



# Food Hub Feasibility Study Final Report



Prepared March 2024

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## Executive Summary

### Project Background

New Venture Advisors (NVA) began work with the Veggielution team in February 2023. Research analysis was presented to the project team in August 2023; modeling and a development planning were discussed in January–February 2024; and the project was completed and submitted in March 2024.

The Santa Clara County food system work plan called for the development and exploration of a countywide food hub. The food systems work plan report, approved by the County of Santa Clara Board of Supervisors in May 2021, was created to address gaps and improve coordination within the countywide food system.<sup>1</sup> For Veggielution, the COVID-19 pandemic uncovered the need for a stronger local food system sourced from local and small or emerging BIPOC farms and the potential need for expanded infrastructure to support that work.<sup>2</sup> This feasibility study was conceptualized to explore the need for infrastructure and the potential programs, services, and opportunities connected to it.

Before the onset of the COVID-19 pandemic, one out of three Silicon Valley households were food insecure and were challenged to afford a low-cost food plan. Food insufficiency rates were highest for Hispanic and non-Hispanic Black individuals. In the San José metro area, 289 neighborhoods are considered low food access. Even though it is not designated a food desert, East San José, California, where Veggielution is located, is home to several areas that are considered “food swamps.”<sup>3</sup>

Veggielution has provided community-centered programming at Emma Prusch Farm Park in San José since 2008, with a special emphasis on fostering community and family engagement in the diverse, low-income, working immigrant neighborhood of Mayfair in East San José. The two-fold mission of the nonprofit urban farm is helping to grow family engagement in East San José through shared conversation and experience, healthy food, and outdoor learning and changing attitudes and policies toward low-income residents by strengthening diverse and multicultural social networks.

Today Veggielution operates a community farm and farmstand on the six-acre site with a team of approximately eighteen staff and a well-developed volunteer program. They maintain a robust community farm and offer education programs, community engagement activities, support for mobile- and home-based entrepreneurs, and food box distribution and delivery.

This planning project was designed to assess the feasibility of opening a food hub in the Santa Clara County region, to determine the best location for a food hub, and to identify an operating model and the best mix of components (space uses) to serve the diverse groups of food entrepreneurs and food producers in the region surrounding San José.

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<sup>1</sup> County of Santa Clara Board of Supervisors, [Report 105282](#), Report relating to the County Food Systems Initiative Work Plan, May 4, 2021.

<sup>2</sup> BIPOC is an acronym that represents Black, Indigenous, and people of color and identifies protected populations that are the focus of this particular work.

<sup>3</sup> A food swamp will be defined as an area where culturally relevant, healthy, organic, and locally sourced foods are not available.

## Purpose and Vision

As Veggielution considered the development of a food hub, the organization hoped to address countywide food insecurity and food swamps, support new opportunities for food entrepreneurs, increase employment within the food system, and address the limited outlets for smaller and/or BIPOC regional organic growers to market products.

The **vision** for this project included having Veggielution staff actively participate in the primary research to expand and enhance their network while learning about the priorities of potential partners.

The **vision** for the food hub included supporting individual farmers, farming cooperatives, and food business entrepreneurs while establishing partnerships with larger purchasing institutions (corporations based in the study region, schools, hospitals, etc.) to increase the purchase and sale of local foods and leveraging existing Veggielution programs, sites, and partnerships to expand their impact beyond their current programming and infrastructure offerings.

## Project Goal

The primary project **goal** was to identify the food hub features that would be most supportive to the project audience (farmers, food producers, community members, and institutional buyers).

The food hub features in question included

- warehousing for aggregation, distribution, and storage
- space for vegetable/fruit processing and other raw farm product processing and for wholesale sale
- shared commercial kitchen space
- retail or grocery space for community members to buy local foods
- programming and classroom space
- business incubation services for growers, manufactured goods producers, and other entrepreneurs
- community and event space
- farm or growing space

## Study Hypothesis and Funding

The hypothesis to be confirmed through the study was whether a food hub would likely be sited at the existing Emma Prusch Farm Park and would be operated by Veggielution or whether some alternative site or model would best support the outlined project objectives. The Veggielution team did not assume that they would be the best owners or operators of the food hub, and thus this project was tasked with identifying where (site/location), what (components/programs/services), and who (operator, owner, partners) would best support the project objectives.

The project was funded by an eighteen-month USDA LFPP planning grant received in 2023.

## Research Overview

Primary and secondary tools were utilized to assess the feasibility of a food hub in Santa Clara County. Secondary research was used to understand the region—food access needs, food producer demographics, and how this data compares to the region and the state of California as a whole. Primary

research was used to validate these findings with the experience of the individuals or organizations that will likely participate in the project.

Primary research was conducted between April and June of 2023 through surveys and stakeholder meetings designed to assess the regional interest and need for a food hub. Research groups were broken into three main categories: food producers, food buyers, and partner agencies. The NVA team analyzed the initial findings and presented them at an in-person stakeholder event at the Veggielution site in September 2023. The research findings and the community input together were used to develop operating implications that then informed the operating models and development roadmap discussed later in this report.

The research had several key objectives:

- evaluate interest in all potential food hub components
- identify and build understanding of the regional farmer network (and role of co-ops within)
- determine the geographic needs of the potential food hub
- identify Veggielution’s proposed role in the food hub

### Stakeholder Engagement Event (September 2023)

In September, following the completion of outreach for the market analysis portion of the scope, Veggielution and the NVA research team extended an invitation to all community partners, engaged stakeholder organizations, members of the Si Se Puede Collective,<sup>4</sup> regional farmers and farmer support organizations, food access entities, and representatives of the Veggielution program staff. The workshop was facilitated in both English and Spanish and included a meal and compensation for participants’ time and involvement.

The event was held over four hours in the evening at the Veggielution offices and included two primary components: first, a review of the market analysis findings and implications for a regional food hub model; second, workshop sessions where the attendees broke up into four groups for smaller conversations addressing the research findings, hub implications, and suggestions around operations and location.

At the conclusion of the workshop sessions, each group identified a spokesperson/representative to share their conclusions with the larger group and inform a path forward for this project and the proposed food hub concept. Across all workgroups several themes emerged and led to the modification of scope for this study as it proceeded into modeling and development planning. These themes included

- Unanimous support for the belief that continued farmer engagement would be needed to represent farmer need accurately and comprehensively for the larger region (Santa Clara County rather than East San José)—especially engagement of farmers in other language groups

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<sup>4</sup> The [Si Se Puede Collective](#) is a collaboration of five non-profit organizations working together to effect community outcomes and support community needs across San José (especially in the Mayfair region of East San José) and the surrounding region. Veggielution is a member of the collective.

(Spanish, Vietnamese, Hmong, and others) and farmers who may be untrusting of government or organizations such as NVA<sup>5</sup>

- Support for the belief that a regional food hub, to best serve farmers throughout Santa Clara County and the region, should not be located in East San José but most likely further south in California in a location such as Gilroy
- Support for the assertion that a network of food hubs and smaller operations or sites might be needed to best support an expansive and distributed growing region. This might include a smaller mini-hub in San José.
- Support for the assertion that Veggielution might not be the organization best equipped to operate a regional hub. Although their work in East San José is complementary and well respected, they do not directly engage farmers outside of their primary network and cooperative models. Further, other organizations in the region are working across “virtual” food hub networks, conducting additional study and outreach on hub models and may be better suited to handle the operation of a network or similar model.
- Strong feeling from farmers and farmer organizational representatives that, in order to secure widespread commitment from farmers for participation, any food hub would have to be operated by farmers or a farmer cooperative (or collaboration of several smaller cooperatives) due to widespread distrust sowed by prior hub failures
- Support for the assertion that the project should consider a phased approach to development of a regional hub that may include virtual opportunity models (online selling or matchmaking platforms), smaller hub pilots, and eventually a regional infrastructure project

Following this feedback, NVA met with the Veggielution leads to review the themes and feedback that surfaced and concluded that this project would best be served by a dual path forward within the scope of this feasibility study. These paths included

1. Modeling (operational, design, and financial) of smaller efforts to support the expansion of Veggielution’s programs, services, and spaces in an Eastside food hub. These would include a prioritized focus on kitchen space development and smaller hub components or services.<sup>6</sup> It was also important to the leadership team at Veggielution that any further work integrate their core mission and strategy, as shared in their 2024 Veggielution Strategic Plan, to ensure that all recommendations align with the work that the organization is committed to supporting in the upcoming years.
2. An outline of development planning needs to support wide participation and continuation of the regional food hub concept and model. This would include a plan to share with all partners engaged at the workshop to identify roles for continuing the work to identify and support regional needs. This plan would not be a definitive model but include a pathway to identifying the next steps, actions, funds, and expertise needed to service the feedback shared by partners.

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<sup>5</sup> This was not shared as a specific criticism of NVA or Veggielution’s outreach but a prevailing belief that farmers across the region are distrustful of organized groups looking to extract information, knowledge, or commitment to projects from them. This may be the result of prior failed food hub and organized buying programs that farmers saw as poorly managed or exploitive in the past projects from them. This may be the result of prior failed food hub and organized buying programs that farmers saw as poorly managed or exploitive in the past.

<sup>6</sup> It was also important to the Veggielution team that all future work, or expansions to their programs and spaces, incorporate considerations of the wider food system work and models that drive their organization. The Foresight4Food food system model serves as an example of this work and strategy direction ([LINK](#)).

This report thus includes an outline of the modeling (now focused on Veggielution spaces) developed per the original scope of this feasibility, as well as the development roadmap created to address the outline of further actions required to support the original objectives of this feasibility.<sup>7</sup>

## Development Roadmap

The feasibility study to explore the development of a Veggielution food hub (originally hypothesized to be in San José) determined that a larger network model might be the best path forward for Veggielution and its partners. This model differs from the original intent of the feasibility in three ways:

1. Partners at the community engagement event suggested that a location in San José might not best serve farmer needs but that infrastructure that supports farmers throughout the Santa Clara region (from South Bay to Gilroy, including areas inland/east and further south) is needed and may take the form of a series or network of formal or informal hubs.
2. Partners and farmers stated that the predominant model that would build the greatest trust with farmer communities in the region would be a cooperative or farmer-led cooperative model (for most of the infrastructure or primary hub pieces).
3. Those gathered at the community engagement further noted a need for further outreach to farmers of all ethnic backgrounds—to be led by organizations with language resources to support the transparent sharing of information.

Led by these drivers, it was proposed that a development roadmap could help the partners identify and discuss the ability of the regional ecosystem of organizations and farmers to work collaboratively to achieve the network model. Further, this roadmap was intended to help organizational partners, including Veggielution, evaluate organizational capacity to support this wider regional model and identify where resources (such as those identified in the feasibility study) could be integrated to support overall network objectives.

## Business Analysis

### Modeling Aligned with Veggielution Strategic Objectives

Initial concept modeling, informed by the market analysis findings and key inputs from the stakeholder workshop, included four potential opportunity sites for which models could be developed:

1. **Emma Prusch Park site (Veggielution farm):** Infrastructure, site, and service improvements could expand Veggielution’s role as a mini-hub and provide better facility support for the activities carried out there. Activities include farming, aggregation (wash, pack, storage, and light processing), educational programming, community programming, retail, and food access distribution.

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<sup>7</sup> “Development roadmap” is a term created by NVA in the progress of this project to represent a narrative and graphic illustration of next steps/actions that project partners should undertake to support the continuation of exploring a regional hub. With the critical feedback shared at the stakeholder workshop, this roadmap provides a way for Veggielution to identify where its skills and capacity best service the continued work and where partner skills and capacity would be needed. The aim of this roadmap was to ensure that the original objectives of this project, as serviced by the proposed comprehensive regional food hub, would not be forgotten or lose momentum.

2. **Police Athletic League (PAL) concept site:** Adjacent to the Veggielution park farm is a PAL property with multiple buildings, playing fields, ample parking, and truck access. This site was explored as an opportunity to develop a concept model for a mini-hub off of the park site. The current use of PAL sites for food distribution supports the belief that future opportunity to collaborate may exist.
3. **525 N Capital Avenue site:** Across town, Veggielution is in discussions with a mixed-use development site located on North Capital Avenue that will build mixed-use housing, community space, and a potential commercial kitchen site over the next one to two years if approvals are awarded.<sup>8</sup> The site presents the opportunity to support Veggielution's interest and involvement in the project by providing a concept for a kitchen, storage, and logistic space to support Eastside Grown programs and users.
4. **Additional kitchen sites:** At least one to two other commercial kitchen properties in downtown San José might present future opportunities to expand kitchen functions for Veggielution and its clients/user groups. As information on these sites is limited and no immediate opportunity exists, these were explored in terms of what future opportunity (in terms of programming or service expansion) they could support in concept.

After initial development, which is outlined in the modeling workbook contained in the appendix documents, the concepts were narrowed to two models. In deciding to pursue dual pathways with this study—the development of a roadmap/outline to support the regional hub being one pathway (as discussed prior)—Veggielution also emphasized the need to ensure that any new infrastructure, programs, or services modeled would be aligned with their organization's strategic plan (included with the appendix documents). The strategic plan refocuses the organization on providing services and programs and growing infrastructure that supports their primary audiences and program objectives. It ensures that actions are well aligned with their mission.

To this end, this report addresses how two primary models were developed that support Veggielution's work across two primary audiences/ program focuses:

1. **Model A – food system/farm hub work:** Veggielution's operation of farm and hub elements at the Emma Prusch Park site in East San José is core to its operations and program objectives. Model A explores a phased approach to building or renovating infrastructure elements, increasing staff capacity, and defining program growth at the park site. These growth opportunities support Veggielution's continuing role as a core facilitator in the local food system supporting food access, farmer development, and education programs.
2. **Model B – Eastside Grown programs:** Model B explores Veggielution's need for infrastructure to support Eastside Grown program growth and allow access for farmers and small businesses within that program network to scale.

### Model A: Food System/Farm Hub at Emma Prusch Park Site

Model A was developed as a three-phase pathway to improving infrastructure (buildings, land/site), program expansion, and services expansion at the Emma Prusch Park site in East San José. The phases

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<sup>8</sup> The 525 N Capital Avenue project is being developed by Community Development Partners as a mixed-use housing and community space development with 160 affordable housing units, outside space, community spaces, and the Veggielution shared kitchen spaces: <https://www.525ncapitol.com/>.

are not directly committed to any specific timeline, but it is assumed they could be implemented over a ten-year development timeline (or faster depending on engagement by the City of San José).<sup>9</sup>

### **Model A Focus**

Model A was developed to service the following objectives over the three phases and provide answers to the questions identified.

**Table 1: Model A - model focus**

| PHASE 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | PHASE 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | PHASE 3                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Improve existing buildings and sites to support expanded programming</b> <ul style="list-style-type: none"> <li>• How does Veggielution expand existing programs using existing spaces and structures (with current utility supports)?</li> <li>• What groundwork for improvements designated for future phases can be completed now (within reasonable budgets)?</li> <li>• Can we identify long-term needs (space, budget, other resources) to support future programming (expansions or adds)?</li> </ul> | <b>Identify new program, space, or site opportunities to support long-term growth (across Veggielution programs)</b> <ul style="list-style-type: none"> <li>• What are next steps (especially related to structures and sites) that will allow for better efficiency and use across the farm campus?</li> <li>• What needed upgrades (foundations, utilities, changes to site/structure) can be fundraised for in order to improve access, programs, or add new opportunity to Veggielution’s offerings or work with their partners?</li> <li>• Can Veggielution expand its role as a test hub site to support the larger regional hub project?</li> </ul> | <b>Identify long-term organizational goals that align with their strategy plan—improvements that will have big impacts on programs, partnerships, and organizational mission</b> <ul style="list-style-type: none"> <li>• What are the next steps that help Veggielution to reach these goals?</li> <li>• What physical and budget resources are needed to support?</li> </ul> |

### **Model A: Conclusions and Recommendations**

There is significant opportunity at the Emma Prusch Park site to stabilize assets that support Veggielution’s core programming and services and, over time, to build new infrastructure supports that will allow Veggielution to explore, on a manageable scale, the original objectives of this project scope, which is to support a network of local farmers and producers as a hub. The main distinction is that this proposed model, informed heavily by the feedback from partners and farmers gathered at the engagement workshop in September 2023, is driven by focusing on the traditional hub space, programs, and services that are most compatible with the strategy and mission of Veggielution.

The hub features or services identified as most compatible with the work Veggielution demonstrates strength and capacity for include (but may not be limited to) the following:

<sup>9</sup> The role of the City is relevant here as the City is the owner of the park property and thus the landlord and partner to Veggielution for any work or improvements carried out there. All discussions of major improvements (land or flood plain remediation, roadwork, utility infrastructure) will require the partnership and investment of the City and thus are dependent on their timelines for implementation.

- **Aggregating** products from their local network of farmers (and potential expanding the reach of that network) to service food access, food retail, and potentially institutional food outlets over time—work that supports the **expansion for markets and sales outlets** for their own product and that of their network. Expanded storage assets, better wash/pack space, expanded retail on-site, and potentially certified processing space all support this work.
- **Developing sales sites and opportunities** for their own products and that of their network via on-campus options (expanded retail market, farmers market, food access box programs), distribution options (institutional sales pilots or expanded programs), and virtual options (an online sales platform such as Local Food Marketplace connected to the store, consumer, or wholesale sales)
- **Supporting access to needed cold storage and wash/pack space resources** for farmers across their network, both in the expansion/upgrade of on-campus spaces and the long-term potential identified as the PAL concept model

All these explorations of Veggielution’s role within a hub model also support the work that is to be undertaken in exploring the larger regional hub concept with partners. These activities and space upgrades allow for Veggielution to demonstrate capacity as one of the hubs in a larger network, support network development slowly and incrementally from within their existing relationships, and potentially support the exploration of a virtual or online platform as a phase of development.

However, both the exploration of the hub roles and the expansion of other Veggielution programs that the site upgrades support —such as classes, education and community programming, food access distributions, and incubation of farmers and small businesses—are extremely dependent on continuing partnership and investment from the City as a landlord, park operator, and partner in Veggielution’s growth. Relationship development with city (and county) officials to support planning needs, strategy development, and long-term infrastructure and site upgrades is crucial to the realization of the benefits and growth that phase 2 and phase 3 present.<sup>10</sup> To this end, NVA recommends that following this feasibility, Veggielution works closely with the City of San José and the County of Santa Clara where applicable to programming objectives to share the model and vision forward and find opportunities for implementation, funding, and effective collaboration to realize the ten-year outcomes.

### Model B: Shared Production Kitchen (525 N Capital Avenue Project)

Model B was developed as a three-phase pathway to support the need for certified kitchen space for entrepreneurial programming offered in Veggielution’s Eastside Grown programs and Veggielution’s own production (processing) needs.

Model B assumes that the primary objective—developing shared kitchen space within the proposed mixed-use development at the 525 N Capital Avenue site—will be achieved within an initial five-year timeline (ideally projected to be operational by year 3). Future developments, identified as phase 3, may include identifying opportunities to access or build additional processing, production, or kitchen sites in

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<sup>10</sup> The relationship between EEFI and its city/county partners was cited earlier, but there are numerous viable examples of city/non-profit partnerships that have helped to advance food access and food system resources significantly. These include (but are not limited to): [ReThink Food](#) and the City of NYC, [City Harvest Food Access](#) and the City of NYC/State of NY, [The Food Group MN](#) and MN city agencies, and the [Urban Growers Collective](#) and the City of Chicago.

the downtown corridor. These options are being explored but may have a longer timeline for operationalizing. For this reason, phase 3 is used as a placeholder for these opportunities.<sup>11</sup>

### Model B Focus

Model B was developed to service the following objectives over the three phases and provide answers to the questions identified.

Table 2: Model B - model focus

| PHASE 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | PHASE 2                                                                                                                                                                                                                                                                                                                                                                                             | PHASE 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>IMMEDIATE --&gt; Planning</b><br><br><b>Create plan to partner with developer to build a kitchen to support Eastside Grown entrepreneurial users<sup>12</sup></b> <ul style="list-style-type: none"> <li>What will be needed in the kitchen site to support these user groups?</li> <li>What discussions need to be identified to ensure a smooth build process and activation of the space?</li> <li>What capacity does Veggielution need to develop to support this site?</li> <li>What additional capacity will the site have to support Veggielution processing needs or other program participants?</li> </ul> | <b>MID-TERM --&gt; Activation of 525 N Capital Avenue site</b><br><br><b>Activate 525 N Capital Avenue kitchen site and support program users</b> <ul style="list-style-type: none"> <li>How does Veggielution best support and operate this site?</li> <li>What partnerships or opportunities with Eastside Grown graduates exist to help support site operations and program outcomes?</li> </ul> | <b>LONG-TERM --&gt; Changes/future-proofing</b><br><br><b>Identify long-term development opportunities that align with their strategy plan</b> <ul style="list-style-type: none"> <li>What other sites might be needed to support Veggielution's own needs or programs long-term?</li> <li>What other sites might be available to service other audiences such as community members or farmers?</li> <li>What is the best role for Veggielution in operating or managing these programs and sites (and what partnership opportunities may exist)?</li> </ul> |

### Model B: Conclusions and Recommendations

The activation of kitchen sites adds a significant access point into Veggielution's programming opportunities, internal product handling opportunities, and future opportunities to create revenue-generating programs that are aligned with overall strategy and mission focus.

<sup>11</sup> Initial thinking in terms of space build-out, equipment need, and staff capacity was explored for one or two other kitchen or production spaces in the original model versions built in the operating/financial workbook shared in the appendix. These have been preserved to support future thinking and assumptions as these sites can be accessed to document existing conditions, available square footage, available equipment, and further understand the inputs required of Veggielution to use or activate a site.

<sup>12</sup> Depending on space, this site may also support Veggielution's internal need for processing or cooking space and, potentially, limited access for farmers in Veggielution's networks (co-op members). Long-term, these needs and audiences will be best at alternate sites, as the 525 N Capital Avenue site is expected to service Eastside Grown program participants and graduates only and reach capacity over time.

However, these new opportunities will require careful planning and the identification of individuals (new staff) or partners who can offer the skillsets that Veggielution does not currently possess—kitchen facility management and upkeep, tenant relationships management (with kitchen users for booking, issue resolution, etc.), and potentially food gleaning across multiple categories.

To this end, NVA recommends that following this feasibility, Veggielution reach out to current operators (La Cocina in San Francisco, Hot Bread Kitchen in NYC, Re-Think Food in NYC, for example) to share the model and vision forward and find insight into the opportunities for implementation, funding, and effective collaboration to realize the ten-year outcomes. The development of one or more kitchen spaces is feasible and within Veggielution’s capabilities, but these mentor and partner resources will help to define need more finitely (especially around program expansions like gleaned food) and support a path forward.

### Funding Development Plan

The funding development plan is a customized overview of the different opportunities available to Veggielution to augment the costs of expanding programs and developing the food hub at **Emma Prusch Park** and the kitchen facility at **525 N Capital Ave**. The table below provides an overview of each recommended tool that will become part of the funding plan.

**Table 3: Available funding tools**

| <b>Funding source</b>                 | <b>Description</b>                                                                                                                           | <b>Timeline</b>                                           | <b>Resources needed</b>                                                                                                                  | <b>Funding range</b>                                                                    |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| <b>Donations/capital campaign</b>     | Unrestricted use                                                                                                                             | Ongoing (typically last 2–5 years)                        | Planning, strategy with outlined goals, board support, dedicated committee, collateral, naming considerations                            | Determined by organization of what is feasible based on findings                        |
| <b>Grants</b>                         | <b>Capital grants:</b> general support<br><b>Program grants:</b> support for program-related expenses that correspond with specific outcomes | 2–6 months                                                | Application, development/operating plan, informational memorandum, staff support, cash flow as federal grants are typically reimbursable | Specified in each grant<br>Capital generally are >\$1 million; Program are <\$1 million |
| <b>Building and energy incentives</b> | Incentives to integrate energy-efficient equipment and design                                                                                | N/A                                                       | Based on the type of incentive—may include building plan, environmental scan, architecture schematics, etc.                              | -                                                                                       |
| <b>Debt</b>                           | Fund construction/development and ongoing operating budget                                                                                   | 6–12 months (typical timeline from solicitation to close) | Financial model, business, and operational due diligence items, permits, zoning, legal documents, local government approval, etc.        | 75–80% loan-to-value, multiple of earnings or multiple of book value of equity          |

As much as possible, it is recommended to raise donations through a capital campaign. While it requires more work upfront, donations are generally unrestricted as to how they can be used and do not require

the heavy reporting that comes with grants. Donations can also provide cash flow for the project, while most federal grants are reimbursable only.

The partners should then identify grant opportunities from both government and non-government sources. It should be noted that most grantors do not support capital projects. The federal exception is the EDA grant and the newly introduced RFSI grant program. Non-capital grants will play a larger role in financing the later stages, such as for programming, personnel, and equipment.

The development of the two sites will likely require taking on debt in the form of loans and lines of credit to help with cash flow. The provided debt option offers lower interest rates as the project aligns with investment incentive programs such as new market tax credits (NMTC). The lending options evaluated do not consider local bank options; financial institutions where established relationships exist should be strongly considered, as many lenders are excited to support community projects, especially when there is an opportunity for visible recognition.

### Feasibility Conclusions: Summation

The goal of the feasibility study work was ultimately to recommend a best practice model for a San José food hub, centered in East San José, by investigating potential solutions and how Veggielution and local stakeholders can play a part in actualizing those solutions. This study was designed to assess the feasibility of opening a food hub in the Santa Clara County region and to determine the best location for a food hub, an operating model, and the best mix of components (space uses) to serve the diverse groups of food entrepreneurs and food producers in the region surrounding San José.

As Veggielution considered the development of a food hub, the organization hoped to address county-wide food insecurity and food swamps, support new opportunities for food entrepreneurs, increase employment within the food system, and address the limited outlets for smaller and/or BIPOC regional organic growers to market products. The vision for the food hub included supporting individual farmers, farming cooperatives, and food business entrepreneurs while establishing partnerships with larger purchasing institutions (corporations based in the study region, schools, hospitals, etc.) to increase the purchase and sale of local foods and leveraging existing Veggielution programs, sites, and partnerships to expand their impact beyond their current programming and infrastructure offerings.

