Comox Valley REGIONAL DISTRICT

Staff Report

DATE: September 17, 2021

FILE: 3100-01 / PJ 1CV 21

TO: Chair and Directors
Electoral Areas Services Committee

Supported by James Warren
Deputy Chief Administrative Officer

J. Warren

FROM: James Warren
Deputy Chief Administrative Officer

RE: **Comox Valley Food Hub Feasibility Study**

Purpose
To provide the completed Food Hub Feasibility Study and recommend next steps.

Recommendation from the Deputy Chief Administrative Officer:
THAT the Food Hub Feasibility Study prepared by Urban Food Strategies, dated June 2021, and attached as Appendix A to this staff report dated September 17, 2021, be utilized for implementation of a Comox Valley Food Hub for food producers, processors and distributors;

AND FURTHER THAT Step One of the Food Hub Feasibility Study's potential implementation plan be initiated, including the steering committee launch, producer partnership agreement creation, business plan development and initial scope (Phase 1) finalization.

Executive Summary

- A Food Hub Feasibility Study has been completed to identify a business strategy for establishing a food hub based on collaboration with local food industry participants.
- The Feasibility Study is based on the Ministry of Agriculture, Food and Fisheries' definition of food hub being "shared-use food and beverage processing facilities that offer food and agriculture businesses access to commercial processing space, equipment, expertise and resources to support business development and growth". Provincial food hubs include required facility and service components.
- Based on a gap and opportunity assessment, existing assets and potential sites, the report recommends a food hub model based on a for-profit, producer-led cooperative society and identifies the currently vacant former dairy processing plant in Courtenay as a suitable location. The study provides a recommended strategy to explore implementation.
- Members of the Food Hub Working Group have reviewed the study and there exists interest in exploring implementation.
- To support exploring implementation, staff recommends appointing a Steering Committee capable of conducting Step One of the Feasibility Study's implementation plan, considering alternative interim means of establishing food hub operations, and landing on a decision to proceed or not.

Prepared by:	Concurrence:	Concurrence:
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Government Partners and Stakeholder Distribution (Upon Agenda Publication)

Food Hub Working Group	✔

Background/Current Situation

Under an agreement with the Ministry of Agriculture, Food and Fisheries (MoAFF), the Comox Valley Regional District (CVRD) engaged Urban Food Strategies to prepare a Food Hub Feasibility Study. The study was prepared over several months and delivered to the CVRD and MoAFF on July 1, 2021. Feedback on the study has been received and implementation is being considered.

Food Hub Feasibility Study

The study was prepared with the assistance of a Working Group consisting of representatives from various agriculture and food-related organizations operating in the Comox Valley. In general, the study identifies existing food processing services and facilities, demand for such services and facilities with an assessment of gaps and opportunities. The report provides options for potential food hub models and a recommended business strategy. The MoAFF agreement specified that the business strategy must identify a breakeven/profit point and the study stated that the recommended model could be revenue positive within five years.

Concerning ownership and governance, the study recommends the creation of a new producer-owned for-profit cooperative. It estimates 30 to 50 small-to-medium scale producers/processors would need to participate for it to be viable. An appropriate starting scale would be approximately 12,000 square feet suitable for accommodating commercial kitchen/processing facilities, office and training space, and ambient, refrigerated and frozen storage spaces. Based on current market availability, the report identifies a former dairy processing facility located in Courtenay as a suitable location and would entail estimated start-up costs of between $500,000 to $575,000, primarily for leasehold improvements, plus an another $190,000 in working capital to reach financial breakeven. The funding scenario relies on acquiring grant funding from the MoAFF, acquiring a loan and selling co-op membership shares. The report recognizes additional opportunities that would require further consideration, such as seafood-specific facilities, and facilities on Denman and Hornby Islands. Staff emphasize that the Saputo plant is one option; a requirement of the funding was the identification of a potential site. Key to further implementation work will be investigating the suitability of the Saputo site with possible producer members and possible tenants.

The recommended business strategy is divided into four phases:

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

MoAFF staff suggests that food hub establishment is a multi-year process. Phase One's first step, titled "Landing a go-no-go decision", involves having a Steering Committee that can organize work until a co-op society is incorporated. Members of the Steering Committee would conduct work such as recruiting interested members and partnerships, obtaining detailed costing and quotes, making grant applications, and the administrative work to become a co-op. The Steering Committee would decide if the conditions are suitable for committing to forming the co-op and making investments. Should the co-op be formed, a Board of Directors would replace the Steering Committee. The co-op would proceed independent of the CVRD with implementation, including launching an online sales platform, securing members and clients, securing the facilities, hiring staff, managing funds. Phases Two and Three involve making the leasehold improvements, moving operations into the facility, and getting clients set-up. Phase Four would seek expansion as needed.

Implementation

The purpose of the Steering Committee would be:

- To inquire whether there exists the necessary conditions at this time to proceed with implementation as described in the feasibility study,
- To consider alternative means of establishing food hub operations, and
- To organize and prepare content for making a grant application suitable for submitting to the MoAFF should a new intake of food hub applications be opened.

The Steering Committee would comprise members appointed by the CVRD Board and would meet over the course of several months to report to the CVRD Board in fall 2022. Work done by this committee will complete Phase One of the Feasibility Study's implementation plan, concluding with Step 1.7 "make a final decision on whether or not to go forward and set up the [Comox Valley Food Hub]. If the decision is no, then this will be the last step. If it is a yes, then it will carry on with the remaining implementation steps." Concurrently, the committee will consider alternative or intermediary steps that help fulfill immediate demand using existing assets where there is a long term ability to scale up to establish a food hub. Based on this work, the committee will provide recommendations for applying for grant funding from MoAFF, including identification of costing, whether it be for proceeding with Phase Two of the Feasibility Study's recommendations or for scaling up an alternative operation.

Policy Analysis

Under the planning service, a Steering Committee, can help guide the work proposed by the Feasibility Study.

Options

The board may opt to continue participating in the organization of a food hub by striking a Steering Committee to bring the participants together for the purposes of organization and preparation. Alternatively, the board may opt to not participate further and encourage the interested parties to self-organize based on the outcomes of the feasibility study.

Financial Factors

The feasibility study was funded primarily by the MoAFF. The CVRD contributed to the project through the Electoral Area Services function for some communication and consultation activities.

Funding to operate the Steering Committee would come from the planning services budget. The soon to be retained Agricultural Coordinator will assist planning staff to advance this work.

Legal Factors

There are no legal factors.

Regional Growth Strategy Implications

Supporting Policy 3B-4 under the Local Economic Development goal of the Regional Growth Strategy states "Explore initiatives that support value-added, community-based business development, including, but not limited to, local food processing…" Pursuing this initiative is consistent with the policy and may help further the objective of increasing the regional job base. Further work supports realization of Goal 6: Food Systems: "support and enhance the agricultural and aquaculture sectors and increase local food security".

Intergovernmental Factors

The MoAFF provided funding and administrative assistance and guidance in preparing the feasibility study under their Feed BC program and BC Food Hub Network. The MoAFF Regional Agrologist, as well as a representative of Island Health, were members of the Working Group that provided review and advice on the study.

According to the findings of feasibility study, implementation is dependent on receiving grant funding under the BC Food Hub Network.

Interdepartmental Involvement

The feasibility study was prepared by a consultant with the planning services and communications department providing assistance.

Citizen/Public Relations

In the drafting of the feasibility study a Working Group was formed consisting of representatives from agriculture and food related organizations within the Comox Valley, as well as Denman and Hornby Islands. The Working Group disseminated information to their membership and provided on-going feedback. The feasibility study is also based on small group and individual consultation sessions with local key players that could factor into a food hub. This final feasibility study was distributed to the Working Group members for review and comment.

As the next step, to fulfill the feasibility study's recommended implementation, communication material will be prepared for the Steering Committee to build awareness and confidence in the initiative and members would be active in pursing partnerships with groups or enterprises with similar interests.

Attachments: Appendix A – Food Hub Feasibility Study

Comox Valley Regional District

Food Hub Feasibility Study

June 2021

Submitted to:
Alana Mullaly,
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Comox Valley Regional District

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In association with: Greenchain Consulting and Sustainability Ventures

Acknowledgements

The Comox Valley Regional District respectfully acknowledges the Unceded traditional territory of the K'òmoks First Nation.

The CVRD also acknowledges the many individuals, organizations, and businesses that have given their time to be part of this process. In particular, the CVRD wishes to thank those who contributed to the Food Hub Assessment Steering Committee.

Diane Jackson	Mid Island Farmers Institute
Angela Boss	Ministry of Agriculture
Niki Whittaker	Comox Valley Farmers Institute
Twila Skinner	Comox Valley Farmers' Market Association
Maurita Prato	LUSH Valley Food Action Society
Kimberley Toonders	Vancouver Island Health Authority (on hiatus)
James McKerriker	Comox Valley Food Policy Council
Jim Russel	BC Shellfish Growers Association
Gerry McClinktock	McClintock's Farm
Fiona McQuillan Onnekan	Fireweed Farmstead
Brad Hornick	Denman Island Growers and Producers Alliance
Katherine Ronan	Hornby Island Farmland Trust

Funding for this study has been provided by the BC Ministry of Agriculture, Food, and Fisheries.

Executive Summary

Project background

In response to producer, processor and non-profit interest, the Comox Valley Regional District launched a process to assess the feasibility of establishing a food hub in the region. This project has been funded by the Ministry of Agriculture, Food, and Fisheries. Urban Food Strategies in association with Greenchain Consulting and Sustainability Ventures have been contracted to conduct the work. The primary goal of the food hub assessment is to promote collaboration among local food industry participants, explore opportunities to expand local food production, and prepare a business plan for a Comox Valley Food Hub. This feasibility study is the first of many steps in establishing a food hub in the Comox Valley.

Overview of food production and consumption in the CVRD

- The total land area of the Comox Valley Regional District is about 170,000 hectares, of which 23% is actively farmed and 14% is in the ALR.
- In 2016 there were 416 farms in the region. These farms generated $33.6 million in revenues in 2016 from a range of products:

Primary Product offering	% of total
Mixed produce	34%
Mixed produce CSA	7%
Meat	24%
Plants and trees	14%
Mixed (meat + produce)	8%
Honey	5%
Other (wool, nuts, eggs	8%

- Residents in the region spend about $287 million on food every year, including both grocery and restaurant purchases.
- The Comox Valley produces more than 50% of British Columbia's shellfish and the most oysters in Canada.
- Three abattoirs exist in the region
- Other processing assets include seafood processing, community kitchens, and independent processors.
- Regional service providers for producers include the Taste Comox Valley App, Comox Valley Growers Guide, Comox Valley Economic Development Society, Denman Island Growers and Producers Alliance, Comox Valley Farmers Institute, Mid-Island Farmers Institute, The BC Shellfish Growers' Association, Island Good, Vancouver Island Farm Products, and Food Metrix Laboratories.

- Many food related initiatives exist in the region including Feed Comox Valley, Lush Valley Food Action Society, Closing the loop on food security report (2019), VIU Deep Bay Research Station, Hornby Island Farmland Trust Society, the Dock+, Tofino Ucluelet Culinary Guild, and Island Pasture Beef.

Views on local food from regional key players

Views on the region's agri-food sector:

- Producers in the region have had mixed success with online stores.
- Institutional food buyers are not aligned with small to medium food producers.
- Non-profit and for-profit entities both have key roles in the local food sector.
- Food production on Denman and Hornby Island is growing.

Views on the needs of food producers and processors

- A need exists for shared aggregation, distribution, and marketing.
- Food processing facilities are strongly needed in the region.
- Demand for shared storage is high.
- Interest in shared distribution is strong on Denman and Hornby.
- Food and agriculture non-profit organizations need permanent homes.
- Good support exists to a establish a public market in the region.
- Respondents like the idea of creating a permanent farmers' market venue.
- A need exists for abattoirs and meat processing capacity.

Views on the needs of breweries, wineries and distilleries

- The Comox alcohol and spirits industry is keen to participate in a food hub.
- Breweries are interested in a malting facility and yeast propagation facility.
- Wineries expressed interest in testing services.
- Distilleries want testing, storage, access to equipment and a tasting room.

