	56%	\$427,872	55%	\$502,653	55%
Gross margin %	38.4%		42.7%		43.7%		44.9%		44.7%	
Overhead labour	\$88,000	49%	\$110,000	34%	\$137,500	30%	\$165,000	21%	\$209,000	23%
Non-labour expenses	\$59,493	33%	\$78,518	24%	\$100,967	22%	\$136,982	18%	\$160,531	18%
<b>Profit/loss</b>	<b>(\$78,281)</b>	<b>-43%</b>	<b>(\$48,609)</b>	<b>-15%</b>	<b>(\$40,115)</b>	<b>-9%</b>	<b>\$45,983</b>	<b>6%</b>	<b>\$36,244</b>	<b>4%</b>

Funding from the District (\$550,000) and Ministry of Agriculture and Food (\$250,000) could be used as a possible funding scenario that could be used to attract the \$575,000 in start-up funds and the \$175,000 in losses until the hub becomes profitable. Another option is as follows:

Funding from the BC Ministry of Agriculture	\$250,000
Funding from the Social Finance low interest loan Fund	\$250,000
Loans from core facility users, repaid over 5 years	\$100,000
Patient capital loans repaid from cash flows with interest	\$100,000
Grants from a range of foundations interested in local food	\$100,000
<b>Total</b>	<b>\$800,000</b>

### Impact on the local food economy

An estimate of the retail-value revenues that would be generated by the hub producers shows that within 5 years, the food hub will help increase regional food sales by almost \$3 million and increase the \$287 million in local food spending by more than 1%.

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# 1. Introduction

## 1.1 Background

The District of Central Saanich recognizes agriculture as an important contributor to the community's rural and small-town character, the local and regional economy, and local food security. It has therefore developed the following general objectives as part of its Agriculture and Food Security Plan, which its residents strongly support:

- Preserve farmland and farms and invest in infrastructure that supports farming.
- Support farmers, food processors and local farm markets.
- Encourage small-scale, sustainable agricultural production and food processing.
- Give residents and visitors access to fresh, healthy food.<sup>1</sup>

The District is currently reviewing its Official Community Plan. Some emerging themes include helping new farmers access farmland and establishing local food hubs and food distribution centres to help farmers get their products to the market. One of the District's draft objectives is to preserve lands with potential for agricultural production and support the farming community and efforts to improve the sustainability and economic viability of farming on the peninsula. This is in line with the Capital Region's food system strategies, which are to:

- Increase the amount of land in crop production for food by 5,000 ha to enhance local food security.
- Set municipal targets to increase the amount of land in crop production for food and encourage agricultural land to be identified by municipalities in Regional Context Statements<sup>2</sup>.

In support of these objectives, the District is supporting the feasibility study of establishing a food hub in Central Saanich thanks to a grant from the Ministry of Agriculture.

Over the past few years, the provincial government has also focused on increasing local food production and procurement through their Feed BC, Grow BC and Buy BC initiatives. Under the Feed BC initiative, the Ministry of Agriculture, Food and Fisheries has invested millions of dollars to establish and support a BC Food Hub Network. The network's goal is to foster growth and innovation in the processing sector through improved industry access to facilities, equipment, technology, technical services and business support. Funds provided by the Ministry have been used to study, plan and launch food hubs across BC. The network now comprises 12 food hubs, with potentially more coming online.

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<sup>1</sup><https://www.saanich.ca/assets/Community/Documents/Planning/afs/Agriculture%20and%20Food%20Security%20Plan%202017%20August%2031,%202018%20Web.pdf>

<sup>2</sup> <https://www.crd.bc.ca/project/food-agriculture>

The primary purpose of food hubs is to support the growth of the local agri-food economy and strengthen the food system. Food hubs connect agri-food businesses, institutions, food processors, innovation, research institutions, local and First Nations governments, and other players along the agricultural value chain. The hubs provide food producers, value-added processors and agri-tech business facilities and programs additional accessibility.

## 1.2 Purpose and objectives

The project aims to assess the viability of a shared-use food processing facility (food hub) for food and beverage producers and processors in the region. The food hub would integrate food processing and innovation activities and services and be located within the District of Central Saanich.

This study assesses the needs of local food producers and processors (target clients) in the areas of processing, food safety, training and education, research, business development support, facilities, storage, and equipment. The objective is to determine potential users, sites and partners as well as a business model for the Central Saanich region.

### **Study deliverables:**

- Develop a database of regional stakeholders including potential food hub users, funders, landlords, advocates, food hub operators, service providers and other partners.
- Visit the region to hold in-person stakeholder interviews and workshops and launch a survey to understand the needs of local food businesses that the food hub could potentially address.
- Develop an interim report providing best practice insights, needs of local food businesses and equipment.
- Present to the District recommended models, site(s) and/or partner(s).
- Develop an Expression of Interest documents, including Expression of Interest, advertising materials and website content.
- Identify a list of potential sites and partners for the Food Hub.
- Develop a feasibility study that provides a feasible food hub business model for the Central Saanich region.
- Provide a list of potential core users willing to invest in the food hub and use it extensively to help grow their business.
- Create a terms of reference for a steering committee.

## 1.3 Data collection methods

The consulting team used the following methods to produce this report:

- Reviewed relevant documents provided by the District of Central Saanich to gain further insight into the region's agri-food sector and the demand for various services for the agri-food community,
- Reviewed published research and reports on the status of the local food sector to determine the level and type of demand that exists, including primary production business support, food processing/value add job creation and research support.
- Reviewed available information on capacity-building tools, resources and services that may be available to the region's agri-food industry.
- Analyzed industry and regional research to identify potential businesses, organizations, and government agencies that could be good partners for a food hub in providing services, mentoring and/or funding for its users.
- Interviewed key potential partners of the project to identify their potential role of the food hub, their vision of the food hub, and how the food hub would benefit the region.
- Surveyed food producers and processors in the region to understand their business needs, the potential use of a food hub, their willingness to invest in it and their thoughts around a location and food hub operator/owner.
- Facilitated two workshops with key stakeholders from the region to further understand their vision of the food hub, its key functions, potential locations and partners, key users, the potential impact of the agri-food sector in the region and operational structure. Attendees were primarily food producers and processors.
- Conducted a preliminary analysis of potential sites and facilities in the District that potentially meet the high-level requirements for a successful food hub.

## 2. Overview of Central Saanich Food Sector

### 2.1 Primary food production

Table 1 provides information from Statistics Canada about the number and type of primary food producers in the District of Central Saanich. The highlights are as follows:

- 209 farms operated in the District in 2016, a 9% increase from 2011.
- About 50% of the farms are engaged in meat or hay production (59% for BC).
- About 46% of the farms grow fruits and vegetables (35% for BC).

**Table 1 Number and type of primary food producers in Central Saanich**

Product categories	Central Saanich	% of total	Total British Columbia	% of total
Beef cattle	8	4%	2,362	13%
Dairy cattle	0	0%	517	3%
Hogs	2	1%	101	1%
Poultry and egg	22	11%	1,220	7%
Sheep and goat	10	5%	553	3%
Horse	25	12%	1,955	11%
Multiple animal	15	7%	942	5%
Apiculture	1	0%	303	2%
Oilseed and grain	1	0%	304	2%
Fruit and veg	71	34%	4,607	26%
Greenhouse	26	12%	1,499	9%
Hay	20	10%	2,635	15%
Other	8	4%	530	3%
<b>Total farms 2016</b>	<b>209</b>	100%	<b>17,528</b>	<b>100%</b>
<b>Total farms 2011</b>	<b>191</b>		<b>19,759</b>	
% change 2011 to 2016	9%		-11%	

Source: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3210040301&pickMembers%5B0%5D=1.2014&cubeTimeFrame.startYear=2011&cubeTimeFrame.endYear=2016&referencePeriods=20110101%2C20160101>

Table 2 provides some demographic data related to agriculture. It shows that:

- Central Saanich is about 4,100 hectares in size and most of this land base is agricultural land of which a very high percentage is in the Agricultural Land Reserve (ALR).
- The District has 12.4 farms per 1,000 population vs 2.8 farms/1000 for BC.
- 195 residents are employed in agriculture, forestry, fishing or hunting in the District, which represents just 1% of the Central Saanich population.

**Table 2 Demographic/employment data related to agriculture in Central Saanich**

<b>Demographic/employment Data</b>	<b>Cen Saanich % of BC</b>		<b>Total BC</b>
Population 2016	16,814	0.4%	4,648,055
Population 2011	15,936	0.4%	4,400,057
% change in population	6%		6%
Farms/1000 population in 2016	12.4	330%	3.8
Land Area (sq. km)	41	0%	922,503
Residents per square kilometre	407	8080%	5.0
Farms per square kilometre	5.1	26634%	0.02
Agr, Forestry, Fishing & Hunting Workers	195	0%	65,205
Food workers as % of population	1%	83%	1.4%

Source: <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?Lang=E&Geo1=CSD&Code1=5917015&Geo2=PR&Code2=59&SearchText=central%20saanich&SearchType=Begins&SearchPR=01&B1=All&TABID=1&type=0>

Additional information about agriculture in the District can be found in the 2021 Census of Agriculture report prepared by District staff<sup>3</sup>, which includes:

- Over half of the farms in the District are less than 10 acres in size.
- The average age of farmers is 58 years old, which is gradually rising each year.
- Despite the high average farmer age, over 70% of farms have no succession plan and only 16 have a written succession plan.
- The primary technologies used by farmers, in order of descending priority include: Slow-release fertilizers, soil sample tests, and variable rate inupt applications.

Table 3 presents the total farm receipts and the number of farms engaged in direct-to-consumer sales activities within the region.

<sup>3</sup> [https://www.centrialsaanich.ca/sites/default/files/uploads/documents/cs\\_-\\_census\\_of\\_agriculture.pdf](https://www.centrialsaanich.ca/sites/default/files/uploads/documents/cs_-_census_of_agriculture.pdf)

**Table 3 Farm receipts and number of farms engaged in direct-to-consumer sales**

<b>Farm receipts</b>	<b>Central Saanich</b>	<b>% of BC</b>	<b>Total British Columbia</b>	
Farm receipts 2016 (\$millions)	\$20.1	0.5%	3,729	
Farmer receipts 2011 (\$millions)	\$17.7	0.6%	2,936	
% change in farm receipts	14%		27%	
Average receipts per farm	\$96,172	45%	\$212,768	

<b>Direct to consumer sales channels</b>	<b>Cen Saanich</b>	<b>% of farms</b>	<b>Total BC</b>	<b>% of tot</b>
Farms selling direct to consumer	119	57%	5,667	32%
Farms selling agricultural products	118	56%	5,532	32%
Farms selling value added products	11	5%	592	3%
Farmer selling at farm gate	114	55%	5,047	29%
Farmers selling at farmer's markets	20	10%	1,244	7%
Farmers selling through CSAs	6	3%	249	1%
Farmers selling using other methods	1	0%	243	1%

Source: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3210043601&pickMembers%5B0%5D=1.2014&cubeTimeFrame.startYear=2011&cubeTimeFrame.endYear=2016&referencePeriods=20110101%2C20160101>

Source for direct to consumer sales:

<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3210044701&pickMembers%5B0%5D=1.2014>

The highlights of this table include the following:

- The 209 farms in the region generated \$20 million in revenues in 2016, an 14% increase from 2011 (a bigger increase than the number of farms).
- The average revenues per farm is only 45% of the average farm revenues for BC.
- About 57% of the farms in the region sell direct to consumers (by comparison 32% of all farms in BC sell direct to consumers).
- Of the farms that do direct selling, 99% sell agricultural products, while only 9% sell value-added products.
- The most popular type of direct sales channel is farmgate sales (96% of direct selling farms) followed by farmer’s markets (17% of direct selling farms)

The Peninsula & Area Agricultural Commission 2020 and 2021 Annual Reports highlighted some key opportunities and challenges for the agriculture sector:

- In part due to the COVID pandemic direct-to-consumer farm revenues increased as consumers wanted to support local businesses and avoid going to grocery stores. Some farms increased their sales by as much as 300%.
- However, farm sales to restaurants took a big hit as the restaurant sector was greatly impacted by COVID. Some farms pivoted quickly and began supplying independent

retailers such as Root Cellar and Red Barn. A number of farms also participated in a new produce box program launched by South Island Farm Hub.

- Another challenge due to the pandemic was the lack of domestic and foreign farm workers. In some cases, this forced some farms to cut back on production.
- A Grape and Fruit Atlas is being proposed for Vancouver Island that will help promote new growers and increase production as the region is good for grape and berry growing. As of 2021, the initiative wasn't getting the full support of the various wine growers associations, but the PAAC is still keen to pursue.
- Livestock processing infrastructure is lacking on the South Island, which was also reflected in a 2019 South Island Prosperity Partnership abattoir feasibility report.
- The region faces similar challenges to other regions in BC, such as the rising cost of agricultural land, pest management, low water availability and increased flooding.

In summary, Central Saanich is a rural area with a low population and large agricultural land base. Farms within the region are smaller than the average farm in BC and earn less than half the revenues of an average BC farm. This is reflected in the make-up of the farms with over half of them selling direct to consumers, especially via gate sales and farmers' markets. Direct-to-consumer farms are predominantly small and medium-sized farms. The agriculture sector is expanding in both the number of farms and revenues, but revenues are not keeping up with the growth of the overall agricultural sector in BC. The region is made up of a higher percentage of poultry and fruit and vegetable farms and less beef cattle and dairy farms than the rest of the province. The pandemic, overall, had a positive impact on those farms that sold direct as more consumers saw the benefits of buying direct. However, labour was restricted and those farms selling to Thrifty Foods faced challenges as they moved their buying to eastern Canada from Victoria. One of the biggest challenges for farmers is being able to buy farmland because prices have gone up so much in recent years in BC.<sup>4</sup> Fortunately a new land matching program is helping to match farmers with land.<sup>5</sup>

A list of selected farms in the District is presented in Appendix A.

## 2.2 Food processing

The 2011 Central Saanich Agricultural Area Plan includes a recommendation that the region support value-added initiatives and on-farm innovation to increase economic viability of farms, especially considering increased competition from the import market and higher costs of food production. Fortunately, the District already has a good number of value-added food processors. Table 4 provides a list of 28 food processors in the District, including those involved in food service, catering, and alcoholic beverages.

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<sup>4</sup> <https://www.nationalobserver.com/2020/08/12/news/young-bc-farmers-cant-afford-farmland>

<sup>5</sup> <https://news.gov.bc.ca/releases/2020AGRI0044-001399>

While less than 50% of those processors have a retail location within the District, almost all of them (25 of 28) are selling wholesale, which is a key requirement in being ready to participate in a food hub.

## 2.3 Abattoirs and meat processing facilities

Table 1 shows that in 2016 the District had 57 farms that reared animals for human consumption. However, according to the South Vancouver Island Abattoir Feasibility Study, the District has no abattoir facilities. In fact, the broader region of the Capital Regional District (CRD) only has four abattoirs and another four in the Cowichan Valley Regional District (CVRD). These are all class A abattoirs certified to do both slaughtering and processing. However, two of the four abattoirs in the CRD (Salt Spring and Saturna) generally only serve the island communities and are not easily accessible to CRD producers located on Vancouver Island. No Class A or B facility exists to slaughter hogs or sheep in the Vancouver Island portion of the CRD so hog and cattle producers must take them to the CVRD or outside of the region for processing. No slaughtering facilities for ducks exist anywhere on Vancouver Island, but there is one set to open in Mill Bay later in 2022.

Meat processing facilities are also lacking in the District, with only a few butcher shops, including Fraser Orr and Carnivore Acres and a few grocery stores that have butchering services. Only a handful of restaurants in the CRD can process whole or partial whole animals, with most only willing to buy portioned meat.

**Table 4 List of processors located within the District of Central Saanich**

Food processor	Category	Retail?	Wholesale?
Mayflower Frozen Foods	Baked goods and meat pies	No	Yes
Siji Victoria	Baked goods/pastries	No	Yes
Portofino Bakery	Bakery	No	Yes
Simply Sweet Bakery	Bakery	No	Yes
Sugar Boy Bakery	Bakery	No	Yes
Carnivore Meats	Butcher	Yes	No
Fraser Orr Butchery	Butcher	Yes	No
The Grater Whey Smoked Cheese	Cheese	No	Yes
Bad to the Bone Broth	Condiments	No	Yes
Vumami Foods	Condiments	No	Yes
Silver Rill Barry Farm	Condiments (Jams), Baked Goods	No	Yes
Country Bee Honey Farm	Honey	Yes	Yes
Field Five Farm	Malt house	No	Yes
La Pasta Triestina	Pasta	No	Yes
Adrianna's the Whole Enchilada	Prepared foods	Yes	Yes
Bicycle Pizza	Prepared foods	Yes	Yes
Eugene's Greek Food	Prepared foods	No	Yes
First Class Concessions	Prepared foods	Yes	No
Phyllos Foods Wholesale	Prepared foods - mediteranean	No	Yes
Kettle and Hive Herbal Tea Mix	Tea	No	Yes
<b>Food service firm</b>			
Beauregard Café and Provisions	Restaurant with processed products	Yes	Yes
Harvest Rd	Restaurant with processed products	Yes	Yes
Truffles Catering	Caterer	No	Yes
<b>Winery, brewery, cidery, or distillery</b>			
Church and state winery	Winery	Yes	Yes
Symphony Vineyard	Winery	Yes	Yes
Sea Cider Farm and Cidery House	Cidery	Yes	Yes
Category 12 Brewery	Brewery	Yes	Yes
Devine distillery	Distillery	No	Yes

## 2.4 Food distribution

We identified three companies that provide local food distribution within the District. They include:

- **Saanich Organics** – delivers fresh produce plus a small selection of groceries from their operations and several local farms to homes on Southern Vancouver Island.
- **B and B Food distributors** – They are part of Centennial Food Service and focus on meat processing and distribution.
- **Tru Value Food Warehouse** – They distribute primarily for their own stores, located further north on Vancouver Island, and provide storage services for other local producers, e.g Adriana's the Whole Enchilada.

## 2.5 Food consumption and retail

No specific information exists on food expenditures in Central Saanich. Extrapolated provincial data is presented in Table 5.