Although input provided by stakeholders during the workshop mid-project caused a split in the focus of these objectives, it can be argued that the final models and plan developed go above and beyond the original intentions of the study not only to incorporate and align more completely with Veggielution's strategic objectives for their internal operations (and better benchmark those proposed growth initiatives to organizational capacity) but also to integrate both study findings and stakeholder feedback to shape a more comprehensive vision for a regional hub that will, hopefully, allow for better buy-in from producers across the region and potentially a more sustainable model that integrates the work, capacities, and expertise of key partner organizations driving food system work in the area.

NVA recommends that Veggielution proceed with the proposed development plans. The conclusions of this feasibility study are thus three-fold:

- **A regional food hub is desired by regional stakeholders** including Veggielution staff, partner organizations, farmers/producers, potential buyers, and community members. However, the work to create a viable model is complex and will require additional investments in time,

organizational capacity, and outreach/engagement. To truly build consensus among all regional stakeholders and guarantee trust building with regional producers, the model will not be focused on San José or the primary locations or operational oversight of Veggielution. This continuing work, as outlined in the development roadmap, should continue in earnest but will require identifying additional funding to support the compensated involvement of all parties.<sup>13</sup>

- **Veggielution’s original vision for this study’s outcomes—supporting farmers and cooperatives and food business entrepreneurs, supporting new market channel opportunities for all groups (including their own), and identifying how to leverage existing programs and sites to expand impact—is supported by the long-term investments outlined in models A and B.** The two models allow Veggielution to establish a pathway to expand all existing programming, identify opportunities for new or expanded future programs, and leverage existing infrastructure opportunities across two sites (the farm and the 525 N Capital Avenue site) to have short- and long-term development plans. However, both models require Veggielution to build and develop key relationships—in model A with city/county partners and in model B with operational or food re-use resources— that will help Veggielution to carry out the proposed plans.
- **Veggielution’s growth, as proposed in both models, will require increased capacity and staff across the farm, Eastside Grown, and leadership teams to plan for the proposed growth and opportunity efficiently and effectively.** The identification of funding and staff resources to support the proposed changes across infrastructure, programs, sites, and operational needs is essential to their success.

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<sup>13</sup> Compensation will be required for time, input, and participation in the process—a key step in building trust and equity across the process. “All parties” includes producers/farmers, organizations (primarily the non-profit core partners), community groups, potential buyers, and specialists to support design and development resource needs.

## Project Background

New Venture Advisors (NVA) began work with the Veggielution team in February 2023. Research analysis was presented to the project team in August 2023; modeling and a development planning were discussed in January–February 2024; and the project was completed and submitted in March 2024.

The Santa Clara County food system work plan called for the development and exploration of a countywide food hub. The food systems work plan report, approved by the County of Santa Clara Board of Supervisors in May 2021, was created to address gaps and improve coordination within the countywide food system.<sup>14</sup> For Veggielution, the COVID-19 pandemic uncovered the need for a stronger local food system sourced from local and small or emerging BIPOC farms and the potential need for expanded infrastructure to support that work.<sup>15</sup> This feasibility study was conceptualized to explore the need for infrastructure and the potential programs, services, and opportunities connected to it.

Before the onset of the COVID-19 pandemic, one out of three Silicon Valley households were food insecure and were challenged to afford a low-cost food plan. Food insufficiency rates were highest for Hispanic and non-Hispanic Black individuals. In the San José metro area, 289 neighborhoods are considered low food access. Even though it is not designated a food desert, East San José, California, where Veggielution is located, is home to several areas that are considered “food swamps.”<sup>16</sup>

Veggielution has provided community-centered programming at Emma Prusch Farm Park in San José since 2008, with a special emphasis on fostering community and family engagement in the diverse, low-income, working immigrant neighborhood of Mayfair in East San José. The two-fold mission of the nonprofit urban farm is helping to grow family engagement in East San José through shared conversation and experience, healthy food, and outdoor learning and changing attitudes and policies toward low-income residents by strengthening diverse and multicultural social networks.

Today Veggielution operates a community farm and farmstand on the six-acre site with a team of approximately eighteen staff and a well-developed volunteer program. They maintain a robust community farm and offer education programs, community engagement activities, support for mobile- and home-based entrepreneurs, and food box distribution and delivery.

This planning project was designed to assess the feasibility of opening a food hub in the Santa Clara County region, to determine the best location for a food hub, and to identify an operating model and the best mix of components (space uses) to serve the diverse groups of food entrepreneurs and food producers in the region surrounding San José.

## Purpose and Vision

As Veggielution considered the development of a food hub, the organization hoped to address countywide food insecurity and food swamps, support new opportunities for food entrepreneurs,

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<sup>14</sup> County of Santa Clara Board of Supervisors, [Report 105282](#), Report relating to the County Food Systems Initiative Work Plan, May 4, 2021.

<sup>15</sup> BIPOC is an acronym that represents Black, Indigenous, and people of color and identifies protected populations that are the focus of this particular work.

<sup>16</sup> A food swamp will be defined as an area where culturally relevant, healthy, organic, and locally sourced foods are not available.

increase employment within the food system, and address the limited outlets for smaller and/or BIPOC regional organic growers to market products.

The **vision** for this project included having Veggielution staff actively participate in the primary research to expand and enhance their network while learning about the priorities of potential partners.

The **vision** for the food hub included supporting individual farmers, farming cooperatives, and food business entrepreneurs while establishing partnerships with larger purchasing institutions (corporations based in the study region, schools, hospitals, etc.) to increase the purchase and sale of local foods and leveraging existing Veggielution programs, sites, and partnerships to expand their impact beyond their current programming and infrastructure offerings.

### Project Goal

The primary project **goal** was to identify the food hub features that would be most supportive to the project audience (farmers, food producers, community members, and institutional buyers).

The food hub features in question included

- warehousing for aggregation, distribution, and storage
- space for vegetable/fruit processing and other raw farm product processing and for wholesale sale
- shared commercial kitchen space
- retail or grocery space for community members to buy local foods
- programming and classroom space
- business incubation services for growers, manufactured goods producers, and other entrepreneurs
- community and event space
- farm or growing space

### Study Hypothesis and Funding

The hypothesis to be confirmed through the study was whether a food hub would likely be sited at the existing Emma Prusch Farm Park and would be operated by Veggielution or whether some alternative site or model would best support the outlined project objectives. The Veggielution team did not assume that they would be the best owners or operators of the food hub, and thus this project was tasked with identifying where (site/location), what (components/programs/services), and who (operator, owner, partners) would best support the project objectives.

The project was funded by an eighteen-month USDA LFPP planning grant received in 2023.

### Project Teams

The Veggielution project team was led by Emily Schwing and Marie Millares, with support from several other Veggielution team members. Veggielution staff worked to support the project through all phases of work, including (but not limited to) interviews, survey distribution and facilitation, outreach to support research efforts, materials translation, conversation facilitation (Spanish), and design and operational inputs and workshopping.

**Table 4: Veggielution project team**

| <b>Veggielution project team</b>                                | <b>Project role</b> |
|-----------------------------------------------------------------|---------------------|
| <b>Emily Schwing</b> , Interim executive director <sup>17</sup> | Project lead        |
| <b>Marie Millares</b> , Facility director                       | Project lead        |
| <b>Fernando Fernandez Leiva</b> , Interim policy director       | Project support     |
| <b>Claudia Damiani</b> , Program director                       | Project support     |
| <b>Tadashi Oguchi</b> , Development manager                     | Project support     |
| <b>Anna Regalado</b> , Eastside Connect manager                 | Project support     |
| <b>Shannon Campano</b> , Admin manager                          | Project support     |
| <b>Antonio Amore Rojas</b> , Cooperative manager                | Project support     |
| <b>Liana Salikhova</b> , Eastside Grown program manager         | Project support     |

## Study Methodology

NVA has developed a methodology for developing a new food facility that involves progressive phases, refining the concept and assessing viability at each stage. This project was broken into five major stages:

1. Initiation
2. Market analysis (research scope)
3. Partner engagement (in-person event)
4. Modeling and development planning
5. Finalization

The initiation stage allowed the NVA research team to identify the study region and study participant groups and to develop the research tools according to the research goals.

Market analysis utilized primary and secondary tools that were designed to assess the feasibility of a food hub in Santa Clara County. Secondary research was used to develop an understanding of the region—food access needs, food producer demographics, and how this data compares to the region and state of California as a whole. Primary research was used to validate these findings with the experience of the individuals or organizations that will likely participate in the project.

Primary research was conducted between April and June of 2023 through surveys and stakeholder meetings designed to assess the regional interest and need for a food hub. Research groups were broken into three main categories: food producers, food buyers, and partner agencies. The NVA team analyzed the initial findings and presented them at an in-person stakeholder event at the Veggielution site in September 2023. The research findings and the community input together were used to develop

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<sup>17</sup> During the course of this project work, Cayce Hill, former executive director of Veggielution, left the organization to pursue a role with Santa Clara County. Emily Schwing replaced her as interim executive director.

operating implications that then informed the operating models and development roadmap discussed later in this report.

The research had several key objectives:

- evaluate interest in all potential food hub components
- identify and build understanding of the regional farmer network (and role of co-ops within)
- determine the geographic needs of the potential food hub
- identify Veggielution’s proposed role in the food hub

After the primary and secondary research analysis was presented to the Veggielution project team, NVA collaborated with Veggielution to plan and facilitate the third stage of research: a community event in September of 2023. The objective of this workshop was to gather individuals, organizations, and partners to review the preliminary findings and collect feedback on the concept operating model.

The feedback that was provided in through the partner engagement in stage 3 allowed the NVA team to design financial and concept models as well as a development roadmap to support the launch of the project. The Veggielution project team had two opportunities to workshop and provide input to these models, the completion of which led to the finalization stage of the project to present findings, conclusions, and next steps.

**Table 5: Project plan and timeline**

| <b>Project timeline details</b>                                        | <b>Affiliated date</b>                       |
|------------------------------------------------------------------------|----------------------------------------------|
| <b>Kickoff meeting: Scope, timeline, workplan discussion</b>           | February 9, 2023                             |
| Research planning meeting                                              | February 27, 2023                            |
| Surveys launch                                                         | May 1, 2023                                  |
| All analysis data to NVA for synthesis                                 | Interviews June 23;<br>Surveys June 29, 2023 |
| <b>Research analysis presentation</b>                                  | August 30, 2023                              |
| NVA on-site for community engagement workshop (one-day event)          | September 27, 2023                           |
| NVA on-site for site tours                                             | September 27–28, 2023                        |
| Post event—share feedback, data/direction updates                      | October 16, 2023                             |
| Modeling and design kickoff                                            | November 17, 2023                            |
| Modeling (financial and operational), development plan review          | January 17, 2024                             |
| Finalization (model, design, dev roadmap) and on-site concept workshop | February 14, 2024                            |
| <b>Final reports submitted</b>                                         | March 15, 2024                               |

## Secondary Research (Landscape)

### Methodology

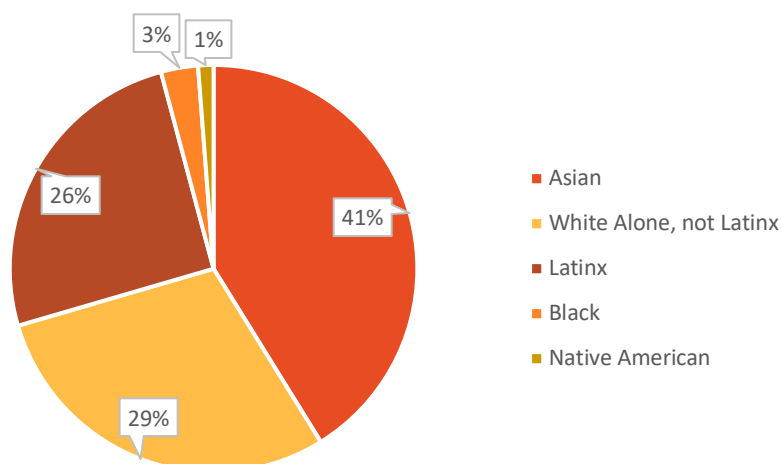
Secondary research was conducted using publicly available data on the food system landscape, including area demographics, key agricultural statistics, food access and insecurity metrics, food system infrastructure, and buyer demand landscape. Data was collected at the county level, and, when appropriate, eight- or ten-county averages or totals were calculated and aggregated for the regional scale. The eight-county region encompasses Alameda, Monterey, San Benito, Merced, Stanislaus, Santa Cruz, Santa Clara, and San Joaquin Counties and was considered when collating data for local food infrastructure. The ten-county foodshed region includes Alameda, Contra Costa, Fresno, Marin, Monterey, San Benito, San Francisco, San Joaquin, San Mateo, and Santa Clara Counties and was considered when making approximations of the agricultural landscape and food production supply.

## Results and Analysis

### Santa Clara County Regional Overview

The primary study area of Santa Clara County includes a total population of 1,870,945, with 41 percent Asian, 29 percent White alone (not Latinx), 25 percent Latinx, 3 percent Black/African-American, and 1 percent Native American.<sup>18</sup> There was a 5 percent increase in population from 2010 to 2022, which is on par with statewide estimates of population growth.<sup>19</sup>

Figure 1: Santa Clara County demographics<sup>20</sup>



Sixty-eight percent of the Santa Clara County population is in the workforce compared to statewide estimate of 63 percent.<sup>21</sup> Educational attainment of a bachelor's degree or higher in the area (54.4%) is higher than statewide average of 35.3 percent.<sup>22</sup> Employment in the Bay Area region (encompassing data from Oakland-Hayward-Berkeley, San José-Sunnyvale-Santa Clara, San Francisco-Redwood City-

<sup>18</sup> United States Census Bureau, "Quick Facts," 2022, accessed July 3, 2023, from <https://www.census.gov/quickfacts/CA>.

<sup>19</sup> Ibid.

<sup>20</sup> Racial/ethnic categories are not Hispanic, unless indicated.

<sup>21</sup> United States Census Bureau, "Quick Facts," 2022, accessed July 3, 2023, from <https://www.census.gov/quickfacts/CA>.

<sup>22</sup> Ibid.

South San Francisco, Santa Rosa, Vallejo-Fairfield, Santa Cruz-Watsonville, Napa, and San Rafael) is **nearing full recovery of the jobs lost during the COVID-19 pandemic**. Unemployment in Santa Clara County is 3.0 percent as of May 2023, which is lower than the state average of 4.3 percent. Unemployment at the onset of the COVID-19 pandemic in March 2020 was 3.8 percent and reached an all-time high of 12.4 percent in April 2020. Since then, unemployment improved considerably, decreasing from 5.4 percent to 2.5 percent between April 2021 and April 2022; however, a marginal increase in unemployment, from 2.2 percent to 3.2 percent, occurred between May 2022 and May 2023.<sup>23</sup>

**Table 6: General regional statistics for Santa Clara County<sup>24</sup>**

| Metric                                          | Santa Clara County | State of CA |
|-------------------------------------------------|--------------------|-------------|
| Population                                      | 1,870,945          | 39,029,342  |
| % population change (2010–22)                   | 5.0%               | 4.8%        |
| Median household income (2017–21, in 2021 \$)   | \$140,258          | \$84,097    |
| % poverty rate (2021)                           | 6.9%               | 12.3%       |
| % unemployment rate (April 2023)                | 2.9%               | 4.3%        |
| % persons 25y+ with bachelor’s degree or higher | 54.4%              | 35.3%       |

The largest industries in Santa Clara County, measured by the highest number of employees, are professional, scientific, and technical services; health care and social assistance; accommodation and food services; manufacturing; and retail trade. Trends in accommodation and food services have also contributed to the Bay Area’s recent poor job growth; this sector makes up 8 percent of total employment in the Bay Area region and has been affected by changing patterns of where people live and work.<sup>25</sup> Seventy-two percent of businesses in Santa Clara County employ less than ten people, indicating most establishments in the county are small businesses. Moreover, there was a 28 percent increase in business applications between 2017 and 2021 for Santa Clara County, a rate lower than both the eight-county average of 54 percent and the statewide average of 59 percent.<sup>26</sup>

**Table 7: Top industries for Santa Clara County<sup>27</sup>**

|                                                  | Number of employees | Number of establishments | Total revenue (\$1,000) |
|--------------------------------------------------|---------------------|--------------------------|-------------------------|
| Manufacturing                                    | 86,632              | 2,069                    | \$36,391,065            |
| Retail trade                                     | 81,366              | 4,358                    | \$47,472,232            |
| Health care and social assistance                | 118,836             | 6,075                    | \$22,181,038            |
| Professional, scientific, and technical services | 154,546             | 8,977                    | \$43,482,330            |
| Accommodation and food services                  | 92,647              | 5,008                    | \$7,261,733             |

<sup>23</sup> California Employment Development Department, “Santa Clara County Labor Force Data,” April 2023, accessed July 3, 2023, from <https://labormarketinfo.edd.ca.gov/geography/santaclara-county.html>.

<sup>24</sup> United States Census Bureau, “Quick Facts,” 2022, accessed July 3, 2023, from <https://www.census.gov/quickfacts/CA>.

<sup>25</sup> Public Policy Institute of California, “A Regional Look at California’s Latest Employment Trends,” March 30, 2023, accessed July 3, 2023, from <https://www.ppic.org/blog/a-regional-look-at-californias-latest-employment-trends/>.

<sup>26</sup> United States Census Bureau, “Data Business Formation Statistics,” accessed June 22, 2023, from <https://www.census.gov/econ/bfs/data/county.html>.

<sup>27</sup> United States Census Bureau, “County Business Patterns,” 2019, accessed July 3, 2023, retrieved from <https://cbb.census.gov/rae/>.

## Agricultural Landscape and Supply

The ten-county foodshed is defined as the region containing the following counties: Alameda, Contra Costa, Fresno, Marin, Monterey, San Benito, San Francisco, San Joaquin, San Mateo, and Santa Clara.

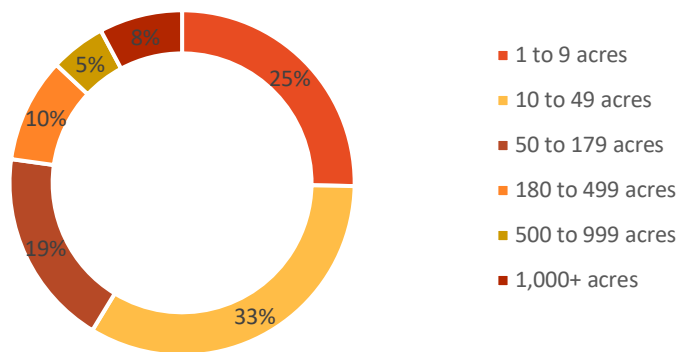
**Table 8: Farm characteristics across the ten-county foodshed<sup>28</sup>**

| 2017 USDA Agriculture Census metric                                              | Santa Clara Co    | 10-county foodshed                                 | State of CA   |
|----------------------------------------------------------------------------------|-------------------|----------------------------------------------------|---------------|
| Total # farm operations<br>(% change since 2012)                                 | 890<br>(-11%)     | 12,307<br>(-10.8%)                                 | (-9%)         |
| Acres in production<br>(% change since 2012)                                     | 288,084<br>(+25%) | 5,092,646<br>(-1%)                                 | (-4%)         |
| Average farm size (acres)<br>(% change since 2012)                               | 324<br>(+41%)     | 414<br>(+11%)                                      | (+6%)         |
| Number of producers                                                              | 1,505             | 21,577                                             | -             |
| Average income per farm (\$)                                                     | \$54,640          | Range: \$16K (Contra Costa)<br>- \$863K (Monterey) | \$126K        |
| Total livestock operations                                                       | 247               | 2,659                                              | -             |
| Total fruit/vegetable operations                                                 | 479               | 8,317                                              | -             |
| % farms, organic                                                                 | 3%                | 4.5%                                               | 5.0%          |
| Farms, % selling through local marketing channels                                | 18%               | 13%                                                | 15%           |
| Value of local food sold direct to consumers, to retail markets, or institutions | \$85 million      | \$1.4 billion                                      | \$5.1 billion |

The ten-county foodshed is an impressive food producer in California. According to the most recent USDA Agricultural Census (2017), there are 12,307 farms in the foodshed, accounting for 5,092,646 acres (representing 17% and 21% of the state of California's farms and agricultural acreage, respectively). The number of farm operations has decreased consistently from county to foodshed to state, while acreage in production has increased in Santa Clara County, counter to the steady trend of the foodshed and the declining state trend. Agricultural sales in the foodshed total \$12,912,776,000, comprising 29 percent of the state of California's agriculture sales.

Average farm size is 414 acres across the foodshed. Farm size is increasing, particularly in Santa Clara County, compared to the degree of increase across the foodshed and state. Twenty-five percent of farms in the foodshed are small farming operations (less than ten acres).

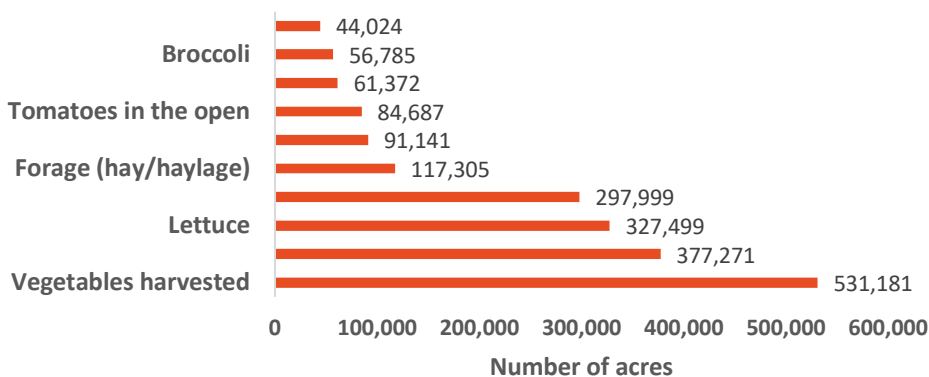
<sup>28</sup> United States Department of Agriculture, "Census of Agriculture," 2017, from [https://www.nass.usda.gov/Publications/AgCensus/2017/Full\\_Report/Census\\_by\\_State/California/index.php](https://www.nass.usda.gov/Publications/AgCensus/2017/Full_Report/Census_by_State/California/index.php).



**Figure 2: Breakdown of farm sizes for ten-county foodshed<sup>29</sup>**

Of total agricultural acreage, 31 percent is in fruit/vegetable production. Acres of harvested fruit and vegetables production has increased 31 percent in Santa Clara County, with more modest increases at the foodshed scale (+9% and +15%). While the average size of fruit/vegetable farms has increased both in Santa Clara County and at the foodshed scale, the average size of fruit/vegetable farms is smaller in Santa Clara County compared to the foodshed as a whole.

Fruit and vegetable farms and livestock farms account for 68 percent and 22 percent, respectively, of total farms in the foodshed. Seventy-eight percent of the livestock farms are cattle operations. Fruit and vegetable sales account for 73 percent of agricultural sales in the foodshed, whereas livestock, poultry, and product sales account for 19 percent of sales. Top crops by acreage across the foodshed include vegetables, grapes, lettuce, almonds, and forage.



**Figure 3: Top crops by acres in the ten-county foodshed<sup>30</sup>**

There are 21,577 producers in the foodshed; of these, 88 percent are White, 14 percent are Hispanic, and 9 percent are Asian. Twenty-five percent of producers are new and beginning farmers. Average

<sup>29</sup> Ibid.

<sup>30</sup> Ibid.

income per farm for Santa Clara Co is \$54,640, which is much lower than the state average of \$126,000. Farm income across the foodshed ranges from very low (\$16,000) to very high \$863,000).

Local food spending (farm to various retail and wholesale outlets) in Santa Clara County is \$97 million, approximately 6 percent of local food spending for the ten-county foodshed (\$1.6 billion). Foodshed local spending is 27 percent of the state's local food sales. Eighteen percent of farms in Santa Clara County are selling through local marketing channel.

### Local Food Infrastructure

The infrastructure for any food related-enterprises were evaluated for the eight-county region (Alameda, Monterey, San Benito, Merced, Stanislaus, Santa Cruz, Santa Clara, and San Joaquin Counties). Infrastructure refers to facilities that carry out various functions such as food packing, food processing, food aggregation, and food distribution. Access to facilities such as these can help local producers and food entrepreneurs gain access to capital and grow their businesses.

### Existing Infrastructure

There is moderate to strong infrastructure in place supporting local food trade in the eight-county region. Refer to figure 4 and tables 9 and 10 for details.

