



# Sacramento Region Food Hub Feasibility Analysis

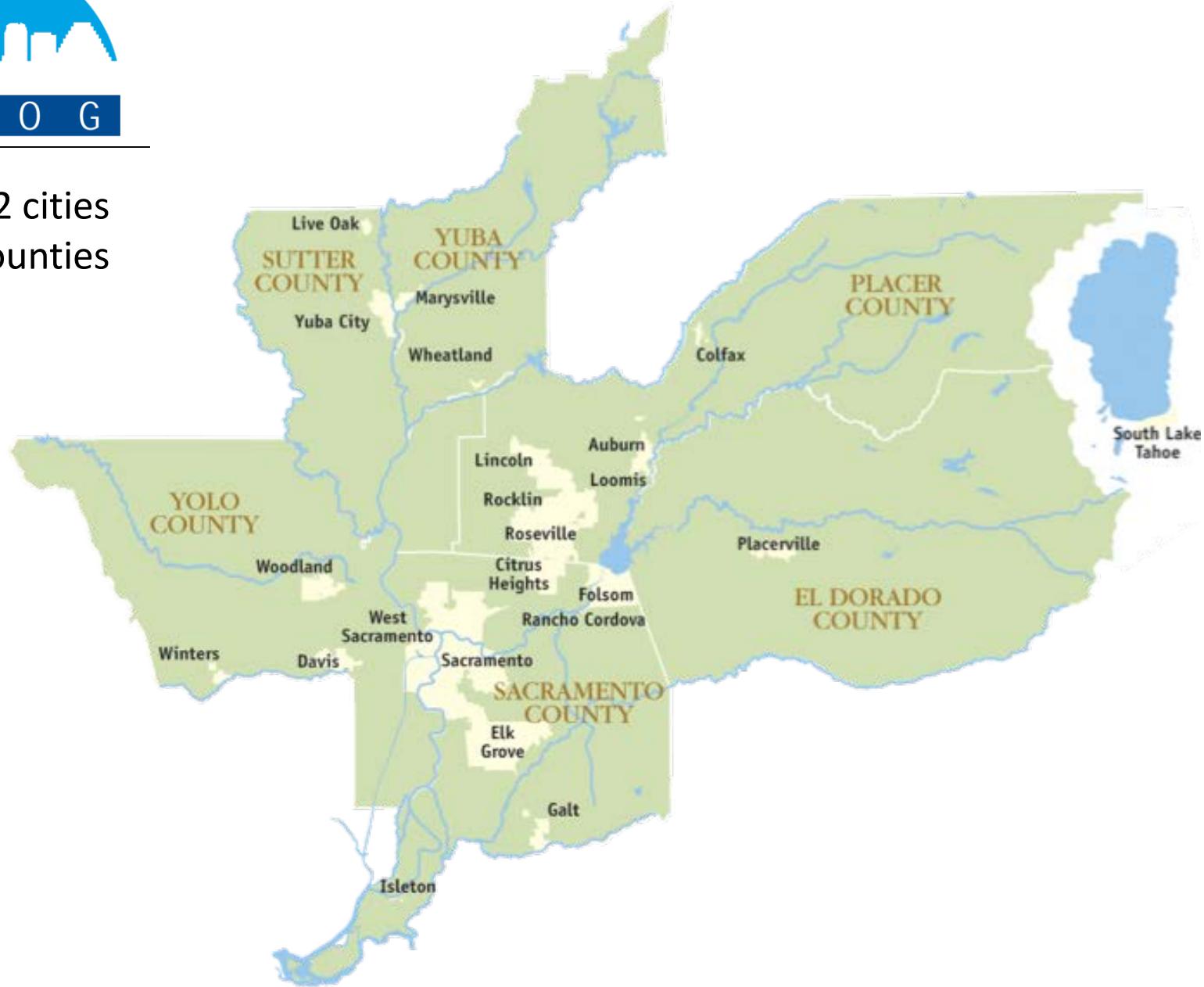
## Project Findings

May 20, 2015

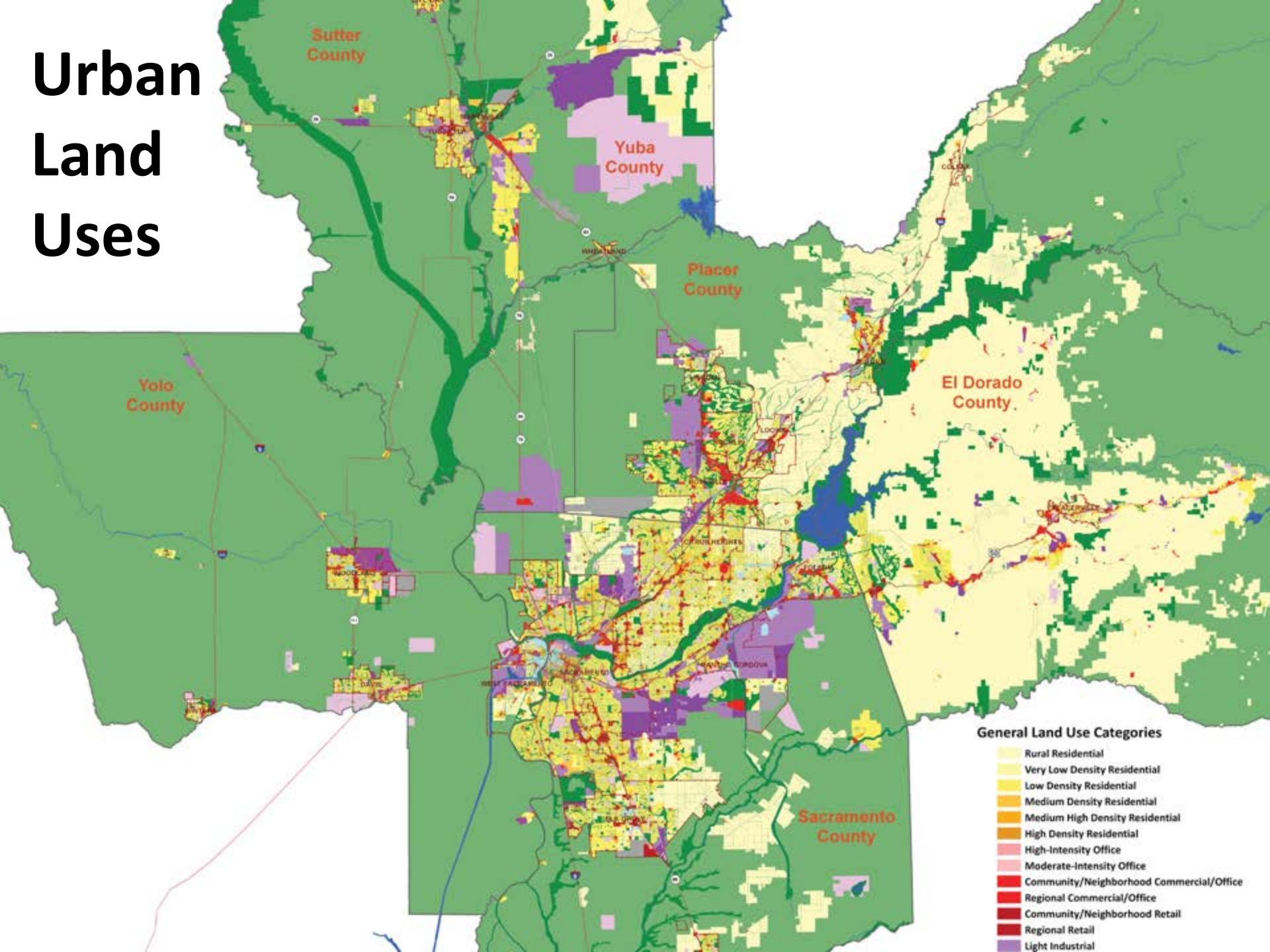