Views on food hub governance and key users

- A for profit producer cooperative has the most support although views are mixed and other producer-driven models are also of interest..
- Collaborative initiatives are important for Hornby and Denman producers.
- Agriculture producers, farmers market vendors, and small scale food processors would be the main users of the food hub.

Views on food hub facilities

- Respondents identified various services and functions for the food hub.
- Respondents identified various potential funding sources for the food hub.
- Some producers are willing to invest money in a food hub.

Views on an appropriate food hub location and scale

- A number of food hub locations were suggested and the old Saputo building at 743 28th street in Courtenay received the strongest support.
- A medium scale hub (~12,000 sq ft) is viewed as an appropriate size

Views of the shellfish industry

- Shellfish producers need ongoing workshop and training programs.
- Smaller shellfish producers would benefit from a shared processing facility.
- Opportunities exist for value-add shellfish products.
- Smaller shellfish producers collaborate together.

Potential business model for the food hub

The most ideal business model for the food hub is to be the master tenant of a food hub facility and to provide a range of services to food hub members on a fee-for service basis. These services would include:

- An online ordering platform
- An aggregation and distribution service
- A marketing and brokerage service
- Food testing services –
- Equipment rentals
- Food storage
- A commercial kitchen or processing facility
- Third party rentals
- Business education and training services
- Shared office and co-working space
- A small retail presence

Potential users and buyers of the Food Hub

Potential Food Hub users would include:

- Small and medium sized farms in the Comox Valley.
- Small/medium food processors including breweries, wineries, and distilleries.
- Food business start-ups
- First Nations (e.g. K'òmoks and Wachiay), social enterprises and non-profits

Potential Food Hub buyers would include:

- Independent grocery stores
- Comox Valley households
- Farm stands, breweries, wineries and distilleries
- Independent restaurants
- Public institutions
- Private health care
- Food processors and manufacturers
- Food distributors
- Third party online stores

Additional food assets required in the region include:

- Commercial kitchen/processing facility for Hornby and Denman Islands
- Primary and value add processing for shellfish and seafood
- Increased meat slaughter capacity
- Food aggregation and education space for LUSH Valley Food Action Society
- New home for the farmers' market

Operations strategy – a phased expansion approach

The Food Hub will be expanded in phases, securing member commitments and customer commitments for each phase so that the risks to the Food Hub are minimised. The key expansion phases include the following:

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

Financial plan for the food hub

The start-up costs for the hub are presented in Table 1

Table 1 Startup costs for the CVRD food hub

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

Five-year financial projections

In Table 2, we present five-year financial projections for the food hub. These show the revenues of the hub rising from about $160,000 in Year 1 to just over $900,000 by the end of Year 5. The hub is projected to have losses totalling about $190,000 over the first three years. From that point on the hub is profitable and will generate modest profits of about 5%

One possible funding scenario

The Food Hub needs up to $575,000 in start-up funds plus another $190,000 in working capital to reach financial breakeven. Below we present one possible funding scenario that could be used to attract the funds and provide a $35,000 contingency.

Co-op Investment Shares at $1,000/share		$200,000
Funding from the BC Ministry of Agriculture		$250,000
Funding from the Social Finance low interest loan Fund		$250,000
Patient capital loans repaid from cash flows with interest		$50,000
Grants from a range of foundations interested in local food		$50,000
	Total	**$800,000**

Table 2 Five year financial projections for the CVRD food hub

Revenue/Cost Categories	Year 1 Total	% of revs	Year 2 Total	% of revs	Year 3 Total	% of revs	Year 4 Total	% of revs	Year 5 Total	% of revs
Network Revenues										
Coop Memberships	$24,000	17%	$11,250	5%	$14,000	4%	$17,250	4%	$21,000	4%
Ecommerce retail customers	$19,200	14%	$33,660	14%	$51,840	15%	$71,250	16%	$93,600	17%
Ecommerce wholesale custo	$10,800	8%	$14,602	6%	$19,051	6%	$25,200	6%	$33,408	6%
Order fulfillment program	$12,150	9%	$19,883	8%	$27,942	8%	$39,249	9%	$55,123	10%
Brokerage service	$6,000	4%	$9,563	4%	$14,045	4%	$19,500	4%	$25,978	5%
Distribution fees	$3,750	3%	$8,670	4%	$9,884	3%	$14,592	3%	$20,296	4%
Consulting services	$2,700	2%	$5,033	2%	$5,580	2%	$5,906	1%	$6,240	1%
Training programs	$5,000	4%	$7,875	3%	$9,188	3%	$11,000	2%	$12,375	2%
Dedicated space rentals	$21,050	15%	$42,942	18%	$65,701	20%	$78,184	18%	$91,141	16%
Processing facility space ren	$1,050	1%	$1,650	1%	$2,300	1%	$2,880	1%	$3,500	1%
Equipment rentals	$350	0%	$2,160	1%	$2,331	1%	$2,514	1%	$2,709	0%
Storage space rentals	$15,063	11%	$38,735	16%	$55,619	17%	$75,317	17%	$98,597	17%
Pallet in/out handling fees	$12,746	9%	$32,776	14%	$47,062	14%	$63,730	14%	$83,429	15%
Pallet assembly fees	$1,970	1%	$5,065	2%	$7,273	2%	$9,849	2%	$12,894	2%
Other Revenues	$1,358	1%	$2,339	1%	$3,318	1%	$4,364	1%	$5,603	1%
Total Network Revenues	**$137,188**		**$236,200**		**$335,135**		**$440,786**		**$565,892**	
Cost of sales	$80,974	59%	$152,603	65%	$216,115	64%	$397,247	90%	$485,825	86%
Gross margin %	41.0%		35.4%		35.5%		9.9%		14.1%	
Overhead labour	$88,000	64%	$110,000	47%	$137,500	41%	$165,000	37%	$209,000	37%
Non-labour expenses	$53,683	39%	$82,306	35%	$111,846	33%	$148,970	34%	$171,811	30%
Profit/loss	**($59,219)**	**-43%**	**($60,584)**	**-26%**	**($67,326)**	**-20%**	**$35,818**	**8%**	**$49,256**	**9%**

Potential implementation plan

Step 1: Landing a go-no-go decision

1.1 Establish pre-launch Steering Committee

1.2 Continue to build momentum with producers

1.3 Create partnership agreements

1.4 Develop a detailed business plan

1.5 Seek initial funding commitments

1.6 Finalize the initial scope (Phase 1) for the CVFH

1.7 Make final go/no go decision on the CVFH

Step 2: Establishing commitments

2.1 Secure commitments from a minimal number of CVFH users

2.2 Secure commitments from a minimal number of CVFH buyers

Step 3: Establishing governance and securing financing/facilities

3.1 Establish supports for setting up the CVFH producer cooperative-

3.2 Set up the Board of Directors

3.3 Select coop society name and submit name request

3.4 Establish purposes of the Coop Society and set up bylaws

3.5 Incorporate the CVFH as a for-profit producer cooperative

3.6 Establish bank account and deposit initial funds

3.7 Hire an executive director

3.8 Finalize a location –

Step 4: Marketing and Launch

4.1 Set up initial website and social media accounts

4.2 Set up initial set of services

4.3 Conduct outreach to all users and key players

4.4Conduct launch event

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1.0 Introduction

1.1 Background

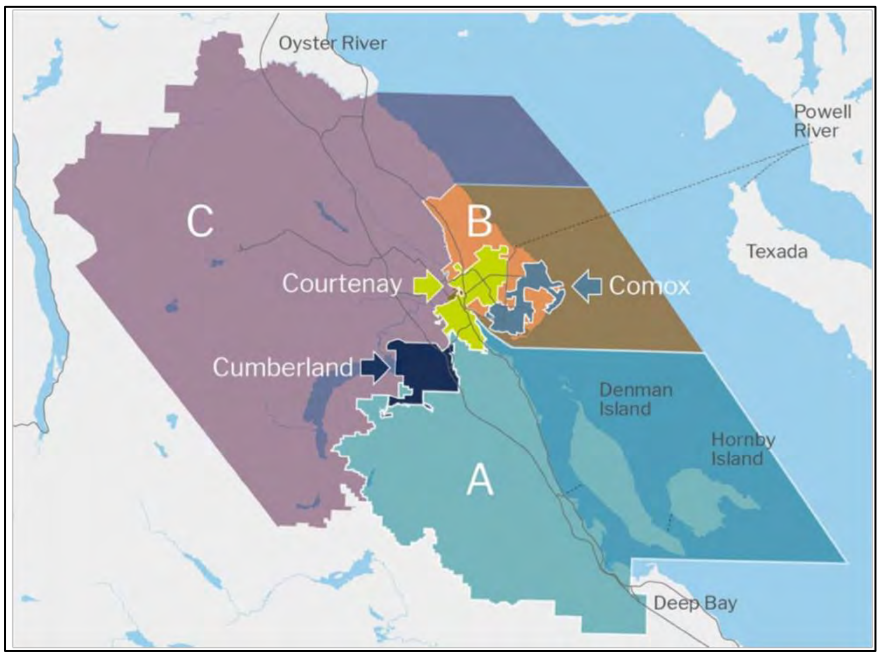
The Comox Valley Regional District (CVRD) has launched a project to assess the feasibility of establishing a food hub in the region.

This project has been funded by the Ministry of Agriculture, Food, and Fisheries. Urban Food Strategies in association with Greenchain Consulting and Sustainability Ventures have been contracted to conduct the work.

The project timeline runs from Feb 7-July 1, 2021. An ad hoc Food Hub Feasibility Assessment Steering Committee has been formed with representatives from the agri and aquaculture sectors including producers, processors, and distributors as well as industry associations and non-profit groups.

Study area

The CVRD consists of Electoral Areas A, B, and C, plus three towns, Comox, Courtenay and Cumberland. The Comox Valley Regional District is a partnership of the three electoral areas and the three municipalities. Electoral A includes Denman Island and Hornby Island. Just over 66,000 people live in the CVRD.[1]



1.2 Project objectives

The primary goal of the food hub assessment is to promote collaboration among local food industry participants, explore opportunities to expand local food production, and prepare a business plan for a Comox Valley Food Hub.

The supporting objectives of this project are to:

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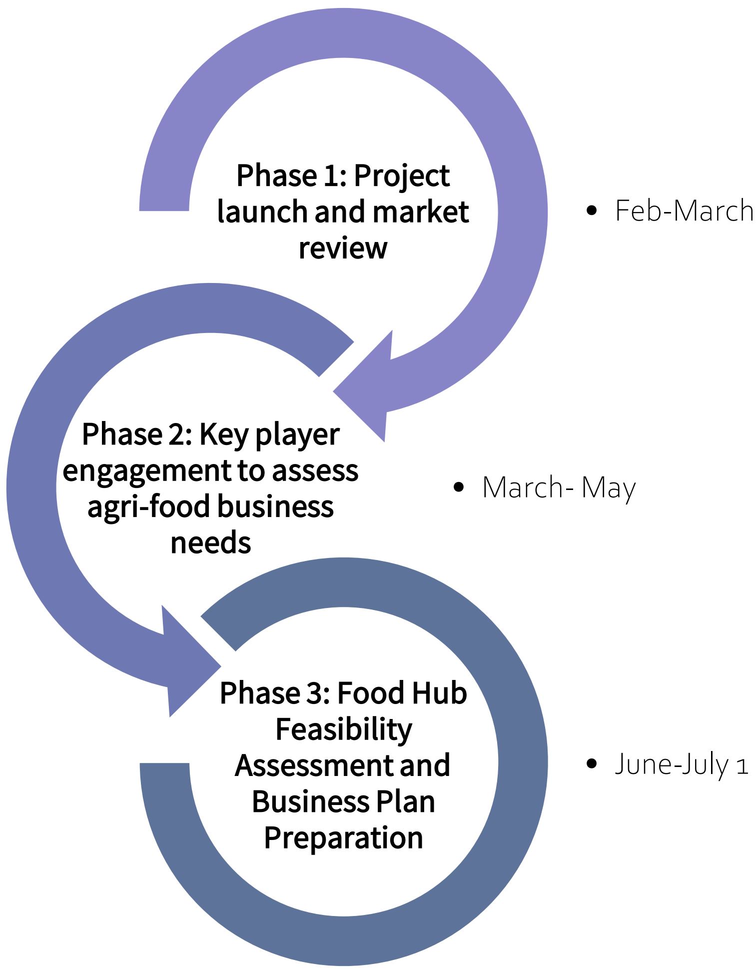
[1] Statistics Canada (2016). https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?Lang=E&Geo1=CD&Code1=5926&Geo2=PR&Code2=47&Data=Count&SearchText=Comox&SearchType=Begins&SearchPR=01&B1=All

- Engage key players in identifying existing regional food and agriculture assets, related initiatives, and potential gaps.
- Determine if sufficient potential market demand exists for a financially viable CVRD food hub.
- Identify aquaculture and agriculture business needs and level of interest in participating in a food hub.
- Based on key player input as well as best practice research, build and test a food hub model that is revenue-positive within five years.
- Develop a business plan for the hub, including operations plan, governance/ management plan, marketing plan, financial plan and implementation plan.