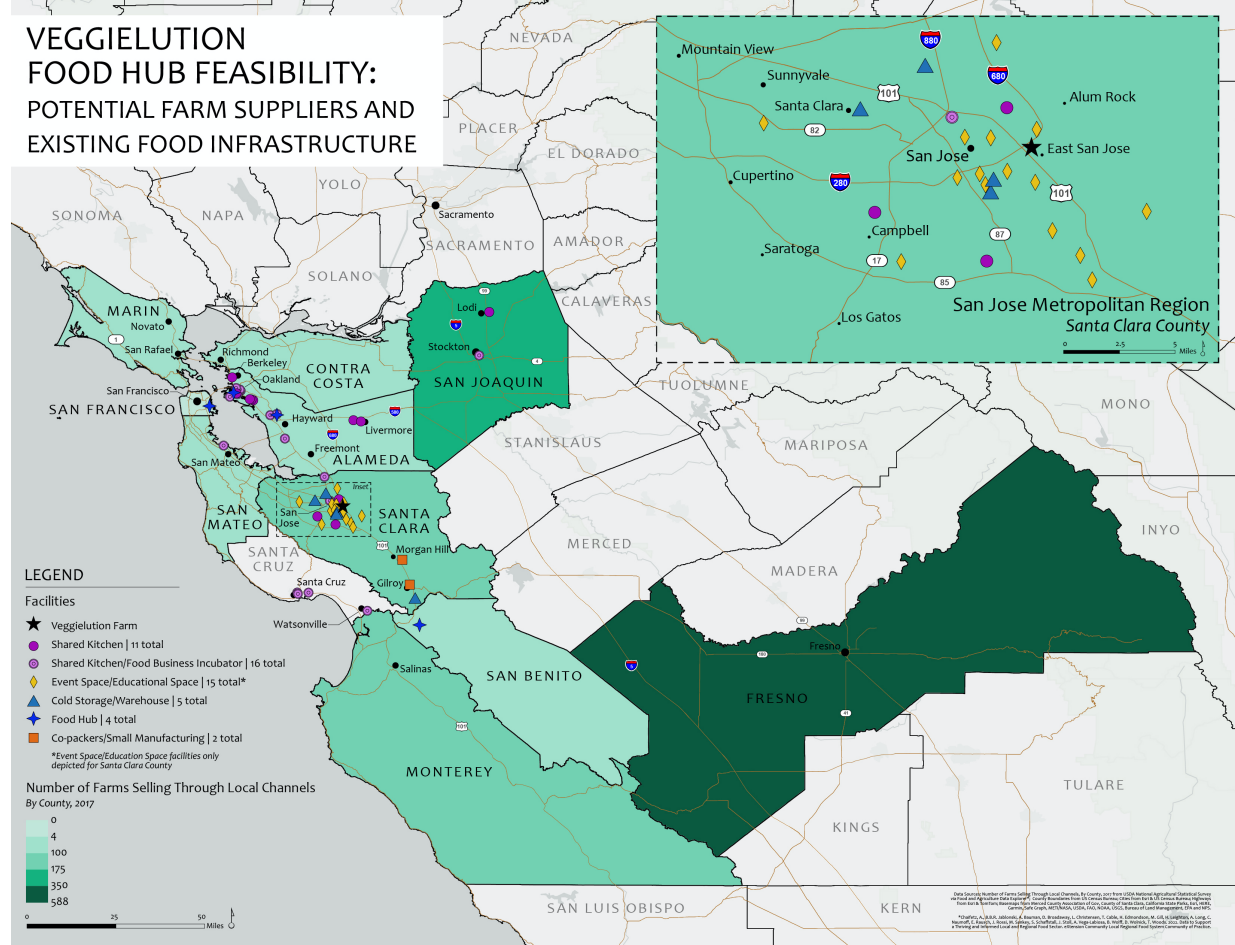
- Santa Clara County has no current food hubs; there are four in the surrounding region.
- Santa Clara County hosts four of the twenty-three shared kitchens in the region (one of those four includes business incubation programming).
- Santa Clara County has six warehousing and storage facilities and two co-packing facilities.
- Santa Clara County has fifteen facilities for event space and educational programming.
- There are currently zero food or agricultural workforce or educational trainings within Santa Clara County; however, there are eleven available in the region.

To visualize the geographic relationship between Veggielution's location, farmer locations, and infrastructure in the region with potential overlapping services, NVA designed a map (figure 4 below).

This map shows that Fresno, San Joaquin, and Monterey Counties are home to many farmers already selling through local channels but possess very limited infrastructure to support those sales. The San José area near Veggielution is home to a number of event spaces and shared kitchens, which are both services being considered as part of this feasibility study.

There is a higher concentration of infrastructure and services north of San José, but there is still a robust grower network in the southern areas. The region south of Veggielution might present opportunities for food hub and farmer support services.

**Figure 4: Map of potential farm suppliers and existing food infrastructure in the eight-county region**



**Table 9: Count of food system infrastructure in Santa Clara County and the eight-county region**

| Count of existing infrastructure and services | Santa Clara County | 8-county region |
|-----------------------------------------------|--------------------|-----------------|
| Food hubs                                     | -                  | 4               |
| Shared kitchens                               | 3                  | 8               |
| Shared kitchen + food business incubator      | 1                  | 15              |
| Co-packing/small manufacturing                | 2                  | -               |
| Cold storage/warehousing                      | 6                  | -               |
| Event/educational space                       | 15                 | -               |
| Relevant workforce trainings and education    | 0                  | 11              |

**Table 10: List of various food infrastructure entities in the eight-county region**

| Name of business              | Category of infrastructure/service | County      |
|-------------------------------|------------------------------------|-------------|
| Silicon Valley Kitchen Rental | Shared kitchen                     | Santa Clara |
| 1505 Kitchen Space            | Shared kitchen                     | Santa Clara |
| Culinary Block Rental Kitchen | Shared kitchen                     | Santa Clara |
| Central Valley Kitchens       | Shared kitchen                     | San Joaquin |
| 9 Catering Services           | Shared kitchen                     | Alameda     |
| Cookery Kitchen               | Shared kitchen                     | Alameda     |
| La Placita                    | Shared kitchen                     | Alameda     |

| Name of business                                  | Category of infrastructure/service | County          |
|---------------------------------------------------|------------------------------------|-----------------|
| La Tipica                                         | Shared kitchen                     | Alameda         |
| Tri-Valley Artisan Kitchen                        | Shared kitchen                     | Alameda         |
| Oakland Shared Kitchen                            | Shared kitchen                     | Alameda         |
| Port Kitchens                                     | Shared kitchen/incubator           | Alameda         |
| Kitchen by the Hour                               | Shared kitchen/incubator           | Alameda         |
| Forage Kitchen                                    | Shared kitchen/incubator           | Alameda         |
| The Prep Station                                  | Shared kitchen/incubator           | Alameda         |
| Bay Area Kitchen Rental                           | Shared kitchen/incubator           | Alameda         |
| The Black Culinary Collective                     | Shared kitchen/incubator           | Alameda         |
| El Pajaro CDC Commercial Kitchen Incubator        | Shared kitchen/incubator           | Santa Cruz      |
| iKitchens                                         | Shared kitchen/incubator           | Santa Clara     |
| Kitchen Santa Cruz                                | Shared kitchen/incubator           | Santa Cruz      |
| Extra Kitchen                                     | Shared kitchen/incubator           | Santa Cruz      |
| Kitchen 831                                       | Shared kitchen/incubator           | Santa Cruz      |
| Kitchen Town                                      | Shared kitchen/incubator           | San Mateo       |
| Stockton Community Kitchen International Food Hub | Shared kitchen/incubator           | San Joaquin     |
| Mandela Partners E14th Eatery + Kitchen           | Shared kitchen/incubator           | Alameda         |
| Alameda County Deputy Sheriff's Activities League | Shared kitchen/incubator           | Alameda         |
| Mandela Marketplace Produce Distribution          | Food hub                           | Alameda         |
| Coke Farm                                         | Food hub                           | San Benito      |
| Veritable Vegetable                               | Food hub                           | (San Francisco) |
| Dig Deep Farms Food Hub                           | Food hub                           | Alameda         |
| Blossom Valley Foods                              | Co-packers/small manufacturing     | Santa Clara     |
| George Chiala Farms                               | Co-packers/small manufacturing     | Santa Clara     |
| El Camino Packing                                 | Cold storage/warehouse             | Santa Clara     |
| ReadySpaces                                       | Cold storage/warehouse             | Santa Clara     |
| San José Cold Storage                             | Cold storage/warehouse             | Santa Clara     |
| Royal Cold Storage                                | Cold storage/warehouse             | Santa Clara     |
| Pomona Park Cold Storage                          | Cold storage/warehouse             | Santa Clara     |
| Sunnyvale Community Center                        | Event space/educational space      | Santa Clara     |
| Leininger Community Center                        | Event space/educational space      | Santa Clara     |
| Alma Community Center                             | Event space/educational space      | Santa Clara     |
| Berryessa Youth Center                            | Event space/educational space      | Santa Clara     |
| Camden Community Center                           | Event space/educational space      | Santa Clara     |
| Edenvale Community Center                         | Event space/educational space      | Santa Clara     |
| Evergreen Community Center                        | Event space/educational space      | Santa Clara     |
| Gardner Community Center                          | Event space/educational space      | Santa Clara     |
| Jacinto Siquig Northside Community Center         | Event space/educational space      | Santa Clara     |
| Mayfair Community Center                          | Event space/educational space      | Santa Clara     |
| Roosevelt Community Center                        | Event space/educational space      | Santa Clara     |
| Seven Trees Community Center                      | Event space/educational space      | Santa Clara     |
| Shirakawa Community Center                        | Event space/educational space      | Santa Clara     |
| Southside Community Center                        | Event space/educational space      | Santa Clara     |
| Washington Community Center                       | Event space/educational space      | Santa Clara     |

## Existing Services

There is an extensive and robust network of both organizations and institutions working to improve food systems progress by offering training and educational programs. See table 11 below.

**Table 11: List of existing businesses offering food and agriculture related services**

| Name of business                                                           | Type of service                            | County         |
|----------------------------------------------------------------------------|--------------------------------------------|----------------|
| ALBA                                                                       | Workforce training program                 | Monterey       |
| Mandela Partners                                                           | Workforce training program                 | Alameda        |
| St. Vincent de Paul of Alameda County's Kitchen of Champions               | Workforce training program                 | Alameda        |
| R & R Hospitality Academy                                                  | Workforce training program                 | (Contra Costa) |
| Alameda County Public Health Dept Cooking for Health Academy Program       | Workforce training program                 | Alameda        |
| The Bread Project Bakery Bootcamp Training Program                         | Workforce training program                 | Alameda        |
| The Food Shift Kitchen                                                     | Workforce training program                 | Alameda        |
| Youth Employment Partnership                                               | Workforce training program                 | Alameda        |
| Alameda Point Collaborative                                                | Workforce training program                 | Alameda        |
| CalFresh Employment and Training via Alameda County Social Services Agency | Workforce training program                 | Alameda        |
| Alameda County DSAL                                                        | Workforce training program                 | Alameda        |
| Regenerator Program at Cascade Ranch                                       | Farmer incubation and technical assistance | San Mateo      |
| Agroecology Commons                                                        | Farmer incubation and technical assistance | Alameda        |
| Farmer Campus                                                              | Farmer incubation and technical assistance | Online         |
| School of Adaptive Agriculture                                             | Farmer incubation and technical assistance | Mendocino      |
| Center for Agroecology and Sustainable Food Systems                        | Farmer incubation and technical assistance | Santa Cruz     |
| Shone Farm, Santa Rosa Junior College                                      | Farmer incubation and technical assistance | Sonoma         |
| Mesa Multinational Exchange for Sustainable Agriculture                    | Farmer incubation and technical assistance | Alameda        |

## Local Food Distribution, Initiatives, and Policy

Santa Clara County has an impressive network of farms and buyers interconnected within the community food system with producers selling through a diverse set of channels such as farmers markets, CSAs, grocery stores, restaurants, institutions, distributors, and farm to school programming. The categories and count of various buyer include the following (except when noted):<sup>31</sup>

- There are fifty-two community supported agriculture (CSA) pickup enterprises.

<sup>31</sup> County of Santa Clara Office of Sustainability, "County of Santa Clara Food System Workplan," 2021, accessed July 25, 2023, <https://sustainability.sccgov.org/climate-action-and-adaptation/county-santa-clara-food-systems-workplan>.

- There are forty-five farmers markets.
- There are forty grocery stores (with local sourcing).
- There are seventeen restaurants (with local sourcing).
- There are nine institutions (with local sourcing).
- There are at least five wholesale distributors (serving San José and surrounding area that purchase local products).
- There are thirty school food authorities and 245 schools serving 158,000 students that participate in farm to school programming.<sup>32</sup>

The following initiatives support local food purchasing in the region:

- As of March 2023, the microenterprise home kitchen operations (MHKOs) ordinance allows food entrepreneurs to legally operate out of their homes. Application cost is \$435, and annual permit fee is \$635.
- Santa Clara County provided \$6 million to small food businesses (5,400 food facilities and MHKOs) that were hit hard by public health restrictions and market changes related to the COVID-19 pandemic (March 2023).
- As of November 2022, a sustainable purchasing policy passed unanimously with support for adoption of a good food purchasing policy (GFPP). The Santa Clara Public Health Department and the Center for Good Food Purchasing are contracted for GFPP at three county facilities (Valley Medical Center, St. Louise Hospital, O'Connor Hospital). In March 2022, corrections and hospital staff convened for a GFPP orientation.<sup>33</sup>
- Santa Clara County joined the San Francisco Bay Area Local Food Purchasing Collaborative (the public health department and the health and hospital system are participating) as a means of expanding the impact of GFPP.<sup>34</sup>

### Food Access and Emergency Food Distribution

Access to healthy food options is essential to healthy eating habits, which are, in turn, essential to good health. Food access is determined by three factors:

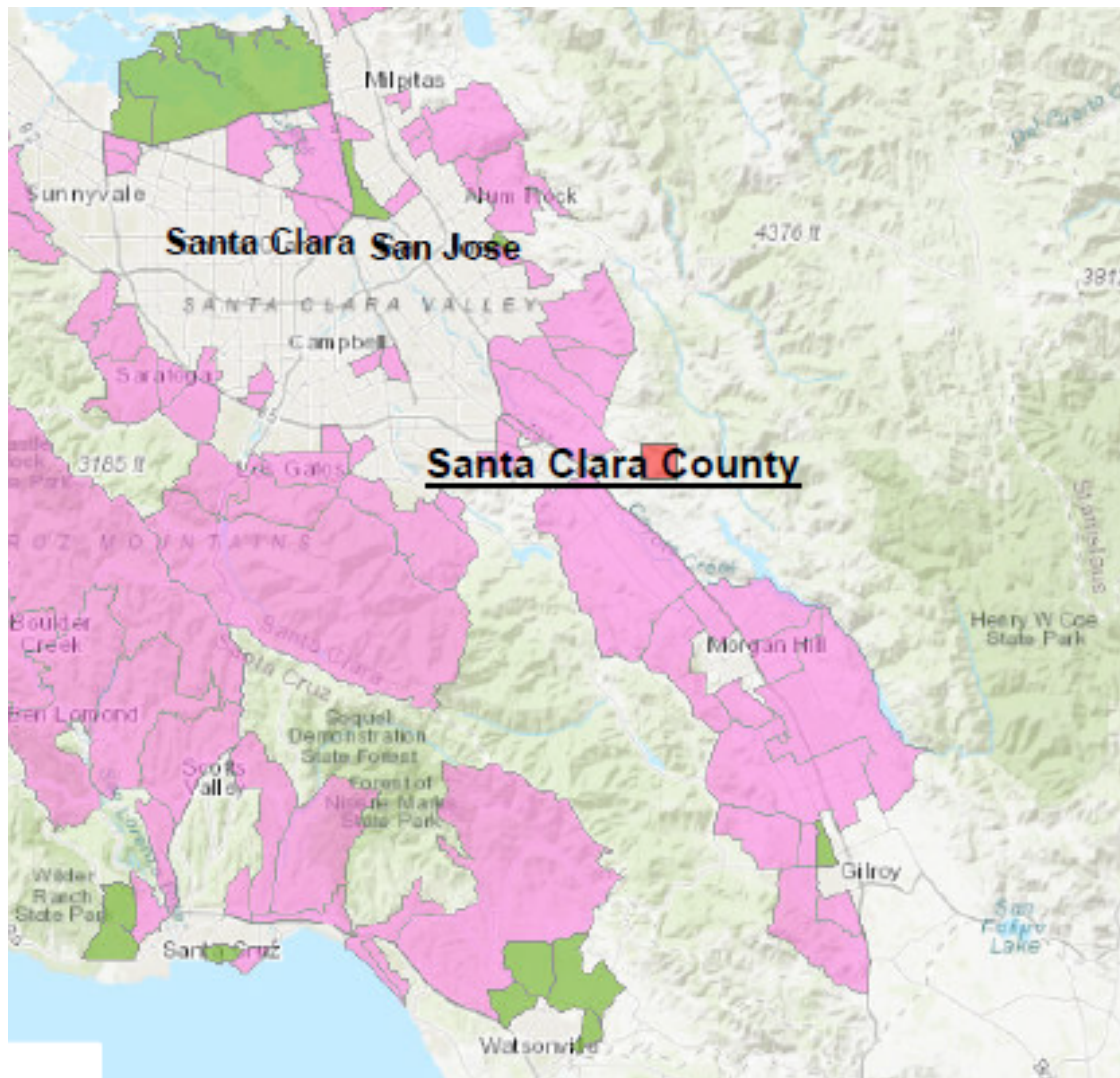
1. A consumer's ability to physically get to places where healthy foods are available for purchase
2. The affordability of healthy food options within that regional designation
3. The availability of assistance to ensure consumers have the means to purchase healthy food

On the map that follows (figure 5), the purple indicates areas with low access to a supermarket, and the green indicates low-access areas that also have high rates of low-income households. Sixty-three census tracts have low access to a grocery store and six tracts are both low access and low income. (Note: "Low access" is defined in urban areas as not having a grocery store within one mile and in rural areas as not having a grocery store within ten miles).

<sup>32</sup> United States Department of Agriculture, "Farm to School Census," 2019, from <https://farmtoschoolcensus.fns.usda.gov/census-results/states/ca>.

<sup>33</sup> County of Santa Clara Office of Sustainability, "Progress Update to Santa Clara Food System Workplan," 2022, accessed August 5, 2023, from <https://sustainability.sccgov.org/sites/g/files/exjcpb976/files/documents/Food%20System%20Workplan%20Progress%20Update%20November%202022.pdf>.

<sup>34</sup> Ibid.



**Figure 5: Low-income and low-food access census tracts in Santa Clara County<sup>35</sup>**

In Santa Clara County, 15 percent of Black residents and 10 percent of Hispanic residents face food insecurity, compared to 3 percent of White residents. Data from Santa Clara County shows that, on average, residents experience lower food access and insecurity hardships compared to other California counties.

- Santa Clara County has lower food insecurity rates for both overall and child populations compared to the state of California.
- Santa Clara County has experienced a decline in food insecurity between 2018 and 2021, particularly in the child population (-41%). This improvement in child food insecurity may be due to food assistance provided during the pandemic.
- Santa Clara County has lower SNAP and free/reduced school meal participation rates compared to state averages.

<sup>35</sup> United States Department of Agriculture, "Food Access Research Atlas," accessed June 7, 2023, [www.ers.usda.gov/data-products/food-access-research-atlas/go-to-the-atlas/](http://www.ers.usda.gov/data-products/food-access-research-atlas/go-to-the-atlas/).

Emergency and public food distribution are provided by the following:

- Second Harvest Food Bank—over 400 partnering agencies through 900 sites across Santa Clara and San Mateo Counties, with 130 drive thru sites and deliveries to 5,300 households per month
- ten additional organizations involved in food access and food justice work
- at least thirteen food rescue organizations working to reduce waste and address food insecurity

**Table 12: Food access and food security hardships in Santa Clara County (except when noted)<sup>36</sup>**

| Metric                                                      | Santa Clara County | State of CA |
|-------------------------------------------------------------|--------------------|-------------|
| % overall food insecurity rate (2021)                       | 7.0%               | 10.5%       |
| % child food insecurity rate (2021)                         | 4.7%               | 13.5%       |
| % change in overall food insecurity (2018–21)               | -2.8%              | -2.8%       |
| % Change in child food insecurity (2018–21)                 | -41.3%             | -11.2%      |
| % Black (all ethnicities) food insecurity rate (2021)       | 15.0%              | 18.0%       |
| % Latinx food insecurity rate (2021)                        | 10.0%              | 13.0%       |
| White, non-Hispanic food insecurity rate (2021)             | 3.0%               | 6.0%        |
| % of households enrolled in SNAP (2021) <sup>37</sup>       | 4.4%               | 9.5%        |
| % of K–12 free and reduced meals (SY 2022–23) <sup>38</sup> | 34.1%              | 59.9%       |

<sup>36</sup> Monica Hake, Emily Engelhard, and Adam Dewey, “Map the Meal Gap 2023: An Analysis of County and Congressional District Food Insecurity and County Food Cost in the United States in 2021,” 2023, accessed June 18, 2023, <https://map.feedingamerica.org/county/2021/overall/california>.

<sup>37</sup> U.S. Census Bureau, “Table S2201: Food Stamps/Supplemental Nutrition Assistance Program (SNAP) 2021: American Community Survey 5-year,” accessed June 18, 2023, <https://data.census.gov/table/ACSST5Y2022.S2201?q=snap&tid=ACSST1Y2021.S2201>.

<sup>38</sup> California Department of Education, Data Quest, accessed June 28, 2023, <https://dq.cde.ca.gov/dataquest/>.

## Primary Research

### Primary Research Overview

To assess the feasibility of a food hub, research groups were broken into three main categories: food producers, food buyers, and partner agencies. Primary research was conducted between April and June of 2023 through interviews, surveys, and stakeholder meetings designed to assess the regional interest and need for a food hub.

Research focused on several key objectives:

- evaluate interest in all potential food hub components
- identify and build a farmer network
- determine geographic needs of the potential food hub
- identify Veggielution's role in the food hub

### Methodology

NVA utilizes multiple tools to build a comprehensive understanding of the regional landscape. For this project, primary research tools included surveys and interviews. The research subjects included farmers, value-added food producers, organizations that support or represent groups of farmers, municipal partners, and buyers.

The NVA project team designed two surveys for this project in addition to five interview guides. All research materials were translated by the Veggielution team from English to Spanish. The first survey was written for farmers and food producers, and the second survey was designed to reach members of the community looking to engage with the food hub. The interview guides were written for buyers, municipal leadership, grower networks, food producers, and other project partners.

The surveys were loaded into Survey Monkey in both English and Spanish. The links for the surveys were shared primarily by Veggielution and their network of partners and organizations using digital means. There was a gift card raffle affiliated with this project that led to bot responses. These responses were carefully scrubbed from the data to ensure that the inputs to the research were an accurate representation of the demographic that was reached.

Interviews were conducted by members of the Veggielution team and inputted into a digital form for NVA to analyze the findings. This process allowed the Veggielution team to develop their network and reach an audience they were already connected to or hoping to develop connections with.

### Survey Findings

Overall survey participation was limited in this project. Both surveys were kept open to their respondent groups longer than anticipated and still yielded lower than desired participation.

#### Farmer/Producer Survey

The food producer survey received a total of twenty-seven responses. The Veggielution team visited a farmer network and collected and transcribed responses in person, which increased the participation and skewed the geography of respondents to show a very high participation in Monterey County. Most farmers are beginner—74 percent have been farming less than five years (Q3). Farms are also small—85 percent farm on less than ten acres (Q5). The majority of respondents grow produce, and a small number are value-added producers (Q4).

Out of the twenty-one farmer respondents, most are selling whole vegetables and fruit (Q7 + 13). Forty-five percent of farmers sell up to three-quarters of all their product through just one market (Q29). Their markets include wholesale distribution, farmers markets/stands or CSAs, and retailers (grocery, co-op, etc.). Eighty percent of farmers already work with wholesalers, distributors, food hubs, or food stores (Q29). This means farmers may be already set up to sell to a food hub. Ten producers already sell more than half of their product through these channels. With that said, as referenced earlier, farms are small, so the volume they are selling through these outlets is limited and does not reach the reported volume need from buyers.

Out of the six value-added producer respondents, most make beverages (Q15+16) and five have been producing for less than three years (Q17).

Sixty-seven percent of value-added producers sell more than three-quarters of all their product through one market (Q18). Those markets are predominantly direct-to-consumer markets, including farmers markets, restaurants, and online sites.

There is extremely high interest (85%) among food producers in selling to a food hub (Q31). The percentage of producers who want to sell to a hub varies by product, but the overall trend is upward (Q36). This is notable given that a hub is a new and untested sales channel for these businesses.

Producers are looking to a food hub to increase sales and to support diversifying sales. Fifty-four percent are looking to increase their sales (and require fair pricing) by working with a food hub (Q32). Pick up and distribution are the most desired services, with 69 percent of respondents indicating interest (Q34). If the food hub had a retail outlet, food producers would be interested in both online and a physical space to sell goods as well as some quick cooling, washing, and packing space (Q34).

Administratively, food producers would mostly be looking to a food hub to diversify sales outlets (52%), spend less time on sales and marketing (52%), and spend less time on paperwork, certifications, and regulations (52%) (Q35).

There is some interest in a commercial kitchen. Producers' greatest expressed need is for standard commercial kitchen space and equipment. Forty-five percent are looking for non-specialized kitchen space (cutting, slicing, shredding of fresh produce) (Q41).

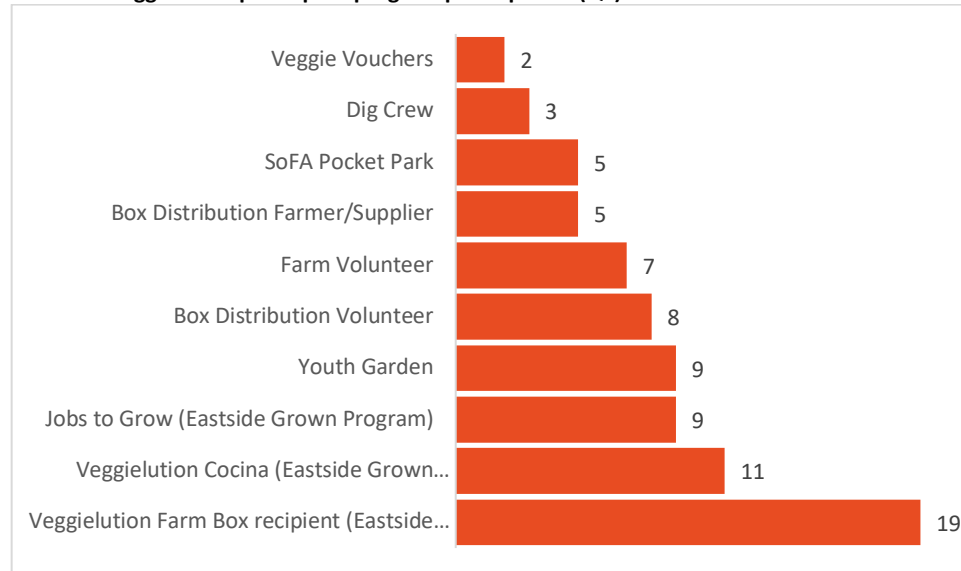
Sixteen surveyed producers would like to process their own crops and focus primarily on canning/preserving their harvest. Six producers already use a commercial kitchen (Q20), and sixteen indicated that they would be interested in using a new kitchen (Q39). Seventy percent would prefer to process their own crops versus hiring someone to do this for them (Q47). Sixty-four percent would be more willing to consider an hourly fee for their rental, versus monthly or annual fees (Q44). Producers mostly have small production teams, under four people in kitchen (Q43), and are looking for regular kitchen access (Q42).