**Table 5 Annual estimated household food expenditures in Central Saanich**

Food expenditures in the region	Central Saanich	as % of BC	Total British Columbia
Median household income 2015	\$86,622	124%	\$69,995
Expenditures on goods and services	\$81,425		\$65,895
% of total expenditures spent on food	13.7%		16.1%
Expenditures on food per household 2019	\$11,155	105%	\$10,639
Number of households	6,895		2,063,217
<b>Total food expenditures/year (\$millions)</b>	<b>\$77</b>	0.004%	<b>\$21,951</b>
Amount spent at grocery stores	\$53.8		\$15,585
Amount spent at restaurants	\$22.0		\$6,366
Amount spent at farmers markets/farmgate	\$1.2		\$220

*Source for food expenditures in BC , Source for food expend. relative to income & Grocery purchases vs restaurant purchases*

District of Central Saanich residents spend over \$75 million on food. Therefore, the District's population has the potential to create a significant demand for users of a food hub if they were willing to shift their purchasing to more local buying; further, the buying power of residents in the rest of the CRD significantly enhances this demand.

Six food retailers operate within the District:

### Grocery Chains

- Co-op Food Store (Peninsula Co-op)
- Fairway Market
- Thrift Food's Market (owned by Sobeys)

### Independent food retailers

- Dan's Farm and Country Market
- Mitchell's Farm Market
- Peninsula Country Market (Farmer's Market on the Fair Grounds)

## 2.6 Public Institutions

In addition to household food purchases, a significant amount of food is purchased by institutions. The government of BC has an initiative called Feed BC, which is designed to help public institutions (e.g. hospitals, schools and universities) increase the amount of food they purchase from BC producers.

Most institutions are striving to buy 30% or more of their food from BC producers. Island Health serves more than four million meals each year to patients and residents in 28 hospitals and long-term care homes across Vancouver Island. They have been increasing their local purchases and source from Peninsula growers including Saanich's Galey Farms and Michell Farms in Saanichton. They have also developed recipes that use Vancouver Island produce and meats (e.g. turkey, chicken and beef).

Post-secondary institutions such as Camosun College (one of BC's largest colleges), Royal Roads University and the University of Victoria (all within an hour drive of Central Saanich) have all committed to purchasing Vancouver Island produced and processed foods.

## 2.7 Potential collaborators

Table 6 we present a list of organizations in the District and beyond that could potentially collaborate with the proposed food hub.

**Table 6 Organizations that could potentially collaborate with the proposed Hub**

<p><b>First Nations</b> Tsartlip First Nation Tsawout First Nation Other Wsanec Nations</p>	<p><b>Government Agencies</b> Ministry of Agriculture and Food Ministry of Forest, Lands and Natural Resources Island Health Min. of Ec. Dev, Job Creation and Trade Innovation, Science &amp; Economic Dev. Canada FoodTech Canada</p>
<p><b>Educational Institutions</b> Camosun College Vancouver Island University University of Victoria Royal Roads University UBC Faculty of Land &amp; Food Sys. School District 63</p>	<p><b>Industry Associations/Groups</b> BC Agriculture Council Southern Van. Isl. Direct Marketing Association BC Food Processors Association BC Small Scale Food Processors Association Sandown Regenerative Agriculture Centre South Island Farm Hub Cowichan Food and Farm Hub Young Agrarians Bread &amp; Butter Collective BC Association of Farmers’ Markets Gulf Island Agriculture and food associations</p>
<p><b>Local/Regional Government</b> District of Central Saanich District of North Saanich City of Victoria Capital Regional District</p>	
<p><b>Funders</b> BC Rural Dividend Fund Canada-BC Agri-Innovation Fund Farm Adaptation Innovator Prog. Saanich Peninsula Comm. Fndtn. Victoria Foundation</p>	<p><b>Community Associations/Food groups</b> Peninsula Agriculture Committee Capital Region Local Food Economy Initiative Saanich Neighbourhood Place Saanich Peninsula Lions Food Bank CR Fair Victoria Community Food Hub Society Lifecycles Project Society BC Healthy Communities Association Youth Food Network Good Food Leaders Association</p>
<p><b>Economic Development Agencies</b> Saanich Peninsula Chamber of Commerce South Island Prosperity Project Vancouver Island Econ Alliance</p>	

## 3. Shared Food Processing Facilities in Region

This section details the food processing services and facilities within a 1.5-hour drive of Central Saanich. This is the maximum distance most food processors and processors are willing to regularly travel for food processing services and equipment.

### 3.1 Shared food processing kitchens

The District of Central Saanich has only two community kitchens, both of which have restricted access for food processors and limited facilities and equipment. However, a few well-equipped commercial kitchens exist in other parts of the Capital Regional District.

#### Community Kitchens

The two community kitchens in the District available for rent include:

- Legion Manor Retirement Living (7601 E Saanich Rd, Saanichton)
- Brentwood House (1167 Stellys Cross Rd, Brentwood Bay)

Other nearby community kitchens include:

- [Shelbourne Community Kitchen](#) (open limited hours from Tuesday to Friday)
- [Saanich Neighbourhood Place](#) (only open on weekday mornings).
- [The Victoria Native Friendship Centre](#) (open weekdays - 8:30 AM to 4:30 PM)

In addition, a mobile kitchen is operated through the Home Grown Project run by Life Cycles Project Society.

#### Commercial Kitchens

No commercial kitchens exist in the District; however, there are two in Victoria:

- [Lucky Pot Commissary Kitchen](#) (Victoria Public Market, 1701 Douglas St Unit B). Fully equipped commercial kitchen with walk-in coolers and freezers. Flexible scheduling from daily use to long-term use. Equipment includes: 3 ovens with 18 gas burners, a convection oven, a 100-litre capacity tilt skillet, and a large “cook shack” smoker oven.
- [Heartwood and Co.](#) (1402 Broad Street, Victoria). Small commercial kitchen with basic equipment (full-size convection oven, a 6-burner stovetop and a commercial dishwasher). Users need to commit to a minimum of three months and longer-term rentals available.

The research team also identified a few facilities within the District of Central Saanich where multiple food processors share space. These are not considered shared commercial kitchens because there are no short-term tenancies. These include:

- 6824 Kirkpatrick Cres, Saanichton - shared by Siji Victoria, Victoria Baking and La Pasta Triestina. The facility has also been used by Bad to the Bone Broth and Kettle & Hive. Chix Poultry also has its own facility next door. The three tenants each pay about \$1,000 per month triple net for full-time use of the space, but all have outgrown the space and are looking for a new location. The space is a 1,500 sq. ft. unit with ovens, cold storage, dry storage, prep tables and mixers.
- 1191 Verdier Ave Brentwood Bay - shared by Beauregard Café, Bicycle Pizza and Vumami Foods.

## 3.2 Planned shared food processing facilities

Three multi-component food hubs/shared food processing facilities are planned to open in the region in the next 12 months. These include:

- **Kitchen Connect** at Victoria Community [Food Hub](#) (808 Viewfield Rd. Esquimalt) is run by CR-FAIR. It is under construction and is scheduled to open in September 2022. It will be a 1,500 sq. ft. fully equipped HACCP certified processing facility. The facility will also have a teaching kitchen, produce preparation area, walk-in coolers and freezers and a packing area. Equipment includes various ovens, kettles, steamers, blenders and vacuum sealers. In addition, there is a significant adjacent warehouse area, which is being used for a food relief program and could be used for food packing and distribution.
- **Coho Provisions** is reported to be opening up a shared food processing facility in Victoria after successfully raising \$3 million to open five new locations in addition to its existing three locations in Greater Vancouver<sup>6</sup>. Its fourth location will be in Gibson's, and Victoria will likely be its 5<sup>th</sup> location.
- **Cowichan Farm and Food Hub** will break ground on a 5,000 square foot facility in Summer 2022 in Duncan. It will offer a HACCP (Hazard Analysis and Critical Control Point) ready commercial teaching kitchen, processing kitchen and aggregation space to local producers and processors. It will also give users access to shared processing infrastructure, processing and testing equipment, business advisory services, product development services, analytic services, applied research opportunities, and education/training services.

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<sup>6</sup> <https://elevatehub.ca/articles/coho-kitchen-raises-3m-in-oversubscribed-seed-round-to-fund-development-of-new-locations-and-corporate-expansion/>

Once operational, all three hubs could potentially compete for users of the proposed food hub in Central Saanich. However, there could also be good opportunities to collaborate. There is general agreement that sufficient demand exists for the proposed Central Saanich food hub and the above food hubs to all be viable and to even enhance their financial performance through cost sharing and joint marketing.

### 3.3 Food storage facilities for third party rental

The only shared food storage facility in the District is Tru Value Food Warehouse. Tru Value is a chain of four independent grocery stores with a central warehouse located in Saanichton. The warehouse provides third party shared food storage services.

Shared food storage is limited in the two Central Saanich community kitchens and the other commercial and community kitchens in the region. Demand for food storage space significantly exceeds supply.

### 3.4 Potential facilities for the proposed food hub

The research team identified a preliminary list of potential food hub locations. Each are discussed below:

**The old Thrifty Foods warehouse** at 6649 Butler Crescent. This is a large warehouse building (109,000 square feet<sup>7</sup>) with many dock-level loading bay doors. This warehouse currently has no vacant space but it would be a potentially good location if any space became available in the near future.

**Intersection near Church and Wine Estates** (1445/1461 Benvenuto Ave, Brentwood Bay) This is a good location due to it being central, accessible and a busy intersection. As well as Church and Wine Estates, Truffles Catering also operates in the area. The land is also not in the ALR and is highly visible. Peninsula Co-op and Sassy's own land nearby that could both potentially be developed.

**Saanich Fairgrounds** (1528 Stellys Cross Rd, Saanichton) is a privately owned property that is home of the Peninsula Farmers' Market and Saanich Fair. It has several buildings on-site and good parking. The property is owned by a non-profit organization (the North and South Saanich Agricultural Society). They report the on-site commercial kitchens and existing buildings would not be suitable for a food hub because they are extensively used by other parties. However, they are open to exploring the idea of building a new, purpose-built facility.

**Private property adjacent to fairgrounds** Two of the Society directors that own the property have large farms adjacent to the farm; they expressed a willingness to consider building a food hub facility on their land (in one case, with access to the fairgrounds).

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<sup>7</sup> <https://www.bcassessment.ca//Property/Info/QTAWMDBITk1QQ==>

**Queenswood Victorian Nursery** (6458 Central Saanich Rd., Keating) – Offered their farm to house storage and distribution services but not other key components of a food hub such as food processing and office/meeting room space.

**Woodwynn Farm** (7789 W Saanich Rd, Brentwood Bay,) – is a 78-hectare property owned by the Tsartlip First Nation and is currently leased to a local farmer. The Nation is exploring a wide range of land use options, including cattle ranching and farming. The farm still has a few buildings on-site, some of which have historical significance. The Nation has not responded as of yet to inquiries about the study.

**Longview Farms** (8277 Central Saanich Rd, Saanichton) is one of the largest farms in the region and one of the largest organic farms in BC with close to 400 total acres and about 100 acres in active organic vegetable production. They grow a wide range of vegetables, ranging from lettuce to root vegetables as well as daffodils. Most of their produce is sold to major grocery stores, but they also sell to local grocery stores and restaurants. They have various underutilized facilities onsite including large coolers, shipping bays, packing equipment and office space.

The most popular suggestion from survey respondents was to have the food hub located near **Keating and/or the Highway** (~ 60% of respondents), with some also suggesting Saanich Fair Grounds (6% of respondents) and Saanichton (6% of respondents).

**Former cannabis warehouse at 6922 Lochside Drive**<sup>8</sup> This 2.7-acre property and land zoned A-1 Agriculture (next to Mitchell’s Farm retail store) was for sale for \$2.5 million, but was sold in late 2022 during the food hub feasibility study.

### 3.5 Potential operators for the proposed food hub

We have identified the following individuals or organizations who may be willing to take on the role of operating the proposed food hub.

#### **Harvest Road Restaurant**

The restaurant is tied to Mitchell’s Farm, one of the oldest and largest farms in Central Saanich. It is a seasonal restaurant located at Mitchell’s Farm market. They also operate an apple juicer, making their own juice and juice for other farms. They have discussed establishing and/or running a food hub in Central Saanich and are very well connected and respected within the local food community.

**North and South Saanich Agricultural Society** – This Society operates the Saanich Fall Fair every September. They have demonstrated the capacity to operate a multi-component food-related enterprise and/or to be the landlord for a food hub facility. The Society could be asked to consider taking on this role.

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<sup>8</sup> <https://sothebysrealty.ca/en/property/british-columbia/greater-victoria-real-estate/central-saanich/837134/>

**Circular Food and Farm Society** – This organization was given approval by the District of North Saanich to provide food-related programming services on an 83-acre parcel of municipally owned land in the District of North Saanich. The land is generally known as the Sandown Centre for Regenerative Agriculture and has a mission congruent with the general purposes of a food hub. This Society could be asked to take on the role of operating a food hub in addition to its work at the Sandown Centre.

**Longview Farm** – As mentioned earlier in the report, they are one of the largest farms in the region and have suitable buildings for the food hub. They have previously looked at building a food hub on site and are interested in considering this business model again. They have a wealth of experience in the food industry and extensive connections in the region.

**Queenswood Victorian Nursery** – the nursery’s owner responded to the survey and indicated an interest in allocating contributing property assets (storage and distribution) as well as her own skill sets to help operate a food hub on her farm. However, the owner did not offer to house or operate the food hub, as a whole, on her farm, especially key services such as food processing.

## 4. Potential Food Hub Site Analysis

One of the key goals of this project is to identify a suitable site or sites for a food hub facility. In May 2022 The District of Central Saanich issued a Request for Expressions of Interest (RFEOI) for a party to provide a location and/or a facility for a Central Saanich Food Hub (CSFH), also referred to as the “Food Hub”, in the District of Central Saanich with a view to launching the Hub in 2024. The RFEOI contained:

- An overview of the Food Hub project
- Food Hub location and requirements
- Food Hub activities and facilities
- The business case for developing a food hub in Central Saanich
- The RFEOI process
- Terms and conditions

Further details of the RFEOI can be found in Appendix E.

### 4.1 Preliminary site evaluation criteria

We identified several preliminary site-evaluation criteria based on best practices and assigned a relative importance weighting to each. The criteria and the importance weightings are as follows:

Evaluation Criteria	Importance Weighting
Low capital cost/renovation cost	20%
Good facility indoor size (sf)	12%
Good facility outdoor area (sf)	8%
Favourable zoning (commercial, retail)	5%
Proximity to Keating area	6%
Merits of location (e.g. near highways, compatible surrounding uses)	6%
Attractiveness of food hub building for retail sales component	3%
Attractiveness of area around the facility	4%
Availability of water supply	3%
Availability of parking	6%
Availability of power	5%
Availability of kitchen +on-site storage	5%
Good access for loading/unloading	5%
Good number of loading bays (dock level preferred)	5%
Accessibility/visibility/parking/washrooms for retail customers	4%
Supportive owner	3%
<b>Total (must add to 100%)</b>	<b>100%</b>

## 4.2 Preliminary potential food hub sites

The District received one Expression of Interest from Blaine Consulting and an informal Expression of Interest from Longview Farm. In addition, owners of locations from the list of potential sites identified in chapter 7 were contacted directly to gauge their interest. This initial list is presented in Table 7.

**Table 7 Preliminary potential food hub sites**

Potential Location	Address	Notes
Blaine Consulting	No location	EOI submitted of building concept only, but no location/operator
Longview Farm	8277 Central Saanich Rd	Submitted informal expression of interest only, due to timing issues.
The old Thrifty Foods warehouse	6649 Butler Crescent	No available space
District owned properties	Several	Staff identified properties are not suitable
Saanich Fairgrounds	1528 Stellys Cross Rd	No expression of interest submitted and would be challenges with ALR restrictions
Queenswood Victorian Nursery	6458 Central Saanich Rd	Owner expressed interest to host storage & distribution only, but did not submit an expression of interest
Woodwynn Farm	7789 W Saanich Rd	No expression of interest submitted and the owners have not responded to any additional outreach
Former cannabis warehouse	6922 Lochside Drive	Recently sold to new owners.

Most of the above facilities were eliminated for the following reasons:

- Identified as not suitable by the owners and/or consulting team due to lack of relevant infrastructure, services and access.
- Owner has not expressed an interest in hosting a food hub.

## 4.3 Site evaluation and recommendation

Only two applications were assessed from the list in Table 7 due to the lack of interest and site suitability. These applications were Blaine Consulting and Longview Farm, the results of which are presented in Table 8.

*Table 8 Evaluation of shortlisted food hub location options*



Longview Farm was the only site that met the minimum requirements because Blaine Consulting submitted a proposal with a building concept but without any land or an operator. Longview Farm scored well when evaluated against the criteria, higher than Blaine's score. Longview's informal submission scored well because it is a successful farm and business operator and has very suitable buildings on site that could be converted into a food hub and meet all its requirements. It only scored lower on financial/development plan and rental rates because it did not provide this information but is open to providing these details at a future date.

However, as of December 2022 the owners of Longview Farm had still not decided if they want to pursue a food hub as part of their overall farm strategy.

### **Recommendations**

The consultant team therefore recommends that District staff, a consultant or a food food hub Steering Committee (to be established) engage with all potential locations in the region, including Longview, to potentially host the Central Saanich Food Hub. We also recommend connecting with Tsartlip First Nation, the owners of Woodwynn Farm, to see what interest they have in hosting a food hub.

We further recommend re-engaging with the directors of the North and South Saanich Agricultural Society, which owns and operates the Saanich Fairgrounds, to see if they may be able to host a food hub on or adjacent to their land. The Saanich Fairgrounds are on ALR land, which could present challenges as the food hub would not be able to exceed 50% of total production on the land. The Saanich Fairgrounds also have limited land/building availability to host a food hub.

However, if an owner of an adjacent property, agreed to host the food hub and provide access to the hub through the fairgrounds, this could alleviate the land availability challenge and possibly also the ALR restriction if they are not on ALR land or if their agricultural production volumes are large.