1.3 Project process

The project will be completed in three phases.



The project team will use a variety of engagement techniques including:

- Working with the Food Hub Assessment Steering Committee.
- Holding one-on-one informal interviews with key regional stakeholders by phone or by videoconference.
- Holding small group meetings.
- Running an on-line survey.
- Providing presentations and participating in meetings
- Presenting a food hub model for feedback at a public forum.

2.0 Overview of Food Production in CVRD

2.1 Agriculture production

The total land area of the Comox Valley Regional District is about 170,000 hectares. Just under 14% of the land (23,500 ha) is within the Agricultural Land Reserve[2]. Only 23% of the land within the Comox Valley ALR (5,230 ha) was actively farmed in 2013[3]. An additional 300 hectares outside the ALR are actively farmed, bringing the total amount of land actively farmed in regional district to 5,537 hectares.

In Table 2.1, we provide information about the number and type of primary food producers in the region as well as some demographic/employment data. The highlights are as follows:

- In 2016 there were 416 farms in the region.
- The number of farmers in the region declined by 4% between 2011 and 2016 although the number of farms in Electoral Area A increased by 10%.
- About 57% of the farms are engaged in meat or hay production (59% for BC).
- While 1.4% of the British Columbians reside in the region, the region accounts for 2.4% of the farms in the province and 3.0% of the food workers.
- Electoral Area B has the highest density of farms per square kilometer and the highest density of residents per square kilometer.
- About 2,000 residents are employed in agriculture, forestry, fishing or hunting.
- Over 50% of food workers in the region live in Comox Valley Area B, which includes large areas of the Cities of Comox and Courtenay.
- Electoral Area C has the most food workers as a % of its population.

A 2006 report titled *B.C.'s Food Self-Reliance: Can B.C.'s Farmers Feed Our Growing Population?* highlighted that, given current production technology, just over half a hectare of farmland (0.524 ha) is needed to produce enough food for one person for one year, 10% of which would need to be irrigated[4]. By this calculation, the 5,400 hectares of actively farmed land in the region, could feed about 10,300 people. However, if all of the land in the Comox Valley ALR was actively farmed, it could feed almost 45,000 people. This is still not enough to feed the entire Comox Valley population of 66,000.

[2] https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/agriculture-and-seafood/statistics/census/census-2016/aginbrief_2016_comox_valley.pdf

[3] https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/agriculture-and-seafood/agricultural-land-and-environment/strengthening-farming/land-use-inventories/comoxvalley2013_aluirprt.pdf

On Denman Island, only 16% of the ALR land is actively farmed (360 hectares) while on Hornby Island only 13% is actively farmed (111 hectares).

Table 2.1: Breakdown of CVRD primary producers, including employment

Product categories	Comox Valley A+ Cumberland	CV B + Comox + Courtenay	Comox Valley C	Total for the Region	% of total BC	Total British Columbia	% of total
Beef cattle	7	13	22	42	10%	2,362	13%
Dairy cattle	0	4	6	10	2%	517	3%
Hogs	2	4	4	10	2%	101	1%
Poultry and egg	4	6	19	29	7%	1,220	7%
Sheep and goat	8	5	7	20	5%	553	3%
Horse	8	11	24	43	10%	1,955	11%
Multiple animal	9	13	13	35	8%	942	5%
Apiculture	1	8	5	14	3%	303	2%
Oilseed and grain	0	0	1	1	0%	304	2%
Fruit and veg	7	4	6	17	4%	4,607	26%
Greenhouse	12	19	17	48	12%	1,499	9%
Hay	5	22	20	47	11%	2,635	15%
Other	30	36	34	100	24%	530	3%
Total farms 2016	**93**	**145**	**178**	**416**	**100%**	**17,528**	**100%**
% of total farms	22%	35%	43%	100%			
Total farms 2011	**113**	**69**	**250**	**432**		**19,759**	
% change 2011 to 2016	-18%	110%	-29%	-4%		-11%	

Demographic/employment Data	CV A	CV B	CV C	Total	% of BC	Total BC
Population 2016	10,966	46,944	8,617	66,527	1%	4,648,055
Population 2011	10,133	45,052	8,353	63,538	1%	4,400,057
% change in population	8%	4%	3%	5%		6%
Farms/1000 population in 2016	8.5	3.1	20.7	6.3	166%	3.8
Farms/1000 pop excl. urban areas	12.9	20.4	20.7	18.1		
Land Area (sq. km)	521	104	1074	1,699	0.18%	922,503
Residents per square kilometre	21	453	8	39	777%	5.0
Farms per square kilometre	0.2	1.4	0.2	0.2	1289%	0.02
Agr, Forestry, Fishing & Hunting Workers	370	995	615	1,980	3%	65,205
Food workers as % of population	3%	2%	7%	3%	212%	1.4%
Food worker distribution with the region	19%	50%	31%	100%		

Source for CVRD farms by farm type

Source for demographics/food workers

Table 2.2 presents the total farm receipts and the number of farms engaged in direct to consumer sales activities within the region. The highlights of this table include the following:

- The 416 farms in the region generated $33.6 million in revenues in 2016, an 8% increase from 2011 (even though the number of farms declined by 4%).
- The average revenues per farm is only 40% of the average farm revenues for BC.

- Comox Valley Area B has the highest revenues per farm at $114,000 while Area A had very low revenues per farm of $15,000 (a major drop from $57,000 per farm in 2011).
- About 50% of the farms in the region sell direct to consumers (by comparison 32% of all farms in BC sell direct to consumers).
- Of the farms that do direct selling, 97% sell agricultural products while 21% sell value added products.
- The most popular type of direct sales channel is farmgate sales (89% of direct selling farms) followed by farmer's markets (29% of direct selling farms).

Table 2.2: Farm receipts and direct to consumer sales channels within the CVRD

Farm receipts	Comox Valley A	Comox Valley B	Comox Valley C	Total for the Region	% of total BC	Total British Columbia	% of total
Farm receipts 2016 ($millions)	$1.4	$16.5	$15.7	$33.6	1%	3,729	
Farmer receipts 2011 ($millions)	$6.4	$6.4	$18.5	$31.2	1%	2,936	
% change in farm receipts	-78%	158%	-15%	8%		27%	
Average receipts per farm	$15,054	$113,793	$88,202	$80,769	38%	$212,768	

Direct to consumer sales channels	A	B	C	Total	% of farms	Total BC	
Farms selling direct to consumer	59	65	88	212	51%	5,667	32%
Farms selling agricultural products	57	65	83	205	49%	5,532	32%
Farms selling value added products	15	11	18	44	11%	592	3%
Farmer selling at farm gate	49	59	80	188	45%	5,047	29%
Farmers selling at farmer's markets	21	16	24	61	15%	1,244	7%
Farmers seliing through CSAs	3	2	2	7	2%	249	1%
Farmers selling using other methods	2	0	2	4	1%	243	1%

Source for Farms classified by total gross farm receipts:

https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3210043601&pickMembers%5B0%5D=1.2039&cubeTimeFrame.startYear=2011&cubeTimeFrame.endYear=2016&referencePeriods=20110101%2C20160101

Source for Farms selling ag products direct to consumers:

https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3210044701&pickMembers%5B0%5D=1.2039

In Appendix A, we provide a non-exhaustive list of about 70 producers that have a website or are included on regional lists of local producers. This list does not include producers that are unlisted and do not have a website, of which there are likely many. Of these 70+ listed producers, their geographic distribution and primary products offer is summarized in Table 2.3

Table 2.3 Distribution of farms by location and primary product offering

CVRD Region	% of total
Courtenay area	46%
Black Creek area	22%
Comox area	12%
Merville area	11%
Union Bay	3%

Primary Product offering	% of total
Mixed produce	34%
Mixed produce CSA	7%
Meat	24%
Plants and trees	14%
Mixed (meat + produce)	8%

Denman and Hornby	2%
Other locations	4%

Honey	5%
Other (wool, nuts, eggs	8%

2.2 Aquaculture production

The Comox Valley produces more than 50% of British Columbia's shellfish and the most oysters in Canada. It also hosts the BC Seafood Festival, the largest of its kind on the west coast of Canada, since 2006. It is difficult to obtain statistics on the aquaculture sector specific to the Comox Valley, so in Table 2.4 we provide statistics on the size of the aquaculture industry for all of BC.

Table 2.4: Summary of aquaculture harvest and wholesale value in BC

Aquaculture British Columbia	2018 (tonnes)	% of total	2019 (tonnes)	% of total	% Change	2018 Revs ('000s)	% of total	2019 Revs ('000s)	% of total	% Change
Salmon	87,010	89%	88,874	89%	2%	$772,046	95%	$662,749	94%	-14%
Trout	1,190	1%	900	1%	-24%	$10,240	1%	$6,966	1%	-32%
Steelhead	65	0.1%	0	0.0%	-100%	$542	0.1%	$0	0.0%	-100%
Other finfish	569	1%	821	1%	44%	$8,487	1%	$11,946	2%	41%
Clams	1,159	1%	1,094	1%	-6%	$6,711	1%	$6,876	1%	2%
Oysters	7,178	7%	7,786	8%	8%	$13,119	2%	$15,253	2%	16%
Mussels	522	1%	727	1%	39%	$2,651	0.3%	$4,153	1%	57%
Scallops	89	0.1%	76	0.1%	-15%	$445	0.1%	$629	0.1%	41%
Other shellfish	1	0.0%	0	0%	-100%	$40	0.0%	$0	0.0%	-100%
Total Aquaculture	**97,783**	**100%**	**100,278**	**100%**	**2.6%**	**814,281**	**100%**	**708,572**	**100%**	**-13.0%**

Source: https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3210010701

Farmed salmon dominates the aquaculture industry in BC accounting for over 50% of the wholesale revenues. Salmon farms are located across the coastline of BC and managed by those communities, with central management mostly located in Campbell River. Comox Valley, on the other hand, accounts for a large proportion of shellfish producers and is known as the "Oyster Capital of Canada". In 2019, shellfish generated $27m of revenues in BC, a 17% increase from 2018. Oysters generated the largest share with $15.2m (16% growth), which are mainly produced in the Comox Valley. Clams generated $7m (2.5% growth), mussels $4m, (57% growth) and scallops $600,000 (41% growth, driven by a price increase of 66%). It is estimated that the aquaculture industry in the Comox Valley is between $15m to $20m per year.

According to the BC Shellfish Growers Association (BCSGA, headquartered in Comox Valley)[5], shellfish farming has not nearly reached its potential as a key economic driver for coastal communities in BC. Other relevant statistics from BCSGA:

[5] https://bcsga.ca/resource-centre/food-for-the-future/

- Aquaculture output could double over the next 25 years due to a shortfall of 50-80 million tonnes of food fish by 2030.
- More than 85% of Canadian aquaculture production is exported; the US is the largest export market for farmed shellfish.
- British Columbia farms 60% of the oysters produced in Canada.
- British Columbia is Canada's largest producer of farmed clams.

According to Fisheries and Oceans Canada in 2013, more than 20 oyster producers in the Comox Valley area exported more than $12.6 million worth of oysters to 14 different countries. More than half of BC's shellfish production in the Comox Valley is grown in Baynes Sound. The industry employs over 100 people, contributing significantly to the local economy. Baynes Sound is also home to Fanny Bay Oysters, which processes 10 million oysters annually in its 20,000 square feet, state-of-the-art processing plant.