S A C O G

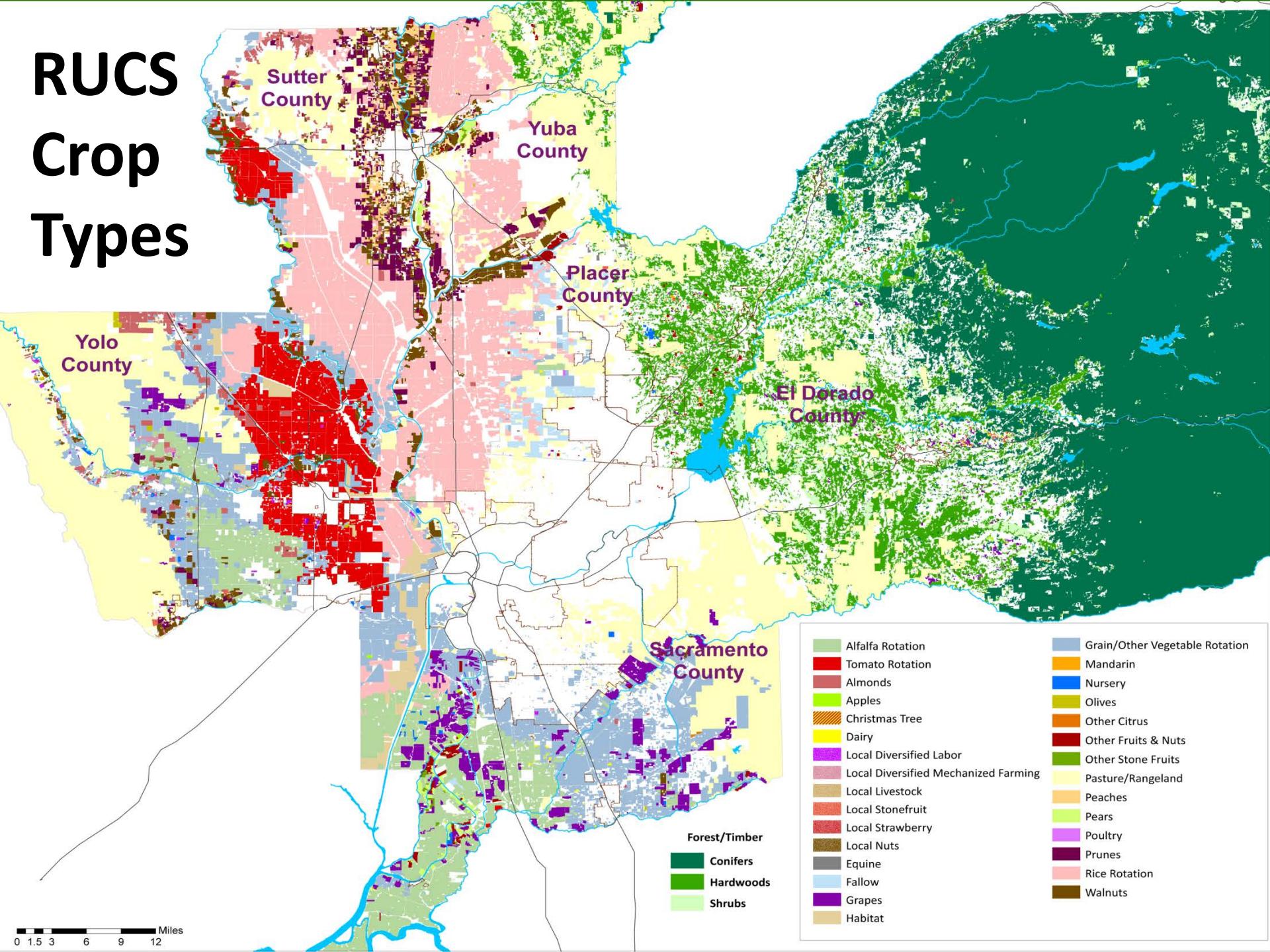
22 cities  
6 counties



# Urban Land Uses



# RUCS Crop Types





Housing Choices



Mix Land Uses



Transportation  
Choices



High Quality Design



Compact  
Development



Protect Natural  
Resources



Use Existing Assets



# Land Use-Transportation Plan

For every 1,000 new residents:

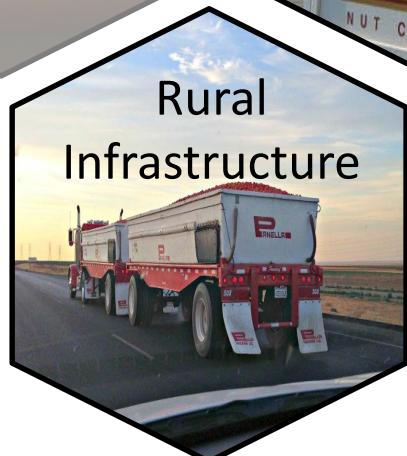
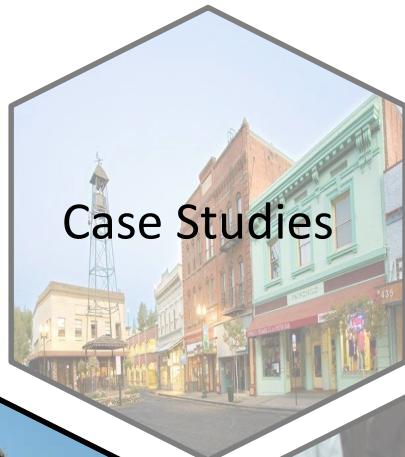
1988-2005

**333**  
acres

2008-2035

**42**  
acres





# Sacramento Region Food Hub Feasibility Study

125

126

127

128



# Project Deliverables

- *Research Analysis of Food Hub Trends and Characteristics*
- *Sacramento Region Food Hub Cost Estimate Analysis*
- *Sacramento Region Food Hub Business Plan*
- *Financial Feasibility Toolkit*
- *Impediments to Supplying Locally Grown Specialty Crops*
- *Project Summary*