### Community Survey

There were a total of 116 community survey responses. Survey respondents were predominantly based in San José (Q2). Most were between the ages of thirty and fifty (Q27), and most respondents self-identified as female (Q28). It is important to note that this is a very small response for a city the size of San José, which means the data is accurate but not a statistically significant representation of the region.

Most survey respondents are familiar with Veggielution as an organization. Thirty-five percent of survey respondents are current Veggielution participants, and only 22 percent had not heard of Veggielution at all (Q7). Among respondents that are already engaged in a Veggielution program, Farm Box is the program with the highest engagement, followed by Veggielution Cocina, Jobs to Grow, and Youth Garden (Q9).

**Table 13: Veggielution participant program participation (Q9)**



More than half of the participants surveyed reported eating healthier because of their involvement with Veggielution. In addition to eating more fresh foods and having more food available to them, respondents also felt “a greater sense of community” (Q11).

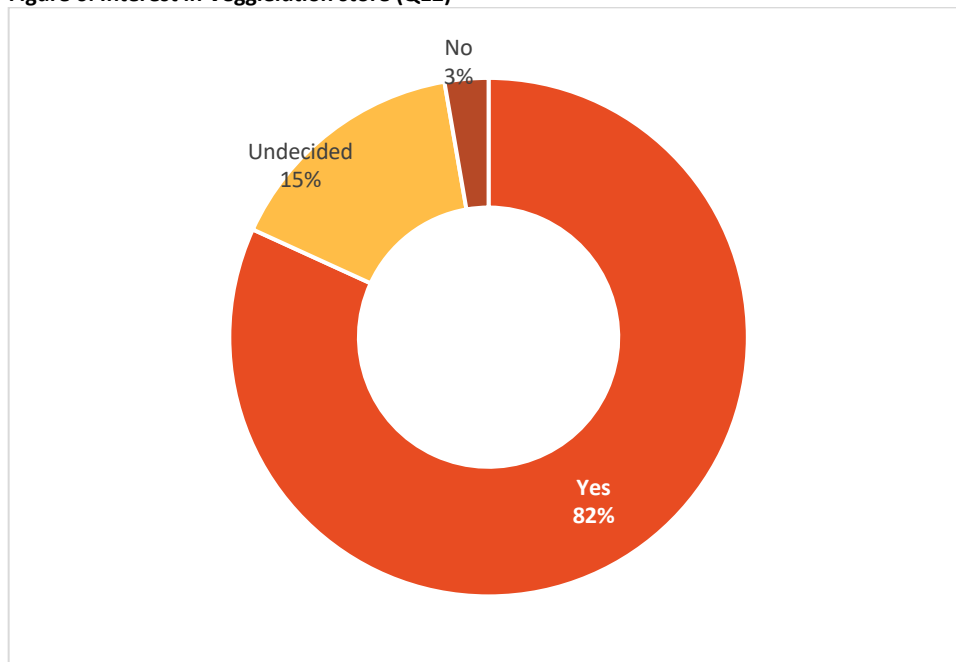
**Table 14: Veggielution program impacts (Q11)**

| Q11. Veggielution program impacts                               | Count     | %   |
|-----------------------------------------------------------------|-----------|-----|
| I eat healthier because of the food I receive from Veggielution | 18        | 53% |
| I eat more fresh foods                                          | 16        | 47% |
| I have more food for myself or my family                        | 16        | 47% |
| I feel a greater sense of community                             | 13        | 38% |
| My community has more access to fresh foods                     | 8         | 24% |
| I feel a greater sense of purpose                               | 7         | 21% |
| I have/am learning how to grow food                             | 6         | 18% |
| I have learned important skills                                 | 6         | 18% |
| My son/daughter has learned important skills                    | 6         | 18% |
| Program impact comment (Optional)                               | 0         | 0%  |
| <b>Total respondents</b>                                        | <b>34</b> |     |

There is considerable interest in a retail store that sells fresh fruits, vegetables, dairy, and meats (Q12, Q14). Eighty-two percent of respondents are interested in shopping at a Veggielution store (Q12), and

the qualities that are most attractive to them are freshness of products and the prices (affordability) (Q13).

**Figure 6: Interest in Veggielution store (Q12)**



Respondents are looking for a store that encourages gathering of community members, quick service, and supports BIPOC farmers and makers (Q15). Respondents expressed very little interest in table service (Q15). Fresh fruits and vegetables and dairy products were the most desirable products to respondents, followed by meat (Q14).

**Table 15: Store product interest (Q14)**

| Q14. Store product interest                                                         | Count      | %   |
|-------------------------------------------------------------------------------------|------------|-----|
| Fresh fruits and vegetables                                                         | 91         | 87% |
| Dairy (eggs, milk, cheese)                                                          | 73         | 70% |
| Fresh meats                                                                         | 55         | 52% |
| Prepared meals/grab n go foods/soups etc.                                           | 36         | 34% |
| Frozen fruits and vegetables or meats                                               | 34         | 32% |
| Coffee                                                                              | 32         | 30% |
| Salad bar                                                                           | 30         | 29% |
| Packaged foods (like snacks, canned goods, frozen meals)                            | 25         | 24% |
| Other: baked goods, healthy snacks, pantry items (salt, sugar, oil), frozen deserts | 6          | 6%  |
| <b>Total respondents</b>                                                            | <b>105</b> |     |

There was a high expressed interest in community programming such as culinary classes and courses focused on teaching individuals how to grow food (Q23). There was limited interest in highly specialized

trainings like the ones that Veggielution is already providing in their farmer training. Respondents are interested in hosting their own events and courses as well (Q24).

Veggielution was looking to learn if community members had a need for space to grow food. Land access was an issue for community members that are interested in growing food: twenty-four people (current or future growers) expressed the need for land, and an additional sixteen people said they would like to learn more about how to access land to grow food (Q22).

Community members are also interested in accessing a commissary kitchen. Community kitchen needs are aligned with what was highlighted in the producer survey, but potential users would be very early staged businesses or individuals. Twenty-three percent of community members expressed some interest in a kitchen (Q17), but only five operate an existing business (Q16). Community members expressed interest in similar equipment to what producers identified (Q21).

## Interview Findings

### Interviews: Community/Course Insights

There was a strong interest in classes and training among all types of interviewed parties. Most desired classes were in the beginning farming category: growing seedlings, growing in a greenhouse, and new and beginning farmer trainings. Interest was also indicated for classes around starting a food business, quality and safe handling of product, preparation of food for market, running a cottage food business, and how to start a food business. Farmer-specific interests were in line with other top classes desired by interviewees.

Many partners are interested in offering or hosting classes at the Veggielution facility, with most of the classes aligning with what is desired by community members. Nutritional and cooking classes could be offered by multiple existing organizations (Joint Venture, Santa Clara Health Department, Fresh Approach). Community Alliance with Family Farmers and ALBA already offer a plethora of beginning farmer-focused classes and would be willing to host/teach at a Veggielution site. Classes and trainings provide an opportunity for the Veggielution site to be a community gathering space.

### Interviews: Food Producer Insights

There were seven food producers or networks interviewed; most were representing orchards, fruit growers, diversified farms, walnut growers, and chicken egg producers. Food producers listed their top challenges as being access to capital, distribution/transportation, labor, land access, fair pricing, requirements from buyers (like GAP certification and high volumes requirements), and the cost of organic certification.

At least six partners and two grower interviewees noted the need for land access to support community gardening or local food growing efforts. There was a reported “lack of the city’s prioritization of farming as an option for available open space.” For those interested in a food hub, space on site for growing food was mentioned as an important to support them in providing additional supply to the food hub. Farmer incubation was mentioned by Cooperative Extension as an area they are pursuing this fall, which could be a supportive future partnership.

Food producers are primarily selling direct to consumer via retail or grocery stores. Many producers mentioned Fresh Approach as a major partner. Food producers are looking to sell to institutions (schools, hospitals), wholesale customers, and tech campuses. This indicates a desire to produce at a higher volume.

### Interviews: Buyer Insights

All eight buyers interviewed report purchasing at least some local product. Dairy, vegetables, and fruit were being purchased locally by almost all buyers, and meat (beef only) was being purchased locally by five buyers. Buyers are facing procurement challenges overall. Almost all buyers interviewed mentioned the cost of goods and inconsistent product availability as top challenges. The quality, freshness, and storage of produce was also mentioned as a challenge. Schools are looking for pre-processed produce and consistent availability.

In terms of the challenges to sourcing local foods specifically, knowing *where* to find local products and identifying distributors who have local items was a top sourcing challenge. Volume and quantity as well as logistics were also mentioned again regarding local-specific procurement.

All buyers expressed interested in purchasing from a local food hub if it met their requirements around delivery/distribution, volume, and price. Distribution and delivery would be required for buyers to purchase from a food hub. All producers selling to the hub would require insurance, food safety certifications, food safety plans, and other regulatory requirements. The institutions with high volume purchasing needs would also require daily delivery and high volumes of consistent product. The most cited and desired products to purchase through a hub were varied, but top items were yogurt, cheese, apples, whole fruits, and various vegetables.

### Interviews: Food Hub Insights

There is a lot of interest from partners and growers in a food aggregation warehouse and distribution site. Growers are interested in a warehouse space that could handle distribution logistics, aggregation, marketing of local farm product, and building community resiliency against climate change and other emergencies.

Partners are interested in a co-locating a food recovery site to add receiving, sorting, and distribution of food to address food access needs in the community to the food hub plan.

Buyers are interested in local procurement, but there are considerable barriers for small farms to sell into institutions. Schools and institutional buyers reported major challenges in procuring local product, siting pricing, volumes, contracts, delivery schedules, processing, and consistent availability. Currently Community Alliance with Family Farmers is acting as a middleman and informal food hub for some schools, which could be a partnership avenue to explore. Additionally, while the current producer network is smaller, the food hub could consider local restaurants or smaller produce distributors as a sales opportunity before scaling up to high volume sales with institutions.

Desire for commercial kitchen access was mentioned fifteen times by partners. Interviewed growers are currently doing limited value-added production. Commercial kitchen needs among those interviewed center around food trucks/carts and mobile farmers market trucks. The top feature needed is storage—

cold, frozen, dry, and pallet. Partners are also looking for access to skilled labor and technical assistance with marketing, funding, and licensing.

Interviewees recommended the site be decentralized so it would be accessible by surrounding neighborhoods and community members, particularly low-income individuals. Interviewees also highlighted the importance of accessibility for farmers and kitchen users, especially noting the need for adequate loading and unloading space.

## Community Event

After the primary and secondary research analysis was presented to the Veggielution project team, NVA collaborated with Veggielution to plan and facilitate the third stage of research: a community event in September 2023. The objective of this workshop was to gather individuals, organizations, and partners to review the preliminary findings and collect feedback on the concept operating model.

The community event was structured as a workshop with four groups and two sessions that were hosted both in English and in Spanish.

The agenda and desired inputs for the workshop sessions were as follows:

- Session 1:
  - *Analysis findings*—gather feedback on findings and analysis conclusions
  - *Network concept models*—questions, feedback, and discussion on which initial concept models shaped by research findings might be the best fit for the developing food hub model
- Session 2
  - *Food hub sites*—discussion to explore options and potential locations for a regional food hub
  - *Programs and services*—questions, feedback, and discussion on which programs and services fit this project and where those services might be located or offered

## Community Event Findings

- Network development:
  - Further identification of the network of currently interested partners (and organizations attached to or pursuing similar work within the region and foodshed) should be completed before infrastructure planning.
  - Further identification of all active farmers across the region and how they want to engage in cooperative and network model is required.
  - Connecting existing resources, opportunities, organizations, and agencies is required to address the needs of the full system and leverage existing work more thoroughly.
  - Consider using existing Veggielution space to support development until needs are clear.
  - Consider if the development of a virtual network that could support market channel development (a place to meet buyers) could be a short-term solution or step on the pathway to a physical model.
- Role of farmers in the network:
  - Additional outreach is needed. For a new project (especially a hub), it was identified that the research did not reach the farmer network south of the study region, which produces a great deal and has a strong existing network.

- Other farmer demographics that were not reached include Asian/Vietnamese farmers and Hmong farmers.
- Widely needed technical assistance programs and mentorship opportunities are already being developed by partner organizations and should be built into any future models.
- Hub model:
  - There was an expressed preference for a network of hubs or drop sites to encourage more of a geographical reach. That structure may need a large warehouse to support it, but San José is probably not the right location for that (a location further south would be preferred). Further identification of the other foodsheds that need to be involved (San José, South Bay, South, East)
  - Value focus is crucial—farmer led, farmer owned, farmer driven. A trust “auditor” to ensure that both sides are being protected is a role that should be integrated into any model.
  - The most-suggested model was a farmer-led co-op model; most farmers do not want a middleman.
  - Topics frequently mentioned also included the need for transparent governance models, widespread transparency/traceability across communications and transactions, and a values/mission focus.
  - The hub/network model should support crop planning and create consistency of demand (for both farmers and buyers).
- Veggielution involvement:
  - Veggielution’s expertise and engagement with farmers and entrepreneurs in existing programs might be best serviced with a new commercial kitchen, cold storage, and retail spaces.
  - Due to Veggielution’s location in San José and a strong desire for a co-operative and decentralized model, it was suggested that Veggielution be involved but not the primary operator of this hub concept.

Following this feedback, NVA met with the Veggielution leads to review the themes and feedback that surfaced and concluded that this project would best be served by a dual path forward within the scope of this feasibility study. These paths included

1. Modeling (operational, design, and financial) of smaller efforts to support the expansion of Veggielution’s programs, services, and spaces in an Eastside food hub. These would include a prioritized focus on kitchen space development and smaller hub components or services.<sup>39</sup> It was also important to the leadership team at Veggielution that any further work integrate their core mission and strategy, as shared in their 2024 Veggielution Strategic Plan, to ensure that all recommendations align with the work that the organization is committed to supporting in the upcoming years.
2. An outline of development planning needs to support wide participation and continuation of the regional food hub concept and model. This would include a plan to share with all partners engaged at the workshop to identify roles for continuing the work to identify and support regional needs. This plan would not be a definitive model but include a pathway to identifying the next steps, actions, funds, and expertise needed to service the feedback shared by partners.

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<sup>39</sup> It was also important to the Veggielution team that all future work, or expansions to their programs and spaces, incorporate considerations of the wider food system work and models that drive their organization. The Foresight4Food food system model serves as an example of this work and strategy direction ([LINK](#)).

## Shift to Development Roadmap

The research provided great insight into a portion of regional need (for the populations that were engaged/reached by primary research tools). It is worth noting that the participation in both the food producer and community surveys was low and that both were kept open longer than initially anticipated. This indicates that in future stages of modeling and implementation, outreach will be important and might require engagement from an additional partner with a larger network to ensure that a broader and more representative audience is reached.

The insights gained at the community event led to a shift in the implementation strategy for this project. With the suggestion of a cooperative and decentralized operating model, Veggielution would be a partner but not ideally the sole party implementing this food hub concept. There was a cited interest in having a robust network of partners involved in the launch, planning, and implementation of this project. It was determined that a development roadmap outlining the necessary steps to planning, testing, and launching a food hub would be a helpful to identify and engage partners.

A shift in the Veggielution role in the food hub from being the primary hub operator to being a facilitator (or partner) of the network development required the building of a decentralized food hub model. Once the network development is underway, a development roadmap will identify steps and key milestones to the eventual launch of a food hub informed by a collection of partners and operators, all feeding the development of a resilient hub model.

## Operational Implications (for Modeling)

In addition to the directive to reshape thinking on the regional food hub, the research did provide insight into operational needs that were of interest to the greater East San José community, Veggielution clients/community members, and partners in the collective. These are summarized below and inform the modeling that was developed.

- **Retail or grocery features**  
Affordable grocery store that sells fresh fruit, vegetables, and meats
  - Provides additional retail outlet for food hub products and small food businesses (produce and value-add)
  - Provides outlet for recovered food/gleaned products
  - Central location that can serve East San José community is preferred
- **Warehouse and aggregation**  
Aggregation and warehousing space for small local and urban growers
  - Supports space for food recovery/ gleaning activities
  - Sells directly to a Veggielution-led grocery store, to small food businesses incubated by Eastside Grown, and to restaurants, stores, and possibly one or two schools
  - Storage for cold, frozen, dry products
  - Loading dock and truck access for load/unload/trucking/distribution
- **Commissary and processing kitchen**  
Basic commissary kitchen space that can accommodate the following:
  - Food trucks and mobile food carts/mobile market
  - Farmers doing light processing and value-added (canning/preserving)
  - Micro enterprise home kitchen operators (MEHKOs) like caterers and bakers

- Community events and cooking classes
- **Classroom and training space**  
Large classroom or meeting space to accommodate the following:
  - Trainings, interactive cooking classes, or demonstrations
  - Potential to be connected to outdoor gardening/demo space for farm demonstrations
  - Community gathering space (could be combined as part of retail space or outdoor space)

## Development Roadmap

The feasibility study to explore the development of a Veggielution food hub (originally hypothesized to be in San José) determined that a larger network model might be the best path forward for Veggielution and its partners. This model differs from the original intent of the feasibility in three ways:

1. Partners at the community engagement event suggested that a location in San José might not best serve farmer needs but that infrastructure that supports farmers throughout the Santa Clara region (from South Bay to Gilroy, including areas inland/east and further south) is needed and may take the form of a series or network of formal or informal hubs.
2. Partners and farmers stated that the predominant model that would build the greatest trust with farmer communities in the region would be a cooperative or farmer-led cooperative model (for most of the infrastructure or primary hub pieces).
3. Those gathered at the community engagement further noted a need for further outreach to farmers of all ethnic backgrounds—to be led by organizations with language resources to support the transparent sharing of information.

Led by these drivers, it was proposed that a development roadmap could help the partners identify and discuss the ability of the regional ecosystem of organizations and farmers to work collaboratively to achieve the network model. Further, this roadmap was intended to help organizational partners, including Veggielution, evaluate organizational capacity to support this wider regional model and identify where resources (such as those identified in the feasibility study) could be integrated to support overall network objectives.

## Three Phases of the Development Roadmap

A roadmap to building a food hub in central California involves three primary stages of development to build, test, and launch a model designed to suit the needs of its users.

1. **NETWORK DEVELOPMENT:** This phase is focused on identification and outreach.
  - a. *Identification:* Define current partners, current needs across the network, unmet needs, and untapped partners.
  - b. *Outreach:* Begin to activate the network of current partners (update on the model vision) and engage future partners.
2. **VIRTUAL NETWORK:** This phase is focused on testing the model by establishing connections between buyers and producers with minimal infrastructure investment.
  - a. *Information clearinghouse:* Begin to train engaged parties on how to successfully execute their role in the hub system.
  - b. *Connecting farmers to buyers:* Utilize existing networks and resources to share sales opportunities with farmers and buyers.
3. **PHYSICAL NETWORK:** This phase begins to add infrastructure to the components of the virtual model that are growing beyond their virtual needs.
  - a. *Operating model:* Formalize the structure of the hub, financial model, and operator.
  - b. *Infrastructure:* Define site needs, geographic reach, and assets.

The roadmap is built in two formats; a narrative document and a worksheet designed to be shared with potential project partners to help identify roles in which they can fit into the launch or operation of the project.

The narrative worksheet includes key tasks, key skills, and expected major milestones of each of the three network phases as well as suggestions for sequencing and timing the tasks necessary to success in each respective phase.

The worksheet is a visual tool that can be used to pitch or share with partners and individuals with an interest in the project. It outlines the research, findings, and suggestions for operationalizing the hub. It is designed as a résumé or project punch list so that organizations can review each stage and the major required skills to self-identify if they have the resources, bandwidth, or network to support a given task or role within the project launch.

### Veggielution's Role in Launching the Development Roadmap

As the initiating party of the feasibility study, Veggielution is uniquely positioned to support the launch and development of the food hub network model. While Veggielution will not be the sole operator of the proposed food hub, their involvement in the launch of the food hub will be important. The following are a series of key actions that Veggielution should explore/undertake to support the continuation of a regional model:

1. **Engage and grow the network**—Utilize the development roadmap worksheet to activate partners and organizations that have already expressed their interest in the project. These organizations are detailed in the narrative worksheet. The existing list is not comprehensive, so it is also suggested that Veggielution utilize its extended network to engage the San José community and surrounding areas to identify other interested parties, partners engaged in this work, and county or city representatives that could support the work with capacity and funding.
2. **Identify Veggielution's role and involvement**—Using the roadmap worksheet, Veggielution should identify the role(s) the organization would like to continue to hold in developing the project. This decision should consider current and future programming objectives (linked to their strategic plan), staff capacity, funding, and other resources. It is often a city or county representative, such as the lead in food system planning work for a county, who may be the best fit for supporting facilitation and engagement work of this nature across such a wide-spread project area and collective of engaged audiences.
3. **Determine utilization of Emma Prusch Farm Park**—Components of the three-phase development roadmap plan may involve utilizing current or future Veggielution-operated infrastructure (as points on a wider network model, short-term solutions, or components of a virtual network's supports). Veggielution must assess how many of its physical resources it is interested in coupling with the food hub project and how it would like to manage sharing those resources.
4. **Transition funding efforts to relevant parties**—Efforts to fund the project must continue and will be need to be comprehensive to support continued engagement and a geographically widespread area of interest for a regional network. Veggielution will need to determine its capacity to support this work with funding resources and to engage partners in the best methods for identifying and raising needed funds.
5. **Share research findings and methodologies with relevant parties**—As the food hub development network grows and partner roles are determined, Veggielution must actively share this report and all other relevant research findings and tools to ensure that pertinent information is shared with the parties that need to access it so that information can continue to evolve to support proposed outcomes.

## Business Analysis (Part 1)

### Modeling Aligned with Veggielution Strategic Objectives

Initial concept modeling, informed by the market analysis findings and key inputs from the stakeholder workshop, included four potential opportunity sites for which models could be developed:

1. **Emma Prusch Farm Park site (Veggielution farm):** Infrastructure, site, and service improvements could expand Veggielution's role as a mini-hub and provide better facility support for the activities carried out there. Activities include farming, aggregation (wash, pack, storage, and light processing), educational programming, community programming, retail, and food access distribution.
2. **Police Athletic League (PAL) concept site:** Adjacent to the Veggielution park farm is a PAL property with multiple buildings, playing fields, ample parking, and truck access. This site was explored as an opportunity to develop a concept model for a mini-hub off of the park site. The current use of PAL sites for food distribution supports the belief that future opportunity to collaborate may exist.
3. **525 N Capital Avenue site:** Across town, Veggielution is in discussions with a mixed-use development site located on North Capital Avenue that will build mixed-use housing, community space, and a potential commercial kitchen site over the next one to two years if approvals are awarded.<sup>40</sup> The site presents the opportunity to support Veggielution's interest and involvement in the project by providing a concept for a kitchen, storage, and logistic space to support Eastside Grown programs and users.
4. **Additional kitchen sites:** At least one to two other commercial kitchen properties in downtown San José might present future opportunities to expand kitchen functions for Veggielution and its clients/user groups. As information on these sites is limited and no immediate opportunity exists, these were explored in terms of what future opportunity (in terms of programming or service expansion) they could support in concept.

After initial development, which is outlined in the modeling workbook contained in the appendix documents, the concepts were narrowed to two models. In deciding to pursue dual pathways with this study—the development of a roadmap/outline to support the regional hub being one pathway (as discussed prior)—Veggielution also emphasized the need to ensure that any new infrastructure, programs, or services modeled would be aligned with their organization's strategic plan (included with the appendix documents). The strategic plan refocuses the organization on providing services and programs and growing infrastructure that supports their primary audiences and program objectives. It ensures that actions are well aligned with their mission.

To this end, this report addresses how two primary models were developed that support Veggielution's work across two primary audiences/ program focuses:

1. **Model A – food system/farm hub work:** Veggielution's operation of farm and hub elements at the Emma Prusch Park site in East San José is core to its operations and program objectives. Model A explores a phased approach to building or renovating infrastructure elements, increasing staff capacity, and defining program growth at the park site. These growth

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<sup>40</sup> The 525 N Capital Avenue project is being developed by Community Development Partners as a mixed-use housing and community space development with 160 affordable housing units, outside space, community spaces, and the Veggielution shared kitchen spaces. <https://www.525ncapitol.com/>

opportunities support Veggielution’s continuing role as a core facilitator in the local food system supporting food access, farmer development, and education programs.

2. **Model B – Eastside Grown programs:** Model B explores Veggielution’s need for infrastructure to support Eastside Grown program growth and allow access for farmers and small businesses within that program network to scale.

### Model A: Food System/Farm Hub at Emma Prusch Park Site

Model A was developed as a three-phase pathway to improving infrastructure (buildings, land/site), program expansion, and services expansion at the Emma Prusch Park site in East San José. The phases are not directly committed to any specific timeline, but it is assumed they could be implemented over a ten-year development timeline (or faster depending on engagement by the City of San José).<sup>41</sup>

#### Model Focus

Model A was developed to service the following objectives over the three phases and provide answers to the questions identified.