2.3 Food processing

Comox Valley has dozens of food processors, including larger businesses whose products are sold at major retailers, including Tree Island Gourmet Yogurt and Natural Pastures Cheese. In 2016, 44 farms in the CVRD reported selling value added products[6]. A list of CVRD food processors, including breweries, wineries and distilleries is presented in Appendix A.

Almost half of the processors listed in Table 2.5 are located in Courtenay, while the remainder are distributed throughout the populated areas of the region.

In addition to agriculture and aquaculture products, other types of processed food in the region include:

- Baked foods
- Sauces and condiments
- Chocolate and ice cream
- Cheese and yogurt
- Beer, wine and spirits
- Ethnic foods
- Herbs and spices
- Energy bars
- Pasta
- Kombucha

[6] Ministry of Agriculture, Food, and Fisheries Corporate Statistics and Research Unit. Summer 2017.

3.0 Overview of food consumption in CVRD

3.1 Food expenditures

No region-specific information exists on food expenditures within the region, so we extrapolated from household food expenditure data for the province as a whole. This is presented in Table 3.1.

Table 3.1 Annual household food expenditures by area with the CVRD

Food expenditures in the region	Comox Valley A	Comox Valley B	Comox Valley C	Total for the Region	Region as % of BC	Total British Columbia
Median household income $2015	$59,899	$63,334	$70,341	$63,397	91%	$69,995
Expenditures on goods and services	$58,102	$57,000	$66,121	$59,910		$65,895
% of total expenditures spent on food	16.3%	16.2%	16.1%	16.2%		16.1%
Expenditures on food per household 2019	$9,471	$9,234	$10,645	$9,705	91%	$10,639
Number of households	4,961	21,040	3,572	29,573		2,063,217
Total food expenditures ($millions)	**$47**	**$194**	**$38**	**$287**	0%	**$21,951**
Amount spent at grocery stores	$33.4	$137.9	$27.0	$203.8		$15,585
Amount spent at restaurants	$13.6	$56.3	$11.0	$83.2		$6,366
Amount spent at farmers markets/farmgate	$0.5	$1.9	$0.4	$2.9		$220
Distribution of food expenditures in region	16%	68%	13%	100%		

Source for food expenditures in BC

Sources for food expenditures relative to income

Grocery purchases vs restaurant purchases

Table 3.1 shows that residents in the region spend about $287 million on food every year, including both grocery and restaurant purchases. Grocery purchases account for about 68% of total food purchases across BC. Other highlights of Table 3.1 include the following:

- Households in the region spend about 9% less on food than the average household in BC, possibly because their average household incomes are lower.
- The Comox Valley Area B accounts for almost 79% of total food purchases in the region, because this area includes Courtenay and Comox.

3.2 Food retail

Table 3.2 Food retailers in the CVRD

Type of retailer	Name of Retailer	Location
Major Retailer	Real Canadian Food Store	Courtenay
Major Retailer	Thrifty Foods	Courtenay
Major Retailer	Thrifty Foods	Comox
Major Retailer	Quality Foods	Comox
Major Retailer	Quality Foods	Courtenay
Major Retailer	Extra Foods	Comox
Independent Retailer	Apple Tree Market	Courtenay
Independent Retailer	John's, Your Independent Grocer	Comox
Farm Market	Sieffert's Farm Market	Comox
Farm Market	DeeKayTee Farm Market	Courtenay
Meal Kit Company	Valley Home Meals	Comox
Natural Foods Market	Seeds Food Market	Cumberland
Natural Foods Market	Edible Island Whole Foods Market	Courtenay
Farmer's Market	Comox Valley Farmers Market	Courtenay
Farmer's Market	Cumberland Farmers Market	Cumberland
Butcher	Butcher's Block	Courtenay

3.3 Online stores, CSAs, and gate sales

Online stores that are available to Comox Valley residents and have a focus of local agri-food products include:

- **Order Retriever**[7] sells gift boxes (set and customized boxes) containing Vancouver Island food products, including alcoholic beverages, health and beauty products, snacks, canned goods and coffee and tea. The initiative was launched by Island Good, a program of the Vancouver Island Economic Alliance.

- **Tastes Local**[8] sells food products from Vancouver Island producers. Customers can choose which products they would like and have them delivered to their home or office by Canada Post. Items include alcoholic beverages, health and beauty products, snacks,

[7] https://www.orderretriever.com/
[8] https://tasteslocal.ca/

canned goods and coffee and tea. The initiative was also launched by Island Good, a program of the Vancouver Island Economic Alliance.

- **Online websites** are websites established and run by individual producers. Examples include seafood producers (e.g. Fanny Bay Oysters, Salish Seafoods and Mac's oysters), distilleries (e.g Wayward Distilleries).

- **Community Supported Agriculture (CSAs)** are boxes of locally produced and processed foods directly from local producers. Typically, customers pay upfront for weekly deliveries of food direct from the farm, during the growing season. Examples in the Comox Valley include Pendelton Farm, Kloverdalen Farm, Amara Farm, Whitaker Farm and Summer Soul Farm.

- **Gate sales** are offered by several farms in the region and are typically supported by a Facebook page or other online presence. Some farms and producers that sell at the farm gate are listed on the new Taste Comox Valley App launched in 2020. Other farms and farm gate vendors are listed in the Growers Guide and include wineries, honey producers, produce farms, cheese makers and bakeries.

3.4 School meal programs

School District No. 71 (SD71) is one of 60 school districts in BC. It serves about 7,000 students from the communities of City of Courtenay, Town of Comox and Village of Cumberland, including Black Creek, Merville, Royston, Hornby Island and Denman Island. Different food programs at these schools serve different needs. The most common programs found in SD71 schools are salad bars and hot lunch programs. Four farms regularly supplied the schools with produce during the 2018-2019 school year.

4.0 CVRD Food Processing Services and Facilities

4.1 Abattoirs

Three abattoirs exist in the region, as shown in Table 4.1. Two of them slaughter just poultry while the third slaughters all other livestock.

Table 4.1 Abattoirs in the Region

Name of Abattoir	Location	Class and Animal Type
Gunter Bros Meat Company	Courtenay	Class A: Cattle, hogs, sheep, goat, bison, rabbit
Paradise Meadows Poultry	Black Creek	Class A: Poultry
Stonecroft Farm	Black Creek	Class A: Poultry

Source: https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/agriculture-and-seafood/food-safety/meat-inspection/bc_meat_plants_public_list_by_region.pdf

4.2 Food processing facilities

Seafood: Salish Sea Foods (owned and operated by the K'òmoks First Nation) has a 7,000 sq. ft. CFIA approved plant with 20 staff that process finfish and shellfish and does value-added processing such as smoking and canning and specialized products like salmon pepperoni. Their harvesting arm is Pentlatch Seafoods. They distribute their products using ColdStar. They have a 500 sq. ft. retail store where they sell their full range of products plus some produced by other parties. They would consider custom processing for third parties and willing to participate in shared transport of frozen products and shared storage of packaging materials. They are in the process of developing their own e-commerce website.

Community kitchens: Several community kitchens exist at community centres, churches and other facilities however, they generally don't have the specialized equipment that food processors need nor are they generally available at times that are workable for the food processors.

Independent processors: One food producer, Innisfree Farm, and one food processor, the Mustard Lady, have commercial kitchens. There are likely others as well.

Public sector: The Comox Valley Economic Development Society, with support from the CVRD and 20 other partner organizations, submitted a proposal to the BC Ministry of Agriculture, Food, and Fisheries to establish a Comox Valley Food Innovation and Processing Hub. This proposal was not approved for implementation funding.[9]

[9] https://discovercomoxvalley.com/invest/key-sectors/agrifood/community/

4.4 Other food production related facilities

In October, 2018, a community food testing laboratory called Food Metrics was established in Courtenay in a partnership between a California-based biotechnology firm, BioMedix, and a Nanaimo-based food safety training firm, Intrisk Training Solutions. The laboratory can be used to perform a variety of screening tests for common foodborne pathogens.[10]

4.5 Food storage

The following cold storage locations exist in the CVRD:

- Coldstar Solutions, Comox (small cross-dock facility)
- Coastal Transportation and Storage, Comox (3,000 sf refrigerated/frozen)

4.6 Regional services for food producers

The following groups help promote and provide services for Comox Valley producers and processors:

Taste Comox Valley App[11] helps users explore the Comox Valley's extensive & diverse farms, markets & stands, wineries and other producers. The app currently has 20 participating food businesses and growing.

Comox Valley Growers Guide[12] is a joint venture between the Comox Valley Farmers' Market, Comox Valley Farmers' Institute, Mid Island Farmers Institute and the Comox Valley Exhibition, with support provided by Comox Valley Economic Development, Ministry of Agriculture, Food, and Fisheries, and the Comox Valley Record. The guide is a magazine style listing of 42 food producers from the region.

Comox Valley Economic Development (CVEDS)[13] partners with many small business service providers and industry organizations to provide educational workshops, seminars, and networking events to help grow their business. Current courses include; mental health and farm management, early-stage financing.

Denman Island Growers and Producers Alliance[14] purpose is to advocate for all Denman agricultural sectors and their offshoots, and to provide a forum for cooperation, communication and support among island growers and producers. Current projects and services include seed exchange, farmers' market and equipment rental co-ordination.

[10] https://bcorganicgrower.ca/2019/09/a-community-food-lab-comes-to-bc/
[11] https://discovercomoxvalley.com/invest/key-sectors/agrifood/taste-comox-valley/
[12] https://view.publitas.com/discover-comox-valley/2020-cv-growers-guide/page/1
[13] https://discovercomoxvalley.com/invest/
[14] https://www.denmangpa.ca/projects-1

The Comox Valley Farmers Institute[15] is a non-profit organization committed to agriculture and farmers in the Comox Valley. Current projects and services include workshops on theory and practice of agriculture, provide mentorship opportunities, rent select farm implements and co-ordinate bulk purchases of products. CVFI also runs a website and Facebook page with an interactive group.

Mid Island Farmers Institute[16] is a non-profit organization that supports farmers in the Comox Valley. They currently provide agriculture workshops and presentations and arrange the purchase, distribution and sale of their member products.

The British Columbia Shellfish Growers' Association (BCSGA) [17] is a non-profit organization that represents approximately 70% of shellfish farmers in British Columbia as well as processors, industry suppliers and service providers related to the industry. Current programs and services they provide to members include business & technical training, Vancouver Aquarium's Ocean Wise certification program and information about new technical advances in the industry, new legislation and marketing opportunities.

Island Good[18] is a marketing program run by the Vancouver Island Economic Alliance[19], a non-government, non-profit, regional economic development organization serving all of Vancouver Island and the Gulf Islands with a single mandate to help ensure a vital and sustainable Island economy. Vancouver Island businesses can license with island Good which allows them to use Island Good materials (e.g. shelf markers, posters and digital logos) to promote their product as being from Vancouver Island. Comox Valley businesses[20] that subscribe to the program include Tree Island Yogurt, Victorian Acres farms and Wayward Distillery.

Vancouver Island Farm Products provides marketing and distribution for 14 significant farms. They are currently working on a "perfectly edible produce" program for produce that is high quality but just the wrong shape. They are also working on expanding their home delivery program.

Food Metrix Laboratories in Courtenay has developed a streamlined process for local producers to complete HACCP (Hazard Analysis Critical Control Points), which is required by many retail and institutional buyers. They are prepared to sell a master license to a local food hub for a flat rate, which can then allow the hub to have an unlimited number of food hub producers go through the HACCP certification process and have all the certification information digitally stored and available to all buyers that want it.

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[15] https://cvfarmersinstitute.com/
[16] https://tinyurl.com/49rckbdf
[17] https://bcsga.ca/about/
[18] https://islandgood.ca/
[19] https://viea.ca/
[20] https://islandgood.ca/current-licensees/

4.7 Potential collaborators

In Table 4.3, we present a list of organizations around Comox Valley that could potentially collaborate with the proposed food hub.

Table 4.3 Organizations that could potentially collaborate with the hub

First Nations
K'òmoks First Nation
Wachiay Friendship Centre

Educational Institutions
North Island College
Vancouver Island University
VIU – Deep Bay Marine Stations
UBC Faculty of Land & Food Sys.