## 5. Potential Food Hub Model

### 5.1 Potential food hub business model

Based on the vision of the hub, which is to increase sales of food produced in and around Central Saanich, and the feedback and research presented in the previous chapters, the food hub business model proposed below will primarily serve agricultural food producers and processors located in southern Vancouver Island.

The most ideal business model for the food hub is to act as the master tenant of the food hub facility and provide a range of services to food hub members on a fee-for service basis. As a master tenant, it would coordinate and rent space in kitchen facilities, storage areas, and possibly a retail area. As a service provider it would coordinate services such as retail sales, brokerage services, training services and so on. In many cases these services would be provided by other parties or individuals with the required skills and knowledge. It would charge a markup on both space rentals and services provided to cover its operating costs.

The goal would be to expand the Food Hub in phases, securing member commitments and customer commitments for each phase so that the risks to the Food Hub are low. For example, it would not offer an online sales platform unless it could secure at least 25 producers to list their products on the site and agree to pay a commission to the hub for this service. Similarly, it would not establish a commercial kitchen unless it first obtained commitments from enough users to cover at least half of the monthly operating costs of the kitchen. If there is enough commitment from users and sufficient space, the Food Hub would also include a small retail space.

The Food Hub would primarily serve food producers doing business within the Peninsula. The core users are likely to be food processing businesses but could also be primary producers wanting to make value added products from their crops and use the storage, distribution and retail components of the Food Hub. Other key users could be food producers from the five southern Gulf Islands with direct ferry service to Swartz Bay ferry terminal that cannot access services they need on the Gulf Islands or want to access bigger markets on Vancouver Island.

One important idea to explore if a larger facility can be accessed is to encourage key users to rent dedicated space for their own use adjacent to the Food Hub. In this way, they would have the flexibility to organize their dedicated space to fit their needs but then still be able to access the shared facilities and services of the Food Hub. It would also improve its financial viability.

## 5.2 Potential food hub elements

We recommend the following elements for the food hub:

- **An online ordering platform** – The online platform would allow all Central Saanich producers and processors to list their products on the website and for both wholesale and retail customers to buy them.
- **An aggregation and distribution service**- For orders placed on the online platform (or separately), producers would bring their products to the food hub where they would be aggregated and re-packed into customer orders and then delivered to those customers.
- **A marketing and brokerage service** – The food hub would actively market all producers and work to secure sales contracts, particularly with retail and institutional buyers.
- **Equipment rentals**- The hub would rent specialized expensive equipment to producers so they do not have to pay the full cost of this equipment when they only use it periodically. This equipment could include food testing equipment, soil testing equipment, agricultural equipment, and kitchen equipment.
- **Food storage** – The food hub would rent out ambient, refrigerated, and frozen storage space on a daily, weekly, or monthly basis. Different temperature zones could be provided in the walk-in coolers for different food products.
- **A processing facility** – The facility would have specialized equipment to allow food entrepreneurs to process a variety of foods economically because the equipment will be shared and the entrepreneurs will only be charged for the equipment they use and the time they spend using it.
- **Co-packing services** – Co-packers could be contracted to process products on behalf of users, who don't want to spend the time or don't have the skills to do this specialized work themselves.
- **Third party rentals** – Several parties have expressed interest in moving all or part of their operations to the food hub. They would have their own dedicated space but would be able to access the other shared services of the hub.
- **Business education and training services** - The Food Hub would coordinate the provision of a range of business advice (e.g. financial accounting), technical training (how to grow certain crops or process certain foods) and certification services (e.g. HACCP, Food Safe)
- **Shared office and co-working space** – The Food Hub would provide office space and meeting rooms for producers and food-related organizations, including co-working space for micro food-entrepreneurs who just need desk space.
- **A small retail presence** – The hub would run a small retail store 5 - 7 days a week that sells mostly food produced and processed within the Peninsula and southern Gulf Islands, which could be supplemented with other Vancouver Island products to fill gaps in selection.

## 5.3 Meat slaughtering and processing capacity

Through the research and engagement for this project, we identified the need for abattoir and meat processing capacity in the region. Although these are not included in the above list of food hub elements, they are important needs that require further consideration and could ultimately work in concert with a food hub.

Abattoir capacity is a challenge throughout the whole province, especially for small and medium sized producers. Recent changes to regulations and classification of abattoirs will help address some of this, but with only a few abattoirs in the region and with mostly limited capacity, the region clearly needs more abattoir and meat processing capacity. This could be addressed in several ways:

- Expansion of current abattoirs, especially expanding the poultry abattoirs to be able to process other meats.
- A mobile abattoir that can move around the region, especially to the southern Gulf Islands.
- Re-opening one or more of several recently closed abattoirs.
- Building a new abattoir in the region that is potentially owned by a group of producers like the partnership between Windermere District Farmers' Institute and Columbia Valley Meat and Sausage Company.
- Farmer owned abattoirs to take on more custom processing like that of Campbell Farm on Saturna Island.

## 5.4 Potential users and buyers of the Food Hub

We expect that most food hub users will be based in the District of Central Saanich. The highest concentration of agricultural producers are located within a 30 minute drive from Keating. Some producers from the southern Gulf Islands and further up-island may also want to use the food hub services.

Key users of the food hub are likely to include:

- **Large food processors** -This includes food processors that are large enough that they need their own dedicated space. They would have their own equipment and in some cases be temperature and allergen controlled. However, they would use the shared storage, distribution, and retail services and potentially participate in some workshops and training.
- **Farms in the Central and North Saanich** – These would primarily be farms in Central and North Saanich, plus some from the southern Gulf Islands. Some may be vendors of local farmers' markets such as The Peninsula Farmers' Market and North Saanich Farmers' Market. Farmers outside the region would still be welcome to use the services of the food hub. Farms will likely want to use the distribution, brokerage, and retail services of

the food hub as additional revenue channels. They may also use the commercial kitchen to trial and/or produce value add products, as well as training courses (especially new farms) and storage.

- **Small and medium sized food processors as well as breweries, wineries, and distilleries in the Central and North Saanich** - This would mainly include members from the Small Scale Food Processors Association and vendors of the local farmers' markets. Food and beverage businesses outside of the region would still be welcome to use the services of the food hub.
- **Food business start-ups** located in Central Saanich and the surrounding region.
- **First Nation communities (e.g. Tsartlip and Tsawout), social enterprises and non-profits** servicing communities of Central and North Saanich.

The primary buyers of the Food Hub are expected to be primarily located in southern Vancouver Island (including the southern Gulf Islands) and, to a lesser extent, the rest of Vancouver Island. Some off-Vancouver Island food buyers may also buy from the Central Saanich Food Hub.

Potential key buyers for the food hub and its users include:

- **Independent grocery stores** (e.g. Thrifty Foods, Quality Foods, Country Grocer, Tru Value, Fairway Market, The Root Cellar, SPUD Victoria, and Red Barn).
- **Peninsula households** buying direct from the food hub.
- **Farm stands, breweries, wineries and distilleries** (e.g. Category 12 Brewing, Macaloney's, Phillips, Driftwood, Sea Cider, Victoria Cider Company, Junction Orchard Cidery, Church and State, Symphony, Deep Cove, Michel's, Fickle Fig, Roost Farm, Omnivore Acres and Buckerfields).
- **Independent restaurants** (e.g. Harvest Rd., Beauregard Commons, Butchart Gardens, Adriana's Enchiladas, and The Blue Poppy).
- **Public institutions** (e.g. Camosun College, University of Victoria, Royal Roads University, schools and hospitals).
- **Private health care establishments** (e.g. long-term care facilities).
- **Food processors and manufacturers** (e.g. other food hub users).
- **Food distributors** (e.g. South Island Farm Hub and Van. Island Produce).
- **Third party online stores** (e.g. Order Retriever and Tastes Local).

## 5.5 Potential ownership and governance structure

Different governance models were explored and compared in Appendix D. Whichever governance structure is ultimately chosen, key players were clear that it needs to be a new entity, likely comprised of representatives from different agri-food sectors. A non-profit

organization structure received the greatest support to date; however it is dependent on the preferences of the landlord of the Food Hub.

### Critical entities for moving forward

Prior to completing the business plan and incorporating the non-profit, a steering committee will need to move the project forward. Below is a list of organizations that would be good candidates to include on the Steering Committee:

- **Local/Regional Government agencies** (e.g. Central Saanich Regional District, Capital Regional District, South Island Prosperity Partnership)
- **Industry associations/groups** (e.g. Peninsula Farmers Market, BC Small Scale Food Processors Association, Saanich Peninsula Chamber of Commerce, and North and South Saanich Agricultural Society).
- **Community organizations** (e.g. Tsartlip and Tsawout First Nation entities).
- **Larger food producers and processors** (e.g. Longview Farm).

See Appendix G for a Terms of Reference for the Steering Committee.

## 5.6 Potential scale and size

Based on our engagement findings, key players think that the most appropriate starting scale for the food hub should be a medium scale facility (about 10,000 sq. ft.) with room to expand in the future. We estimate that 10 anchor tenants and another 20-30 frequent users would need to participate in the Food Hub for it to be viable. One possible breakdown of the space by component is as follows:

Food distribution/order packing area	500 square feet
Ambient food and supplies storage	1,000
Refrigerated storage	2,000
Frozen storage space	1,000
Commercial kitchen/processing facility	2,000
Third party rentals	2,000
Shared office space, meeting space	500
Training room(s)	500
Small retail market area	500
<b>Total space</b>	<b>10,000 square feet</b>

## 5.7 Preliminary site selection and layout

The food hub building would ideally have the following features:

- Three-phase electrical power.
- Local utility power service.
- Municipal water supply.
- Proximity to the Saanich Peninsula Highway.
- Good delivery/loading access.
- More than two loading bay doors at dock level.
- Adequate parking for commercial vehicles and visitors.
- General accessibility for people with physical disabilities to the main floor.

The building must be able to be renovated to provide ample space for a 10,000 sq. ft. food hub, including HACCP certified facilities, commercial kitchen space, food storage space, training/office space, and retail space. The facility also would ideally be available in the near-term. Ideally owners of the food hub would both own and operate the food hub and charge users fees for access to services, equipment, and/or space. However, if the facility owners and operators were separate parties then the facility owners would charge the food hub rent, based on how much space the food hub uses, plus the costs of any leasehold improvements.

The cost of facility upgrades will depend on the final components and the degree to which the operator will want to upgrade their facilities. Detailed construction quotes would be required to provide accurate costing for leasehold improvements. The upgrades will likely cost more than \$1 million but most of these costs could be covered by the landlord and added to the monthly rent charged.

## 5.8 Other potential food hub partners

In addition to users and buyers of the food hub, plus organizations involved in the governance of the food hub, other entities will likely partner with the food hub. These will primarily be involved in providing educational programming, training, and workshops and could include:

- **Educational Institutions** (e.g. Camosun College, Vancouver Island University, University of Victoria, Royal Roads University, UBC Faculty of Land & Food Systems and School District 63).
- **Economic Development Agencies** (e.g. Chambers of Commerce, Economic Development offices, Central Saanich Economic Development Society, South Island Prosperity Partnership and Vancouver Island Econ Alliance)
- **Government agencies** (e.g. Ministry of Agriculture and Food; Ministry of Forest, Lands and Natural Resources; Ministry of Jobs, Economic Recovery, and Innovation; Science & Economic Development Canada).

- **Industry Associations/Groups** (e.g. BC Agriculture Council, BC Food and Beverage, BC Small Scale Food Processors Association, Southern Van. Isl. Direct Marketing Association, Sandown Regenerative Agriculture Centre, Bread & Butter Collective, BC Association of Farmers' Markets, Gulf Island Agriculture and food associations and Young Agrarians).
- **Community Associations/Food groups** (e.g. Peninsula Agriculture Committee, Capital Region Local Food Economy Initiative, Saanich Neighbourhood Place, Saanich Peninsula Lions Food Bank, CR Fair, Victoria Community Food Hub Society, Lifecycles Project Society, BC Healthy Communities Association, Youth Food Network and Good Food Leaders Association).

## 6. Recommended Food Hub Business Strategy

The District of Central Saanich food hub business model will primarily serve agricultural food producers and processors located on the Saanich Peninsula and other parts of southern Vancouver Island including the five southern Gulf Islands. The Food Hub will likely be a non-profit or for-profit organization serving as a master tenant to the building owner and provide a range of services to food hub members on a fee-for service basis. As a master tenant, it will coordinate and rent space in kitchen facilities, storage areas, shared workspace, and a retail area. As a service provider it will coordinate services such as retail sales, brokerage services, training services, and so on. In some cases these services will be provided by other parties or individuals with the required skills and knowledge. The Food Hub will charge a markup on both space rentals and services provided to cover its operating costs.

The primary goal of the Central Saanich Food Hub (CSFH) is to increase sales of southern island food products using local ingredients. Supporting objectives are to:

- Be financially viable from earned revenues after the initial start-up period.
- Create new sales channels for local food enterprises.
- Provide access to shared equipment and needed services.
- Enhance food security and food access.
- Provide training and education for farmers/local food entrepreneurs.
- Improve producer operational efficiencies while reducing carbon emissions.
- Collaborate with others in the local food space, including non-profits.

### 6.1 Operations strategy

#### **A phased expansion approach**

The Food Hub will be expanded in phases, securing member and customer commitments for each phase so that the risks to the Food Hub are minimized.

#### **Phase 1 Establish the Food Hub and launch online sales and distribution**

In this initial phase, the steering committee and project coordinator will register the Food Hub and formalize its governance structure. It will then establish its branding and forms of communication (e.g. newsletter, social media, and printed materials) to raise awareness among food producers and potential customers. Once the Food Hub is established it will begin to recruit and onboard producer members and develop partnerships with key players in the region such as farmers' markets, and, most importantly, regional food producers (see Appendix A for a list of potential producers). Prior to launch, the Food Hub will hire the initial staff to manage its functions in this phase.

The Food Hub will launch with an online sales platform and brokerage service. The rationale for launching sales early on is to respond to the expressed need from local food producers to generate quick sales and the low cost to establish it. It will also be to launch a brokerage service to securing buying commitments from major food buyers (e.g. retailers, restaurants, institutions) for producer products. The goal in this phase is for the Food Hub to establish itself as a key sales and distribution channel for local food producers. This phase is expected to run for six to nine months.

### **Phase 2 Move into Food Hub facility, expand sales and offer storage services**

During phase 1, the Food Hub team will work closely with the building owner and contractors to fit out the facility as identified below. Once fitted out, the Food Hub will move into the facility and launch a cost effective and efficient food distribution system to pack and deliver the products order online as well as offer food storage services. Part of the Food Hub will also be rented to 3<sup>rd</sup> party businesses that need their own dedicated space but want the convenience of being adjacent to the food hub so that they can take advantage of its many shared services. The facility will help the Food Hub manage larger orders to significantly increase sales for the users. During this phase, the Food Hub will work with 3<sup>rd</sup> party distributors until the volume is high enough to buy a truck and make its own deliveries. This phase is expected to run for six to twelve months.

### **Phase 3 Launch the processing facility and purchase a delivery truck**

The Food Hub will establish a shared processing kitchen to allow producers to do primary processing such as washing, cutting, packing, labeling, and freezing as well as value add processing and packaging. These value-add products will also be stored at the facility and sold through the online sales channels. Depending on demand, this phase could also include the storage and rental of food production and processing equipment for use off-site. As sales increase, the Food Hub will buy its own truck, provided that the truck can be 60% full for 3 days per week. This phase will run for six to 12 months.

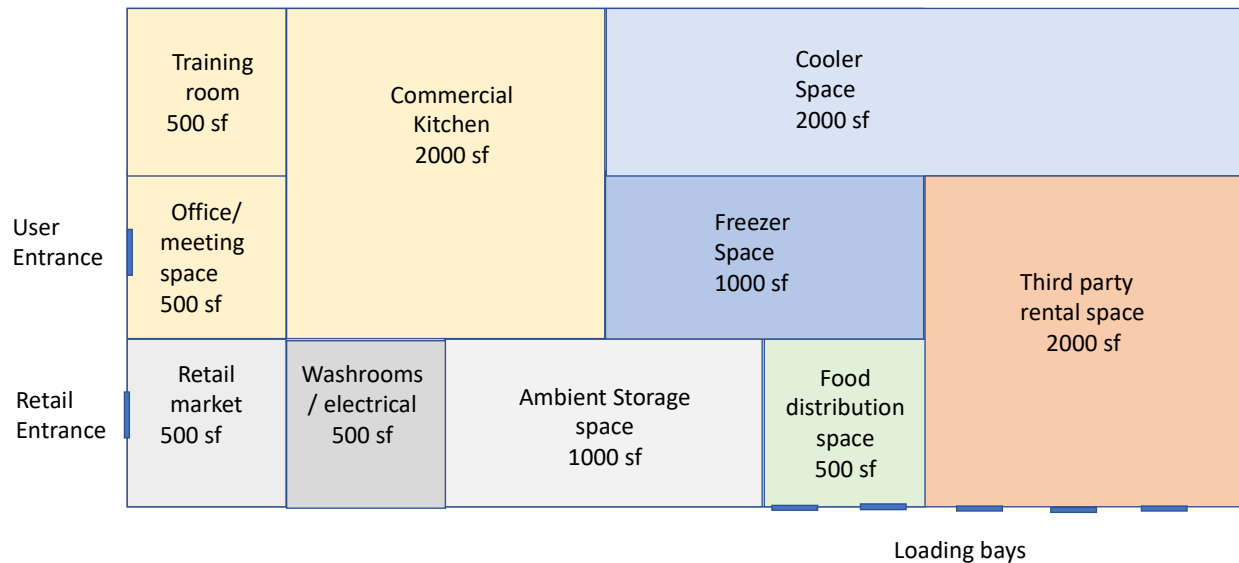
### **Phase 4 Launch auxiliary services and a retail outlet**

Once the Food Hub is generating significant revenues through the sales channels and renting storage and processing space, the Food Hub will begin to offer auxiliary services to further support food producers in the region. These will include business education and training services and renting shared office and co-working spaces. It may also open up a small retail outlet at the facility. The retail outlet will start off small, opening the warehouse up on a Saturday morning to allow customers to buy available product. Depending on the success of the retail outlet it could be expanded to open more days and eventually have a small 500 sq. ft. section of the facility fitted out as a small retail outlet.