Table 166: Model A - model focus

| PHASE 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | PHASE 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | PHASE 3                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Improve existing buildings and sites to support expanded programming</b> <ul style="list-style-type: none"> <li>How does Veggielution expand existing programs using existing spaces and structures (with current utility supports)?</li> <li>What groundwork for improvements designated for future phases can be completed now (within reasonable budgets)?</li> <li>Can we identify long-term needs (space, budget, other resources) to support future programming (expansions or adds)?</li> </ul> | <b>Identify new program, space, or site opportunities to support long-term growth (across Veggielution programs)</b> <ul style="list-style-type: none"> <li>What are next steps (especially related to structures and sites) that will allow for better efficiency and use across the farm campus?</li> <li>What needed upgrades (foundations, utilities, changes to site/structure) can be fundraised for in order to improve access, programs, or add new opportunity to Veggielution’s offerings or work with their partners?</li> <li>Can Veggielution expand its role as a test hub site to support the larger regional hub project?</li> </ul> | <b>Identify long-term organizational goals that align with their strategy plan—improvements that will have big impacts on programs, partnerships, and organizational mission</b> <ul style="list-style-type: none"> <li>What are the next steps that help Veggielution to reach these goals?</li> <li>What physical and budget resources are needed to support?</li> </ul> |

<sup>41</sup> The role of the City is relevant here as the City is the owner of the park property and thus the landlord and partner to Veggielution for any work or improvements carried out there. All discussions of major improvements (land or flood plain remediation, roadwork, utility infrastructure) will require the partnership and investment of the City and thus are dependent on their timelines for implementation.

## Operating and Management Structure

At the park site, the City is the owner and landlord of the full park parcel. Veggielution has a long-term lease that allows for their use of the land for farming, development of the site, and buildings/structures in their section to support their programs and service offerings and the integration of partner uses where appropriate. This management structure will continue with any new developments proposed.

Veggielution operates the farm, supports buildings/structures, and programs as a non-profit and will continue in this operational role with any new developments proposed.

At the farm site, Veggielution supports four core audiences and will continue to engage them in any new work proposed:

- **Farmer partners (co-op members)**—Farmers within the Veggielution network support food access and retail efforts on the property by delivering crops grown to the site (or which Veggielution picks up and brings to the site). Farmers also may come to the property to utilize wash/pack resources and participate in educational and/or technical programming.
- **Community members (food access)**—Community members from the surrounding Mayfair and East San José community pick up CSA-style food boxes at the property and may also purchase fresh produce when seasonally available. These individuals/families may also participate in programs (educational, cultural, community-based) offered on-site for a fee or at no cost.
- **General public (retail/programs)**—Community members from San José may also purchase fresh produce when seasonally available and participate in program offerings at the site, especially geared toward children’s education or nutrition education.
- **Food system partners**—The farm, especially as imagined in the new model proposed, will act as a small food hub that can support food system work being done in the region. Partner organizations across that work will engage with the site via hub services (aggregation, wash/pack, processing, storage), retail opportunities (physical and virtual), and program work (including the development of the larger regional hub).

## Program Objectives and Focus

The farm site supports the following primary program objectives of Veggielution:

- **Farmer development**—The site supports internal development of farm skills, training programs, and opportunities for growing across the property, as well as resources for a regional network of farmers engaged via cooperative activities with Veggielution.
  - The new model expands upon both groups, offering Veggielution’s farmers greater facility resources for growing (greenhouses), processing/handling crops (wash/pack/process), storage, and retail (both virtual and physical).
  - The new model also supports the network of farmers engaged with Veggielution by integrating space for storage, processing/handling crops, and expanding sales/market opportunities via retail space and potential institutional pilot opportunities.
- **Food access (growing, distribution, and resources)**—The site grows a volume of food across its fields, greenhouse, and orchards that support Veggielution’s food access programs via CSA box pick-ups, retail offerings, and other distributions.

- The new model will offer support for expanded growing (greenhouse upgrades) as well as the potential to extend season via crop preservation, processing, and storage.
- In the future, certified spaces may also allow Veggielution to identify and explore food re-use program opportunities that may significantly expand food access resources.
- **Education/community placemaking**—The site connects to community members across all age groups by providing space to offer educational, cultural, nutrition/foods-focused, and community engagement events. These may include connecting community members to food resources via support services too.
  - Facility spaces will be improved to expand these programmatic offerings on-site and potentially increase spaces for eating/community placemaking across the campus.
- **Local food/expanded access**—Improvements to the site also offer several growth avenues including
  - increased production and aggregation with local network farmers to support institutional sales (schools, hospitals, and other community need points)
  - value-add or processing of crops to extend the season for sale in the retail marketplace or integration into food access efforts
  - development of virtual tools to expand sales opportunities of local goods for network farmer partners

### Model A Timeline

Model A is proposed to develop over the course of ten years with 2024 acting as the year of origin (year 1). The phases are identified as follows:

- Phase 1: Years 1–2 (2024–25) or subsequent, depending on the launch of work (origin date)
- Phase 2: Years 3–5
- Phase 3: Years 6–10

The major variables in the timeline will be the involvement of the City as a partner in needed upgrades to the park site.

### Park Site Considerations

Emma Prusch Park provides a significant amount of land for Veggielution’s programs and activities. However, the site has specific limitations—most notably, it lacks utility resources across most of the property (electrical and sewer) and is located in a flood plain, so it faces drainage, water management, and related issues.

Model A proposes that the site is upgraded over the course of three phases to support full electrical access for all structures and buildings, water management planning to support drainage needs, and improvements to roadways and access lanes. These are outlined in table 17 below.

**Table 17: Model A - park site infrastructure considerations/status**

| PHASE 1                                                                                                                                                                                                                                                                                                | PHASE 2                                                                                                                                                                                           | PHASE 3                                                                                                                                                                                                                                                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Campus has</b> <ul style="list-style-type: none"> <li>• electrical (limited) (see report), water; no sewer, no gas</li> <li>• limited solar (with 1 battery back-up set up)</li> <li>• no paved roadways (some gravel, some dirt)</li> <li>• drainage issues (is in 100-year floodplain)</li> </ul> | <b>Campus will have</b> <ul style="list-style-type: none"> <li>• expanded solar (to support kitchen/cocina mid-term) with battery back-up set up</li> <li>• improved roadways/drainage</li> </ul> | <b>Campus will have</b> <ul style="list-style-type: none"> <li>• electrical infrastructure support for all buildings/structure needs</li> <li>• improved roadways/drainage</li> <li>• gutters on all building/structures</li> <li>• sewer (TBD)</li> </ul> |

A plan for electrical integration (with suggested voltage upgrades and budget for improvements) was developed in 2019.<sup>42</sup> A water management plan will also be required (either via a study funded by Veggielution or the City) to best understand the actions, budget, and timeline for reducing flooding, standing water, and runoff issues across the property.

Recommendations for structural improvements over the course of the three phases are predicated on utility, site, and roadway improvements accompanying these investments in buildings and structures. Without electricity, some of the capacity assumed will not be able to be realized. Without sewer (a long-term goal), improvement to areas such as the kitchen (La Cocina) is not a realistic investment of funding or time. These utility improvements, paired with the structure improvements recommended, allow for the certification of these spaces to handle, lightly process, store, and sell goods across the campus (i.e., a retail vending certification, a food handling/space certification, etc.). The needed improvements to the site are outlined in table 18 below.

**Table 18: Model A - needed site infrastructure improvements**

| PHASE 1                                                                                                                                                                                                                                                                                                                                                           | PHASE 2                                                                                                                                                                                                                                                                                                                                                                                                                                             | PHASE 3                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Resurface primary access roads (gravel/dirt resurface) connecting front to back of campus (storage accessibility important)</li> <li>• Improve drainage ditches or runoff ditches near major structures</li> <li>• Create organized equipment and tool storage (+ any planning needed for future use or move)</li> </ul> | <ul style="list-style-type: none"> <li>• Road upgrades (pavement, blacktop, or crushed gravel) to support vehicle access across campus - small box truck, small car, tractor</li> <li>• Add gutters to all existing structures and direct water runoff during rain events</li> <li>• Plan for water/drainage (long-term) due to flood plain location</li> <li>• Wayfinding, program/storytelling signage integrated across all locations</li> </ul> | <ul style="list-style-type: none"> <li>• All roads paved/blacktop for full access across campus (or comparable permeable material providing same structural support)</li> <li>• Water/drainage plan implementation</li> <li>• Create campus map of final orientation to align with wayfinding</li> </ul> |

<sup>42</sup> Salas O'Brien, "Power Feed to Veggielution Study, a Report Prepared for the City of San José," July 2019 (included with appendix documents).

## Park Site: Buildings and Map

The park site currently has ten functional buildings across the property:

1. Farmstand (retail location/CSA pick-up)
2. La Cocina (kitchen/classroom)
3. Wash station (open air wash and rinse station)
4. Small pavilion (open air, currently used for a packing station)
5. Storage shed (limited use currently)
6. Large pavilion (open air gathering/classroom space)
7. Small tools/equipment storage sheds (three structures)
8. Shipping container storage (solar-powered + battery storage container)
9. Open air packing station (located between storage/battery containers, only used part of year)
10. Greenhouses (three structures)

In addition, there are several smaller structures that offer limited storage (shipping container or wooden structures), small support structures for animals (chicken coops), plants (special growing projects), or art structures (tree/community gathering space). Veggielution also has an offsite storage unit at an adjacent storage facility (for drop of large orders, packing supplies, etc.) for trucks that cannot access facilities due to road conditions.

The following photograph depicts the arrangement of buildings and growing spaces across the campus (figure 7):

Figure 7: Emma Prusch Farm Park campus



Model A proposes to upgrade several building structures (retail shop, cocina/kitchen, large pavilion) and to consolidate a wash/pack area near the greenhouse and storage area. It is also possible that in phase 3 a new retail/market area will be developed (discussed in the retail section to follow) in the rear of the property (near outdoor classroom shown on figure 7 above).

### Model A: Three-Phase Development Outline

Model A supports development over three phases according to the following outline:

Table 19: Model A - three-phase focus

| PHASE 1                                          | PHASE 2                                                    | PHASE 3                                      |
|--------------------------------------------------|------------------------------------------------------------|----------------------------------------------|
| <b>IMMEDIATE</b> --> Upgrades, mid-term planning | <b>MID TERM</b> --> Changes/new builds, long-term planning | <b>LONG TERM</b> --> Changes/future-proofing |

Each of the following sections addresses the upgrades or proposed changes to the primary buildings and structures (and the programs or services they service) across the park site. Each of these sections addresses the following in relationship to that space:

- **Capacity and budget to allow for planning or plan development:** This refers to capacity among current team members to support proposed infrastructure, site, or program changes. This category may include engaging partners, community members, or program audiences; continued collaboration or work with the City; or engagement of specialists (architects, engineers, study leads) to support architectural plans, study, or master plans. The goal or outcome of this category is to support (especially in phases 1 and 2) the development of clear, documented/drafted plans to support financially significant investments in phases 2 and 3 (such as building investments, new equipment, new staff, etc.).
- **New staff roles:** The expansion of hub functions and programs, retail programs, and expansion of existing services across buildings/site offerings will require the organization to grow. Projected roles have been identified and built into budgets in two ways:
  - **1. As a component of the cost model** so that new roles can be planned for and fundraised for in advance of hiring. This assumes that some of these roles with specific project objectives (such as supporting farmer aggregation and distribution, expanding online sales offerings, and expanding program offerings) may also be good candidates for identifying grant opportunities to offset these salaries. In the cost models, these roles have been benchmarked to the timeline of the phase (for example, phase 1 runs over two years).
  - **2. As a component of the operational breakeven model.** The budget for new labor is duplicated in the second model, which provides a high-level look at additional costs that will need to be built into existing organizational profit and loss calculations (P&Ls). This helps to provide a high-level estimate of additional funding or revenue that would need to be identified to offset these additional costs if those expansions or program adds were made.
- **Construction or site infrastructure investments.** The hard and soft costs and actions associated with upgrading, renovating, or building out building and site infrastructure across the park. Where applicable, it is noted when these investments are contingent on utility or site changes that will require participation of key partners like the City.

- **Equipment or resource investments:** The costs and suggested actions that will support program, service, or facilitate changes within buildings as development proceeds. Again, where applicable, it is noted where these may be contingent on utility, site, or building progress prior to spend.

### *Retail/Market Building Renovation and Re-Location*

The focus of improvements to the retail/market building are threefold:

- Reinforce or move the primary market structure (by phase 3) with small/incremental improvements along the way to support better access for clients/customers, a more stable structure, and the opportunity to expand offerings.
- Integrate placemaking spaces (dining area, consultation space, signage/storytelling) to connect the products on offer to wider mission goals (education, local food promotion, connection to farmers and producers).
- Increase staff capacity to support expanded offerings (retail/food access) and integrate the retail/market space with hub activities such as aggregation or online sales.

Table 20: Model A - market building outline

| PHASE 1                                                                                                                                                                                                                                                                                                                                                                                                                                              | PHASE 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | PHASE 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Capacity/existing conditions upgrades:</b> <ul style="list-style-type: none"> <li>• Add 1 hand sink station</li> <li>• Planning capacity to support hub/network activities (aggregation, sourcing, partner products, expanded retail, expanded CSA/food access)</li> <li>• Staff expand by PTE (0.5) to support additional days of operation and new programs</li> <li>• 1–2 picnic tables out front of retail building to add seating</li> </ul> | <b>Limited upgrades and planning:</b> <ul style="list-style-type: none"> <li>• Planning capacity to support for a) building upgrades or move, b) with kitchen team to identify products (value-add, gleaned, prepared), c) farmers market plan (pavilion site), d) for new site to support engagement spaces (learn, shop, eat), more grocery/products, better connection to box/food access supports</li> <li>• Planning capacity for long-term operations goals: co-op to run/partner to run</li> <li>• Staff expand by 1.5 FTE - support planning, sourcing, aggregation, partner sales, new products, new operational days</li> <li>• Upgrade technology/sales platforms (local foods marketplace or similar, add partner offerings to platform)</li> </ul> | <b>Upgrades to building to support retail use permit and inspectable space:</b> <p><b>OPTION A (existing site):</b></p> <ul style="list-style-type: none"> <li>• Foundation - stabilized or replaced</li> <li>• Insulation to manage heat/cold</li> <li>• If sewer improved: connect sink into drainage</li> <li>• Move mural to other structure + expand interior market shelving</li> <li>• Replace windows with glass</li> <li>• Make secure (lockable doors, windows, protect assets)</li> </ul> <p><b>OPTION B (back-gate location):</b></p> <ul style="list-style-type: none"> <li>• Build new structure (farmstand and retail market) with dedicated parking</li> <li>• Re-set existing structure as consultation space to support benefits/food access service/program engagement</li> </ul> <p><b>OTHER ADDS:</b></p> <ul style="list-style-type: none"> <li>• Integrate more product offerings (value-add, partner value-add,</li> </ul> |

| PHASE 1 | PHASE 2 | PHASE 3                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |         | <p>gleaned, prepared - both retail/food access)</p> <ul style="list-style-type: none"> <li>• Add one day/week farmers market (partner farmers) in large pavilion space (*dependent on road/access improvements)</li> <li>• Staff expand to 2–2.5 FTE - support retail days, new products, market need, consultation needs, online (sourcing, sales)</li> <li>• <b>OR</b> identify co-op or partner operators to run</li> </ul> |

The expansion of the market will also require Veggielution to explore whether the organization or one of their partners is a best fit for operating the retail/market offerings (i.e., an Eastside Grown business or co-op farmer member). Expanding sales days, increasing product mix, and integrating aggregation/virtual sales will place new demands on the organization that might be best serviced by a partner, which could promote the opportunity for Veggielution to grow/expand the mentorship of a small business operator.

Future opportunities, explored in phase 3, include several options for revenue generation that might support a small business operator or offset operational costs for Veggielution. These include

- diversifying product mix via an online platform such as Local Food Marketplace to increase general sales or create opportunities for food access users to integrate more choices into food selections
- connecting to an on-site farmers market (to be held at the large pavilion site) to create more sales opportunities and build demand among local consumers (who will associate the campus with more than one or two days of operation or purchasing opportunities as it currently stands)
- diversifying product mix to include value-add products (produced in the shared kitchen or processing spaces discussed later in this report)

In the modeling (financial) phase 3 is split into two scenarios (A and B), depending on whether the current retail/market site is renovated or whether a new retail/market site is built near the back section of campus. Scenario B—moving the retail to the rear location—has its advantages, which include the potential to increase parking and gathering spaces (dining seating, events, etc.) and potentially to tie the retail space to better road infrastructure access, which would facilitate deliveries and consumer access. The planning proposed in phases 1 and 2 will include an evaluation of the front versus back location for the retail/market space, and a final decision will be made prior to the conclusion of year 5 (as proposed).

### *La Cocina/Kitchen Space Improvements*

The kitchen space currently is a classroom space that cannot be certified as a food-safe food production space due to several limitations:

- no electricity (no lighting, ventilation, or adequate utility support for refrigeration)
- no sewer drainage for water (dishwashing and handwashing currently drain into groundwater)

- no building insulation or seals—moving wall/doors, garage doors are neither insulated or properly sealed to prevent pests/rodents and other environmental factors in the space
- no foundation to properly support building needs or additional equipment weight
- no hot water (due to electricity) to support proper hand and ware washing

The improvements to the space address all these issues with the goal of creating a food-safe, certifiable space at the conclusion of phase 3. As noted prior, most of these improvements will be contingent on utility upgrades to justify the expenditure and investment in buildings.

Table 21: Model A - kitchen building outline

| PHASE 1                                                                                                                                                                                                                                                                                                                                                                                                                                                   | PHASE 2                                                                                                                                                                                                                                                    | PHASE 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Existing conditions upgrades:</b> <ul style="list-style-type: none"> <li>• Small boiler/booster for sink system</li> <li>• Add outside handwash station (near cooking station)</li> <li>• Install overhead fans for air circulation</li> <li>• Solar panels (rooftop) + battery back-up (small shed) to support current needs (boiler, fans, and limited refrigeration) and future needs (lighting) and integrate with electric (long-term)</li> </ul> | <b>Limited upgrades and planning:</b> <ul style="list-style-type: none"> <li>• Planning capacity to support plans for building upgrades</li> <li>• Add lighting system that can operate short term off solar and long-term with electrification</li> </ul> | <b>Upgrades to building to support use permit and inspectable space (all contingent on electric/site improvements):</b> <ul style="list-style-type: none"> <li>• Foundation - stabilized or replaced</li> <li>• Floors, walls, ceiling - cleanable/smooth/food-safe surfaces</li> <li>• Insulation to manage heat/cold</li> <li>• Windows - lockable, glass</li> <li>• Replace moving wall-door/garage door to ensure seals (or replace with walls/doors)</li> <li>• Floor drains (add x 2)</li> <li>• Small water heater for sink system</li> <li>• Electrical upgrades to support two refrigerated units (indoor), lights/fans, and table-top appliance use</li> <li>• Create flexible overhead utility grid with pull-down outlets to support education stations</li> <li>• If sewer improved: connect sinks/floor drains into drainage</li> </ul> |

The improvements to the kitchen space will support three programming objectives/expansions:

- ability to offer classes around nutrition, food preparation, or products (value-add) for a fee or free access linked to other programs (revenue opportunity for Veggielution)
- ability for clients to offering catering support in the space connected to events being held on the campus (revenue opportunity for small businesses)
- ability to use the food-safe space to do minimal processing to expand seasonal life of products grown by Veggielution or partners (chopping, freezing, dehydrating, canning, etc.)

### *Large Pavilion Improvements*

The large pavilion is a functional space on the Veggielution campus. It offers a classroom or gathering space for classes and cultural and community events. Improvements to the space to keep out noise and pollutants generated by the nearby highway system or by incursion by the birds that roost across the park property (improvements limited in budget and scale) will offer the opportunity to use the space

more comfortably over all four seasons and potentially to increase programming that generates revenues for Veggielution.

As discussed in the retail section prior, the pavilion might also, if staff capacity exists for its scale, support a farmers market of a more traditional scale on the campus. Partner and network farmers could set up stalls to offer their product to consumers from communities across the area.

**Table 22: Model A - large pavilion outline**

| PHASE 1                                                                                                                                  | PHASE 2                                                                                                                                                                                                                                              | PHASE 3                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>No immediate change:</b> <ul style="list-style-type: none"> <li>Outdoor pavilion (roughly 800 sq ft), covered but open air</li> </ul> | <b>Upgrades to support noise and dust reduction (existing audiences):</b> <ul style="list-style-type: none"> <li>Adjustable louvred sides (or similar structure) to contain noise, highway dust, and make pavilion usable in four seasons</li> </ul> | <b>Expand programs:</b> <ul style="list-style-type: none"> <li>Upgrade electrical connection (as needed to support functions)</li> <li>Add farmers market (1 day/week start) with partners in pavilion</li> <li>More education/paid programs offered</li> <li>Staff expand to 0.75–1 FTE to support market/program expansions</li> </ul> |

### *Storage Improvements – Hub Connection Point*

The campus currently supports a forty-foot shipping container storage unit that operates at half capacity (roughly twenty feet of the container is sealed off and holds temperature for cold storage). The unit is supported by a solar array and battery back-up unit housed in a second shipping container unit adjacent.

The primary improvement opportunity for storage would be activating the full container and doubling capacity for holding, as well as increasing the ability of Veggielution to offer holding to farmer partners in their network. This increased capacity would be best supported by the ability to integrate some electrical support for the unit – increasing cooling across all seasons and would be dependent on electrical being run to the unit.

Further, as discussed in other sections, the integration of a virtual platform (to increase sales opportunities for Veggielution and its partners) or further expansion of aggregation activities (hub actions aggregating product from local farms for sale to consumer or institutional accounts) will require adequate storage space to support short term holding of these aggregated products. Growth/scale of programs thus needs the integration of more efficient storage with better capacity – both aided by electrical integration into the storage supports.

**Table 23: Model A - storage outline**

| PHASE 1                                                                                                                                                                                                                                                                                           | PHASE 2                                                                                                                                                                                                                                                                      | PHASE 3                                                                                                                                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Capacity/existing conditions upgrades:</b> <ul style="list-style-type: none"> <li>40 ft shipping container (cooling 20 ft) supported by solar</li> <li>Small budget for additional racking to support outside users</li> <li>Plan for full storage, wash, pack station in phase 2/3</li> </ul> | <b>Capacity/limited upgrades:</b> <ul style="list-style-type: none"> <li>Staff expands to 1-1.5 FTE to support partner programs and hub activities</li> <li>Build online platform (with retail) to support institutional sales (partner and Veggielution product)</li> </ul> | <b>Upgrades:</b> <ul style="list-style-type: none"> <li>Electrify to support expanded function (full 40 ft use - shared space for new programs or partner use) AND to offset solar demand in peak usage</li> </ul> |

| PHASE 1                                                                                                                                                       | PHASE 2                                                                                                              | PHASE 3                                                                                                                                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Staff expands by 0.5 FTE to support partner programs and hub functions (works with staff related to retail)</li> </ul> | <ul style="list-style-type: none"> <li>Aggregation pilot (school system)</li> <li>Plan for emergency uses</li> </ul> | <ul style="list-style-type: none"> <li>Plan for expansion needs: second storage unit (on site) or activation of PAL or similar site (space, staff, funding)</li> </ul> |

### *Wash/Pack Centralization – Hub Connection Point*

Directly related to the role of storage in expanding the hub activities of Veggielution is adequate four-season space to wash, sort, and pack produce coming from their fields and their partners. Currently these activities are supported by three areas: (1) a small dirt-floor area near the kitchen building with a small roof that supports a wash station; (2) a small, covered pavilion that supports a packing station; and (3) in some seasons, the space between the storage/battery units covered by a tarp that supports packing.

The centralization of these three needed functions (wash, sort, pack) into one protected, hygienic location is necessary to support any of the proposed expansions discussed in prior sections. These include greater product for sale via any outlet or offered via food access programs.

Currently, a small grant of \$200,000 has been awarded to Veggielution to support planning, designing, and implementing a new consolidated space on land adjacent to the storage units. This level parcel of land will allow for a small structure to be built (with foundation, movable walls, and a roof) and, if electrified, to offer improvements to food-safe handling such as hot water, better air circulation, and/or heat for packers/users. The model outlines the development of a plan in phase 1, with the building in phase 2, and the integration of electrical supports in phase 3 (and sewer if included in site upgrades).

Table 24: Model A - wash/pack space outline (hub)

| PHASE 1                                                                                                                                                                                                                                                                                                                                                               | PHASE 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | PHASE 3                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>No immediate change:</b> <ul style="list-style-type: none"> <li>Small pavilion set up as packing station (powered by extension from main pavilion); chicken netting to secure</li> <li>Open air wash station (adjacent)</li> <li>Plan for new wash/pack station - pavilion design, budget, equipment needed <b>(have \$200k to support this effort)</b></li> </ul> | <b>NEW wash/pack station near storage:</b> <ul style="list-style-type: none"> <li>Basic structure: roof, concrete foundation, louvered sides to protect from dust (adjacent to storage area), garage doors on each end to open or secure</li> <li>1–2 floor drains in new foundation</li> <li>Move wash sinks (add booster to support water temps)</li> <li>Add overhead fans (air movement) + budget for heaters (next phase)</li> <li>Connect to solar to support lights/overhead fans and booster</li> </ul> | <b>Upgrade wash/pack station:</b> <ul style="list-style-type: none"> <li>Electrify to support expanded function (not pull against solar) — overhead fans, overhead heaters, lights</li> <li>If sewer improved: connect sinks/floor drains into drainage</li> </ul> |

The wash/pack activities that the upgrades would support are also central activities of a hub—supporting the ability to aggregate produce from multiple sources and create a single, unified product stream to go out to buyers/users (all product comes in via varying sources then is washed and packaged according to standards and identified for various outlets). Expanding Veggielution’s activities as a “mini hub” for the regional food system is thus dependent on these upgrades as outlined in this section and the storage section prior.

### Additional Upgrades or Resources

A few additional items that will be needed to support expanded programs are outlined in table 25.