Local/Regional Government
City of Courtenay
Town of Comox
Town of Cumberland
Comox Valley Reg. Dist.

Funders
BC Rural Dividend Fund
Canada-BC Agri-Innovation Fund
Farm Adaptation Innovator Program.
Hornby Island Comm. Econ.
Enhancement Corp.

Economic Development Agencies
Chambers of Commerce
Economic Development
Comox Valley Econ. Dev Society
Western Economic Diversification
Community Futures

Employment Centres
Immigrant Welcome Centre
North Island Employment
Foundation Society

Government Agencies
Ministry of Agriculture, Food, and Fisheries (regional agrologists)
Ministry of Forest, Lands and Natural Resources
Island Health
Min. of Ec. Dev, Job Creation and Trade
BC Centre for Aquatic Health Sciences
Innovation, Science & Economic Dev. Canada
FoodTech Canada

Industry Associations/Groups
BC Agriculture Council
Comox Valley Growers and Seed Savers
Comox Valley Farmer's Institute
Mid Island Farmers Institute
BC Goat Association
BC Food Processors Association
BC Small Scale Food Processors Association
BC Seafood Alliance
BC Salmon Farmers Association
BC Shellfish Growers Association
Denman Island Growers & Producers Alliance
North Vancouver Island Chefs Association
Young Agrarians
Hornby Island Farmland Trust Society

Community Associations/Food groups
Pier Street Farmers Market
Mount Waddington Community Food Initiative
Lush Valley Food Action Society
Comox Valley Farmers Market
North Island Farmers Market Association
Vancouver Island Farm Products
Comox Valley Social Planning Society
Greenways Land Trust
Merville Community Association
Farris Community Farm (Hornby Island)

5.0 Overview of Related Initiatives

5.1 Previous Comox Valley food hub discussions and feedback

Several studies, workshops and discussions have been conducted in the past between food producers and other agri-food stakeholders for a food hub or a component of a food hub in the Comox Valley.

CVRD Survey

The CVRD received over 90 responses to a local survey and engagement efforts that identified a very strong need for commercial kitchen access, specific food processing equipment such as ovens, blenders, mixers & chopping, vacuum packaging, cold and freezer storage space, as well as food safety testing. Demand from Comox Valley producers for training and education related to compliance with food safety regulations scored very high while demand for business services such as a kitchen classroom and training space was also a key requirement.

5.2 Comox valley regional food initiatives

Feed Comox Valley

Food Environment and Economic Development (FEED) Comox Valley is an initiative to increase the supply of local food in public institutions. Crops are grown for specific institutions and sold directly to them. In 2015 pilot, North Island College was selected to increase the supply of local food into the college and as well as institutions.

Local Food for Comox Valley K-12 Schools *Lush Valley Food Action Society*

In 2019, Lush Valley Food Action Society completed a feasibility study for an aggregation hub that primarily provided regional agriculture products into school salad bar and meal programs. The vision for the initiative is the establishment of a facility for aggregation, light processing and distribution with a focus on serving the vulnerable sector with Comox Valley local food. The aggregation hub is envisioned to be run as a non-profit and serve schools as well as other food security partners. Many non-monetary benefits associated with healthy food were also identified. In 2020, Lush Valley moved more than $150,000 worth of local food to the vulnerable sector. Capacity is growing with additional staff and equipment.

Closing the Loop on Food Security Report

The Closing the Loop of Food Security report (2019)[21], also completed by Lush Valley, provides a needs assessment social, supportive and transitional housing and their food needs, as well as

21 https://lushvalley.org/resources/lush-resources/

discussion with farmers, people with lived experience of food and housing insecurity. A key recommendation is to establish aggregation and distribution infrastructure to serve the vulnerable sectors.

Upgrades to Merville Hall

CVRD applied for funding to the Community Economic Recovery Infrastructure Program (CERIP) grant to address commercial kitchen upgrades and food processing facilities at the Merville Hall. Community feedback was received at a 2015 Community Visioning session. The funding was not approved.

Vancouver Island University Deep Bay Research Station, Bowser is a research and education facility that primarily serves the shellfish aquaculture industry. In March 2021, they were awarded a $750,000 grant by the Ministry of Agriculture, Food, and Fisheries to establish themselves as a food hub and be part of the BC Food Hub Network. The goal of the innovation centre is to address several challenges facing the industry, including improving processing capabilities through new technologies and food sciences support, innovative packaging that increases shelf life, reduces costs or is biodegradable, and fish product development that would use all of the seafood product, eliminating waste.[22]

The food hub hopes to be operational in 2021. Initially the food hub will rent out space in their culinary kitchen, classroom space and events centre. The 2,200 sq. ft. kitchen is available to any type of food processor, but priority will be given to seafood processors. It is certified but is not large enough to be a commercial kitchen. It has countertops, 6 burners, 5 sinks, a walk-in freezer and reach in coolers. Renters can bring their own equipment, provided there is enough power in the facility. The centre is open to working with processors on developing the facility (e.g. walk in cooler and/or equipment) or even expanding it.

Hornby Island Farmland Trust Society applied for funding to build a 3,000 sq. ft. processing facility on 12 acres of land for which they hold a 99-year occupancy lease next to Donny Farris Community Farm and Garden. The society also drew up architectural and schematic drawings of the facility. The vision was for food enterprises to be able to store, process and distribute from the facility. The goals of the facility were to strengthen food security on the island and create jobs to help retain a younger population. The application, unfortunately, was not successful and supporters of the project decided not to fund the facility themselves.

Island Pasture Beef

Island Pasture Beef[23] is a co-op of 12 Vancouver Island beef producers, producing around 200 finished head of beef per year, to facilitate the sales of Island produced beef to major grocery stores. The co-op includes produces from the Comox Valley region. Producers take their cattle to Gunter Brothers abattoir in Courtenay for processing. One of their major clients is Country Grocer. Country Grocer picks up the beef from the abattoir and distributes it to their stores, which all have butchers on site to cut and wrap the beef for retail sale. There is demand for

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[22] https://news.viu.ca/deep-bay-marine-field-station-identified-potential-regional-food-hub
[23] https://www.facebook.com/Islandpasturesbeef

more product from Island Pasture Beef, but it is not being met due to the limited processing capacity. Producers only pay a $50 annual stipend to pay for the administration and co-ordination of the service. Otherwise, the producer pays directly for their own costs (e.g. shipping product to the abattoir).

5.3 Vancouver Island regional food initiatives

Below we present some food initiatives happening elsewhere on Vancouver Island that either buy from Comox Valley producers or that a Comox Valley food hub might collaborate with.

The Dock+[24]**,** is Port Alberni's food processing and innovation food hub, which is also part of the BC Food Hub Network. It opened in late 2020 and is owned and operated by the Port Alberni Port Authority (PAPA) at Fisherman's Harbour. The Dock+ is a shared 17,000 sq ft. space, primarily to serve seafood processors, as well as other seafood, such as seaweed, clams, and oyster processors. The hub will also process fruits and vegetables, poultry and other meats. The hub allows clients to rent space in their 1,254 sq. ft. commercial kitchen, ice plant and cold storage space. They also have five anchor tenants, including Canadian Seafood Processing (Effingham Oysters), Cascadia Seaweed, Flurer Smokery, Forest for Dinner and Nova Harvest Ltd who all have their own dedicated space.

Tofino/Ucluelet Culinary Guild

The Tofino Ucluelet Culinary Guild (TUGG) is a non-profit organization that connects Vancouver Island farmers, fishermen, foragers and food producers to families, restaurants, groceries and businesses on the west coast. TUGG strives to make local food more accessible and affordable while providing a reliable market for small and passionate farms.[25] TUCG buys food from a number of Comox Valley producers.

COW-OP

COW-OP is a Cowichan Valley non-profit farmer and food processor co-operative with an online marketplace of locally grown and harvested food, featuring a variety of produce, meats, eggs, fruit, baking and more all grown or produced throughout the Cowichan Region.[26] It generated $600,000 in revenues in 2020.

South Island FarmHub

As a project of Victoria Community Food Hub Society, the South Island FarmHub[27] is a farmer driven produce distribution centre. The current 22,000-square-foot centre in Esquimalt was

[24] https://thedockplus.ca/
[25] https://www.tucg.ca/
[26] https://cow-op.ca/about/
[27] https://www.sifarmhub.ca/

acquired in June, 2019 by The Mustard Seed Street Church and Food Bank.[28] In 2020, the group launched an on-line sales platform[29] powered by Local Foods Marketplace platform, and in July 2021 hope to launch a home delivery service.

[28] https://www.vicnews.com/news/50000-feasibility-study-coming-for-crd-food-processing-hub/
[29] https://shop.sifarmhub.ca/Products

6.0 Views from Key Players

The consulting team engaged a broad range of key players in the region's agri-food sector to further understand the challenges and opportunities of food producers and processors and the needs of a food hub. Please see Appendix B for further information on who was involved. One-on-one interviews, small group discussions, an on-line producer survey, and a food hub concept forum and post forum survey provided valuable insights for building a food hub model, which are summarized below. We note that these are perspectives of key players and may or may not reflect our recommendations or the views of the CVRD.

6.1 Views on the region's agri-food sector

Online stores have had mixed results for different food producers in the region

All vendors at the Comox Valley Farmers' markets have access to the Local Line market platform. However, while some vendors have generated moderate sales others either have not or have just not used it.

Small and medium food producers face barriers in selling to institutional buyers

To effectively sell to institutions, producers need to operate at a larger scale and be HACCP and GAP certified. One respondent noted that because food hubs generally serve small to medium scale enterprises, institutional and other main-stream markets are not a key market for food hub products. Independent businesses like restaurants, hotels, cafes, caterers, pubs, bistros, and others are more likely to be key buyers for food hub producers.

However, another respondent noted that some public institutions like schools and hospitals are beginning to invest in on-site kitchens and using fresh product in meal preparation. In this way, low-risk products (like whole potatoes, apples, carrots, apples) could be an opportunity for a food hub. Lush Valley has had success providing local food to schools and other service providers. Another observation was that long-term care homes could be an opportunity for local organizations like Lush Valley and other producers to serve.

Non-profit and for-profit entities both have roles in the local food sector

Respondents indicated that many CVRD businesses, organizations, and industry associations are considering how they can work together. Considering how non-profit organizations could become part of an overall revenue neutral or positive entity was suggested as a next step in the analysis.

Food production on Denman and Hornby Island is growing

Both islands have a long history of agriculture and are seeing a resurgence of food production and processing. Both islands also have active producer associations, farmers' markets and developed local food sales through CSAs and farm gate sales.

6.2 Views on a vision for the food hub

Small groups of producers and other key players were asked what should be the vision for the food hub. Although there is some divergence around the vision, there is significant common ground. Most participants considered all the following elements to be interrelated and important for the vision of the food hub.

- Increased sales of local foods.
- Enhanced food security and food access.
- New sales channels for local food enterprises.
- Training/education for farmers/local food entrepreneurs.
- Better access to shared processing facilities/equipment.
- Increased efficiencies that reduce carbon emissions.

6.3 Views on the needs of food producers and processors

A need exists for shared aggregation, distribution, and marketing

Many producers want to sell product into a central facility to reduce costs and marketing time. Many producers would prefer to do this through a broker as opposed to marketing their product directly to customers. Small group participants identified the opportunity of developing a shared brand to market Comox Valley food products.

Food processing facilities are strongly needed in the region

For years food producers, their associations and local government have been looking to invest in food processing facilities in the region due to strong demand. Farmers' market food processor vendors have limited certified shared kitchen space for their production and meat producers must book months in advance for meat processing. A strong need exists to access VIHA certified commercial kitchen space.

The following food processing opportunities were identified:

- Artisanal butchering
- Processing apples into apple juice, applesauce, and/or apple ciders.
- Shelling, cleaning and hulling hazelnuts and further processing them into hazelnut butter (e.g. like Nutella) and/or hazelnut milk.
- Processing kale into kale chips.
- Processing kelp into a variety of kelp products (nori, chips).
- Value-added meat and seafood processing.
- Making large batches of tomato paste, hot sauce, etc.
- Pickling carrots, cucumbers, onions, and other vegetables.