### **Overview of the Food Hub facility**

The Food Hub facility can be organized in many different ways. One typical configuration is shown in Figure 1.

**Figure 1 Layout of the building with suggested components**



Some of the basic layout strategies include the following:

- Keep the office, meeting and retail areas separate from the warehouse areas.
- Position the coolers and freezers so they can be accessed from both ends.
- Arrange the loading bays away from the retail area and general together.

The food hub will need to conform to the existing layout of the building and the location of existing assets such as coolers to minimize costs.

The food hub will not need its full requirement of space until around year 3 although it will need more than this amount of space by the end of 5 years. Health and safety requirements for the food hub are provided in Appendix F.

## 6.2 Overview of Food Hub services

Below is an outline of the services the Food Hub will offer for food producers primarily in the Saanich Peninsula and the 5 southern Gulf Islands.

### Online sales platform

The Food Hub will set itself up on an online sales platform (e.g. Local Line or Local Food Marketplace). The platform will have the following key functionality:

- Producers can list their products, set their prices, and remove products when they run out.
- Products can be offered and priced to various sales channels e.g. restaurants, grocery retailers and households.

- Buyers can search the full list of available products from the region and order them for delivery or pickup by the producers or a third party.
- Producers can print out a “packing list” for each customer order.
- Delivery staff can set delivery charges for each order and be able to sequence their deliveries and print out a delivery list.
- Accounting staff can easily import orders into an accounting software program to create financial statements.

Once set up, the Food Hub will encourage producers to list their organization and all their products on the platform. The Food Hub will then promote the platform to potential buyers on Vancouver Island who would then place orders and the producers would ship the orders to the buyers. The Food Hub will markup the producer prices by 12% (or a similar amount) to cover its costs to manage the site, promote the site, and process invoices. A big incentive of the platform would be for the Food Hub to guarantee payment to producers within 15 days of delivery. In addition, producers that offer CSA programs or retailers that offer grocery pickup or delivery could use the platform for their customers to order online.

### **Brokerage service**

Producers will provide a list of products to the Food Hub for which they would like to find new buyers. This could include potential products that would be produced if there is a committed buyer. In this case, the Food Hub will email potential buyers and determine who may wish to carry the product. Once it has found a buyer, the Food Hub will arrange for the sale, receive payment from the buyer, and pay the producer for the product less 5% for its brokerage fee. The brokerage service will likely be used to arrange large orders that may be delivered over multiple weeks, which cannot easily be accommodated through the online sales platform. Generally, the brokerage fee will be charged on an ongoing basis and be supported by ongoing account management, promotions, and new production introductions. Producers will fulfill their own orders unless they use the Food Hub’s distribution service (see below).

### **Distribution services**

This service addresses the biggest logistical barrier to online sales, which is the challenge of getting finished products from the producer to the buyer. A distribution service will make it much easier and more-cost effective for producers to get their products to market, especially to markets outside the region that are more costly for producers to distribute to themselves.

Initially, deliveries will be made one or two days a week, with producers dropping off products the day before delivery so that they can be organized into customer orders. At this early stage, third party distributors will be contracted to complete the deliveries. Working with multiple third party distributors broaden the market opportunity. For example, South Island Farm Hub distributes mainly to restaurants and hotels, whereas Vancouver Island Products distributes mainly produce to grocery stores. The distribution service provides an excellent opportunity for the Food Hub to collaborate with other food hubs in Victoria and Cowichan by carrying and distributing the final products of the producers of all the food hubs.

Once enough volume of deliveries reaches a certain level it will be more economic for the food hub to buy or lease its own truck. The Food Hub will only launch this service if it is confident, it can fill the truck 60% or more for 3 days per week. The Food Hub will initially target selected regions to densify the deliveries (e.g. Saanich and Victoria). As demand increases in other regions, the Food Hub will offer deliveries on their own truck to these regions on a defined schedule. A local driver will be responsible for delivering the orders to each of the customer locations.

The delivery vehicle will be enclosed, have air conditioning and be able to carry up to 60 cases or tote bins of products. The vehicles will be equipped with loading ramps (for ground or dock level loading), shoring bars (to keep the cases from toppling over), and insulating blankets or dry ice containers to keep products cold.

Producers will be charged 18% (or a similar amount) of the selling price of the products packed and delivered through the food hub distribution service. Producers with packed products that just want to move them from A to B will be charged a fee of \$5 per tote/bin, provided that there is enough room on the delivery vehicle.

### Storage services

The Food Hub will give producers access to ambient storage space, walk-in coolers and walk-in freezers on a rental basis. Some storage areas will be separated to provide segregation between organic and non-organic produce, for example. The Food Hub will also offer warehousing services including receiving, stocking, breaking down and prepping orders. The fees for this are itemized in Table 9.

**Table 9 List of Food Hub warehouse services and fees**

Service	Size (sq. ft.)	Max. Fees (per pallet)
Cooler (double pallet high)	2,000	\$40/month/pallet, \$4/month/box
Freezer (double pallet high)	1,000	\$50/month/pallet, \$5/month/box
Ambient (triple pallet high)	1,000	\$30/month/pallet, \$3/month/box
Unload and stock		\$15 for 1 <sup>st</sup> pallet and \$4/pallet
Assembling pallets		\$15
Administrating online orders		\$30/30 minutes
After-hours access to hub		\$15/hr
Shipping/receiving Station		\$10.00/month

Producer inventory will be managed with a centralised inventory management database, such as Sortly, which will cost the hub about \$400/year. Any inventory added and removed from storage will be recorded. All clients will need liability insurance, have their own food safety plan, and must sign the Good Manufacturing Practices waiver form and an agreement. Meat producers can only store frozen government inspected meat.

Clients will be allowed to access their inventory at schedule times to do their own picking, packing and stocking. Clients will generally not be allowed to use the forklift trucks but they will be allowed to use the pallet jacks for moving their products around. The Food Hub will have procedures for food handling and storage, as well as labels and paperwork for users to use and to make sure the facility and the products maintain integrity.

### **A shared primary processing facility and commercial kitchen**

Initially, the food hub will provide a processing kitchen space that contains the following equipment:

- 2-compartment washing sink & hand sink
- dishwasher
- commercial grade ovens and burners
- microwaves & kettles
- dry storage racking
- chilled sandwich tables
- stainless steel tables
- fillers and packing equipment
- labeling machines
- scales
- label maker
- bagging/boxing packing station
- flash freezer
- steam trays
- pots, pans, cutting knives etc.

A staff person will be on hand to maintain food handling protocols and clean processing area (this is especially important because the area is going to be shared by several different users). There will also be technical staff/consultants available and charged out by the hour. Different rates will apply for commercial and non-commercial services. The processing facility will be:

- Available at different rental rates depending on the services provided
- Available to rent without any staff support.
- Focused on obtaining full day leases and long-term clients.
- Open 16 hours per day, and day rentals will be for 8 hours.
- Rented out to 2 businesses per space per day (4 rentals /day or 8 rentals per 16 hours). If a business wants sole use of the space they pay double the rent.
- Available 7 days per week, 12 months of the year.
- Scheduling will be managed through a scheduling software program such as Commissary Connect.

**Table 10 Services and prices for processing facility and commercial kitchen**

	Hourly rate	Short term daily rate (8 hours)	Long term daily rate (8 hours)
Processing facility - Commercial use	\$20	\$125	\$90
Processing facility - Non-commercial use	\$15	\$100	\$80
Commercial kitchen - Commercial use	\$25	\$160	\$120
Commercial kitchen - Non-commercial use	\$20	\$130	\$100
Business Consultancy Service – Commercial	\$50		
Business Consultancy Service - Non-commercial	\$40		
Operations staff support - Commercial	\$45		
Operations staff support - Non-commercial	\$35		

The facility will comply with the BC Food Premises Regulations and be in regular communication with the local Environmental Health Officer, especially pre-launch. The facility will have a permit issued by a health officer with the required documentation:

- Kitchen Schematic
- Food Safety Plan
- Sanitation Plan
- Copies of FoodSafe Certificate

While the facility may not be HACCP certified at the outset, the idea is to complete this certification as soon as possible.

### **Third party space rental**

Portions of the building could be designated for long-term, third-party rental. These parties, ideally enterprises that relate to the vision and operations of the Food Hub such as wineries, food processors and non-profits, would rent space of 400 sq. ft. or more from the Food Hub for leases of 2 years or more. These dedicated users could still employ the services and equipment of the Food Hub if they need to, such as renting space in the cooler, as well as doing business with other users of the Food Hub. The advantage to the Food Hub is having anchor tenants in the building to provide consistent rent payments.

### **Equipment Rentals**

The Food Hub will create an online booking site where producers can rent equipment either directly from the Food Hub or from equipment owners that list their off-site equipment for rent on the site. The Food Hub would take a 10% commission on rented equipment it does not own. The range of equipment would include food testing equipment, soil testing equipment,

agricultural equipment, and kitchen equipment. Fees will depend on the type of equipment and length of use.

This service would include professional management to ensure that each piece of equipment is cleaned and is in good working order before being returned to the owner or rented to the next party. This service would also include training on how to safely use the equipment and protocols for returning it clean and in good order. The service would maintain an up-to-date inventory of what is available to rent, for how long, and at what cost. The Food Hub will dedicate 500 sq. ft. of space to store equipment and as well as manage equipment stored off site.

### **Business education and training services**

The Food Hub will offer business education and training services in conjunction with third party organizations, such as Young Agrarians, Saanich Peninsula Chamber of Commerce, BC Ministry of Agriculture and Food, Knowledge Transfer and Farm Business Canada. Most sessions will be held at the Food Hub, as well as partner locations such as Saanich Peninsula Chamber of Commerce and/or offered via teleconference to allow attendees who cannot meet in person to attend.

If a program is developed, promoted, and delivered by a third party, the goal would be for The Food Hub to earn a 20% fee to promote it and, ideally, to host training at the Food Hub. For courses where the Food Hub develops the training program and hires someone to deliver it, the goal will be for the Food Hub to capture at least 50% of the training fee revenues, on average, to cover overhead.

Details of each program (description, benefits, costs, and service provider) will be presented on the Hub's website. Users could either access the programs via the website or by visiting The Food Hub and discussing them with its staff. Training programs will be coordinated by Food Hub staff with the help of 1 or 2 volunteers, where applicable. Programs and workshops will be advertised via emails to members and participants of previous workshops and advertised through social media.

Training courses can include GAP certification, business planning, HACCP certification, food safety, business development, marketing, and succession planning.

### **Shared office and co-working space**

The Food Hub will offer the following options to individuals or organizations, with preference given to food entrepreneurs/employees:

- **Community member** – for just \$10 per month, community members could “join the community”, receive two meeting room hours per month (plus additional hours at 25% off) and participate in monthly networking events but without any access to a desk.
- **Hot desk member** - \$10 for 5 hours hot desk use/month plus 2 free meeting room hours, \$20 for 20 hours/ month, \$40 for 50 hours/month, or \$60 for 100 co-working

hours per month. A hot desk member gets access to a table area as well as free coffee and tea.

- **Permanent desk member** – a full sized desk with the renter’s name on it (provided there is space) - \$100 per month. This service will be offered in an area sufficiently large enough to accommodate 6 to 3x5 sq. ft. desk areas.
- **Meeting room** – the Food Hub will have a 200 sq. ft. room with table and chairs, projector, white boards and stationery. The room will be available to rent for \$25/hour.

The co-working service could include other small fee for service extras such as use of a photocopier or printer, package drop-off and/or delivery service. The primary goal of this co-working service is to help cover some overhead costs but more importantly bring people to the Food Hub daily to interact and build community.

### **A small retail presence**

The Food Hub will initially have a Saturday market to sell producer products that are available for sale at the end of each week. If sales increase it will be expanded into a multi-day market and then 500 sq. ft. of space in the facility will be fitted out as a formal retail store, which will be open 7 days per week. The retail service will be equipped with a Point of Sale terminal, reach in freezers and fridges, shelving, signage, and cleaning equipment. The retail service will charge a 20% commission on sales to cover its costs.

## **6.3 Governance and management plan**

The Food Hub could be governed as a non-profit or as a for-profit. This section assumes a non-profit structure. As the Food Hub will need to raise significant capital to refurbish a building and purchase equipment, it will apply for grants to cover some of the costs and encourage users to loan the hub money to help raise funds.

### **Board of directors**

As the Food Hub plans to lease a large facility that will be essential to many food producers in the Central Saanich and surrounding area, it is important to launch with a board that has the breadth of skills to manage all aspects of this enterprise. These skills and knowledge should include the following:

- Food crop production methods
- Food distribution and retailing
- Financial management and accounting
- Legal and regulatory affairs
- Strategic planning and good meeting practices
- Human resource management and leadership
- Non-profit governance

The Food Hub will launch with 9 board members (it is always beneficial to have an odd number of board members to reduce the chance of a tie vote). It will not actively recruit until this business plan has been updated and legal papers have been drafted and the non-profit society.

### **Staffing structure**

The Food Hub will be staffed with a qualified Executive Director and various staff roles to deliver the services of the Food Hub.

### **Executive Director**

The Executive Director position is the most important role for the Food Hub. The person who fills this role will have the following skills and knowledge:

- Have strong knowledge about local food production, distribution, and sales.
- Be respected by local food producers and processors.
- Be an excellent networker with exemplary interpersonal skills.
- Be highly entrepreneurial with an ability to identify and implement revenue generating services.

The Executive Director will report to the Board and have the following primary duties:

- Liaise with local producers and processors to understand their needs and connect them with the services and resources they need.
- Oversee the implementation of service work provided by the Food Hub.
- Manage the day-to-day operations of the Food Hub and supervise all staff.
- Speak at local and regional events on the importance of local food.
- Provide quarterly progress reports to the Board of Directors.

Because this role will be very entrepreneurial, it would be appropriate to offer a performance bonus.

### **Staff roles**

The Food Hub will rely on several staff roles once sales and profits reach a certain level. However, it is likely that, at least for the first full year, some of these roles will be performed by the Executive Director. These roles are discussed below.

**Sales coordinator** – Duties are to:

- Identify market opportunities.
- Connect with local food buyers to understand their sales needs.
- Facilitate meetings between producers and buyers.
- Finalize purchase agreements.

- Provide account management support.

**Food Hub sales inventory management and deliveries** – Duties are to:

- Manage inventory to meet sales demand.
- Co-ordinate packing of orders.
- Co-ordinate delivery of orders.
- Recruit and training warehouse and delivery staff.
- Develop packing and delivery procedures.

**Shared storage and processing facility coordination** – Duties are to:

- Maintain equipment and clean the facilities.
- Schedule users using the facilities.
- Induct users on the policies and procedures.
- Develop and update policies and procedures.
- Perform various services paid for by the users e.g. packing, receiving and inventorying orders or helping process food.

**Food processing specialist** – Duties are to:

- Help clients develop their food products and process.
- Provide food processing services to clients e.g. food preparation, processing and packaging.
- Third party co-packing services.

**Marketing assistant** – Duties are to:

- Conduct research
- Identify potential opportunities.
- Maintain the website content and regularly monitor and update social media.
- Help prepare proposals and grant applications.

**Project coordinator** – Duties are to:

- On boarding local producers as members of the Co-op.
- Manage the logistical details of fee-for-service projects and services (e.g. training, equipment rental, space rental).
- Manage the logistical details of fee-for-service projects.
- Liaise with contractors and consultants to ensure work is done in a high quality, timely and cost-effective manner.

**Office administrator/book-keeper** – Duties are to:

- Track revenues and expenses and enter receipts into an accounting software program.
- Perform other administrative duties such as purchasing supplies, organizing the logistics for meetings/events.

**Contractor roles**

The Food Hub will engage several contractors to provide certain services that are contemplated for the enterprise. These could include trainers that provide various training courses and specialized consultants providing one on one advice e.g. food processing, succession planning, business development.

## 6.4 Financial plan

In this section we present the initial start-up costs, key assumptions and five year projections for the food hub.

### Startup costs

A high-level estimate of startup costs for the hub are presented in Table 11.

*Table 11 Startup costs for the District of Central Saanich food hub*

Description of start up cost item	Low cost Estimate	High cost Estimate
<b>Description of start up soft costs</b>		
Steering committee secretariat costs	\$10,000	\$15,000
Implementation planning labour	\$25,000	\$30,000
Prepare initial branding (logo, letterhead)	\$3,000	\$5,000
Develop dedicated website	\$7,500	\$12,000
Create initial social media presence	\$2,000	\$3,000
Purchase initial office supplies	\$500	\$1,500
<b>Total</b>	<b>\$48,000</b>	<b>\$66,500</b>
<b>Description of year 1 capital expense</b>		
Leasehold improvement costs	\$375,000	\$400,000
Facility equipment costs	\$75,000	\$100,000
Computer, office equipment	\$1,500	\$5,000
Office/classroom equipment and furniture	\$500	\$3,500
<b>Total</b>	<b>\$452,000</b>	<b>\$508,500</b>
<b>Total startup costs</b>	<b>\$500,000</b>	<b>\$575,000</b>

### Equipment costs

We have estimated an initial \$75,000 to \$100,000 for start-up equipment costs. This will likely include the following types of equipment:

- Small walk-in cooler and walk-in freezer
- 2 pallet jacks for moving pallets around plus a forklift
- Heavy duty pallet racking plus lighter duty racking for individual cases.
- Some warehouse computers with scanners for shipping and receiving
- Steel prep tables for food breakdown
- Three compartment sinks

## Assumptions

We created revenue and cost estimates for 12 revenue streams, based on many assumptions that are summarized in Table 12. We caution that each of the assumptions may need to be significantly adjusted and therefore, we recommend that the demand for each service be tested before expending a significant amount of funds to develop each service.

## Five-year financial projections

In Table 13, we present five-year financial projections for the food hub. These show the revenues of the hub rising from about \$180,000 in Year 1 to just over \$900,000 by the end of Year 5. The hub is projected to have losses totalling about \$175,000 over the first three years of operation. From that point on the hub is profitable and will generate modest profits of about 5%

## One possible funding scenario

As noted above, the Food Hub needs up to \$575,000 in start-up funds plus another \$175,000 in working capital to reach financial breakeven. Below we present possible funding scenarios that could be used to attract the funds and provide a \$50,000 contingency.