# Project Methodology

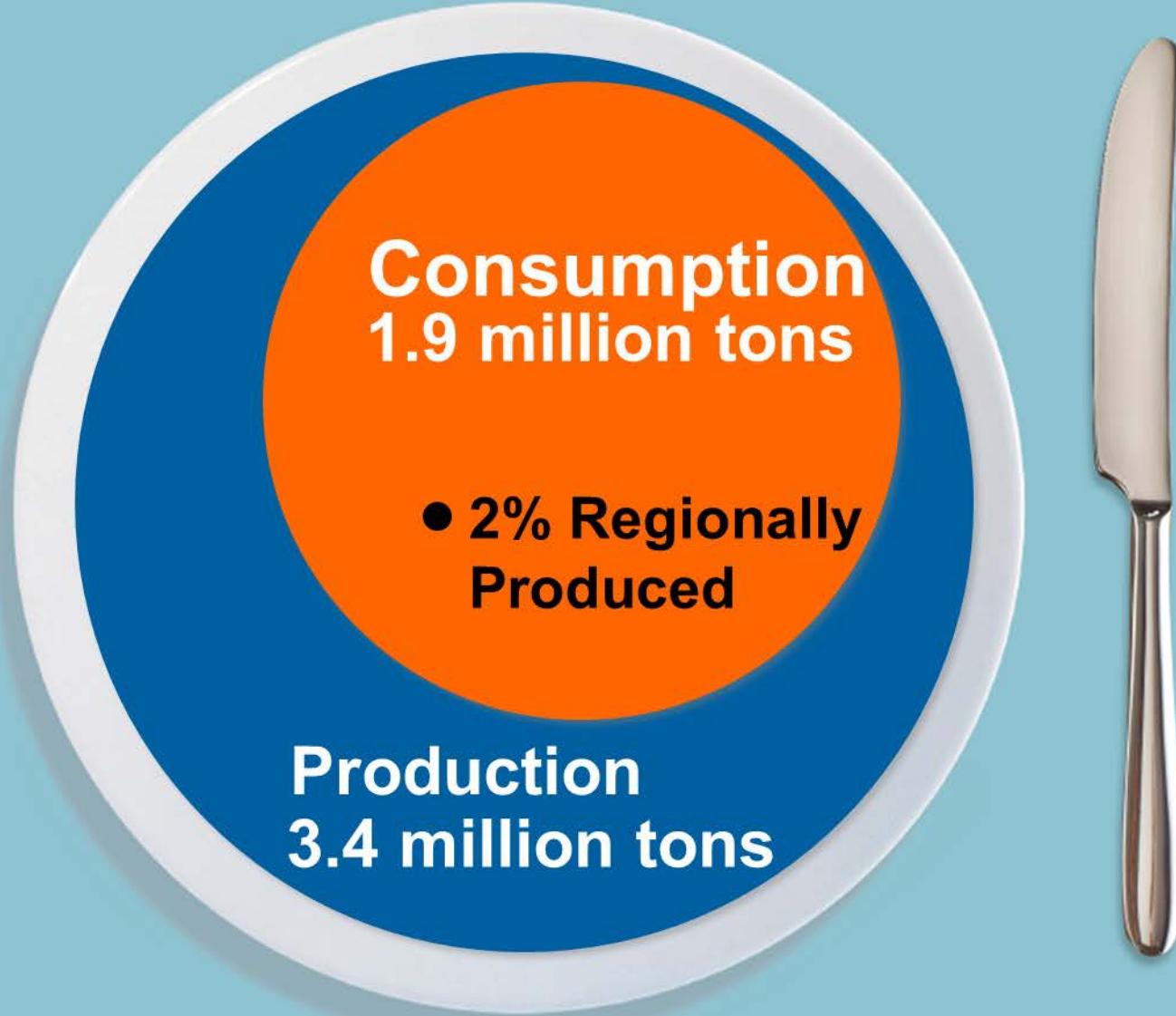
- *Research on food hub models from around the country*
- *Emerging food system trends and demand drivers*
- *Local and regional consumption and production patterns*
- *In-depth market and crop analysis*
- *Engineering studies*
- *Local, regional and national interviews; community meetings*



## ANNUAL TOTAL FOOD CONSUMPTION BY COUNTY AND REGION, 2012 (IN PRIMARY WEIGHT TONS)

Food Group	SACOG Region	Sacramento	El Dorado	Placer	Sutter	Yolo	Yuba
Fruits	385,393	236,356	29,432	58,956	15,489	33,272	11,887
Vegetables	669,185	410,403	51,105	102,369	26,895	57,773	20,641
Nuts	5,968	3,660	456	913	240	515	184
<b>Subtotal</b>	<b>1,060,546</b>	<b>650,419</b>	<b>80,993</b>	<b>162,238</b>	<b>42,624</b>	<b>91,560</b>	<b>32,712</b>
All Other Foods	837,127	513,399	63,931	128,060	33,644	72,272	25,821
<b>TOTAL tons</b>	<b>1,897,673</b>	<b>1,163,818</b>	<b>144,924</b>	<b>290,298</b>	<b>76,268</b>	<b>163,832</b>	<b>58,533</b>





Regional Food Production and Consumption Estimates

# Local Food System Gaps

- Lack of mid-scale infrastructure
- Strength of international contract agriculture
- Fragmentation of purchasing power and procurement policies
- Undeveloped market channels