On Denman Island, producers would like flash freezers and dehydrators to extend their production seasons. Hornby Island producers unsuccessfully applied for funding for a commercial kitchen a few years ago. Hornby Island producers would also like access to an apple press to increase apple production and potentially catalyze new apple-based businesses. Currently, apple growers either ship product to Denman Island, Vancouver Island or use the Pressing Matters mobile facility when it visits the island. In all cases this is costly and not reliable. Producers also identified the need for larger farm equipment rentals but cautioned this could be challenging because equipment is needed at the same time and there is disagreement about who should pay for damages and equipment maintenance.

Demand for shared storage is high

Small group participants and other key players expressed a need for all forms of storage (frozen, cold, and ambient storage). Some felt that frozen storage is the priority. Storage space for agricultural equipment was also discussed (e.g. harvesting and processing equipment for grain).

Producers on Hornby Island and Denman Island expressed an interest in food storage to help extend their season. Root crop storage was one idea mentioned.

Interest in shared distribution is strong on Denman and Hornby

Several producers expressed interest in being part of a shared distribution program for refrigerated and frozen products. This is especially true on Hornby Island and Denman Island, which have unique distribution challenges. While both islands have strong on-island sales any further growth off island is challenging due to a lack of distribution options. Producers generally manage their own off-island distribution or simply do not bother due to challenges with the ferries. One producer even invested in a boat to take food off the island. Others have moved their entire production off island. Ideally producers need a shared refrigerated distribution option where the producers drop if off at a central location on each island and the distributor picks it up. Some distributors coming to the islands could potentially play this role (e.g. the CTS truck that delivers to the Hornby island co-op and returns empty).

Food and agriculture non-profit organizations need permanent homes

Comox Valley Farmers' Market operates at four different locations throughout the year and in some cases must switch locations temporarily for a market day or two due to other events being held at their scheduled location. Their main location, Exhibition Grounds, does not have an indoor location for their winter market. A central main location with an indoor or covered area with good public transport and parking would significantly boost vendor sales. A new location could also provide storage and meeting rooms for workshops.

Lush Valley is currently looking for a permanent home after moving operations several times as well as increasing their operations year over year. At the time of this writing Lush Valley is in conversation with the Island Corridor Foundation about the use of the old railway station in Courtenay.

" We are farmers not salespeople. We love and are good at growing food. We do not love or have time for, and are not skilled at, marketing and selling food. Our dream scenario would be to have a wholesaler who would purchase our food products for commercial resale elsewhere so we could focus our time and energy on growing rather than worrying about selling."

- *Survey respondent*

Some participants were keen to see a public market

Some respondents indicated a desire to make the food hub into a major public market that creates year-round interest and opportunities for locals and visitors. The breweries, wineries, and distilleries were particularly interested in this concept if it allowed them to do tastings. Granville Island and St. Lawrence market in Toronto were cited as examples of food markets with a lot of character, functionality, and connection between food makers and eaters. Participants felt that whatever scale of food hub moves forward, it should work in a complementary way to farmers' markets as to ensure the vitality of all.

Respondents like the idea of creating a permanent farmers' market venue

A number of people indicated that it would be great if the food hub could create the facilities to support a year-round home for the Comox Valley farmer's market.

A need exists for abattoirs and meat processing capacity

Many farms produce beef, pork, and poultry but the lack of regional meat processing infrastructure is a major barrier. Producers are frustrated at having to book months in advance for abattoir services. They also worry that abattoir staff are overworked, creating a survival risk for those abattoirs. Producers report that their meat production growth is constrained by the lack of abattoir capacity and prevents new farmers from producing local meat. Many producers indicated the need for increased abattoir and meat processing capacity including high-end artisan butchering.

6.4 Views on the needs of breweries, wineries and distilleries

The Comox alcohol and spirits industry is keen to participate in a food hub

The breweries, wineries and distilleries we spoke with were all very interested in being part of the food hub. Areas that they were keen to explore included:

- Direct to consumer-sales of alcohol through an online website and home delivery service or courier companies.
- Shared distribution of alcohol to wholesale markets in other parts of BC.
- Access to temporary cool and cold storage.
- Being part of a local public market with tasting rooms.
- The opportunity to buy local food for their restaurants, including elderflower, sumac, and raspberries.

Breweries are interested in a malting facility and yeast propagation facility

Five breweries operate in the region and brewery representatives felt that a malting facility to serve all of Vancouver Island may be financially viable. One brewery indicated that Comox Valley breweries buy their yeast and felt that a shared yeast propagation facility would allow them to make their own unique yeasts and at a significant cost savings. A 5 pound container of yeast can cost $600.

Wineries expressed interest in testing services

The Comox Valley wineries we spoke with indicated that they would like to have access to lab testing for soil and grape tissue samples. One winery sends their soil samples to Vancouver and their tissue samples to Ontario. Wineries are also interested in wine analysis services (SO_2, yeast, available nitrogen sampling). Most wine testing is done in Penticton. Vancouver Island has 35 wineries, which could use these services.

Distilleries want testing, storage, access to equipment and a tasting room

Distilleries would be interested in being able to do testing for their spirit recipes, being able to store glass jars and finished products, the ability to access a homogenizer ($40,000 piece of equipment), and access to a tasting room where people could sample local spirits.

6.5 Views from Denman Island and Hornby Island producers

Producers on Denman and Hornby Islands have a clear vision for a certified commercial kitchen for food producers to be able to produce products on a larger scale that allows them to sell to bigger market channels such as independent retailers. Producers currently must process at home or build their own facility. Because the market is limited on both islands building a facility just for one producer is going to be economically challenging. Those producers that build their own facility, to produce larger volumes, tend to do so off island. A shared processing facility will also improve food security on the islands.

Other services attached to a food hub that producers identified include the co-ordination of off island distribution, equipment sharing, field crop and water testing. Some producers also identified the need for a small scale abattoir like that of Saturna Island. A food hub could also be a central retail spot aggregating product from local producers who normally sell from their farm stand.

Producers have different on the ideal facility size, but Hornby Island producers prepared a business plan that identified the need for a 3,000 sq. ft. facility on their island. Hornby producers identified Farris Farm as the best location and Denman producers identified land near the community hall. Most liked the idea of a farmer led co-op as running a food hub that was professional and could still access grants. However, producers said that previous collaborations or attempts at collaboration have been challenging and not successful. However, there are some successful ones such as the shared apple press on Denman Island.

Producers identified a food hub on either island would find it challenging to be financially self-sustaining. Producers on the islands have small profits and would struggle to give up even 20% to pay for any additional services, especially with limited sales capacity on the islands. If a food hub could find a way to reduce the costs of capital expenses, land, building costs and/or rent then potentially it could be viable. It was identified that the islands have plenty of people looking for part time jobs due to the seasonal nature of the islands.

6.6 Views on food hub governance

Views on the best governance structure for a food hub are mixed

Several interview and small group respondents indicated that the best governance structure for a food hub would be a producer-owned cooperative because this would allow producers to control the enterprise and potentially receive dividends if it is successful. A co-op can also do fundraising and no one party would control it. Another said that if producers had a stake in it, then they would look after it better. Some commented on the real challenges coops can face and cautioned that forming a coop would require significant dedication of time and resources.

Some respondents felt that it should be run as a not-for-profit organization as a non-profit could represent a broader range of interests and would be able to more easily secure grant funding. However, it was also mentioned that a not-for-profit model would make it challenging to secure producer buy-in.

A shellfish producer felt that a shellfish processing facility should be owned by the regional district. Several respondents felt that it should be run by a business. One group felt that it was important that whichever governance model is selected that it be a new group, possibly comprised of multiple regional groups, in order to overcome historic divides within the producer community.

Collaborative initiatives are important for Hornby and Denman producers

Market demand is limited on both islands. Therefore, any large investments can be risky. Sharing the risk, for example investing in a shared bakery, would reduce the risk and allow small producers to increase their production. Similarly, shared off-island food distribution would reduce costs. There have been attempts to get funding for shared facilities, but have not been successful to date. Facilities and services to benefit island producers will need to be on the islands. An opportunity may exist for both islands to collaborate on a shared distribution service.

Some parties have expressed interest in potentially operating the Food Hub

The following parties have expressed interest in potentially operating the Food Hub

- **Vancouver Island Farm Products** – They feel they are already operating a food hub to some extent and would be interested to know what it might entail.
- **Lush Valley Food Action Society** - They have developed a food aggregation and distribution service to serve vulnerable populations and would be interested in expanding their scope of services.

6.7 Feedback on food hub facilities and services

Respondents identified various services and functions for the food hub

- Business incubator functions (like Leduc Processing Centre, Leduc AB)
- Equipment rentals
- Food brokerage, marketing and online sales
- Food aggregation and distribution
- Produce processing
- Apple press (especially for Hornby Island).
- Grain cleaning and storage to increase production of oats and other grains.
- Root crop storage, especially for Hornby and Denman Island growers.
- Cooler and freezer storage as well as blast freezer (deep freeze) storage.

Based on the survey responses, the top rating for food hub services and facilities was for food and crop testing with 60% of responses indicating they would be interested in using it. Many of the categories were closely split between very interested and possibly or not interested. This may suggest a division around product types i.e. different food and agriculture sectors have different interests. Table 6.1 below provides a summary of responses with the purple highlight showing the top rating and the grey showing close seconds per question.

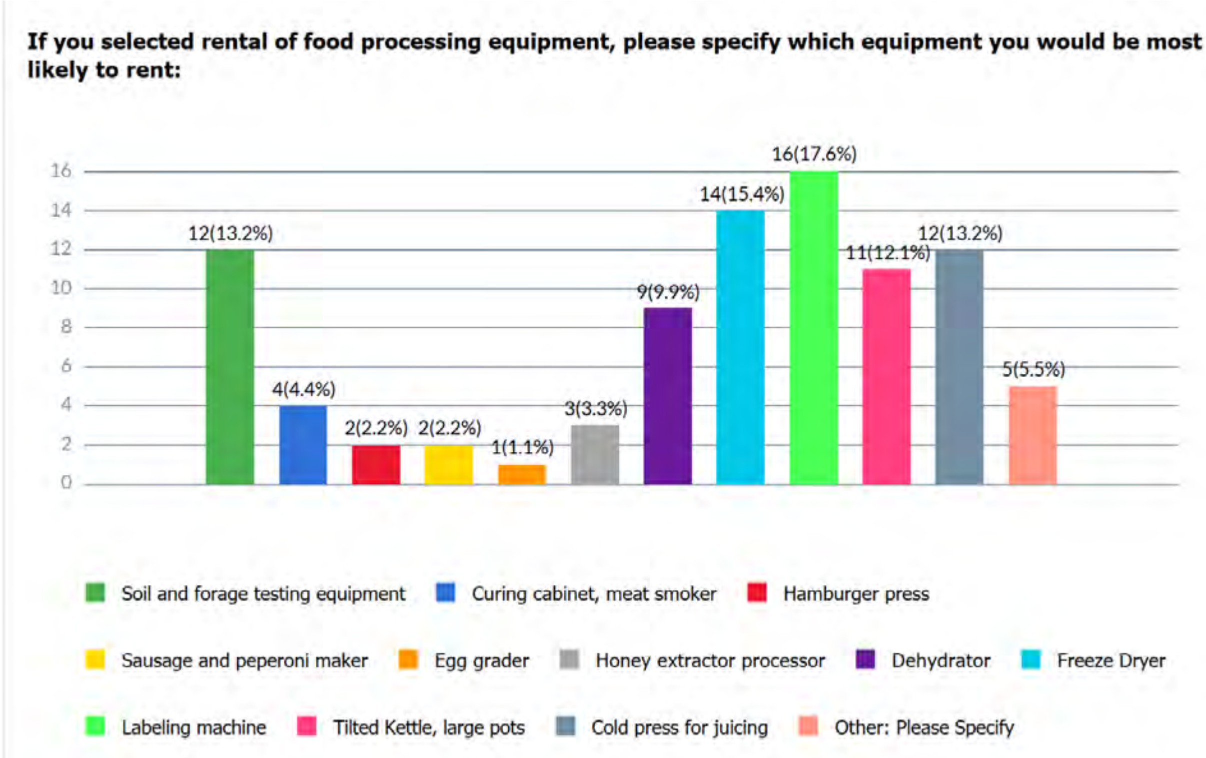
Table 6.1 Rating of Food Hub Services and Facilities

Description of potential food hub service	Not at all interested	Possibly interested	Somewhat interested	Very interested	Not applicable
1. A commercial kitchen that can be rented hourly, daily, weekly or monthly	**23%**	13%	15%	**43%**	3%
2. Access to an abattoir within the region for animals that you raise	**23%**	5%	8%	**38%**	28%

3. Food storage space rentals (including room temperature , refrigerated and frozen food storage).	15%	20%	15%	**35%**	15%
4. Small retail area to sell local products (e.g. 500 – 1,000 square feet)	10%	**33%**	15%	**35%**	8%
5. Delivery service to deliver products in the CVRD and beyond.	13%	**25%**	20%	**35%**	8%
6. Training/education workshops (e.g. on food production techniques, business management, GAP, HACCP certification).	10%	**23%**	18%	**45%**	5%
7. Testing services including food testing (e.g for presence of pathogens), forage testing (e.g. for nutrient content, presence of pathogens), and/or soil testing (e.g. soil quality, presence of pathogens).	10%	10%	15%	**60%**	5%
8. Rental of food processing equipment.	13%	**28%**	15%	**33%**	10%
9. Access to an ecommerce site to sell products to buyers in the region and/or broker to market/sell your product.	13%	23%	5%	**53%**	8%

The survey provided a rating of how likely respondents are to rent different types of equipment (see Figure 6.1). The most popular responses were for a label-making machine, freeze dryer, soil and forage testing equipment, and cold press for juicing.