BC Ministry of Agriculture and Food	\$250,000
District of Saanich	<u>\$550,000</u>
<b>Total</b>	<b>\$800,000</b>

OR

Funding from the BC Ministry of Agriculture	\$250,000
Funding from the Social Finance low interest loan Fund	\$250,000
Loans from core facility users, repaid over 5 years	\$100,000
Patient capital loans repaid from cash flows with interest	\$100,000
Grants from a range of foundations interested in local food	<u>\$100,000</u>
<b>Total</b>	<b>\$800,000</b>

This breakdown shows that with some creativity, it should be feasible to raise the required funds.

## Impact on the local food economy

Below we present an estimate of the retail-value revenues that would be generated by the hub producers. This shows that within 5 years, the food hub will help increase regional food sales by almost \$3 million and increase the \$287 million in local food spending by more than 1%.

Product Revenues	Year 1	% revs	Year 2	% revs	Year 3	% revs	Year 4	% revs	Year 5	% revs
E-commerce sales	\$328,000	57%	\$517,100	56%	\$749,520	57%	\$1,005,350	41%	\$1,299,680	43%
Brokerage service	\$168,000	29%	\$267,750	29%	\$393,271	30%	\$545,992	23%	\$727,394	24%
Retail market	\$75,000	13%	\$137,500	15%	\$180,000	14%	\$875,000	36%	\$1,000,000	33%
<b>Total Product Revenues</b>	<b>\$571,000</b>		<b>\$922,350</b>		<b>\$1,322,791</b>		<b>\$2,426,342</b>		<b>\$3,027,074</b>	

**Table 12 Assumptions for the key revenue streams of the hub**

Assumptions/metrics	Year 1	% revs	Year 2	% revs	Year 3	% revs	Year 4	% revs	Year 5	% revs
<b>Ecommerce program</b>										
Ecommerce retail customers	100		150		200		250		300	
Orders per customer per year	20		22		24		25		26	
Average order size	\$80		\$85		\$90		\$95		\$100	
Commission on sales	12%		12%		12%		12%		12%	
Cost of service as % of comm.	50%		50%		50%		50%		50%	
Online wholesale customers	20		25		30		35		40	
Orders per wholesale customer/year	24		26		28		30		32	
Average order size	\$250		\$260		\$270		\$280		\$290	
Commission on sales	12%		12%		12%		12%		12%	
Cost of service as % of comm.	50%		50%		50%		50%		50%	
<b>Order fulfillment program</b>										
% of orders with hub fulfillment + delivery	75%		86%		88%		89%		90%	
Commission on each order	18%		19%		20%		21%		22%	
Cost of service as % of comm.	75%		74%		72%		71%		69%	
<b>Brokerage service</b>										
Number of products offered	20		25		30		35		40	
Cases sold per year	200		250		300		350		400	
Average price per case	\$30.00		\$30.60		\$31.21		\$31.84		\$32.47	
Commission on product sales	5%		5%		5%		5%		5%	
Cost of service as % of comm.	50%		48%		46%		44%		42%	
<b>Distribution service</b>										
Number of totes delivered/day	15		17		19		22		25	
Number of delivery days per year	50		100		100		125		150	
Average charge per tote delivered	\$5.00		\$5.10		\$5.20		\$5.31		\$5.41	
Cost of service as % of comm.	50%		48%		46%		44%		42%	
<b>Consulting service</b>										
Consulting hours	300		550		600		625		650	
Average consulting rate charged	\$60		\$61		\$62		\$63		\$64	
Commission on consulting fees	15%		15%		15%		15%		15%	
Cost of service as % of comm.	30%		29%		29%		28%		28%	
<b>Training programs</b>										
Training program hours	1,000		1,500		1,750		2,000		2,250	
Average revenue per training hour	\$25		\$25		\$25		\$25		\$25	
Commission on consulting fees	20%		21%		21%		22%		22%	
Cost of service as % of comm.	50%		48%		46%		44%		42%	
<b>Dedicated space rentals</b>										
Dedicated space rented (sq. ft.)	2,000		2,500		3,000		3,500		4,000	
Rental rate per square foot	\$28.75		\$29.33		\$29.91		\$30.51		\$31.12	
Rental cost per square foot	\$23.00		\$23.46		\$23.93		\$24.41		\$24.90	
<b>Processing facility space rentals</b>										
Amount of space for food processing	0		1500		1750		2,000		2,000	
Total facility rental hours	500		750		1,000		1,200		1,400	
Average facility rental charge/hr	\$21.00		\$22.00		\$23.00		\$24.00		\$25.00	
Commission on facility rental fees	10%		10%		10%		10%		10%	
Cost of service as % of comm.	30%		29%		29%		28%		28%	
<b>Equipment rentals</b>										
Total equipment rental hours	200		1200		1260		1323		1389	
Avg equipment rental charge/hour	\$17.50		\$18.00		\$18.50		\$19.00		\$19.50	
Commission on rental fees	10%		10%		10%		10%		10%	
Cost of service as % of comm.	30%		30%		30%		30%		30%	
<b>Food storage space rentals</b>										
Number of pallets in storage	95		305		457		457		457	
Average storage period per pallet (days)	30		29		28		27		26	
Storage rental fee/ pallet	\$13		\$13		\$13		\$13		\$13	
Margin on pallet space rentals	70%		70%		70%		70%		70%	
<b>Pallet handling fees</b>										
Fee to bring in/take out each pallet	\$4.00		\$4.00		\$4.00		\$4.00		\$4.00	
Margin on pallet intake/discharge labour	60%		61%		62%		64%		65%	
% of pallets requiring assembly	10%		10%		10%		10%		10%	
Fee to assemble cases onto one pallet	\$17		\$17		\$17		\$17		\$17	
Margin on pallet assembly fees	60%		61%		62%		64%		65%	
<b>Retail market</b>										
Amount of space for retail market	0		500		500		1,000		1,000	
Number of market days per year	50		55		60		250		250	
Average revenues per market day	\$1,500		\$2,500		\$3,000		\$3,500		\$4,000	
Margin on products sold	35%		35%		35%		35%		35%	
Cost of service as % of gross margin	50%		50%		50%		50%		50%	
<b>Expense Assumptions</b>										
Total facility space rented (sq. ft.)	4,500		8,000		10,250		12,500		13,500	
Amount of space not covered in COGS (sq. ft.)	1,500		2,000		2,500		3,000		3,500	
Rental rate per square foot	\$23.00		\$23.46		\$23.93		\$24.41		\$24.90	
Utilities as % of total rent	2%		2%		2%		2%		2%	
Marketing as % of revenues	2%		2%		2%		2%		2%	
IT services as % of revenues	3%		1%		1%		1%		1%	
Office expenses as % of revs	2.5%		2.0%		2.0%		2.0%		2.0%	
Travel as % of expenses	1.5%		1.0%		0.9%		0.8%		0.8%	
Miscellaneous as % of revs	1%		1%		1%		1%		1%	
<b>Finance Assumptions</b>										
Interest rate on loans	6%		6%		6%		5%		5%	
Amortization rate on capital equipment	10%		10%		10%		10%		10%	
Small business tax rate after losses	13.5%		13.5%		13.5%		13.5%		13.5%	

**Table 13 Five-year financial projections for District of Central Saanich food hub**

<b>Food Hub Revenues</b>	<b>Year 1</b>	<b>% revs</b>	<b>Year 2</b>	<b>% of revs</b>	<b>Year 3</b>	<b>% of revs</b>	<b>Year 4</b>	<b>% of revs</b>	<b>Year 5</b>	<b>% of revs</b>
Ecommerce retail customers	\$19,200	11%	\$33,660	10%	\$51,840	11%	\$71,250	9%	\$93,600	10%
Ecommerce wholesale customers	\$14,400	8%	\$20,280	6%	\$27,216	6%	\$35,280	5%	\$44,544	5%
Order fulfillment program	\$16,200	9%	\$27,615	8%	\$39,917	9%	\$54,949	7%	\$73,498	8%
Brokerage service	\$6,000	3%	\$9,563	3%	\$14,045	3%	\$19,500	3%	\$25,978	3%
Distribution fees	\$3,750	2%	\$8,670	3%	\$9,884	2%	\$14,592	2%	\$20,296	2%
Consulting services	\$2,700	1%	\$5,033	2%	\$5,580	1%	\$5,906	1%	\$6,240	1%
Training programs	\$5,000	3%	\$7,875	2%	\$9,188	2%	\$11,000	1%	\$12,375	1%
Dedicated space rentals	\$57,500	32%	\$73,313	22%	\$89,735	20%	\$106,784	14%	\$124,480	14%
Processing facility space rentals	\$1,050	1%	\$1,650	1%	\$2,300	1%	\$2,880	0%	\$3,500	0%
Equipment rentals	\$350	0%	\$2,160	1%	\$2,331	1%	\$2,514	0%	\$2,709	0%
Storage space rentals	\$15,063	8%	\$49,865	15%	\$77,469	17%	\$80,339	10%	\$83,429	9%
Pallet in/out handling fees	\$9,270	5%	\$30,686	9%	\$47,673	10%	\$49,439	6%	\$51,341	6%
Pallet assembly fees	\$1,970	1%	\$6,521	2%	\$10,131	2%	\$10,506	1%	\$10,910	1%
Retail market gross margin	\$26,250	15%	\$48,125	15%	\$63,000	14%	\$306,250	39%	\$350,000	39%
Other Revenues	\$1,525	1%	\$2,769	1%	\$3,873	1%	\$4,649	1%	\$5,529	1%
<b>Total Revenues</b>	<b>\$180,228</b>		<b>\$327,784</b>		<b>\$454,182</b>		<b>\$775,837</b>		<b>\$908,427</b>	
<b>Cost of Sales</b>		<b>% margin</b>		<b>% margin</b>		<b>% margin</b>		<b>% margin</b>		<b>% margin</b>
Ecommerce retail customers	\$9,600	50%	\$16,830	50%	\$25,920	50%	\$35,625	50%	\$46,800	50%
Ecommerce wholesale customers	\$7,200	50%	\$10,140	50%	\$13,608	50%	\$17,640	50%	\$22,272	50%
Order fulfillment program	\$12,150	25%	\$20,297	27%	\$28,752	28%	\$38,788	29%	\$50,844	31%
Brokerage service	\$3,000	50%	\$4,590	52%	\$6,461	54%	\$8,580	56%	\$10,911	58%
Distribution cost	\$1,875	50%	\$4,162	52%	\$4,547	54%	\$6,420	56%	\$8,524	58%
Consulting services	\$810	70%	\$1,480	71%	\$1,608	71%	\$1,668	72%	\$1,727	72%
Training programs	\$2,500	50%	\$4,095	48%	\$4,961	46%	\$6,160	44%	\$7,178	42%
Dedicated space rentals	\$46,000	20%	\$58,650	20%	\$71,788	20%	\$85,427	20%	\$99,584	20%
Processing facility space rentals	\$315	70%	\$485	71%	\$663	71%	\$813	72%	\$968	72%
Equipment rentals	\$105	70%	\$648	70%	\$699	70%	\$754	70%	\$813	70%
Storage space rentals	\$4,519	70%	\$14,960	70%	\$23,241	70%	\$24,102	70%	\$25,029	70%
Pallet in/out handling cost	\$5,562	40%	\$18,780	39%	\$29,760	38%	\$31,479	36%	\$33,344	35%
Pallet assembly cost	\$788	60%	\$2,530	61%	\$3,807	62%	\$3,817	64%	\$3,824	65%
Retail market costs	\$13,125	50%	\$24,063	50%	\$31,500	50%	\$153,125	50%	\$175,000	50%
Cost of other revenues	\$944	38%	\$1,576	43%	\$2,158	44%	\$2,613	44%	\$3,118	44%
Merchant fees	\$2,523		\$4,589		\$6,359		\$10,862		\$12,718	
<b>Total cost of sales</b>	<b>\$111,016</b>	<b>38%</b>	<b>\$187,874</b>	<b>43%</b>	<b>\$255,830</b>	<b>44%</b>	<b>\$427,872</b>	<b>45%</b>	<b>\$502,653</b>	<b>45%</b>
<b>Overhead labour</b>		<b>% revs</b>		<b>% of revs</b>		<b>% of revs</b>		<b>% of revs</b>		<b>% of revs</b>
Labour (part -time initially)	\$80,000	44.4%	\$100,000	30.5%	\$125,000	27.5%	\$150,000	19.3%	\$190,000	20.9%
Payroll and benefits	\$8,000	4.4%	\$10,000	3.1%	\$12,500	2.8%	\$15,000	1.9%	\$19,000	2.1%
<b>Total Overhead labour</b>	<b>\$88,000</b>	<b>49%</b>	<b>\$110,000</b>	<b>34%</b>	<b>\$137,500</b>	<b>30%</b>	<b>\$165,000</b>	<b>21%</b>	<b>\$209,000</b>	<b>23%</b>
<b>Expenses</b>		<b>% revs</b>		<b>% of revs</b>		<b>% of revs</b>		<b>% of revs</b>		<b>% of revs</b>
Rent	\$34,500	19.1%	\$46,920	14.3%	\$59,823	13.2%	\$73,223	9.4%	\$87,136	9.6%
Utilities	\$2,070	1.1%	\$3,754	1.1%	\$4,905	1.1%	\$6,102	0.8%	\$6,722	0.7%
Marketing and Promotions	\$3,605	2.0%	\$6,556	2.0%	\$9,084	2.0%	\$15,517	2.0%	\$18,169	2.0%
Accounting/bookkeeping	\$3,900	2.2%	\$3,900	1.2%	\$3,900	0.9%	\$3,900	0.5%	\$3,900	0.4%
IT services and expenses	\$5,407	3.0%	\$3,278	1.0%	\$4,542	1.0%	\$7,758	1.0%	\$9,084	1.0%
Office supplies/telephone	\$4,506	2.5%	\$6,556	2.0%	\$9,084	2.0%	\$15,517	2.0%	\$18,169	2.0%
Meals and entertainment	\$1,000	0.6%	\$1,000	0.3%	\$1,000	0.2%	\$1,000	0.1%	\$1,000	0.1%
Travel	\$2,703	1.5%	\$3,278	1.0%	\$4,088	0.9%	\$6,207	0.8%	\$7,267	0.8%
Miscellaneous	\$1,802	1.0%	\$3,278	1.0%	\$4,542	1.0%	\$7,758	1.0%	\$9,084	1.0%
<b>Total expenses</b>	<b>\$59,493</b>	<b>33%</b>	<b>\$78,518</b>	<b>24%</b>	<b>\$100,967</b>	<b>22%</b>	<b>\$136,982</b>	<b>18%</b>	<b>\$160,531</b>	<b>18%</b>
<b>Operating profit/loss</b>	<b>(\$78,281)</b>	<b>-43.4%</b>	<b>(\$48,609)</b>	<b>-14.8%</b>	<b>(\$40,115)</b>	<b>-8.8%</b>	<b>\$45,983</b>	<b>5.9%</b>	<b>\$36,244</b>	<b>4.0%</b>

## 6.5 Funding sources

### Key sources of funding

Community Futures – <https://www.communityfutures.ca/>

Island Coastal Economic Trust - <https://www.islandcoastaltrust.ca/>

Ministry of Agriculture, Food, and Fisheries- TBD

### Other sources of funding

Impact Canada – Food Waste Reduction Challenge - <https://impact.canada.ca/en/challenges/food-waste-reduction-challenge/challenge>

Food Business Refresh - <https://www.foodbusinessrefresh.ca/> (As this program is currently fully subscribed, businesses can still apply to their waitlist)

Local Food Infrastructure Fund - <https://www.agr.gc.ca/eng/agricultural-programs-and-services/local-food-infrastructure-fund/?id=1560701480448>

Small and Medium Sized Business Recovery Grant - <https://www2.gov.bc.ca/gov/content/economic-recovery/business-recovery-grant>

Accelerating Manufacturing Scale-up Grant Program - <https://bcmanufacturinggrant.ca/>

# 7. Implementation Plan and Risk Analysis

## 7.1 A phased implementation plan

### Step 1: Landing a go-no-go decision

**1.1 Establish pre-launch Steering Committee** – This committee will be made up of a diverse group of key players, like that recommended for the board of directors in chapter 6 and provide an overall governance structure until the non-profit is incorporated and a Board of Directors is established. The Committee will ideally meet monthly until the non-profit is established.

**1.2 Build support with producers**- The Committee will develop communication material based on the feasibility study and other information to build awareness and confidence in the initiative.

**1.3 Create partnership agreements with producers, businesses, groups, organizations across the region** – To maximize its impact, the Central Saanich Food Hub (CSFH) will reach out to groups or enterprises with a similar agenda in the region and establish partnership or collaboration agreements.

**1.4 Develop a detailed implementation plan and budget** - This will include detailed leasehold improvement, equipment, and other capital/operating budgets.

**1.5 Seek initial funding commitments** – A fundraising subcommittee (or paid fundraiser) will work to raise an initial tranche of funding for the CSFH. It will probably need commitments of about \$800,000 (including in-kind contributions) before it can justify moving forward. The funds would only be advanced after the non-profit has been established.

**1.6 Finalize the initial scope (Phase 1) for the CSFH** – The Steering Committee will finalize the initial scope of services and key metrics for the CSFH and update the financial projections. While an initial scope of services is presented in this study and may be finalized by the Steering Committee, it will be up to the eventual non-profit to make a final decision on which services it ultimately wants to launch with.

**1.7 Make final go/no go decision on the CSFH** – Based on the outcomes of the previous six work steps, the Steering Committee will make a final decision on whether or not to proceed in setting up the CSFH. If the decision is no, then this will be the last step. If it is a yes, then it will carry on with the remaining implementation steps.

### Step 2: Establishing commitments

**2.1 Secure commitments from a minimum number of CSFH users**- The non-profit will reach out to potential producers and processors, especially those that have expressed interest in using services for which the CSFH can generate fees and invite them to sign up for those services.