Table 25: Model A - additional upgrades needed

| PHASE 1                                                                                                                                                                                                                                                                                         | PHASE 2                                                                                                                                     | PHASE 3                                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• Work with City to develop a land-use management plan and water management plan</li><li>• Internally decide (and budget for) how to activate across plans in future phases and how to match plan objectives to Veggielution strategy and goals</li></ul> | <ul style="list-style-type: none"><li>• With expanded programs/functions - cold transport box truck or sprinter (to move product)</li></ul> | <ul style="list-style-type: none"><li>• If new roads - new forklift or hi lo</li></ul> |

### Financial Modeling – Project Development Budget (Cost Model)

The cost to support the improvements outlined across all component spaces and programs fall into four categories:

1. **Construction costs** – costs associated with building improvements and renovations as detailed. These are detailed according to the estimated square footage of each space and a per-square-foot construction cost. These are detailed in the building program and construction cost tabs of the model workbook.<sup>43</sup>
2. **Site construction costs** – costs associated with site improvements required (utility upgrades, land improvements, etc.), specialist inputs (architecture, other specialist), and planning budgets to support Veggielution staff capacity and needs. These are detailed in the site cost tab of the model workbook.<sup>44</sup>
3. **Additional development costs** – costs projected for equipment, new staff roles, and operational costs that would accompany the expanded programs, services, or spaces. These are detailed in the equipment, labor, and other cost tabs in the model workbook.<sup>45</sup>
4. **Working capital** – All projects are also built with limited upfront capital needed to purchase inventory or support immediately needed resources in each phase of work, and three months of operational costs (labor and operational expenses).<sup>46</sup>

<sup>43</sup> Construction costs are sourced from three national construction industry source guides that project costs per space type for a region of the country, urban vs. rural project location, and incorporate inflation, labor, and other cost escalation categories. These are updated bi-annually and used as a source for NVA projections.

<sup>44</sup> Site costs are benchmarked against comparable projects, spec quotes from industry resources, and sample project budgets to provide a reasonable assumption for each cost category.

<sup>45</sup> Labor has been benchmarked against current Veggielution salary models. Equipment and other SG&A (selling, general, and administrative) costs are based on quotes or resourced from local information sources (such as utility websites).

<sup>46</sup> It is also recommended that once all operating costs are built into overall operational budgets (the organization's P&L) and annual losses are understood, then the needed balance to offset new operations until breakeven can be achieved can be accounted for in funding planning.

Table 26: Model A - project development budget (cost model)

| COST CATEGORIES                                         | PHASE 1             | PHASE 2               | PHASE 3               |                       |
|---------------------------------------------------------|---------------------|-----------------------|-----------------------|-----------------------|
|                                                         | YEARS 1-2           | YEARS 3-5             | POST YEAR 5           |                       |
|                                                         | COSTS               | COSTS                 | SCENARIO A            | SCENARIO B            |
| Land or Building Purchase Cost                          | \$0.00              | \$0.00                | \$0.00                | \$0.00                |
| Building Construction Costs                             | \$350.00            | \$114,246.40          | \$364,327.20          | \$413,595.50          |
| Market/Retail Space                                     | \$350.00            | \$0.00                | \$69,929.20           | \$119,197.50          |
| La Cocina (Kitchen/Processing Space)                    | \$0.00              | \$0.00                | \$286,902.00          | \$286,902.00          |
| Large Pavillion (Gathering/Classroom Space)             | \$0.00              | \$72,000.00           | \$0.00                | \$0.00                |
| Storage Spaces                                          | \$0.00              | \$0.00                | \$7,496.00            | \$7,496.00            |
| Wash Pack Station (Small Pavillion/New)                 | \$0.00              | \$42,246.40           | \$0.00                | \$0.00                |
| Site Construction Costs                                 | \$121,734.25        | \$159,071.75          | \$420,052.90          | \$420,052.90          |
| Planning & Utility Upgrades                             | \$88,021.75         | \$18,021.75           | \$218,502.90          | \$218,502.90          |
| Land/Site Infrastructure Upgrades                       | \$23,012.50         | \$124,350.00          | \$178,850.00          | \$178,850.00          |
| Additional Cost Categories (Build/Dev)                  | \$10,700.00         | \$16,700.00           | \$22,700.00           | \$22,700.00           |
| Additional Development Costs                            | \$194,488.00        | \$1,207,019.36        | \$3,598,254.66        | \$3,598,254.66        |
| Equipment                                               | \$4,480.00          | \$92,810.00           | \$43,400.00           | \$43,400.00           |
| Increased Staff Capacity                                | \$190,008.00        | \$1,114,209.36        | \$3,554,854.66        | \$3,554,854.66        |
| <b>Total Costs Across Categories</b>                    | <b>\$316,572.25</b> | <b>\$1,480,337.51</b> | <b>\$4,382,634.76</b> | <b>\$4,431,903.06</b> |
|                                                         | YEARS 1-2           | YEARS 3-5             | POST YEAR 5           |                       |
| Working Capital                                         | \$55,199.85         | \$234,184.04          | \$607,909.26          | \$612,836.09          |
| Upfront Capital Budget                                  | \$31,657.22         | \$148,033.75          | \$438,263.48          | \$443,190.31          |
| 3 months of COGS and OpEx                               | \$23,542.63         | \$86,150.29           | \$169,645.78          | \$169,645.78          |
| Support Facility till breakeven                         | \$0.00              | \$0.00                | \$0.00                | \$0.00                |
| <b>Total Costs Across Categories w/ Working Capital</b> | <b>\$371,772.10</b> | <b>\$1,714,521.55</b> | <b>\$4,990,544.02</b> | <b>\$5,044,739.15</b> |

The sum of these costs projects a total project budget across all three phases that fundraising will need to support—**\$372,000** in phase 1, **\$1.7 million** in phase 2, and **\$5 million** for the full development projected in phase 3.<sup>47</sup>

### Financial Modeling – Breakeven/Operational Funding Budgets

In addition to the upfront costs to support the development of these projects (upgrades, new builds, staff capacity) the proposed changes will impact Veggielution’s P&L and overall operational budgets.

<sup>47</sup> The development model (cost model) provides a foundational “total project budget” that can be used as the basis for a capital campaign. These actions and needed activities are discussed after the modeling section in the funding development planning section.

These include the following (detailed in the financial/operational workbook provided in the appendix):

- **Staff costs** – Although these costs are represented in table 26 above so that funding can be secured in advance of new role hires, they are itemized across ten years in tables 27 and 28 below to represent the impact to be figured into operational budgets. Staff costs are projected based on new roles needed and include salary base, taxes, and benefits packages as aligned with Veggielution’s current structure.
- **SG&A costs** – These are additional standard operating costs that are associated with new spaces or programs. Any non-profit organization, such as Veggielution, will have detailed cost categories that include everything from utilities to planning and travel budgets. The changes/upgrades to the campus spaces and programs may also require some specific additions to the primary categories identified below: utility spend (increases and improvements to), maintenance (specifically related to equipment), and new costs associated with booking software, technology additions, or specialized costs related to functions (chemical contracts, etc.).

The breakeven model illustrates the funding or revenue needed to offset additional operational costs that the program and space additions will add to Veggielution’s bottom line. As illustrated in tables 27 and 28 below, Veggielution will have to fund **\$94,000** of additional operational costs in year 1, growing to just over **\$780,000** by year 10.

**Table 27: Model A - breakeven model (years 1–5)**

| Forecast                         | PHASE 1            |                    |                     | PHASE 2             |                     |
|----------------------------------|--------------------|--------------------|---------------------|---------------------|---------------------|
| OPS -->Breakeven Model           | Year 1             | Year 2             | Year 3              | Year 4              | Year 5              |
| Labor (wages, taxes, benefits)   | \$93,600.00        | \$96,408.00        | \$360,480.56        | \$371,294.98        | \$382,433.82        |
| Utilities                        | \$122.50           | \$126.18           | \$3,329.96          | \$3,429.86          | \$3,532.75          |
| Maintenance                      | \$448.00           | \$461.44           | \$9,756.28          | \$10,048.97         | \$10,350.44         |
| Software/Operations              | \$0.00             | \$0.00             | \$960.00            | \$988.80            | \$1,018.46          |
| <b>Total Operating Costs</b>     | <b>\$94,170.50</b> | <b>\$96,995.62</b> | <b>\$374,526.80</b> | <b>\$385,762.61</b> | <b>\$397,335.48</b> |
| Margin needed                    | 0.0%               | 0.0%               | 0.0%                | 0.0%                | 0.0%                |
| <b>Revenue Needed for Margin</b> | <b>\$94,170.50</b> | <b>\$96,995.62</b> | <b>\$374,526.80</b> | <b>\$385,762.61</b> | <b>\$397,335.48</b> |

**Table 28: Model A - breakeven model (years 6–10)**

| Forecast                         | PHASE 3             |                     |                     |                     |                     |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| OPS -->Breakeven Model           | Year 6              | Year 7              | Year 8              | Year 9              | Year 10             |
| Labor (wages, taxes, benefits)   | \$669,573.13        | \$689,660.32        | \$710,350.13        | \$731,660.63        | \$753,610.45        |
| Utilities                        | \$8,303.65          | \$8,552.76          | \$8,809.35          | \$9,073.63          | \$9,345.84          |
| Maintenance                      | \$14,690.44         | \$15,131.15         | \$15,585.09         | \$16,052.64         | \$16,534.22         |
| Software/Operations              | \$1,018.46          | \$1,049.02          | \$1,080.49          | \$1,112.90          | \$1,146.29          |
| <b>Total Operating Costs</b>     | <b>\$693,585.68</b> | <b>\$714,393.26</b> | <b>\$735,825.05</b> | <b>\$757,899.80</b> | <b>\$780,636.80</b> |
| Margin needed                    | 0.0%                | 0.0%                | 0.0%                | 0.0%                | 0.0%                |
| <b>Revenue Needed for Margin</b> | <b>\$693,585.68</b> | <b>\$714,393.26</b> | <b>\$735,825.05</b> | <b>\$757,899.80</b> | <b>\$780,636.80</b> |

## Risk Assessment and Remediation Strategies

The primary risks associated with the proposed development at the park site are three-fold:

1. **Risk of city match/commitment for site infrastructure needs:** Although phase 1 and portions of phase 2 improvements can be carried out without the partnership of the City of San José (landlord and owner of the park property), the majority of phase 2 and phase 3 improvements are contingent on the City supporting three crucial site infrastructure improvements: utility integration (electrical and potential sewer connection), road infrastructure, and eventually water management.
  - a. **Risk:** All three improvements will require substantial planning and investment from city partners. This makes it a medium to high risk as city budgets, capacity, and commitment to non-primary structural improvements are often limited and can be contingent on state or federal support for funding.
  - b. **Remediation:** Immediate and active engagement with the appropriate leadership representatives from the City to begin negotiations, map out a timeline and planning initiative that supports desired outcomes, and begin planning for additional funding to offset internal costs or match costs.
2. **Structural risks:** The buildings throughout the park property were not originally designed for the desired uses that Veggielution has repurposed them for. With this and the age of structures, there is a risk that improvements such as replacing foundations and creating “sealed” food-safe spaces may incur escalated construction costs due to unforeseen conditions or additional decay discovered in the process.
  - a. **Risk:** Undertaking building improvements may increase total construction budgets once existing conditions are fully assessed and additional constraints or issues are identified.
  - b. **Remediation:** Engaging licensed, local architects and build teams early in the process to develop plans, assess existing structural condition, and build contingency plans will help to put realistic budgets and expectations around all builds.
3. **Flood plain/water risk to new development:** The park space allocated to Veggielution sits in a floodplain and currently has water drainage, standing water, and flooding issues associated with changing and escalated weather patterns.
  - a. **Risk:** Undertaking significant building improvements across the property without a clear water management plan may incur additional costs if weather events escalate or worsen.
  - b. **Remediation:** As identified in the site needs, engaging a firm to conduct a water management plan early in the planning for all site improvements—to include identifying water drainage improvements, identifying how best to improve roadways with consideration for permeable surfaces, and adding elements such as gutters to structure builds—will allow planning to encompass a site-wide approach and potential mitigate individual issues that may be faced with each smaller project on the campus.

## Future Opportunities (Revenue Generation)

Although Veggielution’s primary programming is focused on community access to healthy foods and is designed to service programs that typically require funding and grant work to offset operational needs, several opportunities have been identified across the campus that may represent opportunities to add revenue-generating programs in the future. Long-term, these types of opportunities should be considered and may offer Veggielution either a method of generating small revenue streams or the

opportunity to support entrepreneurs or small businesses (farmers, co-op members, Eastside Grown) within their networks who could operate those programs or services.

These include but are not limited to the following:

- **Educational, skills (technical—farm, garden, small business), and cultural classes or programs:** Veggielution’s expertise extends across multiple areas related to food, and although current programs are designed to service education, community, and small business development objectives, there is an opportunity to expand this programming in the future to include for-profit classes and events offered at park sites. These could include several classes and program offerings that were identified in the market analysis as being of interest across the community, including garden and farm skills, crop planning, cooking and nutrition courses, and small business development offerings.
  - Ex: [Stone Barns Center for Food and Agriculture](#) is a non-profit that offers programs, classes, and events that attract a paying clientele to learn more about agriculture, food, and cooking from experts within the Stone Barns programming teams.
- **Expanded institutional sales:** Veggielution is piloting a one-crop test of growing for sale into a local school site (one school) in the 2024 growing season. As development progresses, Veggielution could support the aggregation of desired crops from its own growing and partner farmers to support institutional demand that was well documented in the feasibility study outreach with local buyers (where demand outweighed local supply significantly).
  - Ex: [Project EATS](#) is a non-profit that supports multiple urban farm sites across New York City and its boroughs. Project EATS partners with other local urban growers to source fresh produce that it offers via food access channels and also distributes to hospital, housing project, and school clients throughout the city. Partnerships with major food access support organizations also create revenue that offsets the organization’s growing and operational expenses and allow budget for additional growth and development. Project EATS also partners effectively with city housing authorities to identify growing parcels and outlets for food preparation and distribution.
- **Expanding SNAP/EBT offerings via retail or farmers market:** The proposed expansion of the retail market building (phases 2–3) and the potential addition of a farmers market at the large pavilion (phase 3) will require the integration of capabilities to support clients/consumers in using SNAP/EBT benefits and other state/city programming integrations to make these offerings as accessible as possible. Providing a central access point that can support the program integration across all areas (i.e., a central engagement stall that can provide tokens or vouchers that can be spent with any farmer, in the retail space, or to purchase any other items offered for sales) is a best practice that should be pursued.
- **Local food system supports (partnership with the City):** Veggielution’s desired expansions into a small food hub supporting local aggregation, processing/packing, and distribution of needed food resources is a necessary addition to the local food system. Developing partnerships with city officials and leadership to identify product needs and support the aggregation and distribution of these products as storage and related facilities are developed across the campus could help to garner needed funding and resources.
  - EEFI is a non-profit food organization building a food hub on Long Island in New York. EEFI has effectively partnered with local city, county, and regional government offices to identify food needs across food access, institutional audiences, and identify funding and opportunities to partner to meet these needs. The new food hub site will support

processing and product development of needed products to support these identified needs.

- **Expanded site opportunities (PAL concept):** If Veggielution is able to make the hub aspects of the development model successful (i.e., generate enough revenue or identify funding to offset operational costs), there is the potential to expand these services and infrastructure elements to additional sites. As part of the modeling exercises, NVA developed a pure concept model that could be constructed in roughly 2,000 square feet of space. It was proposed that one of the underutilized buildings at the PAL site adjacent to the Veggielution campus could be repurposed to serve as a hub. This additional concept also offers an opportunity to expand hub functions (food-safe processing, packing, storage, and distribution spaces) that are already directly connected to city utility services (water, sewer, electric) and with ample parking and truck access. A design of the proposed PAL concept site and related financial modeling are included in the supporting appendix documents as a potential future opportunity.
- **Expanded service/program/product opportunities (gleaned or re-used foods):**<sup>48</sup> Veggielution is well positioned to expand work they are doing in food access—supporting better local options and nutritional food access for community members—to include gleaned items and food re-use. This work will require food-safe, licensed kitchen space for most of this work and thus is discussed in depth in the kitchen business analysis sections to follow. However, entry level work in this space often involves gleaning of farm products and packaged goods from manufacturers, and the improvements to packing/aggregation and the cocina spaces proposed at the farm in phase 3 might support this work.<sup>49</sup>

## Model A: Conclusions and Recommendations

There is significant opportunity at the Emma Prusch Park site to stabilize assets that support Veggielution’s core programming and services. Over time, building new infrastructure supports will allow Veggielution to explore, on a manageable scale, the original objectives of this project scope—to support a network of local farmers and producers as a hub. The main distinction is that this proposed model, informed heavily by the feedback from partners and farmers gathered at the engagement workshop in September, is driven by focusing on the traditional hub space, programs, and services that are most compatible with the strategy and mission of Veggielution.

The hub features or services identified as most compatible with the work Veggielution demonstrates strength and capacity for include (but may not be limited to) the following:

- **aggregating** products from their local network of farmers (and potentially expanding the reach of that network) to service food access, food retail, and potentially institutional food outlets over time—work that supports the **expansion for markets and sales outlets** for their own product and that of their network; expanded storage assets, better wash/pack space, expanded retail on-site, and potentially certified processing space all support this work.

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<sup>48</sup> This will be explored in more depth in the kitchen business analysis sections to follow.

<sup>49</sup> Gleaning is simply the act of collecting excess fresh foods from farms, gardens, farmers markets, grocers, restaurants, state/county fairs, or any other sources to provide it to those in need. Modern gleaning includes collected packaged consumer products (i.e., pop tarts, packaged bread, etc.), fresh produce and fruit crops, and pre-cooked food items (i.e., from restaurants, catering halls, or other sources). More information on gleaning has been prepared by the USDA outlining major programming lanes:  
[https://www.usda.gov/sites/default/files/documents/usda\\_gleaning\\_toolkit.pdf](https://www.usda.gov/sites/default/files/documents/usda_gleaning_toolkit.pdf).

- **developing sales sites and opportunities** for their own products and that of their network via on-campus options (expanded retail market, farmers market, food access box programs), distribution options (institutional sales pilots or expanded programs), and virtual options (an online sales platform such as Local Food Marketplace connected to the store, consumer, or wholesale sales)
- **supporting access to needed cold storage and wash/pack space resources** for farmers across their network—both in the expansion/upgrade of on-campus spaces and the long-term potential identified as the PAL concept model

All these explorations of Veggielution’s role within a hub model also support the work that is to be undertaken in exploring the larger regional hub concept with partners. These activities and space upgrades allow for Veggielution to demonstrate capacity as one of the hubs in a larger network, support network development slowly and incrementally from within their existing relationships, and potentially support the exploration of a virtual or online platform as a phase of development.

However, both the exploration of the hub roles and the expansion of other Veggielution programs—such as classes, education and community programming, food access distributions, and incubation of farmers and small businesses—that the site upgrades support are extremely dependent on continuing partnership and investment from the City as a landlord, park operator, and partner in Veggielution’s growth. Relationship development with city (and county) officials to support planning needs, strategy development, and long-term infrastructure and site upgrades is crucial to the realization of the benefits and growth that phase 2 and phase 3 present.<sup>50</sup> To this end, NVA recommends that following this feasibility, Veggielution works closely with the City of San José and the County of Santa Clara, where applicable related to programming objectives, to share the model and vision forward and find opportunities for implementation, funding, and effective collaboration to realize the ten-year outcomes.

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<sup>50</sup> The relationship between EEFI and its city/county partners was cited earlier, but there are numerous viable examples of city/non-profit partnerships that have helped to advance food access and food system resources significantly. These include (but are not limited to) [ReThink Food](#) and the City of NYC; [City Harvest Food Access](#) and the City of NYC/State of New York; [The Food Group MN](#) and Minnesota city agencies; and the [Urban Growers Collective](#) and the City of Chicago.

## Business Analysis (Part 2)

### Model B: Shared Production Kitchen (525 N Capital Avenue Project)

Model B was developed as a three-phase pathway to support the need for certified kitchen space for entrepreneurial programming offered in Veggielution's Eastside Grown programs and Veggielution's own production (processing) needs.

Model B assumes that the primary objective—developing shared kitchen space within the proposed mixed-use development at the 525 N Capital Avenue site—will be built and developed within an initial five-year timeline (ideally projected to be operational by year 3). Future developments (identified as phase 3) may include identifying opportunities to access or build additional processing, production, or kitchen sites in the downtown corridor that are being explored but may have a longer timeline for operationalizing. For this reason, phase 3 is used as a placeholder for these opportunities.<sup>51</sup>

### Model Focus

Model B was developed to service the following objectives over the three phases and provide answers to the questions identified.

Table 29: Model B - model focus

| PHASE 1                                                                                                                                                                                                                                                                                                                                                                                                                                             | PHASE 2                                                                                                                                                                                                                                                                                                                        | PHASE 3                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>IMMEDIATE --&gt; Planning</b>                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>MID TERM --&gt; Activation of 525 N Capital Avenue site</b>                                                                                                                                                                                                                                                                 | <b>LONG TERM --&gt; Changes/future-proofing</b>                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Create plan to partner with developer to build a kitchen to support Eastside Grown entrepreneurial users<sup>52</sup></b> <ul style="list-style-type: none"><li>• What will be needed in the kitchen site to support these user groups?</li><li>• What discussions need to be identified to ensure a smooth build process and activation of the space?</li><li>• What capacity does Veggielution need to develop to support this site?</li></ul> | <b>Activate 525 N Capital Avenue kitchen site and support program users</b> <ul style="list-style-type: none"><li>• How does Veggielution best support and operate this site?</li><li>• What partnerships or opportunities with Eastside Grown graduates exist to help support site operations and program outcomes?</li></ul> | <b>Identify long-term development opportunities that align with Veggielution's strategy plan</b> <ul style="list-style-type: none"><li>• What other sites might be needed to support Veggielution's own needs or programs long-term?</li><li>• What other sites might be available to service other audiences such as community members or farmers?</li><li>• What is the best role for Veggielution in operating or managing these programs</li></ul> |

<sup>51</sup> Initial thinking in terms of space build-out, equipment need, and staff capacity was explored for one or two other kitchen or production spaces in the original model versions built in the operating/financial workbook shared in the appendix. These have been preserved to support future thinking and assumptions as these sites can be accessed to document existing conditions, available square footage, available equipment, and further understand the inputs required of Veggielution to use or activate a site.

<sup>52</sup> Depending on space, this site may also support Veggielution's internal need for processing or cooking space and, potentially, limited access for farmers in Veggielution's networks (co-op members). Long-term, these needs and audiences will be best at alternate sites, as the 525 N Capital Avenue site is expected to service Eastside Grown program participants and graduates only and reach capacity over time.

| PHASE 1                                                                                                                                                               | PHASE 2 | PHASE 3                                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-----------------------------------------------------------|
| <ul style="list-style-type: none"> <li>What additional capacity will the site have to support Veggielution processing needs or other program participants?</li> </ul> |         | and sites (and what partnership opportunities may exist)? |

### Operating and Management Structure

A non-profit, private development entity, Community Development Partners, is developing the 525 N Capital site. That entity would be the property owner and potentially will engage a third-party to operate and oversee day-to-day operations of the facility. Veggielution would have a long-term, zero-cost lease that would allow for their operation of a shared kitchen facility and shared use of community (classroom, lobby) and logistic spaces (loading dock, parking, trash areas). Veggielution would be an anchor tenant of the property and a partner in offering a needed resource for community benefit.

Veggielution operates its entrepreneurial and co-op support programs as a non-profit and will continue in this operational role with any new developments proposed.

### Program Objectives and Focus

At the kitchen site, Veggielution would support two core programs and audiences:

- Eastside Grown entrepreneurs (small businesses/incubation participants)** – Users of the shared kitchen space would predominantly be graduates or participants of Veggielution’s Eastside Grown incubation programming. The site offers needed access for them to grow, scale, and support the development of their catering, product, and service-based food companies. Veggielution provides wrap-around services to support their success and would continue to offer these services via the site.
  - Phase 3:** The identification of additional sites will be needed to support these program participants and future graduates as participants scale.
- Veggielution feeding program participants** – The kitchen also offers an opportunity for Veggielution or their small business partners (graduates of the Eastside Grown programming) to prepare meals for families as part of Veggielution’s food access programs. The space should initially support the preparation of meal resources to support thirty families, scaling to support fifty to sixty families over time both within the housing units at the 525 N Capital site and elsewhere.
  - Phase 2 or 3:** The kitchen site will be a food-safe, certified commercial production space, which will also afford Veggielution the opportunity to explore gleaning, prepared meals, and the re-use of food resources—important food access work that is expanding nationally as food access program operators identify significant sources of food that previously went to waste or landfill. The development of organizational capacity to support this new effort and the impact on any space needed to support it are discussed in this section as well.

Initially, this site is not projected to serve farmers or community members who need community or value-add kitchen production space; however, if additional space is identified or developed in phase 2 or phase 3 those audiences would also be potential users.<sup>53</sup>

### Model B Timeline

Model B is proposed to develop over the course of ten years, with 2024 acting as the year of origin (year 1). Most of this work focuses on the development at the 525 N Capital Avenue that should be feasible in the initial phases (1 and 2) over the first five years. The third phase of work is a placeholder for future opportunities that are currently being explored or may become available with access to kitchen or production space around the city.

The phases are identified as follows:

- Phase 1: Years 1–2 (2024–25) or subsequent, depending on the launch of work (origin date), primarily focused on planning and concept/program development while developers build the site
- Phase 2: Years 3–5 include the kitchen launch and operation
- Phase 3: Years 6–10 are TBD and include potential future opportunities

The two major variables in the timeline will be the developers' ability to activate the 525 N Capital Avenue site within the projected timeline (years 1–2) so that operations can begin and the ability to identify and vet additional opportunities (year 6 and beyond) to support expanded programming and need.

### 525 N Capital Site Considerations

The development at 525 N Capital Avenue will provide Veggielution with roughly 3,000 square feet of commercial kitchen, storage, scullery, and logistics space within a mixed-use development building.

The following considerations may impact the layout/design of the space, and Veggielution's operations on-site and were flagged for discussion with the development team during initial planning.