Figure 6.1 Types of equipment businesses are likely to rent



Respondents identified various potential funding sources for the food hub

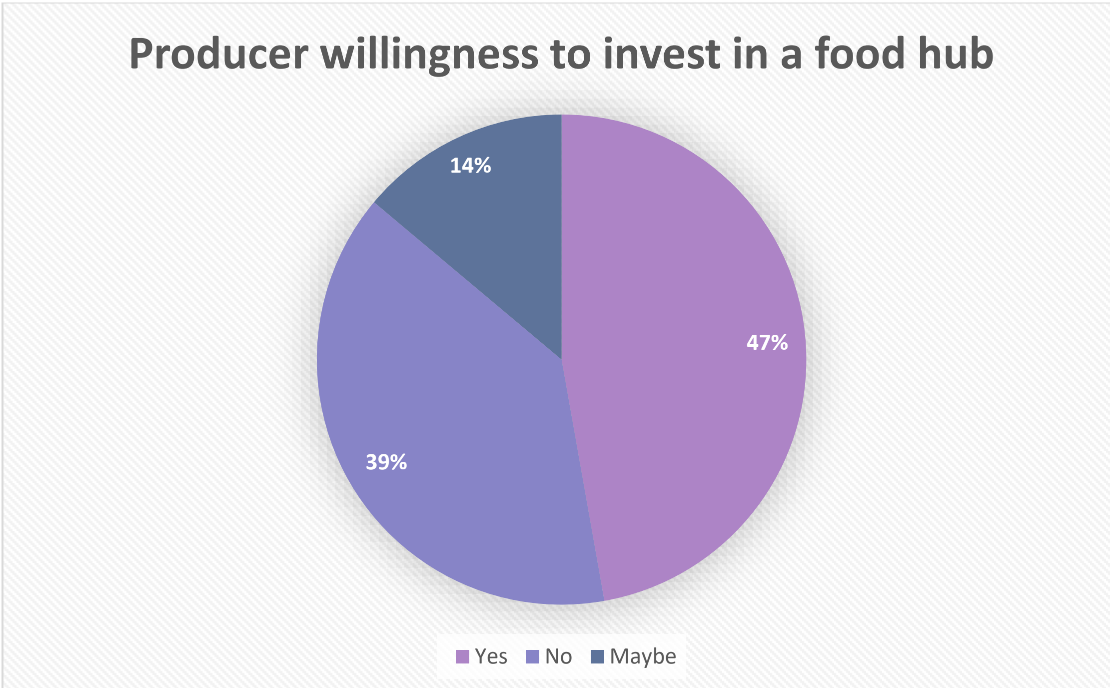
Respondents identified the following funding sources for a food hub:

- BC Government
- Island Coastal Economic Trust (ICET)
- Western Economic Diversification
- Community Futures
- Comox Valley Foundation – funding tied to food security
- Coast Community Credit Union
- Union Bay Credit Union
- BC Coop Association (if it was a Co-op)
- Community crowdfunding (to fund food initiatives or buy community assets)
- Producers themselves

Some producers are willing to invest money in a food hub

Survey responses indicate some willingness to invest money in a food hub if it could help to increase revenues and either be repaid over time or generate some investment dividends. Figure 6.2 below summarizes producer willingness to invest.

Figure6.2 Producer willingness to invest in a food hub



6.8 Views on food hub location and scale

A number of food hub locations were suggested

- Participants generally favoured a location in or near Courtenay.
- Specific location suggestions included:
    - One of the barns on the exhibition grounds.
    - One of the surplus buildings owned by the school district (e.g. the Comox elementary school has been vacant for 20 years).
    - The vacant old train station, a beautiful heritage building that has some significant restoration challenges.
    - The old Saputo dairy processing plant.
    - The United Church on Denman Island, especially to house equipment for rent and cold storage.
    - Farris Farm on Hornby Island.

Views on a centralized versus decentralized hub

Respondents generally favour a centralized hub with food hubs for Denman and Hornby Island and possibly in one other location. One person indicated a concern about higher overhead costs for a centralized facility.

Views on the most appropriate size and scale for a food hub

We asked respondents to indicate which of the following food hub scales would be most appropriate for a food hub.

One respondent indicated that the best size would be a medium (12,000 sq ft) facility because she reviewed that the region was already operating at almost a 3,000 square foot equivalent space and that there would be demand for a larger facility.

Survey respondents were asked if their business will need additional space within the next two years. Thirty percent (n=12) indicated that yes, they will need more space within two years, whereas 69% (n=27) indicated they would not. Survey respondents also indicated there are about eight businesses/ non-profits who would rent space from the food hub. The total amount of space indicated was 16,000 sq feet although almost a third of that is from a non-profit entity who is already pursuing a location.

Based on the survey results, it was clear that there was interest in a facility that was at least 5,000 square feet. As a result, when we held the small group sessions, we defined a small to medium facility as being one that was 5,000 to 12,000 square feet while a large facility was defined as being 12,000 to $20,000 sq. ft.

Most small group participants agreed that a medium scale hub (12,000 sq ft) is the most appropriate scale for the food hub. Some small group participants felt a medium to large scale food hub is more appropriate to be able to achieve the revenues needed for the hub to be financially viable. The ability and flexibility to scale and grow within the facility was noted a key consideration.

6.9 Views on potential food hub users and buyers

Small groups discussed users and buyers for the food hub. Generally, groups agreed that agriculture producers, farmers market vendors, and small scale food processors would be the main users of the food hub. Consolidated feedback from all groups is provided below.

User group	Food hub user priority rating
Fruit, vegetable, nut, and grain growers	High
Farmers' market vendors	High
Small scale food processors	High
Livestock producers	Moderate
Seafood producers	Moderate
Food Start-ups	Moderate
Food non-profits	Low

Small groups also discussed food buyers for the food hub. Generally groups agreed with the following priority ratings for target food buyers.

Food buyer group	Food hub buyer priority rating
Independent retailers	Very high
Households (direct-to-consumer)*	Very high

Local restaurants	Very high
Comox valley area customers	Very high
Rest of island customers	High
Food processors	Moderate
Institutions (hosp., schools, long term care)	Moderate
Major retailers	Low

* Concern was expressed about introducing direct competition with farmers markets.

Survey respondents corroborated small group discussion findings on food hub buyers and indicated a range of potential food hub buyers (e.g. businesses or business types that producers would be interested in selling to). These include:

- Farmer's market and direct to consumer
- Comox Valley businesses (e.g. Guerilla Pizza, Dubois food, Honey Grove Bakery Locals Atlas ...)
- Restaurants in Victoria
- Gunter's Butcher Block
- Any business licensed to sell drinks as well as private liquor stores
- Tofino Culinary Chef's Guild
- Grocery stores:
  - Small corner stores, grocery stores and gift stores (e.g. Island Giftware)
  - Edible Island, Thrifty Foods, Quality Food
  - Superstore, Walmart, Cisco
- Institutions:
  - North Island College
  - Courtenay Hospital
  - Retirement homes
  - Long term care facilities and all schools in SD 71
  - School Hot Lunch and Salad Bar Program
- All food and beverage operations
- Non-profits
  - Lush Valley and other non-profits requiring food.
  - Community organizations and social housing sites as well as individuals.

Views on additional ways a food hub could help regional enterprises

Survey respondents were asked, "*In addition to improving local food facilities and expanding product line, what other ways could a food hub help local food enterprises, like yours, grow their business?*". Below is a summary of verbatim responses:

- Sourcing growers, suppliers of apples, grapes and other fruit to make brandy.

- Business support on:
  - Navigating the food inspection process, agencies etc.

  - Wrap around services for food entrepreneurs with recipes but lack of knowledge on scaling up food processing (e.g. what labour-saving equipment to use, packaging, branding).
  - How to become a VIHA certified facility to get more catering business.

- Marketing
  - Collective marketing. Access to different local markets.
  - Building community awareness.
  - Promotions/advertising outlets.
  - Networking, collaboration with other producers and processors.

- Equipment
  - Having a reliable kitchen space with consistent scheduling would add stability to my limited production needs.
  - Packaging/bottling equipment.
  - Purchase of equipment for all types of food storage- cold, freezer and dry storage. Light processing equipment Collaboration with other producers to sell joint products.
- Aggregation and distribution
  - Aggregation and distribution of fruit and vegetables. If multiple farmers could grow and then bring, say, the carrots to be washed and packaged for distribution.
  - Space to scale up our non-profit aggregation and distribution efforts.
- Supporting community initiatives
  - Distributing excess food to shelters, hiring help.
  - Space where the community can connect and celebrate local food (e.g. pick up location for meals and Good Food Boxes).
  - Assistance in getting urban agriculture and small artisan food processing part of home occupation definitions in Comox bylaws.

6.10 Views from the shellfish industry

Shellfish producers need ongoing workshop and training programs

Shellfish production is a challenging business, so producers and their staff need workshops and training to maintain the viability of their business, reduce the impact on the sensitive environment they operate in, and maintain the integrity of their product and the industry. Recent workshops have addressed reducing farm debris into the environment and climate adaptation.

Smaller shellfish producers would benefit from a shared processing facility

Shellfish processing facilities can be costly and must be federally inspected. This has resulted in mainly larger producers having their own processing facility and smaller ones either using larger producer processing facilities or selling their product to them. Having a shared processing facility with other smaller shellfish producers could give them more control over their business and potentially serve the local market more through direct sales (e.g. farmers' markets, home delivery and gate sales) as well as underserved markets such as developing value added products (e.g. frozen chowder). Any facility that is processing raw shellfish would need to be separated from other food. One grower estimated the facility would need to be 500 sq. ft., access to ample water supply, access to quality control testing, and be able to record data. This facility could not share the same space with other food processors due to cross contamination issues.

Some growers identified that building and running a shared processing plant would be very costly with various challenges. A solution was to work with a current local processor and contract them to custom process. One processor, Salish Sea Foods in Comox, was identified as a strong potential processing partner. Producers stated a food hub could also help the industry with sourcing and training a work force, promoting BC shellfish (e.g. developing recipes, attending trade shows) and providing storage and distribution solutions.

Opportunities exist for value-add shellfish products

Most shellfish produced in the region is sold raw to far away markets. If producers could add value to their shellfish such as smoking or including it in recipes, this would provide additional and more consistent revenue and potentially higher profits.

Smaller shellfish producers collaborate together

Smaller shellfish producers collaborate together to gain access to the market. A lot of shellfish is processed and distributed to major markets from Vancouver, so smaller producers collaborate on distribution to Vancouver using 3rd party distributors.

6.11 Views on key success factors

Small groups were asked about what they thought the key success factors for the food hub are. Below is a summary of the perspectives shared during this discussion.