**2.2 Secure commitments from a minimum number of CSFH buyers-** The non-profit will reach out to potential local food buyers in the region and make them aware of the CSFH and to try to secure commitments to buy products from producers and processors involved with the Food Hub.

### **Step 3: Establishing governance and securing financing/facilities**

**3.1 Establish supports for setting up the CSFH non-profit-** Seek out resources to support the process to establish a highly functional organization to own and operate the Food Hub.

**3.2 Set up the Board of Directors** – An initial set of Directors will be appointed or elected. The Directors will sign the application for incorporation.

**3.3 Select society name and submit name request** – The Directors will finalize the name for the Society and then submit a request for the name to be approved by the BC government. It generally takes 2 -3 weeks for a name search to be processed.

**3.4 Establish purposes of the Society and set up bylaws** – The Directors will work to establish the purposes of the Society in BC under one or more of 15 allowed categories<sup>9</sup> and set up the Bylaws. It can adopt the BC Model Bylaws or create its own Bylaws<sup>10</sup>.

**3.5 Incorporate the CSFH as a not for-profit** – The Directors will submit the application for incorporation.

**3.6 Establish bank account and deposit initial funds** – Once the application is approved, the Society should set up a bank and deposit the initial funds from the pledged contributors from Step 4.

**3.7 Hire an executive director** – Once the Society is properly set up and has initial funding in place, it can now move forward on operational implementation aspects. The first of these is to hire an Executive Director. Once hired, the Executive Director can then help implement all the steps that follow.

**3.8 Finalize a location** – The Directors and the Executive Director will finalize an initial location for the executive director and packing orders.

### **Step 4: Marketing and Launch**

**4.1 Set up initial website and social media accounts** – A website designer should be hired to build an initial website for the Food Hub and to set up email accounts and social media accounts for Facebook, Instagram and YouTube.

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<sup>9</sup> <https://www2.gov.bc.ca/gov/content/employment-business/business/not-for-profit-organizations/societies/incorporate-society/about-society-purposes>

<sup>10</sup> <https://www2.gov.bc.ca/gov/content/employment-business/business/not-for-profit-organizations/societies/incorporate-society/bylaws>

**4.2 Set up initial set of services** – The Society should go through each of its initial set of services and ensure that it has the contractors, equipment, supplies and/or facilities lined up to successfully offer them.

**4.3 Conduct outreach to all users and key players** – Once the previous work-step is complete, it will be important to share the website and social media accounts with all users and key players and begin building up email lists and social media followers.

**4.4 Conduct launch event** – The final step before officially declaring the Food Hub open for business is to conduct a launch event for up to 100 people, including local media to create additional exposure and support for the Food Hub.

## 7.2 Risk analysis: Limiting Factors and Obstacles

Several factors could limit the implementation success of the CSFH, including:

- 1) **Unpredictably high cost of leasehold improvements.** At the time of the completion of this study, the value of leasehold improvements is unknown and under the current financial climate it is possible that leasehold improvements are significant. Should this value be higher than predicted, then adjustments to the financials would be needed.
- 2) **Start-up and operational funding is not in place:** The business strategy for the CSFH requires significant startup and operational funding to secure a facility, staff, and marketing. At the time of the completion of this study, the previously available funding through the Ministry of Agriculture and Food has not been confirmed for 2022. However, there are several other options to pursue, including the federal government's Community Economic Development and Diversification (CEDD) in British Columbia<sup>11</sup> fund.
- 3) **Cohesive governance and leadership are not achieved:** For the CSFH to be successful, strong leadership and credibility with food processors and producers is required to both govern and manage the organization and facility. This will require a 'coming together' of producers that bring a range of (sometimes divergent) perspectives.
- 4) **Insufficient demand for CSFH services:** If anticipated users and buyers of the CSFH don't know about its services and programs, don't see how it can help their businesses, and don't participate in programs, then the CSFH will not be able to meet financial targets.

## 7.3 Key success factors

The following factors have been identified as critical to the success of the CSFH

- 1) **A financially sustainable model is pursued:** A financial model that combines grant funding and revenue generation is key. Being able to generate enough profit from

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<sup>11</sup> <https://www.canada.ca/en/pacific-economic-development/services/funding/community-economic-development-diversification.html>

activities to cover the costs of the CSFH is an essential element for long-term success. In addition, the CSFH should have adequate funding reserves to avoid any disruption to service. It is also advised the Food Hub grows in phases as laid out in the business model. This way it won't over invest in facilities and services that may not have a strong enough demand.

- 2) **Producers and food buyers make early commitments to the CSFH** – It is vital that producers see value in working together to achieve much greater sales than they can achieve on their own. A critical test of this is the willingness of producers to shift existing sales to the Food Hub. While this will temporarily reduce their profitability (because they will now pay some commissions to the hub) it will dramatically improve the viability of the Food Hub and greatly enhance its ability to market them and increase their sales. In addition, it would greatly help the Food Hub if it can find a few large buyers (e.g. larger retailers and institutions) that are willing to make significant buying commitments to quickly boost sales for the Food Hub and show producers the value of coming together and marketing themselves as a group.
- 3) **Establish relationships with anchor tenants and core users** – The financial success of the Food Hub will be reliant on a consistent revenue stream through the year. The best way to secure this is for the Food Hub to have anchor tenants that commit to using a large section of the Food Hub for long term (e.g. 2 or more years) as well as core users who may only use the Food Hub seasonally, but during those times will heavily use the facilities and services generating significant revenues. This leaves the Food Hub to try and fill the gaps, which in some ways will be smaller businesses using the services from time to time.
- 4) **An experienced and connected board is formed:** An experienced and well-connected board will help the CSFH be responsive to change and take advantage of emerging opportunities. Ideally, this Board will have representation from producers and be connected to other food & agriculture sector businesses, organizations, & industry associations.
- 5) **Current needs are met and balanced with growth potential:** The CSFH must strengthen what is already happening in the region while also looking for creative ways to stimulate activity in new areas where producers and processors in the region could have a competitive advantage.
- 6) **Strong local support is created:** The CSFH should be known to and appreciated by residents, businesses, and visitors in the Region.
- 7) **Effective cost controls are in place:** The Food Hub should establish cost control measures to ensure that operations are running as efficiently as possible.
- 8) **An experienced Executive Director is retained:** The role of the Executive Director is critical to the success of the CSFH. This person should be a generalist and natural networker that is adept at listening and learning. Interpersonal skills and the ability to engage and work with people from a range of professional, gender, age, and ethnic backgrounds will be essential. Respect and credibility with regional producers and food processors will accelerate progress and success.

# Appendices

## Appendix A: Key Farms in District of Central Saanich

The list of farms below was compiled from shared databases. Many more farms exist in the District of Central Saanich that are not listed below.

### *Key Farms in the District of Central Saanich*

<b>Name of producer</b>	<b>Location</b>	<b>Type of producer</b>
Amrit Grewal's Farm & Nursery	Saanichton	Fruit/vegetable producer
Andrew's Farmstand	Saanichton	Fruit/vegetable producer
Blaine Consulting	Saanichton	Fruit/vegetable producer
Coastal Honey Farm	Saanichton	Fruit/vegetable producer
Country Bee Honey Farm	Brentwood Bay	Fruit/vegetable producer
Dan's Farm & Country Market	Saanichton	Fruit/vegetable producer
Field Five Farm	Saanichton	Fruit/vegetable producer
Fieldstone Farm	Saanichton	Fruit/vegetable producer
Gobind Farms	Saanichton	Fruit/vegetable producer
Heart Lake Farm	Saanichton	Fruit/vegetable producer
Ireland Farms	Saanichton	Fruit/vegetable producer
Longview Farm	Saanichton	Fruit/vegetable producer
Mar Farms	Saanichton	Fruit/vegetable producer
Michell's Farm	Saanichton	Fruit/vegetable producer
Northbrook Farm (Saanich Organics)	Saanichton	Fruit/vegetable producer
Ocean View Estates	Saanichton	Fruit/vegetable producer
Revenhill Herb Farm	Saanichton	Fruit/vegetable producer
Roots, Shoots and Fruits	Saanichton	Fruit/vegetable producer
Rosemeade Farms	Saanichton	Fruit/vegetable producer
Sea Dog Farm	Saanichton	Fruit/vegetable producer
Silver Rill Berry Farm	Saanichton	Fruit/vegetable producer
Sluggett Farms	Brentwood Bay	Fruit/vegetable producer
Square Root Organic Farm	Saanichton	Fruit/vegetable producer
Sunrío Farm	Saanichton	Fruit/vegetable producer
Symphony Vineyard	Saanichton	Fruit/vegetable producer
Tiny Tree Herb Farm	Saanichton	Fruit/vegetable producer
Westing Organics	Saanichton	Fruit/vegetable producer
Woodwynn Farms (Tsartlip First Nation)	Brentwood Bay	Fruit/vegetable producer
Saanichton Farm	Saanichton	Grain producer
Silverwood Farm	Saanichton	Meat Producer
Brentwood Bay Nurseries	Brentwood Bay	Plant nursery
Gobind Farms	Brentwood Bay	Plant nursery
Kimoff Wholesale Nursery	Saanichton	Plant nursery
Puckle Road Nursery	Saanichton	Plant nursery
Valley View Nursery	Saanichton	Plant nursery
Church & State Wines	Brentwood Bay	Winery
Symphony Vineyard	Saanichton	Winery
Whispering Hill Farm	Saanichton	Winery
Sea Cider Farm and Ciderhouse	Saanichton	Cidery

## Appendix B: Case Examples of Related Enterprises

In this section, we provide information about local food centres or related enterprises relevant to the proposed food hub in the District of Central Saanich.

### Commissary Connect



Figure 2 Commissary Connect.

Photo courtesy of <https://commissaryconnect.com>

Commissary Connect is a for-profit, shared kitchen space enterprise operating from three locations in Vancouver. Food entrepreneurs typically rent about 100 square feet of space for general preparation and storage and then access kitchen equipment on a pay-per-use basis using pin codes. Pricing starts at \$450 per month for 10 hours of facility access. They have both walk-in coolers and walk-in freezers as well as industrial dishwashers. Their equipment includes convection ovens, gas stoves, mixers, and small steam kettles<sup>12</sup>. This example indicates that it is possible to set up a very efficient system whereby food producers are charged only for the services and equipment that they use for their business. Commissary Connect has offered to install their system in any food hub location; however, the setup

costs for their system (which doesn't include any production equipment) are too expensive for some food hubs.

### Farm Kitchen, Cranbrook

Farm Kitchen was established in 2017 as a social enterprise by Community Connections Society of Southeast BC. Their vision is to support food-focused entrepreneurs to strengthen the local food industry. They provide a shared commercial kitchen space and collaborative co-working space where community members can work, or engage with their local food system through workshops, cooking classes and culinary events. Facilities include walk-in coolers, freezers, gas burners, blenders, office desks and a pop café. The kitchen can accommodate two small scale processors at a time and can be rented for as low as \$17/hour, desk space at \$5/hour and support staff at \$20/hour.

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<sup>12</sup> <https://commissaryconnect.com/our-kitchens/>

## Food Starter, Toronto

Food Starter is a food incubator program in Toronto that includes a 20,000 square foot shared processing and packaging facility, business advisory services, and a structured training program to help entrepreneurs build and grow their food processing business<sup>13</sup>. It is designed to mentor entrepreneurs over a one-year period. They have five shared-use kitchens designed to process: soups and sauces, prepared meals, salads and condiments, catering and food truck items, and commercial bakery products. The kinds of specialized equipment provided in these kitchens include the following:

### **Kitchen equipment**

- 57 litre bowl mixer
- Reversible dough sheeter
- Hot water bath for delicate foods
- Immersion blender
- 60-gallon steam kettle
- Gas top braising pan
- Hot and cold filler mixer
- Two speed commercial blender
- Heavy duty food cutter
- Bottle and jar capper
- Semi-automatic bun divider

### **Packaging equipment**

- Heavy duty weigh scale
- Printer and labeler
- Vacuum Sealer
- Packing equipment

It generally costs \$25 to \$35/ hour to rent the kitchens. The City of Toronto and Growing Forward 2, a federal-provincial-territorial initiative, support this enterprise.

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<sup>13</sup> <https://foodstarter.ca>

## Appendix C: Summary of Stakeholder Input

As noted in Chapter 1, the research team conducted one-on-one interviews with several key stakeholders, received 34 responses to a survey of food producers and processors in the region (71% from Central Saanich) and facilitated two focus group sessions with a total of 20 stakeholders. Their views on key aspects of a potential food hub in Central Saanich are presented below.

### Wide range of visions for the food hub

Stakeholders had a wide range of reasons why a food hub was good for the region. They included:

- Reducing food waste
- Supporting local food businesses
- Increasing access to food from local farms
- Growing the local food system
- Supporting community food programs
- Improving food security
- Providing more opportunities for food business start-ups
- Diversifying local food offerings
- Increasing infrastructure and services for food producers and processors
- Increasing visitors to the region
- Enhancing food education for young people
- Displacing non-local food with local food in grocery stores
- Making small-scale farming financially viable, so new farmers can make a living from it.
- Expanding involvement of children/youth in food and food culture.
- Increasing Indigenous food production for health care facilities.

### Food producers face a range of challenges

Food producers highlighted a range of challenges they face, some of which could be overcome by using a food hub, including:

- Difficulty meeting food safety requirements of larger buyers (e.g. HACCP or GAP certification).
- Not knowing where to find certified local produce and grains (e.g. cilantro and wheat for flour).

- Lack of infrastructure to access opportunities (e.g. for making chocolate, processing foods for special diets such as. gluten free).
- Lack of information on products food processors might need, e.g. specialty mushrooms.
- Not know how to find others willing to do group buying (e.g. for packaging).
- Not knowing where to access available farmland.
- Not having a representative body that could advocate for local food producers and coordinate any services. For example, there is no farmers' institute in Central Saanich.
- A severe lack of services for meat growers, such as vet services and abattoirs.
- Difficulty finding affordable and flexible transportation off-Island.
- Challenges accessing major retailers (where most people buy their food from).

### **A need exists for shared cold storage**

Ambient, refrigerated and/or frozen storage space was the third most popular service identified by survey respondents. Some food and beverage businesses in the region are outgrowing their space and/or developing new product lines that need refrigerated or frozen storage. Some of them are looking for storage space that is HACCP certified so they can supply major retailers like Thrifty Foods and export out of the province. Farmers also need cooler storage that has different temperature zones for different produce items (e.g. root vegetable storage). This will help extend the season of those items. They are also looking for seed storage and seed cleaning equipment.

### **Shared processing facilities are also needed**

A commercial kitchen/shared processing facility was the most popular service identified by survey respondents. Some food businesses need additional processing space and equipment to enable them to develop new product lines. Some also face challenges with cross-contamination of their current product lines, such as gluten or nut-free. Some businesses require the processing facility to be HACCP certified to supply major retailers like Thrifty Foods and export out of province. Some businesses also stated they need between 1,000 to 2,000 sq. ft. of space dedicated for their own use, ideally with their own temperature control to maintain product quality. Some new and small farms in the region, such as the Sandown Regenerative Agriculture Centre, are looking for a facility to potentially make value-added products to create an additional sales channel.

### **Some potential users have expressed willingness to invest in the food hub**

Thirty-one of the thirty-five survey respondents (89%) stated they would be willing to sign a letter of support for the development of a food hub in Central Saanich. Six respondents stated they would invest in the food hub of between \$10,000 to \$20,000, and another 19 respondents said they may be willing to do so. This is provided that the food hub has services and facilities that meet their needs and would repay their investment within five years.

## **Grain and pulse production and processing equipment is needed**

A significant need exists for a facility to make products from grains and pulses. Some grain growers in the region (e.g. barley and wheat producers) are looking for additional channels. Some expressed interest in developing value-added products from packaged grains and pulses into processed products as well as supplying local processors. Making items such as flour tortillas and baked goods is an example, since Portofino Bakery is under new owners and is less focused on local sourcing.

## **Mentorship, training and courses are needed**

Stakeholders highlighted that businesses, especially newer ones, would benefit from mentorship programs, training programs, a business incubator and courses on topics such as GAP (Good Agricultural Practices) and HACCP (Hazard Analysis Critical Control Point) certification. It was also suggested the food hub could also host schools to help educate children on healthy local food and enhance the food culture in the region.

## **The needs of potential food hub users are diverse**

Survey respondents identified several services they would be interested in using at the food hub. The most popular (in order of priority) include:

1. **A commercial kitchen/food processing facility** (25 respondents). Farmers who responded to the survey also expressed a need for equipment in the facility such as washing, chopping and bagging, which would serve users throughout the region.
2. **An online sales platform** where buyers can easily order producer products (24 respondents). Producers added that this platform would be useful for farmers to post what is available in real-time for local food processors, retailers and restaurants to buy.
3. **Ambient, refrigerated and/or frozen storage space** (20 respondents)
4. **Food distribution to wholesale customers** (19 respondents). Ideally, the facility would be GAP certified to allow GAP certified farms to supply customers requiring that certification.
5. A small **“local-food only” retail outlet** where they can sell their products (19 respondents) and be promoted on the online sales platform. They stated this would allow them to earn better margins selling direct to customers and enhancing their image and profile.

## **Potential food users identified key equipment they would like to rent**

Most (85%) of survey respondents expressed an interest in renting the following types of equipment from the food hub (ranked in order of importance:

- Standard commercial kitchen equipment (21 respondents)

- Walk-in coolers or freezers (16 respondents)
- Food packaging equipment (16 respondents)
- Label makers (12 respondents)

There was also interest in specialty equipment such as a honey extractor, blast freezer, dehydrators and freeze dryers. Respondents also suggested other equipment and services such as seed cleaning equipment, an abattoir, bulk purchasing, egg washer, commercial stand mixers (planetary and spiral/dough), winter vegetable storage, certification courses, farm mentorship, farmer workshops and a regional agrologist. One new idea suggested was equipment and materials to manage a reusable container service.

### **A dozen businesses are ready to use the food hub's services**

Seven survey respondents stated their business/organization exceeds the capacity of their current premises, and they need more services and equipment. Another six respondents stated they are ready to increase their revenues and would benefit from the shared services of the food hub. Another thirteen businesses said they were almost ready to use the services of a food hub, which could mean that they would be ready to use the services of a food hub when it opens in a year or two.