# SACRAMENTO VALLEY FOOD HUB

## On-Farm or Off-Farm Mini-Aggregation Facility



- Pre-cooling
- Sorting
- Washing
- Packing
- Aggregating



## FRESH PRODUCE FACILITY

- Pre-cooling
- Grading
- Sizing

### RECEIVING STATION:

- Sorting
- Washing
- Aggregating

### PROCESSING LINES:

Line 1:  
Fresh Pack  
& Fresh  
Cut Tender

Line 2:  
Fresh Pack  
& Fresh  
Cut Firm

Line 3:  
Frozen



- Packing

- Packaging



- Storage

- Distribution

### TO MARKETS:

- Distributors



- Schools



- Hospitals

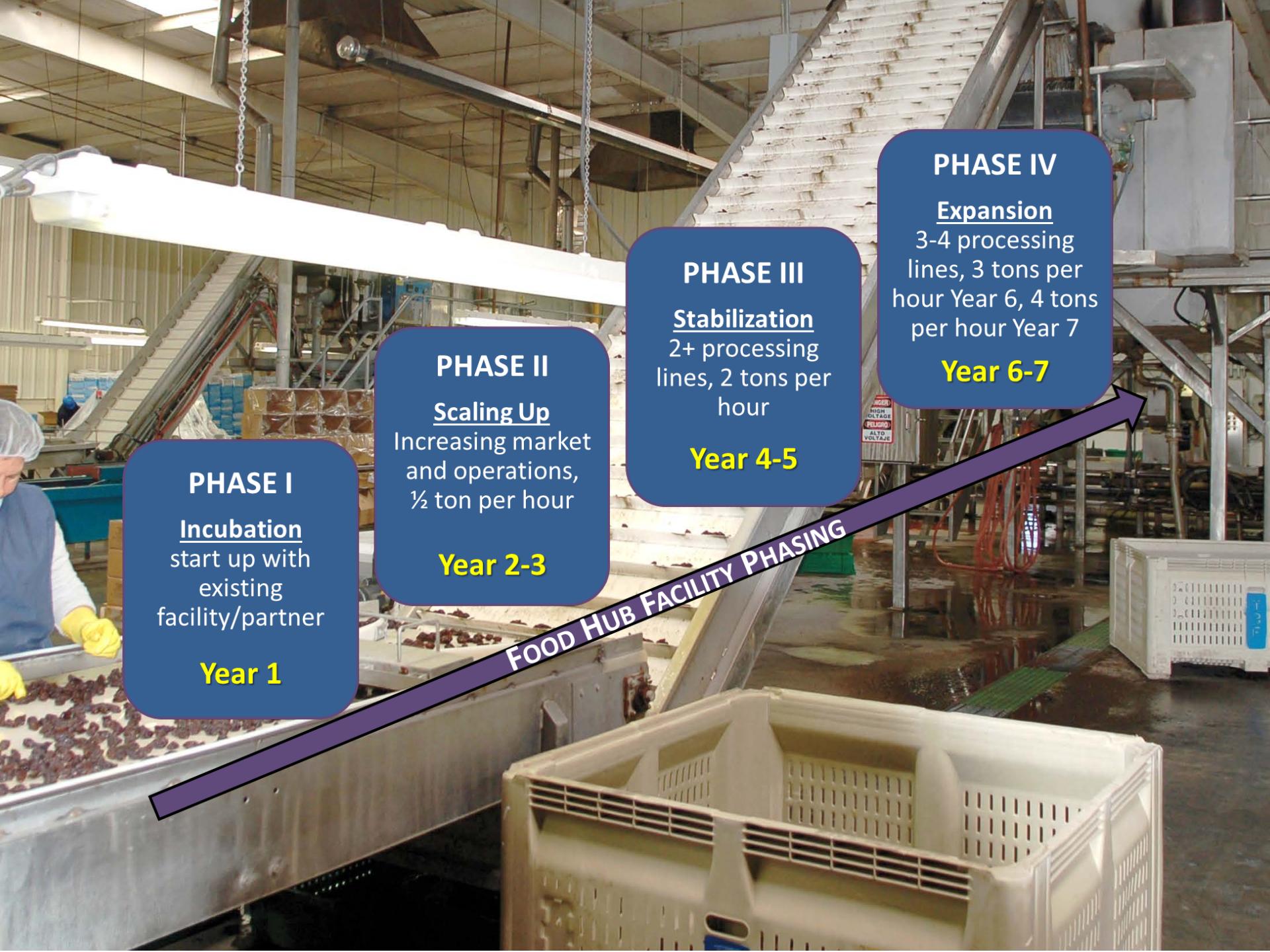


- Retailers



- Others:

- Wholesalers
- Governments
- Restaurants
- Food Processors



## PHASE I

**Incubation**  
start up with  
existing  
facility/partner

**Year 1**

## PHASE II

### Scaling Up

Increasing market  
and operations,  
½ ton per hour

**Year 2-3**

## PHASE III

### Stabilization

2+ processing  
lines, 2 tons per  
hour

**Year 4-5**

## PHASE IV

### Expansion

3-4 processing  
lines, 3 tons per  
hour Year 6, 4 tons  
per hour Year 7

**Year 6-7**

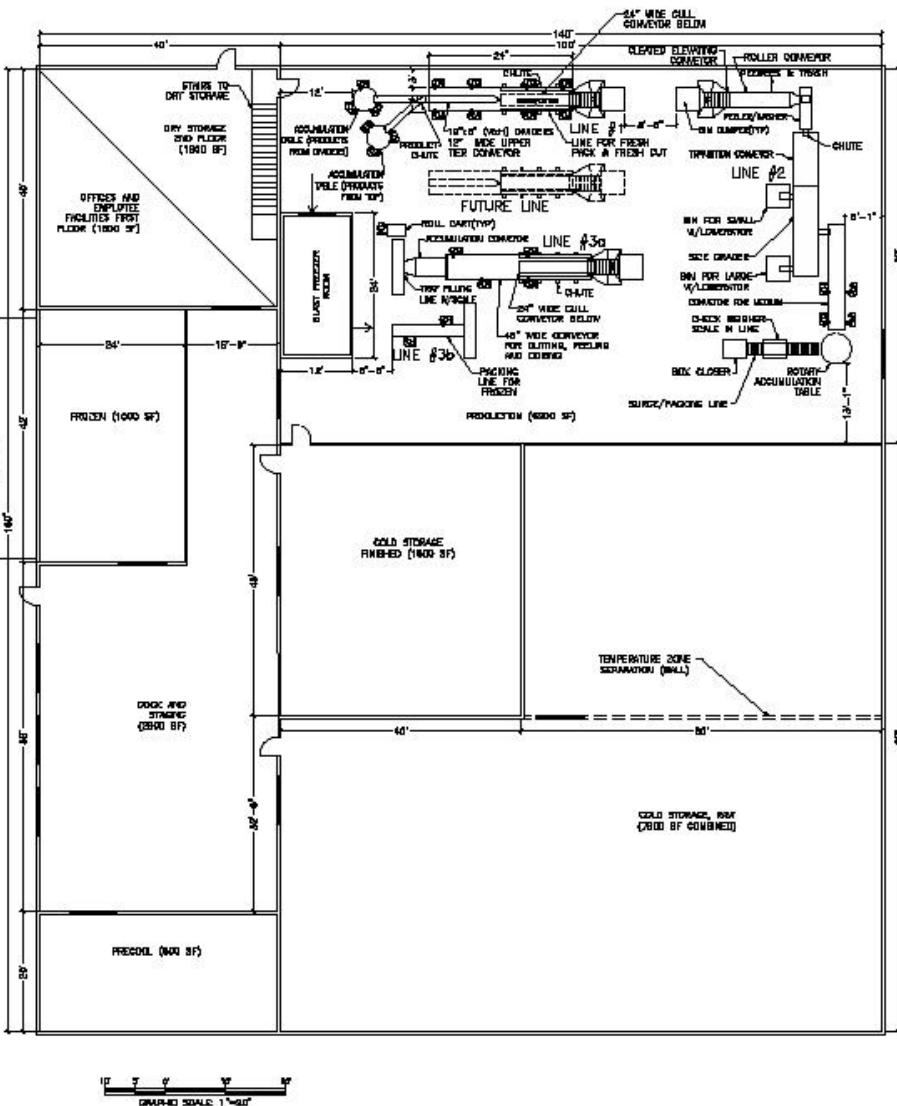
FOOD HUB FACILITY PHASING



### Estimated Acres of Ag Production Needed for Food Hub Operations

	Year 1	Year 4	Year 5	Year 6	Year 7
Number of hub processing lines	2 limited	2	2+	3	4
Tons of production per hour	-	1	2	3	4
Annual tons	312	2,059	4,076	5,830	7,787
<b>Ag Acres Needed</b>	<b>27</b>	<b>171</b>	<b>351</b>	<b>539</b>	<b>743</b>
People Fed (at 25% of person's annual fruit/veg consumption)	2,635	16,700	34,250	52,600	72,500

## PACKING/PROCESSING CENTER LAYOUT



# Food Hub Prototype Facility

- 23,000 square feet
- Capital costs of \$6.9 million (\$3.5 million upfront)
- Volume of 7,800 tons per year (at scale)
- Advisory role at facility to assist farmers

Food Hub Pro Forma Analysis							
	Year 0	Year 1	Year 5	Year 8	Year 10	Year 15	Year 20
<b>Revenue</b>		\$459,030	\$8,828,863	\$18,257,245	\$18,257,245	\$18,257,245	\$18,257,245
Processing Lines		\$459,030	\$8,828,863	\$18,257,245	\$18,257,245	\$18,257,245	\$18,257,245