- **Build structure** – The kitchen and storage spaces will require heavy equipment and the transit of pallets of materials over time. The space should be built with an understanding of the weight and function of this equipment and its users so that functional foundation materials, flooring, and layout are used.
- **Ventilation/air handling and smells** – The kitchen will service small businesses of multiple cultural backgrounds and be a medium volume commercial space. It will require two commercial type 1 hoods (with Ansul and fire suppression) and one steam hood (for scullery dish station). Consideration will need to be given to proper air balancing for hood and HVAC operation, building material/insulation choices for smell incursion into upper floors/units (of cooking smells/odors, vapors, etc.), and ducting routes and accessibility.<sup>54</sup>

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<sup>53</sup> These were both access needs identified in this study's market analysis. Although the initial kitchen site is limited in space/size and not a good fit to service all audiences, they should be kept in mind for future site opportunities.

<sup>54</sup> Hood ducts are expensive to run at length, so ideally hood ducting will terminate in a non-high traffic area to allow for the hood mechanicals to be situated in a safe location that is still readily accessible for service/cleaning and repair without requiring extensive ducting to be run to rooftop or related locations. Similarly, refrigeration

- **Kitchen/food-safe surfaces** – The kitchen and all related areas will require clean, wipeable, easily maintained surfaces per health codes. This includes floors, walls (which may need to be tiled, lined with FRP, or lined with stainless panels), ceilings, and corridor surfaces. These should be budgeted for and surface types approved by a local health department representative prior to build.
- **Floor structure, drainage, and slope** – The kitchen will require floors that are easily cleaned, can hold water (spills, cleaning), and are sloped down to a central point or points for floor drains. In addition, two pieces of equipment (a tilt skillet and a steam kettle) will require a channel drain to be cut and placed in the floor to prevent issues related to spills or overflows.
- **Utility support/rating** – Kitchens are heavy users of utility (electric, gas, and water), and this should be considered and discussed with Veggielution while the facility utility is being sized and planned for. Expected usage on each utility can be projected for the proposed equipment by a licensed engineer or equipment supplier and should be included in projects for the overall development site. In addition, Veggielution will need to identify whether the site is a single-phase or three-phase operation and whether gas is available to identify and purchase the correct equipment models.
- **Waste handling** – The kitchen users will generate waste across four outputs, including landfill garbage, recycling, compostable materials, and spent kitchen oil/grease. Appropriate receptacles have been budgeted for both inside and outside of the Veggielution space, and space for their storage and accessible pick-up/service will need to be planned for.
- **Grease trap sizing and service** – A grease trap will need to be built into the kitchen, preferably with the ability for the unit to be serviced easily by an external service provider on a quarterly basis. Projected total use of the kitchen will be required to size the unit appropriately, which may also depend on its final location (i.e., an in-floor unit vs. an exterior unit) and the length/distance of piping between the primary scullery and this location.<sup>55</sup>
- **Security** – The kitchen will contain expensive equipment, inventory, and hazards that should not be accessible to the general public. It has been recommended and budgeted for that a security key-card access system integrated into a booking system be procured by Veggielution for operations. This will need to be planned for with the development team so that appropriate doors, locking mechanisms, and layouts are incorporated for the kitchen to be secured but still accessible to users.
- **Access/upkeep/maintenance** – Veggielution and the operating entity of the site will need to clearly identify and document operating hours and access for users (to community spaces, loading spaces, trash areas, kitchen areas, etc.) and schedules and responsible parties for the upkeep and maintenance of all interior and exterior spaces and building mechanicals (HVAC, drains, garbage, etc.).

## 525 N Capital Avenue Design

The Capital Avenue site will support six primary functional areas:

1. **Storage spaces** – dry, cold, frozen, and equipment storage to support users

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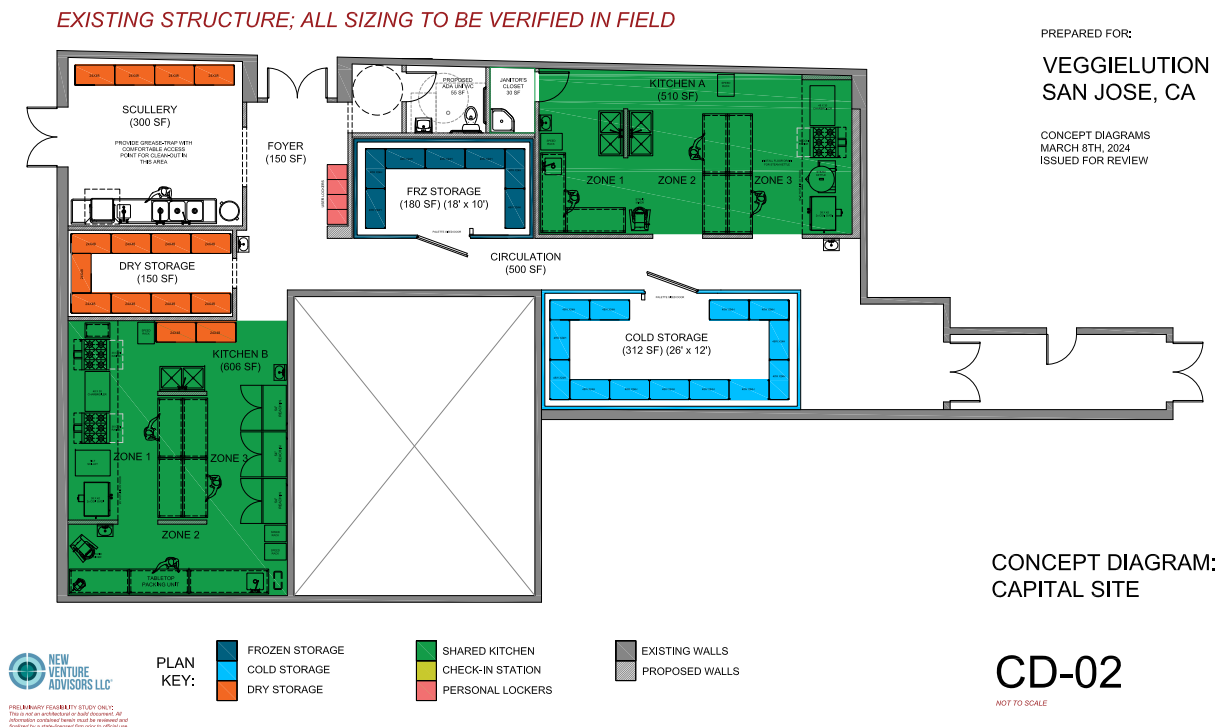
units need to be placed in well-ventilated areas where they can be properly serviced on a routine schedule but not be tampered with or vandalized.

<sup>55</sup> An accredited kitchen equipment supplier or plumbing wares supplier should be able to support this final sizing assumption.

2. **Kitchen spaces** – two certified commercial kitchen spaces with commercial equipment, food-safe surfaces for production, and individual work stations
3. **Scullery space** – one shared washing station for dishes
4. **Toilet** – one unisex, accessible toilet for kitchen users
5. **Foyer** – one entrance area into the kitchen facility with locker storage for outside personal items, changing space, and access to the toilet
6. **Loading space** – one rear access point to a designated loading zone for the load/unload of goods needed for production. This will include a secure, well-lit, designated space and access to the street for larger trucks or vehicles.

A detailed breakdown of the recommended square footage for each of these areas is included in the building program, a tab in the operational/financial workbook provided in the appendix documents. A proposed design (figure 8) has been created to support Veggelution's conversations with the development team and illustrate process flow for the purposes of this feasibility study.<sup>56</sup>

**Figure 8: 525 N Capital Avenue Site Design**



<sup>56</sup> The design provided is a concept rendering created for the purpose of this feasibility study and is not an architectural document or construction document. A licensed architect in the state of California (and potentially an engineer) should review and finalize any construction documentation needed to support the build and development of this site. Sizing of the design provided is based on floorplans provided by the development team and shared as part of promotional and marketing materials for the site.

## Phase 1 and 2 Development Outline

As noted earlier, model B supports development over three phases. The model, in phases 1 and 2, addresses the planning for and proposed construction at the 525 N Capital Avenue. Each of the following categories have been built out in detail to inform projected need and budget.

### *Staff: New Roles and Current Team Capacity*

Capacity among current team members will be needed to support the construction project and structure program access models. This category may include engaging the developer and program audiences and will require continued collaboration or work with the developer, construction team, and support specialists (architects, engineers, equipment suppliers, etc.). The goal or outcome of this category (especially in phases 1 and 2) is to develop clear, documented plans to support the activation of the site and needed organizational resources (such as new equipment, new staff, etc.). A budget for staff time and resources has been built into the projected costs.

Two new roles to handle the operation of the facility and incubation programs at the facility will be needed to oversee booking, safety, uphold use standards, support incubation and small business services, and oversee equipment and facility upkeep.

These roles have been identified and built into budgets in two ways (and are detailed in the labor model as part of the appendix documents):

1. **As a component of the cost model** so that new roles can be planned for and fundraised for in advance of hiring. This assumes that some of these roles with specific project objectives (such as supporting farmer aggregation and distribution, expanding online sales offerings, and expanding program offerings) may also be good candidates for identifying grant opportunities to offset these salaries. In the cost models, these roles have been benchmarked to the timeline of the phase (for example, phase 1 runs over two years) for this reason.
2. **As a component of the operational breakeven model.** The budget for new labor is duplicated in the second model, which provides a high-level look at additional costs that will need to be built into existing organizational P&Ls. This helps to provide a high-level estimate of additional funding or revenue that would need to be identified to offset these additional costs if those expansions or program adds were made.

### *Construction or Equipment Investments*

Although the development team will bear the primary financial burden of the site's build, Veggielution may be responsible for specialized costs related to the site's conversion for food-safe production. This includes surface finishes, fixture upgrades, and the integration of equipment. These have been budgeted for and are detailed in the equipment matrix as part of the appendix documents. The equipment matrix was vetted with Veggielution's Eastside Grown leadership team to reflect the key pieces of equipment that users will need to grow and scale their businesses, as well as some equipment that may encourage future uses.

## Phase 3 Development Outline (Additional Programming Opportunities)

Phase 3 of the kitchen model is built upon the assumption that future spaces will be needed, identified, and/or built to support the growth of Veggielution in years 6–10. The potential uses of these sites include additional space for Eastside Grown entrepreneurial graduates or participants once capacity is reached at the 525 N Capital Avenue site. Potential uses may include additional kitchen, storage, or support spaces (demonstration, classroom, gathering, office) and space for additional users (as noted prior) such as farmers from within Veggielution's network or community users. If additional spaces are

identified, these spaces could be rented or leased and create a nominal line of revenue for Veggielution or a partner operator.

In addition, Veggielution's own production or cooking needs may require certified production space over time. These include access for existing programs and growth opportunities. Additional kitchen sites should be explored and are the focus of budget allocations in phase 3 to support these long-term growth opportunities for the organization.

Currently, Veggielution supports light processing (wash, sort) at the farm site in Emma Prusch Park. Investments in the processing/cocina space at that site may allow for further processing activities in a certified space—such as chopping, dehydrating, or assembly—but will require hot water, infrastructure upgrades, and site electrification. These are projected for post-year 5. It is possible that the 525 N Capital Avenue site, if additional capacity is identified after the primary use group, could support some of these activities, but additional sites will be needed if Veggielution grows as a hub for the area and begins handling more and more produce/products over time. The ability to extend the season of products—through preservation, jamming, pickling, etc.—is a needed resource that would create secondary products (value-added products) but also require a commercial kitchen with cooking capabilities. Additional kitchen sites should be explored and are the focus of budget allocations in phase 3 to support these long-term growth opportunities for the organization.

As documented prior in this report, there is a growing national interest in food re-use, which is the practice of gleaning or rescuing products, crops, and partially (or one-time) cooked food to re-purpose or re-use as food access resources. This is generally identified across three main activities/re-use focuses:

1. **Product gleaning:** This is the practice of gathering or collecting unused, expiring, or bulk production of products to be repackaged or redistributed rather than sending to waste/landfill. This may include sourcing products from manufacturers, grocery stores, big box outlets, and related holders of consumer packaged goods (CPG) who have expiring inventory, unsold lots, or odd lots.<sup>57</sup> This is generally considered the entry into food re-use and requires mainly distribution/pick-up vehicles, staff capacity, and relationship development. Staff pick up food items from multiple outlets, bring to a central aggregation space to sort, re-package, and allocate and then distribute to their food access audiences.
  - a. These activities can be carried out by many agencies but are frequently led by food banks, food pantries, and other food access outlets who have staff and vehicle resources.
2. **Produce gleaning:** This is the practice of collecting surplus or expiring produce for re-use either directly from farmers or farmers markets or from food outlets (grocery). These products require the ability to hold them in cold transport vehicles, cold storage, and staff to handle next steps. Next steps may include sorting and removing rotting/bad sections (cutting, trimming, sorting) or chopping/cooking items into a secondary product (cabbage becomes sauerkraut, tomatoes become tomato sauce). These activities require a certified food-safe production space or kitchen and adequate leadership. These products can then be re-distributed into food access channels.
  - a. These activities are often carried out in partnership with farmer resource groups or farmers market sites, where produce is abundant and excess or spoilage is common. The

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<sup>57</sup> "Odd lots" refers to products with defects such as incorrect labeling or packaging or other potential faults in packaging.

organizations who carry out these efforts are often specialized for these actions. Ex: [White Pony Express](#).

3. **Cooked product re-use:** This is the most specialized function within gleaning. Many federal and state-based policies on food that could be “re-cooked” or “re-purposed” after an initial cooking were updated once food shortages became abundant during the COVID-19 pandemic. The identification of significant waste in catering halls, restaurants, fast food chains, grocery prepared foods, and feeding halls was documented and identified a source of partially cooked but still safe food that could be repackaged, recooked, or repurposed into additional meals. This is a specialized type of gleaning that requires refrigerated vehicles (for pick up/distribution), trained staff (for sorting, cooking, packaging), and food-safe production space and equipment and that usually includes access to freezing or preservation options (flash freezing, individual meal sealing, etc.). The end products can then be re-distributed as part of food access efforts. Frozen final products also create significant expanded life for products.
  - a. These activities require trained staff and access to resources (kitchens, storage, specialized equipment) and are generally carried out by specialists. [ReThink Food NYC](#) is an example of a well-respected specialist in the NYC food re-use programs.

Veggielution has a good opportunity to integrate all three levers of food re-use into its program expansions over the course of the three phases of development. The following explores how:

1. **Phase 1:** In the initial phase, Veggielution could explore relationships with source providers (grocery, markets, farmers) across its existing partnerships and networks and begin identifying product mix and opportunity and creating a plan across all three types of re-use. During this initial phase, Veggielution could also utilize the on-farm storage and cocina space, existing transport vehicles, and one to two additional volunteers or staff people to explore product gleaning on a pilot scale. This would require limited investment (staff or volunteer labor), leadership capacity, and relationship development.
2. **Phase 2:** With the kitchen space operational and on-farm upgrades underway, Veggielution could pilot tests of produce gleaning and food reuse in phase 2. This would require investments in staff (cooking, collections, sourcing), kitchen usage time at the 525 N Capital site or an alternate site, and most likely additional vehicles (cold/refrigerated van or box truck). Although budgets will vary depending on the scale of the pilot, this could be a \$90,000 to \$100,000 investment to operationalize a small-scale produce and prepared foods gleaning effort.
3. **Phase 3:** As additional kitchen sites are identified or the cocina space at the farm is upgraded to certification, the ability to scale a gleaning program across all levers becomes possible. These programs require their own operational leadership, resources, and operational budgets, but there is significant grant and funding interest in this arena that could help to defray start-up costs in the \$400,000 to \$500,000 range (for staff, transport vehicles, additional kitchen equipment, space lease, etc.).

Lightly processed food, or secondary products created from re-used foods such as sauces and soups, may also present opportunities for Veggielution to generate revenue to offset the investments in these programs. Institutional audiences, such as hospitals, schools, and senior/children programs, are often seeking lightly processed foods (cut apples, chopped carrots, sauces, soups) to add into their feeding programs.

## Financial Modeling: Project Development Budget (Cost Model)

The cost to support the improvements outlined across the initial kitchen space at 525 N Capital Avenue and programs fall into four categories:

1. **Construction costs** – costs associated with building improvements and renovations. These are detailed according to the estimated square footage of each space and a per-square-foot construction cost in the building program and construction cost tabs of the model workbook.<sup>58</sup>
2. **Site construction costs** – costs associated with specialist inputs (architecture, other specialist) and planning budgets to support Veggielution staff capacity and needs. These are detailed in the site cost tab of the model workbook.<sup>59</sup>
3. **Additional development costs** – costs projected for equipment, new staff roles, and operational costs that would accompany the expanded programs, services, or spaces. These are detailed in the equipment, labor, and other cost tabs in the model workbook.<sup>60</sup>
4. **Working capital** – All projects are also built with limited upfront capital needed to purchase inventory or support immediately needed resources in each phase of work and three months of operational costs (labor and operational expenses).<sup>61</sup>

Table 30: Model B - project development model (cost model)

| COST CATEGORIES                        | PHASE 1            | PHASE 2             | PHASE 3               |
|----------------------------------------|--------------------|---------------------|-----------------------|
|                                        | YEARS 1–2          | YEARS 3–5           | POST YEAR 5           |
|                                        | COSTS              | COSTS               | COSTS                 |
| <b>Land or building purchase cost</b>  | <b>\$0.00</b>      | <b>\$0.00</b>       | <b>\$0.00</b>         |
| <b>Building construction costs</b>     | <b>\$0.00</b>      | <b>\$296,691.00</b> | <b>\$0.00</b>         |
| Cold storage add                       | \$0.00             | \$127,374.00        | \$0.00                |
| Frozen storage add                     | \$0.00             | \$68,517.00         | \$0.00                |
| Warehouse storage finish               | \$0.00             | \$3,750.00          | \$0.00                |
| Kitchen space/scullery finish          | \$0.00             | \$78,800.00         | \$0.00                |
| Other spaces finish                    | \$0.00             | \$18,250.00         | \$0.00                |
| <b>Site construction costs</b>         | <b>\$59,768.37</b> | <b>\$63,850.00</b>  | <b>\$85,000.00</b>    |
| Planning and utility upgrades          | \$54,768.37        | \$54,000.00         | \$80,000.00           |
| Land/site infrastructure upgrades      | \$0.00             | \$0.00              | \$0.00                |
| Additional cost categories (build/dev) | \$5,000.00         | \$9,850.00          | \$5,000.00            |
| <b>Additional development costs</b>    | <b>\$0.00</b>      | <b>\$846,837.53</b> | <b>\$1,577,510.16</b> |
| Equipment                              | \$0.00             | \$314,430.00        | \$0.00                |
| Increased staff capacity               | \$0.00             | \$532,407.53        | \$1,577,510.16        |

<sup>58</sup> Construction costs are sourced from three national construction industry source guides that project costs per space type for a region of the country and urban vs. rural project location that and incorporate inflation, labor, and other cost escalation categories. These are updated bi-annually and used as a source for NVA projections.

<sup>59</sup> Site costs are benchmarked against comparable projects, spec quotes from industry resources, and sample project budgets to provide a reasonable assumption for each cost category.

<sup>60</sup> Labor has been benchmarked against current Veggielution salary models. Equipment and other SG&A costs are based on quotes or resourced from local information sources (such as utility websites).

<sup>61</sup> It is also recommended that once all operating costs are built into overall operational budgets (the organization's P&L) and annual losses are understood, then the needed balance to offset new operations until breakeven can be achieved can be accounted for in funding planning.

|                                                        |                    |                       |                       |
|--------------------------------------------------------|--------------------|-----------------------|-----------------------|
| <b>Total costs across categories</b>                   | <b>\$59,768.37</b> | <b>\$1,207,378.53</b> | <b>\$1,662,510.16</b> |
| <b>Working capital</b>                                 | <b>\$5,976.84</b>  | <b>\$168,908.10</b>   | <b>\$245,641.58</b>   |
| Upfront capital budget                                 | \$5,976.84         | \$120,737.85          | \$166,251.02          |
| 3 months of COGS and OpEx                              | \$0.00             | \$48,170.25           | \$79,390.56           |
| Support facility till breakeven                        | \$0.00             | \$0.00                | \$0.00                |
| <b>Total costs across categories w/working capital</b> | <b>\$65,745.21</b> | <b>\$1,376,286.63</b> | <b>\$1,908,151.74</b> |

The sum of these costs estimate a total project budget across all three phases that fundraising will need to support.<sup>62</sup> Ranging from **\$65,000** in phase 1 and **\$1.3 million**. Phase 3 is a projection predominantly focused on staff needs and planning needs for additional sites or programming (estimated at about **\$2 million** currently). This projected budget will increase as additional sites are identified and equipment or space construction budgets can be refined.

### Financial Modeling: Breakeven/Operational Funding Budgets

In addition to the upfront costs to support the development of these projects (upgrades, new builds, staff capacity) the proposed changes will impact Veggielution's P&L and overall operational budgets.

These include the following and are detailed in the financial/operational workbook provided in the appendix:

- **Staff costs** – Although these costs are represented in table 30 above so that funding can be secured in advance of new role hires, they are itemized across ten years in tables 31 and 32 below to represent the impact to be figured into operational budgets. Staff costs are projected based on new roles needed and include salary base, taxes, and benefits packages as aligned with Veggielution's current structure.
- **SG&A costs** – These are additional standard operating costs that are associated with new spaces or programs. Any non-profit organization, such as Veggielution, will have detailed cost categories that include everything from utilities to planning and travel budgets. The addition of the kitchen site and activation of additional programs may also require some specific additions to the primary categories identified below: utility spend (increases and improvements to), maintenance (specifically related to equipment), and new costs associated with booking software, technology additions, or specialized costs related to functions (chemical contracts, etc.).

The breakeven model illustrates the funding or revenue needed to offset additional operational costs that the program and space additions will add to Veggielution's bottom line. As illustrated in tables 31 and 32 below, Veggielution will have to fund **\$218,000** of additional operational costs in year 3 when the

<sup>62</sup> The development model (cost model) provides a foundational "total project budget" that can be used as the basis for a capital campaign. These actions and needed activities are discussed after the modeling section in the funding development planning section.

kitchen goes online, growing to just over **\$406,000** by year 10 (with the single site activated; additional sites will increase this overall budget).

Table 31: Model B - breakeven model (years 1–5)

| Forecast                         | PHASE 1       |               | PHASE 2             |                     |                     |
|----------------------------------|---------------|---------------|---------------------|---------------------|---------------------|
| OPS -->Breakeven model           | Year 1        | Year 2        | Year 3              | Year 4              | Year 5              |
| Labor (wages, taxes, benefits)   | \$0.00        | \$0.00        | \$172,250.00        | \$177,417.50        | \$182,740.03        |
| Lease and utilities              | \$0.00        | \$0.00        | \$0.00              | \$0.00              | \$0.00              |
| Maintenance                      | \$0.00        | \$0.00        | \$31,443.00         | \$32,386.29         | \$33,357.88         |
| Software/operations              | \$0.00        | \$0.00        | \$14,690.00         | \$15,130.70         | \$15,584.62         |
| <b>Total operating costs</b>     | <b>\$0.00</b> | <b>\$0.00</b> | <b>\$218,383.00</b> | <b>\$224,934.49</b> | <b>\$231,682.52</b> |
|                                  | Year 1        | Year 2        | Year 3              | Year 4              | Year 5              |
| <b>Margin needed</b>             | <b>0.0%</b>   | <b>0.0%</b>   | <b>0.0%</b>         | <b>0.0%</b>         | <b>0.0%</b>         |
| <b>Revenue needed for margin</b> | <b>\$0.00</b> | <b>\$0.00</b> | <b>\$218,383.00</b> | <b>\$224,934.49</b> | <b>\$231,682.52</b> |

Table 32: Model B - breakeven model (years 6–10)

| Forecast                         | PHASE 3             |                     |                     |                     |                     |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| OPS -->Breakeven model           | Year 6              | Year 7              | Year 8              | Year 9              | Year 10             |
| Labor (wages, taxes, benefits)   | \$297,131.25        | \$306,045.19        | \$315,226.54        | \$324,683.34        | \$334,423.84        |
| Lease and utilities              | \$0.00              | \$0.00              | \$0.00              | \$0.00              | \$0.00              |
| Maintenance                      | \$34,358.62         | \$35,389.37         | \$36,451.05         | \$37,544.59         | \$38,670.92         |
| Software/operations              | \$29,850.00         | \$30,745.50         | \$31,667.87         | \$32,617.90         | \$33,596.44         |
| <b>Total operating costs</b>     | <b>\$361,339.87</b> | <b>\$372,180.06</b> | <b>\$383,345.46</b> | <b>\$394,845.83</b> | <b>\$406,691.20</b> |
| <b>Margin needed</b>             | <b>0.0%</b>         | <b>0.0%</b>         | <b>0.0%</b>         | <b>0.0%</b>         | <b>0.0%</b>         |
| <b>Revenue needed for margin</b> | <b>\$361,339.87</b> | <b>\$372,180.06</b> | <b>\$383,345.46</b> | <b>\$394,845.83</b> | <b>\$406,691.20</b> |

### Pricing Models and Tiers of Use

NVA has shared initial thinking in the operations/financial workbook on how to structure pricing models and identify tiers of users for the shared kitchen site. Although Veggielution plans to make access affordable for potential graduates and program participants, offsetting operational costs will require nominal fees for access and use of the kitchen. These are detailed in the workbook and a set of sample slides as part of the appendix documents and include initial structure for the following:

- potential types of users and how to identify discounts, clearly document access and pricing models, and structure user contracts
- pricing models benchmarked against comparable small kitchen facilities in the area, setting a baseline market price for use of hot line, cold line, and scullery stations during prime time and overnight operational hours (which will have to be set for the initial Capital Avenue site)
- pricing models for storage leasing and use against comparable small kitchen facilities in the area
- additional pricing structures: misuse or violation fees, class or offering fees, and related cost outlines

In addition, [the Food Corridor](#) provides several online resources for kitchen operators that may be useful in structuring these programs internally.