### **Many producers are interested in using the food hub regularly**

Twenty survey respondents stated they if a food hub existed in Central Saanich with equipment and services their business needed, they would use it 30 days or more throughout the year. Thirteen of them would use it for 180 days or more throughout the year. Only four respondents stated they would use it less than five days per year. If the food hub was designed for frequent users, only a handful of potential users would need to review their business strategy or not use the facility.

### **Over 80% of respondents expressed interest in using the services of the hub**

A total of 28 of the 34 survey respondents expressed interest in using the service of the food hub. These users are presented in Table 6.1 and are grouped into three categories (core users, secondary users, and tertiary users) based on the number of days they would like to use the hub per year, their readiness to use the hub, and their willingness to invest in it.

The 11 core users are important because they create a base level of demand for food hub services. Most of them (9) want to use the facility to process food and rely on the food hub to sell their products on an online store (8), provide wholesale services (7), incubator services (7) and food storage (7). The equipment they are looking to the food hub to provide includes packaging equipment (7), kitchen equipment (6), blast freezer (6) and label makers (3).

However, it is also positive that 17 additional firms expressed interest in using the services of the hub. Collectively this represents a strong initial level of demand for the hub.

Table 14 Results of survey of potential food hub users conducted in May 2022

Type	Readiness	Days/ year use	Invest	Food Storage	Processing	Ecommerce	Aggregation	Wholesale	Home delivery	Incubator	Training	Store	Kitchen equipment	Dehydrators & dryers	Meat smokers	Honey extractors	Egg graders	Produce preparation	Label makers	Coolers or freezers	Blast freezer	Packaging equipment	Total Services needed
Community program	Today	> 180	Maybe	1	1	1	1	1	0	1	1	0	1	0	0	0	0	1	0	1	1	1	12
Food retail	Yesterday	> 180	No	1	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	11
Food processing	Yesterday	> 180	No	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	10
Food processing	Today	> 180	Yes	1	1	0	0	1	0	1	1	0	1	0	0	0	0	0	0	0	1	1	9
Food processing	Today	> 180	No	1	1	1	1	0	1	1	0	0	1	0	0	0	0	0	0	0	1	1	9
Food processing	Yesterday	> 180	Yes	1	1	1	1	1	1	0	1	1	0	0	0	0	0	0	0	0	0	0	8
Food retail	Yesterday	> 180	Maybe	0	1	0	0	0	0	1	0	0	1	0	0	0	0	0	1	1	1	1	7
Other	Yesterday	> 180	Maybe	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Other	Yesterday	> 180	Maybe	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	Yesterday	31 to 90	Maybe	1	1	1	1	1	1	1	0	1	1	0	0	0	0	0	1	1	1	1	13
Fruit and vegetable	Almost	31 to 90	Yes	0	1	1	0	1	0	0	1	1	0	0	0	0	0	0	1	0	1	1	8
<b>Total/Avg</b>				<b>7</b>	<b>9</b>	<b>8</b>	<b>6</b>	<b>7</b>	<b>5</b>	<b>7</b>	<b>6</b>	<b>5</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>6</b>	<b>7</b>	<b>8.0</b>
Restaurant or food service	Almost	> 180	Maybe	1	1	1	1	1	0	1	1	0	1	1	0	0	0	0	1	1	0	1	12
Food retail	Almost	> 180	Maybe	1	1	1	0	0	0	0	0	1	1	0	0	0	0	0	1	1	0	0	7
Food processing	Almost	> 180	Maybe	1	1	0	0	1	0	0	0	0	1	1	0	0	0	0	0	1	0	0	6
Fruit and vegetable	Not ready	91 to 180	Yes	1	1	1	1	1	1	1	1	1	1	1	0	0	0	1	1	1	0	1	15
Community program	Not ready	6 to 30	Yes	1	1	1	1	1	0	0	0	1	1	0	0	0	1	0	1	0	1	1	11
Fruit and vegetable	Today	6 to 30	Yes	0	1	1	1	0	1	1	0	1	1	0	1	0	0	1	0	0	1	0	10
Livestock farming	Today	6 to 30	Maybe	1	1	1	0	0	0	1	0	1	1	0	1	0	0	0	1	1	0	0	9
Fruit and vegetable	Today	6 to 30	Maybe	0	1	0	0	1	0	0	0	1	1	1	0	0	0	0	0	0	0	1	6
<b>Total/Avg</b>				<b>6</b>	<b>8</b>	<b>6</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>5</b>	<b>8</b>	<b>5</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>5</b>	<b>6</b>	<b>0</b>	<b>5</b>	<b>9.5</b>
Fruit and vegetable	Almost	6 to 30	Maybe	1	1	1	1	1	1	1	1	1	1	0	0	0	0	1	0	1	0	1	13
Food processing	Almost	6 to 30	Maybe	1	0	1	1	1	1	0	0	0	0	0	0	0	0	0	1	1	0	1	8
Fruit and vegetable	Not ready	6 to 30	Maybe	1	0	1	0	1	1	0	1	0	0	0	0	0	0	0	0	1	0	0	6
Food retail	Almost	6 to 30	Maybe	0	0	1	0	0	1	0	1	0	0	0	0	1	0	0	1	0	0	0	5
Fruit and vegetable	Almost	31 to 90	Maybe	1	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	4
Fruit and vegetable	Almost	31 to 90	Maybe	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	2
Restaurant or food service	Not ready	> 180	No	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	1	1	1	13
Other	Almost	1 to 5	Maybe	0	1	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	3
Grass and grain crop	Almost	1 to 5	Maybe	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total/Avg</b>				<b>6</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>6.0</b>
<b>Total/Avg</b>				<b>19</b>	<b>21</b>	<b>19</b>	<b>13</b>	<b>17</b>	<b>13</b>	<b>13</b>	<b>12</b>	<b>13</b>	<b>18</b>	<b>6</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>10</b>	<b>15</b>	<b>7</b>	<b>15</b>	<b>11.5</b>

**Table 15 List of One-on-one Interview and Focus Group Participants**

<b>Food Sector</b>	<b>Organization</b>	<b>First</b>	<b>Last</b>	
Primary producer	Field Five Farm	Kyle	Michel	
	Longview Farm	Nora	Cumming	
	Longview Farm	Michelle	Le Sage	
	Michell's Farm	Terry	Michell	
	Queenswood Victorian Nursery	Monika	Parkes	
	Northbrook Farm	Heather	Stretch	
	Sea Dog Farm	Katy & Shawn	Connelly	
	Silverhill Berry Farm	Pamela	Fox	
	Square Root Organic Farm	Crystal	Bryson	
	Whispering Hill Farm	Wendy	Deloume	
	Silverwood Farm	Eva	Jaycox	
	Food processor	Adriana's The Whole Enchilada	Adriana	Ramirez
Beauregard Café		Doug	Mutch	
Barley Farm Winery		Beverly	Marley	
Bread and Butter Collective		Sam	Jones	
Julian Woo		Julian	Woo	
Kettle and Hive		Trish	Paytas	
Harvest Rd.		Jennifer	Michell	
Siji Victoria		Siji	Raj	
Sutra Sauces and Spices		Parminder and Paul	Gill	
That Planted Life		Chantal	Davis	
Food Hub	Cowichan Food and Farm Hub	Dani	Stancer	
	SanDown Centre for Regenerative Agr.	Steve	Duck	
	South Island Farm Hub	Susan	Tychie	
Food Policy Org.	CR Fair	Christine	Peacock	
	Saanich Neighbourhood Place	Tina	Tulloch	
Other	Camosun College	Sean	McConkey	
	Epidemiologist	Megan	Misovic	
	Saanich Fair	Catrina	Mchattie	
	Tsawout First Nation Band Leadership	Mavis	Underwood	

## Appendix D: Overview of Governance Models

There are many ways to establish ownership and operational structures for effective food hub governance. The models described below show the range that is possible. The final selection of a governance model should be decided based on the preferences and needs of those involved.

### Producer cooperative model

Producer cooperatives are owned by people who produce similar goods or services. The cooperative structure allows producers to work together to fund and operate a facility cooperatively. The cooperative is governed by a voluntary Board of Directors and often includes membership fees. The Board normally hires a CEO or Executive Director, and that CEO hires staff as needed to operate the enterprise. In some cases, producers will set aside a percentage of their profits (between 20% and 40%) to cover the operation costs of the cooperative or pay a fee for using the services (e.g. food processing, aggregation, distribution and marketing). If the co-op is financially successful, it can offer dividends back to its members. However, generally the cooperative sets the user fees at the lowest level to ensure that the Co-op is cash flow positive.

Cooperatives can face challenges. For example, if one member grows at a different rate than others, it can create an imbalance that needs to be addressed. For example, the larger business may need to use the facility and/or equipment to such an extent other producers can't access them enough for their business. Another challenge can be the work needed to manage several members of a coop that have different goals.

The benefit of coops is that producers are always in control of how the enterprise is run and how their products are handled and marketed. This helps to maintain a direct line between the customers and the producers. While co-ops can be structured as a non-profit or for-profit, most of them are structured as for-profits. For this reason, and because multiple members own co-ops, co-ops tend to be more entrepreneurial and have a stronger business focus than non-profits. They also tend to be quite egalitarian because they are owned by multiple parties who all get an equal vote no matter how much they invest or use the co-op.

Cooperatives must follow the Cooperative Association Act of BC.<sup>14</sup>

*Examples of co-operatively run food processing facilities are very limited. Co-operatively run distribution hubs include Western Montana Growers Co-op and Cow-op, Cowichan.*

### For-profit enterprise model

A for-profit enterprise model is a business that is owned by shareholders and led by a management team. For-profits are focused on making sure the organization is financially viable. They are also generally willing to take risks and therefore tend to be the most entrepreneurial of the governance models. Key decisions tend to be made by a small group of people or even

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<sup>14</sup> [Cooperative Association Act of BC](#)

one person (i.e. if that person is the majority shareholder). Most for-profits tend to put profit before social and environmental goals. However, there has been an increase in social mission for-profits in recent years. Some have even become B Corps (Benefit Corporations), in which they formally commit to strong social and environmental goals.

The main challenge with the for-profit food hub model is that it is harder to obtain grants. Apart from food hub grants from the Ministry of Agriculture, few other grants are available to for-profit food hubs. Also, because food hubs typically generate modest profit margins, it can be challenging to raise money from investors. Also, a for-profit food hub, even a social enterprise/B Corp, may not put much as much priority on low revenue or loss-making services, which may be needed by start-up or small producers, such as training and short-term rentals. Further, educational institutions are less likely to partner with a for-profit versus a non-profit.

*Examples include: Commissary Connect, Vancouver and Plenty & Grace, Surrey*

### **Non-profit model**

A non-profit organization (NPO), as described by Revenue Canada as a club, society, or association that is not a charity and that is organized and operated solely for:

- Social welfare
- Civic improvement
- Pleasure or recreation
- Any other purpose except profit

To be considered an NPO, no part of the income of such an organization can be payable to or available for the personal benefit of any proprietor, member, or shareholder. An NPO is exempt from tax under Part I of the Act on all or part of its taxable income for a fiscal period if it meets all the above requirements for that period.<sup>15</sup> Food hubs require significant capital investment before they launch, and most food hubs require operational funds for the first few years to be viable. A variety of grants are only available to non-profits. If a non-profit owns and leases a building, it will still need to describe the purpose of its society (as required by the BC Society Act, Part 2, Division 1) and that purpose would need to be more than being a landlord unless it planned to use the proceeds for some social purpose.

In this scenario, a non-profit would lease a building or portion of a building to operate the Food Hub. The non-profit would then manage the Food Hub and provide services, facilities, and equipment. Because it is a non-profit, any profits would need to be reinvested back into the Food Hub. The non-profit could also offer services at a loss if they are covered by grants. The non-profit is also eligible to raise funds through loans, memberships and sponsorships. The main challenge of this model is that the enterprise would not be able to raise funds through equity and couldn't be owned by any of its users.

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<sup>15</sup> [https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4117/income-tax-guide-non-profit-organization-information-return.html#C1\\_NPO](https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4117/income-tax-guide-non-profit-organization-information-return.html#C1_NPO)

*Examples include: South Island Farm Hub, Victoria; Zest Commercial Food Hub, Salmon Arm; The Stir Food hub, Kamloops*

### **Registered charity model**

A registered charity is a type of non-profit organization. It refers to “a charitable organization, public foundation, or private foundation registered with the Canada Revenue Agency. A registered charity is issued a Registration Number once approved. It is exempt from paying income tax and can issue tax receipts for donations it receives. It must be established and resident in Canada, operate for charitable purposes, and devote its resources to charitable activities”.<sup>16</sup>

In a food hub governance context, a registered charity model may look like a food bank investing in new facilities and working with other agency partners to establish shared assets for warehousing, cold storing, and processing. It has the strong benefit of being able to pursue grant funding from a variety of sources. The drawback is that it relies on a volunteer board that can be risk-averse and more reluctant to pursue new, unproven revenue streams.

*Examples include: The Stop in Toronto and Nanaimo Community Kitchens Society*

### **University/government-led model**

University and government-led food hubs are another way to own and operate a food hub. These initiatives usually are not revenue positive, with funding coming from long-term sources from the university and/or government. These hubs tend to have more of a focus on research and development. The governance model is similar to a non-profit, except that under the university/government model, a significant portion of funds would come from the university or government agency.

*Examples include: Leduc Food Processing Centre, UBC Food and Beverage Innovation Centre and Centre for Seafood Innovation, University of Vancouver Is.*

### **Social enterprise model**

A social enterprise (SE) can be a for-profit or non-profit. SE is not yet defined by CRA, however the Centre for Social Enterprise defines social enterprise as, “revenue-generating businesses with a twist. Whether operated by a non-profit organization or by a for-profit company, a social enterprise has two goals: to achieve social, cultural, community economic and/or environmental outcomes; and, to earn revenue.”<sup>17</sup>

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<sup>16</sup> <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/charities-giving-glossary.html>

<sup>17</sup> <https://www.centreforsocialenterprise.com/what-is-social-enterprise/>

“A social enterprise is an innovative business model, whether not-for-profit or for-profit, that pursues a social, cultural or environmental mission through the sale of goods and services, with the majority of net profits directed back to its mission.”<sup>18</sup>

*Examples include: It could be argued the above not for profits and for-profit examples are social enterprises because they pursue social benefits by improving the economic situation of local food businesses.*

### **Hybrid models**

Some food hubs are beginning to explore hybrid models of governance that have both a non-profit and for-profit element. Under this scenario, the non-profit (often a Trust) is focused on raising funds and holding them in trust while the for-profit is focused on operating the food hub. For example, a for-profit enterprise could own or lease a building and use part of it for their own food processing. The remaining portion of the building could be leased by a non-profit which then charges other enterprises to use its facility and services. The non-profit and for-profit could share equipment such as walk-in cooler and/or freezer or even processing equipment and come to a financial agreement of who owns what and what compensation they receive. The benefit of the hybrid model is that non-profits find it easier to secure grants and offer loss-making services such as educational programs. A for-profit business tends to find it easier to raise more significant amounts of capital through loans, owner’s capital and investments and therefore secure larger buildings.

Another example is a Trust and non-profit partnership, where the Trust is governed by a government body (e.g. a Municipality) with the goal of obtaining and distributing grant money. The Trust then partners with a non-profit, which runs the food hub with oversight from the Trust. This allows governments to be involved with food hubs and help launch them but not be involved in operations.

*Examples include: The Victoria Community Food Hub Society*

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<sup>18</sup> <https://www.canada.ca/en/employment-social-development/programs/social-innovation-social-finance/consultation-investment-readiness-stream/discussion-guide.html>

## Appendix E: Details of Request for Expressions of Interest

### 1. Introduction:

Through this Request for Expressions of Interest (RFEOI), the District of Central Saanich (the “District”) invites interested individuals, organizations or businesses to submit Expressions of Interest to provide a location and/or a facility for a Central Saanich Food Hub (CSFH), also referred to as the “Hub”, in the District of Central Saanich with a view to launching the Hub in 2024.

### 2. Project:

#### Background:

The CSFH is a regional collaborative project that focuses on expanding the local agri-food economy and strengthening the food system. The Hub will act as a catalyst to connect many players along the food and agriculture value chain. The CSFH is dedicated to growing the local agri-food economy by offering facilities, equipment, and services that are currently missing from the value chain, including food processing and product development support.

For several years, the District, along with food hub experts and organizational collaborators, have acted as a host and facilitator of the process to establish a food Hub in the District of Central Saanich. The District is now seeking a location and facility partner or partners to provide or develop the Central Saanich Food Hub (CSFH) facility.

#### Anticipated process for developing the CSFH

The anticipated process for developing the CSFH is as follows:

- Mar 2022 – Hire consultant to develop feasibility study for the CSFH (in progress)
- May 2022 - Prepare and issue RFEOI to develop or provide a facility for the CSFH
- Jun 2022 – Review submission and select the preferred party and location.
- July 2022 – Receive feasibility/business plan report from consultants.
- Aug 2022 – Mar 2023 – Establish steering committee to secure required funding.
- Apr 2022 – Once funding is secured, steering committee will transition to become non-profit society (or some other entity) to administer the funds and operate the hub.
- Jun 2023 - May 2024 – Construct facility, hire staff, and promote CSFH
- Jun 2024 – Launch the CSFH.

#### CSFH Requirements, Anticipated Activities, and Business Case

The Hub will need to be developed in two phases. This EOI is to seek responses from multiple proponents with the intent to conclude an agreement with a partner or partners that can meet Phase 1 requirements listed below, with capacity and resources to expand into Phase 2 after financial targets are met.