Add'l Services Revenue							
<b>Expenditures</b>		\$707,462	\$7,530,961	\$16,004,295	\$16,004,295	\$16,004,295	\$16,004,295
COGS (w/pkgng)		\$383,609	\$5,018,658	\$11,642,894	\$11,642,894	\$11,642,894	\$11,642,894
Labor		\$271,863	\$1,305,793	\$2,094,198	\$2,094,198	\$2,094,198	\$2,094,198
Operating Costs		\$51,989	\$1,206,511	\$2,267,204	\$2,267,204	\$2,267,204	\$2,267,204
<b>Net Op. Inc. (EBITDA)</b>		(\$248,432)	\$1,297,902	\$2,252,950	\$2,252,950	\$2,252,950	\$2,252,950
Percent of Sales		-54%	15%	12%	12%	12%	12%
<b>Debt Serv. On Capital</b>			(\$601,457)	(\$744,466)	(\$744,466)	(\$143,611)	0
<b>Annual Equity Investments</b>	(\$353,731)	(\$255,213)	(\$105,531)	\$0	\$0	\$0	\$0
<b>Net Cash Flow</b>	(\$353,731)	(\$503,645)	\$590,915	\$1,508,484	\$1,508,484	\$2,109,339	\$2,252,950
<b>Internal Rate of Return</b>				6%	15%	22%	24%
<b>Operating Characteristics</b>							
Total Tons Processed		312	4,076	7,787	7,787	7,787	7,787

# Additional Components of Food Hub Feasibility Analysis

- Customizable Pro Forma Tool
- Detailed Capital Cost Estimates
- Business Plan with Financial Resources
- National Trends and Promising Business and Social Enterprise Models
- Targeted Findings for Jurisdictions, Growers, Investors



# Project Team Representatives

GARETT BALLARD-ROSA  
Planner II  
SACOG

TRISH KELLY  
Principal, Applied Development Economics  
Senior Vice President, Valley Vision

LON HATAMIYA  
President & CEO  
The Hatamiya Group