### Risk Assessment and Remediation Strategies

The primary risk associated with the proposed development at the 525 N Capital Avenue kitchen site or future kitchen sites will be delays in the construction timeline, which are commonplace due to multiple factors. A generous window of two years has been given for the 525 N Capital Avenue project, but adjustments to both budgets and program timelines will need to be flexible depending on when ground breaking occurs.

- c. **Risk:** Increases in budget spend due to delays in construction, equipment sourcing, or activation of programming
- d. **Remediation:** Clear communication with development partners, identification of expertise to support construction and planning needs (architect, etc.), and flexible timelines will help to lessen impacts of delays.

In addition, careful communication around the “site factors” referenced earlier in this report will help to ensure that clear parameters for Veggielution as an operator of the space are set prior to initial use. These will help to remediate issues with the landlord/operator and tenants and hopefully ensure successful use of the space for the future.

### Model B: Conclusions and Recommendations

The activation of kitchen sites adds a significant access point into Veggielution’s programming opportunities, internal product handling opportunities, and future opportunities to create revenue-generating programs that are aligned with overall strategy and mission focus.

However, these new opportunities will require careful planning and the identification of individuals (new staff) or partners who can offset the skillsets that Veggielution does not currently possess – kitchen facility management and upkeep, tenant relationships management (with kitchen users for booking, issue resolution, etc.), and potentially food gleaning across multiple categories.

To this end, NVA recommends that following this feasibility, Veggielution reach out to current operators (La Cocina in San Francisco, Hot Bread Kitchen in NYC, Re-Think Food in NYC, for example) to share the model and vision forward and find insight into the opportunities for implementation, funding, and effective collaboration to realize the ten-year outcomes. The development of one or more kitchen spaces is feasible and within Veggielution’s capabilities, but these mentor and partner resources will help to define need more finitely (especially around program expansions like gleaned food) and support a path forward.

## Funding Development Plan

The funding development plan is a customized overview of the different opportunities available to Veggielution to augment the costs of expanding programs and developing the food hub at **Emma Prusch Park** and the kitchen facility at **525 N Capital Ave.** The table below provides an overview of each recommended tool that will become part of the funding plan.

Table 333: Available funding tools

| Funding source                        | Description                                                                                                                                  | Timeline                                                  | Resources needed                                                                                                                         | Funding range                                                                              |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <b>Donations/capital campaign</b>     | Unrestricted use                                                                                                                             | Ongoing (typically last 2–5 years)                        | Planning, strategy with outlined goals, board support, dedicated committee, collateral, naming considerations                            | Determined by organization of what is feasible based on findings                           |
| <b>Grants</b>                         | <b>Capital grants:</b> general support<br><b>Program grants:</b> support for program-related expenses that correspond with specific outcomes | 2–6 months                                                | Application, development/operating plan, informational memorandum, staff support, cash flow as federal grants are typically reimbursable | Specified in each grant<br>Capital generally are >\$1 million;<br>Program are <\$1 million |
| <b>Building and energy incentives</b> | Incentives to integrate energy-efficient equipment and design                                                                                | N/A                                                       | Based on the type of incentive—may include building plan, environmental scan, architecture schematics, etc.                              | -                                                                                          |
| <b>Debt</b>                           | Fund construction/development and ongoing operating budget                                                                                   | 6–12 months (typical timeline from solicitation to close) | Financial model, business and operational due diligence items, permits, zoning, legal documents, local government approval, etc.         | 75–80% loan-to-value, multiple of earnings or multiple of book value of equity             |

As much as possible, it is recommended to raise donations through a capital campaign. While it requires more work upfront, donations are generally unrestricted as to how they can be used and do not require the heavy reporting that comes with grants. Donations can also provide cash flow for the project, while most federal grants are reimbursable only.

The partners should then identify grant opportunities from both government and non-government sources. It should be noted that most grantors do not support capital projects. The federal exception is the EDA grant and the newly introduced RFSI grant program. Non-capital grants will play a larger role in financing the later stages, such as for programming, personnel, and equipment.

The development of the two sites will likely require taking on debt in the form of loans and lines of credit to help with cash flow. The provided debt option offers lower interest rates as the project aligns with investment incentive programs such as new market tax credits (NMTC). The lending options evaluated do not consider local bank options; financial institutions where established relationships exist should be strongly considered, as many lenders are excited to support community projects, especially when there is an opportunity for visible recognition.

## Funding Tool Recommendations

The funding development plan is a customized overview of the different opportunities available. Based on the project scope, NVA recommends pursuing the following tools.

### Capital Campaign/Individual Donations

Based on Veggielution's annual revenue from private contributions and foundations, a formal capital campaign strategy could raise at least \$3 million in unrestricted funds. Capital campaigns are generally multi-year, multi-phase plans headed by a campaign committee. A campaign strategy should address the following:

- campaign leadership: a strong campaign committee of staff and volunteers including well-connected and passionate co-chairs
- campaign feasibility study to determine how much is possible to raise
- campaign case statement: a summary document presenting the Why? Why Us? and Why Now? of the campaign that will inform all other campaign collateral and messaging
- campaign timeline: the silent and public phases of the campaign, including major milestones and key events
- campaign gift range chart and detailed gift solicitation plan

It is recommended that the organization complete the steps in the pre-campaign planning phase to put the infrastructure in place needed to support a healthy, successful campaign. If the organization has not yet identified a capital campaign strategy consultant, it is recommended that they start with the following:

- [Capital Campaign Pro](#) - an online consultancy resource with the knowledge and support organizations need to run an affordable capital campaign. They ensure that recommendations, plans, and tools are tailored to each organization.

### Grants, Incentives, and Loans

Finding financial support is a practice of patience and relationship building and is often composed of different sources. A mix of outside funders and financial institutions will enable Veggielution to offset the large-scale building project, associated operating costs, and programmatic implementation. Table 34 is a companion to the existing robust grant calendar the organization has already cultivated.

- **Government grants** are a means to distribute federal funds toward ideas and projects that provide public services and stimulate the economy. Because government grants are funded by tax dollars, they require stringent compliance and reporting measures for ensuring the money is spent according to federal guidelines. In addition, most grants are reimbursable, sometimes requiring debt in the form of lines of credit to help with cash flow.
  - **Note:** Because Veggielution is a past recipient of several USDA grants, the organization will need to demonstrate expansion or growth for any re-application to a USDA program.
- **Community development finance institutes** offer tailored resources and innovative programs that invest federal dollars alongside private sector into communities that lack access to financing.
  - Both the sites for the food hub and the kitchen fall within a designated [NMTC Zone](#), making these projects eligible for new market tax credits, the use of tax credits in the form of low-interest loans (sometimes grants) that attract private investment to distressed communities.

Table 34 is a list of grants, building incentives, and lenders Veggielution should consider for their planned expansions. Table 35 further details when to pursue the funding tools and the recommended strategy for the grant program.

**Table 34: Grants, incentives, and loans**

| <b>Funding source</b>                                                                        | <b>Amount range</b>                                                                          | <b>Priority</b>                                                                                                                                                                                                                                         | <b>Support type</b>                                                                                                                         |
|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| <b><u>USDA Local Food Production Promotion Planning and Implementation Grants (LFPP)</u></b> | Planning \$100,000; implementation \$500,000 over 3 years, requires 25% match                | To improve or expand a food business that supports locally and regionally produced agricultural products and food system infrastructure                                                                                                                 | Planning, program implementation, salaries, equipment (Note: construction must be complete to apply if facility is imperative to the grant) |
| <b><u>USDA- Urban Agriculture and Innovative Production Grant</u></b>                        | Up to \$350,000 over 36 months (no match)                                                    | Projects may target areas of food access, education, business and start-up costs for new farmers, and other needs of urban production                                                                                                                   | Purchase equipment, infrastructure (utilities + water solutions), and pay related project expenses                                          |
| <b><u>USDA-NIFA Community Foods Project Grant</u></b>                                        | Up to \$400,000 over 4 years, requires 100% match                                            | Funds for projects designed to increase food security in communities by bringing the whole food system together to assess strengths, establish linkages, and create systems that improve the self-reliance of community members around their food needs | Purchase equipment and pay related project expenses                                                                                         |
| <b><u>Gus Schumacher Nutrition Incentive Program (GusNIP)</u></b>                            | \$100,000 for pilot projects over 12 months; \$500,000 for standard projects up to 48 months | Support and evaluate projects intended to increase the purchase of fruits and vegetables by providing incentives at the point of purchase among income-eligible consumers participating in the USDA Supplemental Nutrition Assistance Program (SNAP)    | Program (personnel, food)                                                                                                                   |
| <b><u>USDA Farm to School Grant Program</u></b>                                              | Up to \$100,000 over 24 months; requires 25% match                                           | Support for planning, developing, and implementing farm-to-school programs                                                                                                                                                                              |                                                                                                                                             |
| <b><u>City of San José- Community Development Block Grants (CDBG)</u></b>                    | Up to \$1.5 million                                                                          | Services that benefit low- and moderate-income persons and address community development needs                                                                                                                                                          | Construction and capacity for programs                                                                                                      |
| <b><u>Economic Development Administration- PWEAA</u></b>                                     | Up to \$3 million over 5 years (though \$700,000 is more likely)                             | Supports bottom-up strategies that build on regional assets to spur economic growth and resiliency with an emphasis in distressed communities                                                                                                           | Construction or upgrade of public facilities, planning, technical assistance for economic development, and more                             |
| <b><u>California Energy Design Assistance</u></b>                                            | Technical assistance, rebate program                                                         | Promotes the electrification and decarbonization of new building construction or major renovation in PG&E® areas                                                                                                                                        | Free energy analysis that will outline available decarbonization and high-performance incentives                                            |

| Funding source                                                                    | Amount range                              | Priority                                                                                                                                                                                                                    | Support type                                                                                                                                 |
|-----------------------------------------------------------------------------------|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| <a href="#"><u>San José Clean Energy</u></a>                                      | Rebate program                            | Energy-efficient projects: HVAC, refrigeration, water heating                                                                                                                                                               | Contact for terms                                                                                                                            |
| <a href="#"><u>PG&amp;E Business Energy Efficiency Rebates and Incentives</u></a> | Rebate program                            | Small business upgrades for lighting, thermostat, and refrigeration equipment                                                                                                                                               | Contact for terms                                                                                                                            |
| <a href="#"><u>Accion Opportunity Fund</u></a>                                    | Loan, line of credit, equipment financing | A CDFI in San José, their mission is to stimulate economic job growth by financing local businesses, creating jobs, and rebuilding neighborhoods; they are a recipient of the U.S. Treasury's new market tax credits (NMTC) | Flexible, below-market rate financing to projects focusing on creating quality jobs and catalytic economic growth in underserved communities |

**TABLE 35 RECOMMENDED GRANT TIMELINE**

| Kitchen | Farm/Hub | Construction | Equipment | Programs | Funding Source                                          | When to Pursue                          | Suggested Purpose                                                                     | Steps to Pursue                                                                                                 |
|---------|----------|--------------|-----------|----------|---------------------------------------------------------|-----------------------------------------|---------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| x       | x        | x            | x         | x        | <b>Capital Campaign</b>                                 | ASAP                                    | Create cash flow for entire project, match for grants as needed                       | Capital Campaign Committee, Strategy, Collateral                                                                |
|         | x        | x            | x         | x        | <b>USDA Urban Ag</b>                                    | Phase 1, Farm                           | Support infrastructure needs, education, and production                               | Budget, partner letters, grant narrative                                                                        |
|         | x        |              |           | x        | <b>NIFA GusNIP</b>                                      | Phase 1, Farm (or later)                | Expand CSA program to low-income residents experiencing social determinants of health | As the focus is produce prescriptions, identify a healthcare partner to help with referral and data collection. |
|         | x        |              | x         | x        | <b>USDA Community Foods Project Grant</b>               | Phase 1, Farm/ Food Hub (or later)      | Food access programs and education (equipment and personnel)                          | Budget, partner letters, 100% cash match, business plan, grant narrative                                        |
| x       |          |              |           |          | <b>USDA- Local Food Promotion Grant, Planning</b>       | Phase 1 or 3, Kitchen                   | Business plan and kitchen design                                                      | Budget, 25% cash match, partner letters, ag/food impact data, grant narrative                                   |
| x       |          |              | x         | x        | <b>USDA- Local Food Promotion Grant, Implementation</b> | Phase 2, Kitchen and or Food Hub        | Equipment for the Kitchen, personnel (construction should be complete)                | Budget, 25% cash match, partner letters, ag/food impact data, grant narrative                                   |
|         | x        |              | x         | x        | <b>USDA Farm to School Grant Program</b>                | Phase 1, Farm (or later)                | Opportunity to support student education as well as farm to school purchasing         | Budget, 25% cash match, school partner, grant narrative                                                         |
| x       | x        | x            | x         | x        | <b>City of San Jose- CDBG</b>                           | Phase 2 or 3, Farm/Food Hub and Kitchen | Food access program and education expansion; workforce development                    | Contact department for opportunities.                                                                           |
| x       | x        | x            | x         | x        | <b>EPA- PWEAA Grant</b>                                 | Phase 3, Food Hub and Kitchen           | Pre-construction and construction costs                                               | Budget, local government approval, economic impact data, grant narrative                                        |

## Feasibility Conclusions: Summation

The goal of the feasibility study work was ultimately to recommend a best practice model for a San José food hub, centered in East San José, by investigating potential solutions and how Veggielution and local stakeholders can play a part in actualizing those solutions. This study was designed to assess the feasibility of opening a food hub in the Santa Clara County region and to determine the best location for a food hub, an operating model, and the best mix of components (space uses) to serve the diverse groups of food entrepreneurs and food producers in the region surrounding San José.

As Veggielution considered the development of a food hub, the organization hoped to address county-wide food insecurity and food swamps, support new opportunities for food entrepreneurs, increase employment within the food system, and address the limited outlets for smaller and/or BIPOC regional organic growers to market products. The vision for the food hub included supporting individual farmers, farming cooperatives, and food business entrepreneurs while establishing partnerships with larger purchasing institutions (corporations based in the study region, schools, hospitals, etc.) to increase the purchase and sale of local foods and leveraging existing Veggielution programs, sites, and partnerships to expand their impact beyond their current programming and infrastructure offerings.

Although input provided by stakeholders during the workshop mid-project caused a split in the focus of these objectives, it can be argued that the final models and plan developed go above and beyond the original intentions of the study not only to incorporate and align more completely with Veggielution's strategic objectives for their internal operations (and better benchmark those proposed growth initiatives to organizational capacity) but also to integrate both study findings and stakeholder feedback to shape a more comprehensive vision for a regional hub that will, hopefully, allow for better buy-in from producers across the region and potentially a more sustainable model that integrates the work, capacities, and expertise of key partner organizations driving food system work in the area.

NVA recommends that Veggielution proceed with the proposed development plans. The conclusions of this feasibility study are thus three-fold:

- **A regional food hub is desired by regional stakeholders** including Veggielution staff, partner organizations, farmers/producers, potential buyers, and community members. However, the work to create a viable model is complex and will require additional investments in time, organizational capacity, and outreach/engagement. To truly build consensus among all regional stakeholders and guarantee trust building with regional producers, the model will not be focused on San José or the primary locations or operational oversight of Veggielution. This continuing work, as outlined in the development roadmap, should continue in earnest but will require identifying additional funding to support the compensated involvement of all parties.<sup>63</sup>
- **Veggielution's original vision for this study's outcomes—supporting farmers and cooperatives and food business entrepreneurs, supporting new market channel opportunities for all groups (including their own), and identifying how to leverage existing programs and sites to expand impact—is supported by the long-term investments outlined in models A and B.** The two models allow Veggielution to establish a pathway to expand all existing programming, identify opportunities for new

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<sup>63</sup> Compensation will be required for time, input, and participation in the process—a key step in building trust and equity across the process. "All parties" includes producers/farmers, organizations (primarily the non-profit core partners), community groups, potential buyers, and specialists to support design and development resource needs.

or expanded future programs, and leverage existing infrastructure opportunities across two sites (the farm and the 525 N Capital Avenue site) to have short- and long-term development plans. However, both models require Veggielution to build and develop key relationships—in model A with city/county partners and in model B with operational or food re-use resources— that will help Veggielution to carry out the proposed plans.

- **Veggielution’s growth, as proposed in both models, will require increased capacity and staff across the farm, Eastside Grown, and leadership teams to plan for the proposed growth and opportunity efficiently and effectively.** The identification of funding and staff resources to support the proposed changes across infrastructure, programs, sites, and operational needs is essential to their success.



Building

# A FARMER NETWORK

FOR SANTA CLARA COUNTY



LEARN MORE

## JOIN THE STORY!

Veggielution led a study to explore the creation of a **FOOD HUB** originally intended for San Jose.

The study results showed that a larger, collaborative network could have more positive impact on farmers and buyers.



### FARMERS

- Increase sales volume & ease
- Provide distribution support
- Provide kitchen space for light processing

### BUYERS

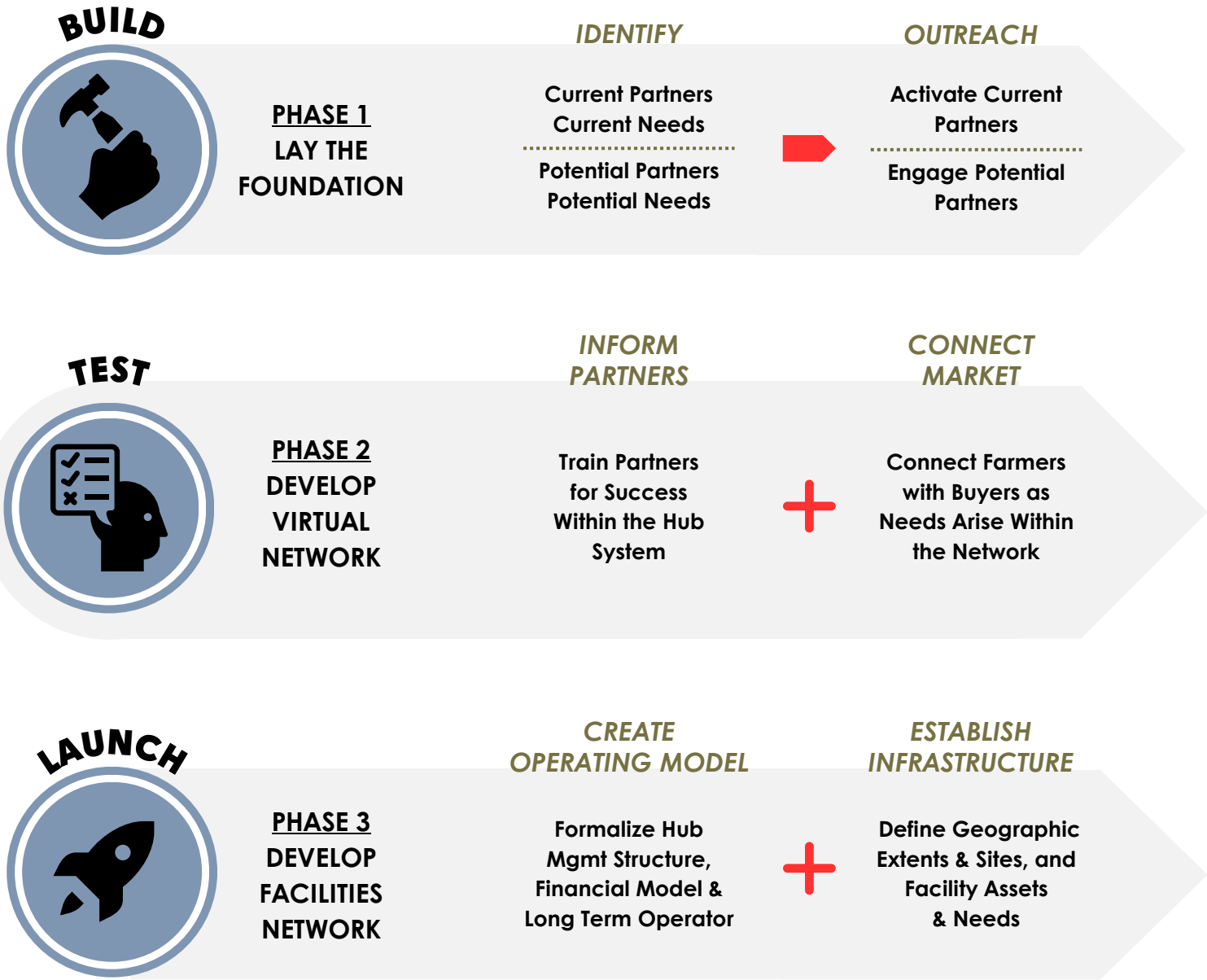
- Enable to purchase whole, fresh produce, fruit & dairy
- Simplify delivery logistics
- Increase delivery frequency

To visualize this larger network, Veggielution has created this “Road Map” to invite partner organizations to consider where they can plug in their efforts and bring this network to life. Using the prompts within, we invite you to:

- 1 **Evaluate your capacity to support this regional model.**
- 2 **Join this network-building process in the best way for you.**
- 3 **Leverage your assets & resources to grow this network.**

**THANK YOU FOR YOUR CONSIDERATION & SUPPORT !**

## THE ROAD AHEAD





# BECOME A BUILDER!

HELP BRING THIS NETWORK TO LIFE



## IS THIS YOU?



- ☐ You have a solid understanding of **WHO'S WHO** in the regional ag sector.
- ☐ You enjoy following leads to **UNCOVER RESOURCES** and opportunities.
- ☐ You are a natural **CONNECTOR OF PEOPLE** and a builder of relationships.
- ☐ You can generate, articulate and **EXPLAIN FRESH IDEAS** and possibilities.
- ☐ You can **SYNTHESIZE COMPLEX INFORMATION** for multiple audiences.



- ☐ You can **ORGANIZE PEOPLE** based upon their strengths, interests and assets.
- ☐ You can **ORGANIZE TIME** via a productive and accessible meeting cadence.
- ☐ You can effectively **CONVEY INFORMATION** via educational tools & trainings.
- ☐ You can **IDENTIFY & CONNECT SUPPLY & DEMAND** within the regional ag sector.
- ☐ You can **DEFINE AND DISTILL LOGISTICAL NEEDS** and arrange to meet them.
- ☐ You can **THINK BIG** to establish a comprehensive vision for a county network.



- ☐ You have experience with **AG SECTOR SALES** in Santa Clara County.
- ☐ You have ag sector **OPERATIONS MANAGEMENT** experience.
- ☐ You can provide **FINANCIAL & ACCOUNTING** network oversight.
- ☐ You have multi-site experience in **FACILITY MANAGEMENT**.
- ☐ You can implement and oversee **ONLINE LOGISTICS MANAGEMENT SYSTEMS**.

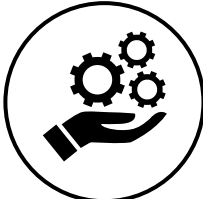


## TASKS

- Evaluate Current Landscape of Hubs and Hub-Services
- Re-engage Partners, New & Old
- Build relationships and partnerships with farmers, buyers, and logistics operators
- Brainstorm Opportunities

- Determine Project Leader
- Set Meeting Schedule & Mode
- Create Roles to Support Delivery of Primary Hub Services
- Create Trainings & Tools for Partner Best Practices
- Identify Interim Aggregation, Production, Storage & Sales Facilities

- Implement Hub / Network Structure
- Determine Financial Needs for Operations, Staffing & Facilities
- Establish Facility Locations per Needs
- Establish Consistent Sales Relationships

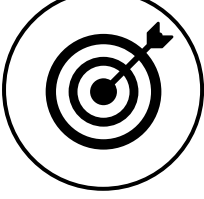


## SKILLS

- Research & Resource Sleuthing
- Visualization & Synthesis: Farmer Populations, Food Hubs, Hub-Support
- Consensus & Support Building with Farmers, Kitchens, Storage & Distribution Facilities, Users & Buyers,
- Vision-casting for a New Network

- Organization/ Structuring of Partners & Emergent Food Hub
- Community Connection Maker
- Communication Builder
- Facilitate / Provide Education and Mentorship of Partners
- Facilitation / Coordination of Sales Within the Hub

- Business Planning
- Financial Planning
- Operating Model Development
- Infrastructure Development



## MILESTONES

- Craft a Clear Mission & Vision Statement
- Create and Map Inventory of Existing and Overlapping Services
- Create Asset Inventory
- Create Partner Registry

- Reoccurring Meetings Established
- Operational Toolkit Built
- Workable Interim Shared Spaces
- Hub Sales / Transactions Initiated
- Established Understanding of Farmer & Buyer Network Volumes, Geographical Demands & Infrastructure Needs
- Proposed Hub Structure Defined

- Business / Financial Plan Complete
- Co-op Membership Charter Drafted
- Membership List Established
- Facilities for Production, Aggregation, Storage & Distribution Online

☐

I AM INTERESTED IN BUILDING THIS NETWORK! PLEASE CONTACT ME:

NAME

PHONE

EMAIL

## Appendix B

### List of Additional Documents Provided for Reference

| Project Segment             | Documents Included                                                                                                                                 | Document Formats   |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| <b>General Project</b>      | Workplan, Background 1-pager                                                                                                                       | PDF                |
| <b>Supporting Documents</b> | Veggielution Strategic Plan, Site Opportunities Summary Sheet, 2019 July Power Report                                                              | PDF                |
| <b>Market Analysis</b>      | Research Plan                                                                                                                                      | PDF                |
|                             | Interview Appendix, including interview guides, communication workbook, and raw interview synthesis.                                               | PDF/Excel Workbook |
|                             | Survey Appendix, including survey drafts, engagement plan, and survey raw data tables.                                                             | PDF/Excel Workbook |
|                             | Stakeholder Appendix, including outreach email language, presentation decks, handouts, workshop groups and attendees, notes (raw and consolidated) | PDF                |
| <b>Modeling</b>             | Operating/Financial Model workbook                                                                                                                 | Excel Workbook     |
| <b>Design</b>               | Model Diagrams (V1-4), 525 Capital Site Updated Design                                                                                             | PDF                |