## CSFH Location and Facility Requirements

### Phase 1 Requirements:

- Main facility to be in the District of Central Saanich.
- Building size: minimum 5,000 sq. ft., full build out size 8,000 – 10,000 sq. ft.
- Property size: minimum 8,000 sq. ft., up to 13,000 sq. ft.
- Lease rate: Base rate of \$15- \$20/sq. ft. gross rent plus triple net costs of \$3 - \$5/sq. ft.
- The Phase 1, 5,000 sq. ft. facility will need to accommodate the following elements (the leasehold improvements specific to a food hub will be the responsibility of the hub):
  - Office, administrative and meeting space.
  - A minimum of two washrooms (one accessible).
  - A 1,500 sq. ft. food processing kitchen with a packaging line.
  - Space for ambient, refrigerated, and frozen food storage on concrete flooring.
  - A food packing and distribution area (brokerage).
- Ability to meet health and safety standards<sup>19</sup> as well as become a HACCP certified facility.
- Access to three-phase electrical power.
- Ability to connect to Municipal water and local utility power service.
- Available for occupancy June 1, 2024, or sooner<sup>20</sup>.
- Minimum 5-year lease term with an option to extend - the lease to remain in force even in the event of a change of ownership of the building.
- Good delivery/loading access with two loading bay doors (preferably dock level).
- Adequate parking for commercial vehicles and visitors.
- Good general accessibility for people with physical disabilities.
- Conforms to local and provincial land use policy including:
  - District of Central Saanich land use policy and other District bylaws.
  - Province of BC land use regulations for the ALR.

### Phase 2 Requirements:

- An additional 3,000 - 5,000 sq. ft. (for a total of 8,000 – 10,000 sq. ft.) for expanding food processing services, storage, and equipment.
- Meeting rooms and classrooms for establishing a business accelerator (e.g., business advisory services, coach network, training and education, funding/investment, facility, and service coordination) and for partnerships with advanced education institutions (i.e. Camosun and UVic).

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<sup>19</sup> Including but not limited to: An Application for Health Approval, a detailed, labelled, to-scale Floor Plan and Specification Form, a general business model description (highlight responsibilities of parties), a Food Safety Plan, a Sanitation Plan (with specifics on any shared equipment), and a COVID-19 Safety Plan (depending on status of pandemic)

<sup>20</sup> This date is approximate and can be negotiated with the successful proponent.

- Laboratory facilities for product development and applied research, unless provided by another party.

**Additional features of land/building characteristics that are considered an asset:**

- Access to Highway 17 for convenient distribution of food products.
- Easy access and egress for commercial vehicles.
- Building/land use compatible with surrounding uses.
- Room to expand the building or leasable space as the needs of the food hub expands
- An option to purchase the facility at end of lease term.
- A central, retail-friendly location to create the potential for a retail component.

**Anticipated activities of the CSFH**

Anticipated activities at the CSFH include but are not limited to:

- Hosting multiple food processing businesses in a shared space.
- Use of the Hub 8 - 12 months per year.
- Receiving, washing, grading, storing, and preparing raw food for processing.
- Processing the food into value-added products, including packaging and labelling.
- Storing food in walk-in freezers, walk-in coolers, and ambient temperature warehouse space.
- Packing and distributing finished orders.
- Rental of office and small group meeting space.
- Training and networking events, such as conferences and ‘learning days’.
- Possible retail sales and agri-tourism site-visits.

**Business case for developing the Central Saanich Food Hub**

Developing the CSFH presents unique opportunities to gain a competitive advantage in the hyper-competitive food and agriculture sector as well as to expand the local food economy and improve food security. The business case includes, but is not limited to:

- Access to start-up funding through a partnership with the District of Central Saanich and other agencies.
- A comprehensive business plan to be completed with extensive market research and financial projections, designed to allow the CSFH to become self-funding with 5 years.
- Strong support from the District for a food hub to be developed in the community.
- The ability to leverage District relationships with Provincial and Federal partners.
- On-going shared costs with other businesses leading to cost savings.

- Access to economies of scale for producer procurement needs and potential access to larger buyers.
- Ability for the Hub to jointly market and distribute the products of its members, thereby improving access to a larger customer base.

#### Anticipated role of the District of Central Saanich:

- Broker an arrangement that allows the CSFH to move forward in a tangible way in the next year.
- Apply for start-up grants for Phase 1.
- Share market research and business plan documents with the successful Proponent.
- Provide input on ownership and governance structures of the CSFH.
- Eventually phase out its involvement after the Hub has been established and remain as a supporting agency.

#### Proponent Options

The District of Central Saanich is willing to entertain Expressions of Interests from a wide range of parties, including the following:

- A party that owns a property & building that meets the above requirements that is willing to lease the property to a non-profit organization (still to be determined) of the CSFH.
- A party that owns land of a suitable size and location that is willing to lease or sell the land to a party willing to develop the building for the CSFH.
- A party that is willing to lease or buy a suitable parcel of land and develop a building that meets the above requirements.
- A party that is willing to buy the building and/or property from the developer and become the landlord for the building.
- A party that would like to lease dedicated space for its own use in the same building as the CSFH so that it can take better advantage of the services of the Hub. This type of party should specify how much space it needs as well as other building requirements (e.g., ceiling height, loading bay doors, power needs). In this scenario, CSFH could serve as the master tenant for all tenants in the building or those tenants requiring their own dedicated space could lease directly from the landlord.
- If multiple parties come forward to lease dedicated space in the same building, the aggregate total of their space requirements will be added to the space requirements for the Hub. For example, if three parties submit an expression of interest to rent 2,000 square feet each in the Hub, the size requirements will be increased by 6,000 square

feet, provided there is a developer willing to construct a building of this increased size and a property large enough to accommodate the increased size requirements.

**Deliverables:**

A leased or owned building location secured through agreement for the placement of the CSFH and to apply for funding with higher level governments (provincial and federal).

**Requirements:**

The successful proponent will be required to provide proof of ownership of the proposed land/building being in their name or a long-term lease that secures the proposed location. Insurance, liability, and an issued business license may further be required once a proponent is selected and an agreement is entered into.

**3. RFEOI Process:**

Contact Person:

The point of contact at the District of Central Saanich for any questions related to this RFEOI is:

- Patrick Earl, Community Economic Recovery Coordinator
- Email: [patrick.earl@csaanich.ca](mailto:patrick.earl@csaanich.ca)
- Phone: 250-216-2313

Proponents shall carefully review the RFEOI documents and ask any questions that will further their understanding of the request. Written questions may be submitted by email to the Contact Person. The Proponent is solely responsible to seek clarification from the District on any matter it considers to be unclear, and proponents are to rely on their own independent analysis in preparing a submission.

Timetable:

This RFEOI process will follow the timetable noted below and may be amended at the District’s discretion through the issuance of an addendum to this RFEOI.

<b>Event:</b>	<b>Date:</b>
Issue Date	May 13, 2022
Deadline for Questions	May 27, 2022
Anticipated Last Day to Issue Addenda	June 03, 2022
Submission Deadline:	June 10, 2022 at 2:00 PM

### Site Meeting:

The preferred proponents may be requested to provide a site meeting and tour of the identified building/land solution to the review committee and prior to award. It is tentatively scheduled that these meetings may occur the week of June 13 to June 17.

#### 1.1. Addenda Issued by District:

At any time up until the Submission Deadline, the District may issue an Addendum to amend, clarify, or answer questions related to this RFEOI. Each Addendum will be issued at the same location and in the same manner as this RFEOI document. Each Addendum will form an integral part of this RFEOI. Proponents are solely responsible for checking for Addenda up until the Submission Deadline. Proponents are asked to confirm receipt of all Addenda on the Expression of Interest Form.

#### 1.2. EOI Contents:

Proponents should complete the Expression of Interest Form included in Appendix or provide the same information in a format of their choice.

#### 1.3. Sections and Submission of EOIs:

Submissions should include the following sections:

- Proponent profile.
- If just the land exists (no building), a site plan (drawn to scale) with the following site information:
  - Site location and size.
  - Current zoning and indication if the site is in the ALR or not.
  - Current level of servicing. If not, feasibility of servicing the parcel/building.
  - Access: roads to service the site, and site parking.
  - Other uses on the site.
- If the building exists, describe the building characteristics (or portion to be used by the CSFH):
  - Building location and size.
  - Layout and configuration.
  - Water, sewer, and power access.
  - Building characteristics that meets the requirements of Phase 1, if existing.
  - A floor plan, photos, and/or elevation plan may be submitted to illustrate and describe the proposed lay-out, sizing and configuration.
- Describe how your site or building can meet and/or exceed CSFH requirements as described in section 2.3. Please include layout drawings as well as a written description.

- Provide a high-level financial plan for accommodating Phase 1 requirements. Please indicate costs that would ideally receive start-up funding and what costs would be incurred by the proponent. Please include an estimate of the fully burdened rental rate per square foot for the CSFH for a five-year lease term.

EOIs may be submitted electronically to:

- Patrick Earl, Community Economic Recovery Coordinator
- Email: [patrick.earl@csaanich.ca](mailto:patrick.earl@csaanich.ca)
- Phone: 250-216-2313

Or, in the case of a paper submission, they may be submitted to the following address:

District of Central Saanich  
1903 Mt Newton Cross Rd,  
Saanichton, BC V8M 2A9  
Attention: Patrick Earl, Community Economic Recovery Coordinator

Municipal Hall is open Monday through Friday from 8:30 am to 4:00 pm and is closed on weekends and statutory holidays.

The District shall not be liable to any Proponent for any reason an EOI is not properly received. If an EOI is sent by email, the Proponent assumes the entire risk that the District will properly receive it.

## Appendix F: Health & safety requirements for the food hub

The following food hub health and safety requirements have been provided by the Island Health Environmental Health Officer, Department of Health Protection and Environmental Health Services, subject to the following caveats:

- These requirements are based on current information and could change
- If food hub uses change, health and safety requirements may also change
- There could be site-specific improvements beyond what is listed here. These would be identified through a site inspection and finalization of food hub uses.

### General construction requirements

- **Non-food contact surfaces** (e.g.: floors, walls, ceilings) need to be sealed, easy-to-clean, of sound construction, durable, and suitable for its intended purpose. Floors also need to be non-slip, sloped for drainage, and of a suitable material that can withstand regular wet washing.
- **Food contact surfaces** need to be made from easy-to-clean, durable, non-permeable/non-porous, non-toxic, food grade material(s)
- **Equipment** is fully functioning as per its intended use (e.g.: refrigeration and freezer temperatures, specialized equipment etc.)
- The **flow** of the facility is designed in a sanitary manner that reduces the chance of cross-contamination and maximizes effective flow (eg: one-way 'dirty/unprocessed' to 'clean/processed' as much as possible). Incompatible areas, particularly clean-up and chemical storage areas, are to be separated from any preparation or processing areas.
- **Storage areas**
  - Should have adequate dry shelving (keep at least 6 inches off the floor, and 2 inches away from the walls for pest proofing and easy visible inspection) made from durable, non-absorbent, easy-to-clean materials
  - Have separation between food and non-food items
  - Be kept clean and pest free
  - Kept at the appropriate temperatures for refrigeration and freezers.
- **Pest proofing** (eg: seal holes and gaps, have door sweeps/screens/pest control programs when appropriate etc).
- **Handwash stations** need to be located at a sufficient distance from areas of handling (# and locations will depend on the use of facility and set up)

The [Food Retail and Food Services Code from Health Canada](#) also gives basic guidelines of construction requirements.

### Ownership and Oversight

Whatever governance model is established, the food hub will need an on-site manager to oversee day-to-day operations. This person will be responsible for operations including sanitation and emergencies. The chain of command and allocation of responsibilities needs to be clear, so that if there are any issues, they are corrected in a timely manner either by the producer or the relevant person in charge.

### Health and safety approvals for the Central Saanich Food Hub

The food hub facility itself would need to obtain Health Approval, including:

- An Application for Health Approval
- A detailed, labelled, to-scale Floor Plan and Specification Form
- A general business model description (highlight responsibilities of parties)
- A Food Safety Plan
- A Sanitation Plan (with specifics on any shared equipment)
- A COVID-19 Safety Plan (discuss with inspector depending on where we are in the pandemic)

### Health requirements for primary processing

From the perspective of the Health Protection and Environmental Services (HPES) Department of Island Health, if non-potentially hazardous foods (e.g.: common fruit and veggies) are being cleaned, sorted, graded, and packaged without being further processed (i.e.: they are kept whole and not cut, sliced, ground etc), then the producer does not need Health Approval from HPES. Producers and hub staff do need to follow appropriate sanitary and hygienic practices.

### Health requirements for value added processing

If producers and processors want to do value-added processing (i.e. cutting into anything) then Health Approvals are required (similar to requirements for the food hub itself #2). Each producer would need to apply separately and would be required to submit:

- An Application for Health Approval
- A full product list
- A Food Safety Plan
- A Sanitation Plan
- Equilibrium pH/aW results for the final product (discuss with the inspector as there may need additional or waived testing depending on the product)

- A copy of their FoodSafe Certification
- Copies of the product label and information on the packaging
- A COVID-19 Safety Plan (discuss with inspector)

### Washroom and janitorial

Washroom and janitorial areas need to be placed in a manner that prevents cross contamination.

### Other Departments

Certain products also fall under the jurisdiction of other departments. For example:

- HPES does not oversee fish or seafood processing facilities. These processors would be need to approved by the Ministry of Agriculture and Food (see their [webpage here](#)).
- Any dairy processing would need to be through the BC CDC (see [here](#)).
- Local government requirements (e.g. fire, bylaw, building, business licensing)

## Appendix G Steering Cttee Terms of Reference

### Purpose of Terms of Reference

The purpose of this Terms of Reference (TOR) is to develop clear guidelines for the creation and functioning of a multi-stakeholder Steering Committee that will guide development of the Central Saanich Food Hub (CSFH) headquartered in Central Saanich over a period of 4 to 8 months. The Food Hub will serve the southern Vancouver Island region (“The Region”).

### Purpose of the Steering Committee

The purpose of the Food Hub Steering Committee (The “Steering Committee”) is to:

1. Advance the vision for greater food production and a stronger local food economy in the Region
2. Finalize a location for the Food Hub, based on a clear set of criteria
3. Finalize who should own/operate the Food Hub
4. Begin implementing the Implementation Plan presented in the recently prepared Feasibility Study
5. Make a final decision about whether or not to proceed with the Food Hub
6. Facilitate a smooth transition of its duties to the ultimate Food Hub Owner

### Duties of the Steering Committee

The duties of the Steering Committee are to:

- Meet monthly to work on the above objectives.
- Raise funds to support the work of the Steering Committee and the Food Hub.
- Review relevant information that will lead to a decision on whether to proceed with the Food Hub.
- Make recommendations about various aspects of the Food Hub, including its primary location.
- Be the primary group that liaises with municipal staff, other interested stakeholders, and the media, on issues related to the development of the Food Hub until a Food Hub Owner is established.

### Membership of the Steering Committee

The Steering Committee will consist of at least 13 members reflecting a broad range of interests relevant to the proposed Food Hub. Represented interests include:

- 1 representative from the District of Central Saanich
- 1 representative from the Capital Regional District
- 1 representative from the BC Ministry of Agriculture and Food
- 2 primary producers

- 2 food processors
- 1 non-food producer or processor that relies on primary production inputs
- 2 local food buyers (grocery retail and/or restaurant)
- 1 representative from Chamber of Commerce
- 1 representative from a financial institution
- 1 representative from a local Indigenous community

Some members of the Steering Committee may hold dual roles, which could further enhance the breadth of community representation on the Steering Committee.

### Key Roles within the Steering Committee

Key roles include the following:

**A Chairperson.** This person will be appointed from within the membership and will be responsible for preparing meeting agendas, chairing the meetings, reviewing minutes, meeting with key stakeholders interested in the Food Hub, and responding to media requests. Depending on the magnitude of work related to this role, it may be shared by two people.

**A coordinator/ minute taker.** If there is sufficient budget, a person will be hired on a part-time basis to coordinate Steering Committee logistics, record the minutes of each meeting, and distribute them. Additional duties may include research, preparation of updates, and social media tasks.

**Fundraising Committee (optional):** A three-member Fundraising Committee could be established to coordinate fundraising efforts for the Steering Committee. A Fundraising Committee chair would be appointed to lead this committee.

**Membership Committee (optional):** A three-person Membership Committee could be established to identify and recommend new members for the Steering Committee in the event of member resignations. A Membership Committee chair would be appointed to lead this committee.

### Duties and Conduct of Members

The Steering Committee members are expected to:

1. Adhere to basic committee member code of conduct (see below)
2. Attend all meetings and participate in discussions. If a member misses three (3) consecutive absences, they will be asked to resign.
3. Provide input to and accept feedback from others, creating a culture of mutual respect during the meetings.
4. Carefully consider whether they are in a perceived or real conflict of interest on certain matters being discussed by the Steering Committee. In such an event, they agree to

disclose their conflict of interest and to either avoid participating in the discussion on the matter or asking for guidance from the Steering Committee on whether to participate.

5. Work to identify locations for the Food Hub, oversee development of a business plan, and determine the governance and ownership structure of the Food Hub.
6. Help make the final decision on whether to proceed with the Food Hub.

### Frequency of Meetings

The Steering Committee meets the third Monday of every month at 10am at a City Hall meeting room. 50% of members plus 1 person is needed to achieve a quorum at any given meeting.

### Resources required

- A meeting room to host up to 15 members every month
- Funds to hire a coordinator, develop the implementation plan, etc.
- Modest office supplies

### Decision-making

The Steering Committee will follow Robert's Rules of Order in making decisions and voting on issues, although the intent of the group will be to strive to reach a high level of consensus on most decisions.

### Dissolution of the Steering Committee

The Steering Committee will be dissolved under the following conditions:

- The decision is made not to proceed with the establishment of the Food Hub.
- The decision is made to proceed with the Food Hub and a new organization takes over the duties of the Steering Committee.

### Basic Committee Member Code of Conduct

- Strive to attend all meetings, sending apologies to the chair for necessary absences.
- Prepare for the meeting by reading the agenda, papers and any emails before the meeting.
- Talk to the chair before the meeting if you need to clarify anything.
- Arrive on time. Stay to the end.
- Participate fully in the meeting by:
  - Listening to what others have to say and keeping an open mind.
  - Contributing positively to the discussions.

- Trying to be concise and avoid soliloquies.
- Help others concentrate on the meeting. Discourage side conversations.
- Have the best interests of the organization/beneficiaries in mind at all times
- Draw attention to any potential conflicts of interest that may arise in the meeting.
- Fulfill any responsibilities assigned to you at the meeting and be prepared to report back on your progress at the next meeting