- Leadership that is respected and trusted by a wide range of producers.
- Working together and coming together to form a unified voice.
- Increased community food security and self-sufficiency.
- Producers are strongly supported.
- More regional food is being produced and consumed.
- Greater accessibility of local food for all including vulnerable populations.
- Strong commitments from all key players involved, including producer buy-in.
- Sustaining multiple revenue streams.

- Overcome skepticism on organic farming.

7.0 Gap and Opportunity Assessment

These gaps and opportunities are largely based on interviews, small group meetings, the producer survey findings, our previous research, our review of census information, as well as our inventory of regional food assets.

7.1 Gaps in the regional food and agriculture system

CVRD Food and agriculture producers and businesses face many common challenges. Some of these challenges are systemic and require legislative policy changes. Others can be significantly influenced by regional efforts. Gaps for businesses and organizations in the local food space include but are not limited to:

- Like many regions, small to medium scale CVRD food producers and processors struggle to do value-added processing as the investment required to buy equipment and become health and safety certified is too difficult.
- Lack of availability of affordable livestock feed.
- Lack of processing equipment (low to high-tech).
- Lack of coordination of existing assets.
- Lack of meat slaughter and processing capacity.
- Lack of commercial kitchen space and cold storage.
- Lack of distribution networks within and beyond the region.
- Lack of market research on CVRD products.
- Lack of shellfish processing infrastructure for small and medium sized growers.
- Lack of off island distribution options for Hornby/ Denman Island producers.
- Lack of collaboration between producers.
- No Comox Valley branding or marketing support to key buyers like retailers.
- Permanent locations for non-profit organizations like the Farmers Markets and Lush Food Action Society.

7.2 Opportunities for the regional food and agriculture system

The CVRD is one of the most diverse and active food and farm economies in BC. With a favourable climate and biophysical conditions for land and sea-based food production, the regional food economy in the Comox Valley is both sophisticated and firmly rooted in the region's history. Opportunities for businesses and organizations in the local food space include but are not limited to:

- Potential economic development collaboration between the K'òmoks First Nation and the CVRD.
- Value added food processing in aquaculture and agriculture sectors.
- Regional branding of CVRD products.
- Improved distribution systems and cold chain.
- Product development and innovation.

- Packaging and labelling.
- Cold, frozen and ambient storage.
- Better coordination of multiple food hub initiatives to identify collaboration opportunities and mutual benefits.
- Mixed use facility models that could potentially combine produce and protein processing and value adding.
- A range of governance options including for-profit and not-for-profit models as well as explore potential constellation of implementation partners and funders.
- Education, training and business development courses for entrepreneurs and enterprises such as:
    - Business planning and marketing for small business
    - How to do soil/nutrient testing/create proper food packaging labels
    - Webinars with guest speakers on local food topics
    - How to grow particular crops/do value added processing
    - Take food certification courses (Food Safe 1 and 2, Market Safe)
    - How to operate/manage a local food business
    - How to develop and market products
    - Learn about specialized equipment to produce/process certain products
    - How to start and operate an agricultural cooperative
    - How to become GAP or HCCAP certified to sell to retailers/institutions
    - An incubator program for food entrepreneurs

8.0 Potential Food Hub Site Analysis

Given that a large proportion of participants from the Vancouver Island agricultural sector generally agreed that a centralized food hub facility would be desirable, one of our key tasks was to identify a specific location and a specific facility that could house the proposed functions of the hub.

Note that we have assumed that securing an appropriate existing facility will cost less than securing land and constructing a purpose-built facility. Although, leasehold improvements of existing buildings can be significant, the cost of new construction is at an all-time high and is unlikely to be feasible option for the food hub unless significant capital financing is secured or unless a developer is willing to build a food hub facility in exchange for a long-term lease (e.g. 10 years).

8.1 Preliminary site evaluation criteria

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

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

8.2 Preliminary potential food hub sites

Key players and participants proposed a wide range of initial locations for a food hub. This initial list is presented in Table 8.1.

Table 8.1: Preliminary potential food hub sites

Potential Location	Address	Notes
Merville Community Association Hall	1245 Fenwick Rd, Merville	Owned by Merville Community Association
A barn on the Courtenay Exhibition grounds	839 Headquarters Rd, Courtenay	Owned by the CVRD, in the ALR
Old Thrifty Foods	660 England Road, Courtenay	Downtown Courtenay,
Old Canadian Tire	278 Island Hwy, N, Courtenay	Downtown Courtenay, currently listed for lease
Union Bay Hall	5401 South Island Hwy, Union Bay	Owned by Union Bay Community Club
Fanny Bay Hall	7793 Island Hwy S, Fanny Bay,	Owned by Fanny Bay Community Association
BC Assessment building	2488 Idiens Way, Courtenay	Government owned, for sale
The old Saputo dairy processing factory	743 28th Street, Courtenay	It closed March 31s, 2019. It is a very large facility and available for lease.
The old Railway Station in downtown Courtenay	899 Cumberland Road, Courtenay	It is a heritage building that was discontinued as a railway station in 2011
The Comox Elementary school	Courtenay,	It is a school that is not currently in use
Union Street Grill	477 5 ST Courtenay,	On main street of downtown Courtenay and has a commercial kitchen. Available to purchase.

Most of these facilities were eliminated for the following reasons:

- Another tenant purchased or rented them (the Old Thrifty Foods building).
- The owner wanted to use them for another purpose (The Comox Elementary School Building is needed for furniture storage).
- They were deemed too small or lacked proper loading bays (Merville Hall, Fanny Bay Hall, Union Bay Hall, Union Street Grill and the old Railway Station).
- They did not have suitable buildings (The exhibition grounds have available space but no available buildings).

It is also relevant to note that the old railway station is already being pursued by Lush Valley Food Action Society in association with the Island Corridor Foundation.

Based on this, our shortlist of potential facilities are as follows:

- The old Saputo dairy processing plant
- The BC Assessment building
- The old Canadian Tire building

8.3 Site evaluation and recommendation

We conducted a detailed evaluation of all three shortlisted facilities, the results of which are presented in Table 8.1.

Table 8.1 Evaluation of shortlisted food hub location options

		Old Canadian Tire		BC Assessment Bldg		Old Saputo Plant	
	Importance	278 Island Hwy, Crt		2488 Idiens Way, Crt		743 28th St, Crt	
Evaluation Criteria	**Weighting**	Values	Score	Values	Score	Values	Score
Low capital cost/renovation cost	20%		4	office now	6	more info	8
Good facility indoor size (sf)	12%	50,000	4	8,000	7	21,100	10
Good facility outdoor area (sf)	8%	4.1 ac	10	1.2 ac	9	3.1 ac	10
Favourable zoning (commercial, retail)	5%	C2-Comm.	10		10	C2-Comm.	10
Proximity to Courtenay	6%	1.8 km away	10	5.5 km away	8	2.0 km away	10
Merits of location (e.g. near highways)	6%		10		10		10
Attractiveness of food hub building for retail sales	3%		10		8		6
Attractiveness of area around the facility	4%		8		8		7
Availability of water supply	3%		10		10		10
Availability of parking	6%		10		10		10
Availability of power	5%		10		8		10
Availiability of kitchen +on-site storage	5%		5		4		10
Good access for loading/unloading	5%		10		8		10
Good number of loading bays (dock level preferred)	5%	2 bays	8	ground level	7	5 bays	10
Accessibility/visibility/parking/washrooms for retail	4%		10		6		8
Supportive owner	3%		10		10		10
Total (must add to 100%)	**100%**		**7.1**		**7.2**		**8.8**

As can be seen from the analysis, the old Saputo dairy processing plant generated the highest score. Some of the key reasons for this high score include the following:

- It is in Courtenay where most food producers/processors are located.
- It was used as a food facility and already has a 12,000 square foot cooler.
- The current rent is a reasonable $12/sq. ft. per year.
- It has amply power supply and water supply.
- It has at least 5 dock level loading bays for aggregation and distribution.
- While it is a 21,000 sq. ft. facility, it can be rented in components of 3,000 sq. ft.
- It is in a good location from a public transit standpoint.
- It is in an excellent location from a trucking/distribution perspective.
- It has a good amount of office space that could be used for classrooms, a co-working space for food entrepreneurs, or offices for food non-profits.

The other two sites also had some deficiencies. The old Canadian Tire site is too large at 50,000 square feet and it is unclear if the owner would be willing to rent only part of the space. The BC Assessment building could work, although it is a bit small and does not have dock level loading or any of the plumbing infrastructure that the food hub facility would need.

We also briefly considered a new industrial area in Cumberland where Tree Island Yogurt is building a 28,000 square foot facility. While it would be nice to be located next to one of the largest food processors in the region that has its own distribution fleet, the hub would still have to build a new facility and the road connections to the main transportation corridors are not as good as for the Saputo building.

We therefore recommend that the old Saputo building be formally explored as a potential food hub location. We also recommend that other potential locations/facilities be established to serve the following outlying areas and sectors and run independently from a food hub at the old Saputo building:

- United Church on Denman Island.
- Farris Farm on Hornby Island.
- A small facility in Black Creek (to service northern Comox producers).
- Vancouver Island University Deep Bay Marine Field Station, Bowser, for seafood and other food producers to develop recipes in their kitchen. While this location is outside Comox Valley, it is only 14 km from Fanny Bay and very accessible for Comox Valley shellfish producers. The station is also part of the BC Food Hub Network and has a goal to support shellfish producers.
- Salish Sea Foods, Comox for smaller local seafood producers to custom process their product.
- Increase abattoir capacity throughout the region.
- Former Railway Station (VIA Rail), Courtenay for Lush Valley food programs.
- Permanent location for Comox Valley Farmers' Market.

Some of these initiatives are explored further in section 9.8.

9.0 Potential Food Hub Model

9.1 Potential Business Model for the Comox Valley Food Hub

Based on the vision of the hub, which is to increase sales of Comox Valley foods and products using local ingredients, and the feedback and research presented in the previous chapters, the main food hub business model proposed below will primarily serve agricultural food producers and processors located on Vancouver Island.

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

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

The food hub business model will not include a significant retail function but if there is interest from producers and sufficient space, the business model could be expanded to include a formal public market component with permanent producer stalls, a restaurant, wine/beer/spirits tasting, and even local artisan crafts.

Strategically targeting a food hub for Comox Valley Agriculture Producers

We recognize that the food hub model presented below will not be able to serve all food producers and organizations in the region and that there are other food assets needed in the region. For example, producers on Denman Island and Hornby Island have challenges getting products to/from the islands and therefore will have restricted connections with a food hub on Vancouver Island. Nonetheless, to the extent that it makes economic sense, efforts can be made to have products from Denman and Hornby transported to the food hub for aggregation and distribution to retail and wholesale customers. Similarly, Denman and Hornby customers could order products from the food hub and have them delivered one day per week.

Seafood producers, especially shellfish producers, as well as abattoirs, also have specific needs that cannot be easily integrated with other food producers.

In addition, the not for profit, Lush Valley, needs a facility that can provide community services beyond food storage and distribution, that will have some limitations if run from the old Saputo building. We therefore recommend that these producers and organizations continue to pursue their own initiatives for food assets independently from a proposed food hub. However, connecting and collaborating as the many processes unfold is critical to ensure that undesired duplication is avoided and that assets are leveraged to increase synergies.

9.2 Potential food hub elements

We recommend the following elements for the food hub:

- **An online ordering platform** – The online platform would allow all Comox Valley producers and processors (including seafood producers and processors) to list their products on the website and for both wholesale and retail customers to buy them.
- **An aggregation and distribution service**- For orders placed on the online platform (or separately), producers would bring their products to the food hub, where they would be aggregated and re-packed into customer orders and then delivered to those customers.
- **A marketing and brokerage service** – the food hub would actively market all producers and work to secure sales contracts, particularly with retail and institutional buyers.
- **Food testing services** – the food hub would offer a variety of food testing services to reduce or eliminate the need for producers to access testing services outside the region.
- **Equipment rentals**- the hub will rent specialized expensive equipment to producers so that they do not have to pay the full cost of this equipment when they only use it on a periodic basis. This equipment could include food testing equipment, soil testing equipment, agricultural equipment and kitchen equipment.
- **Food storage** – The food hub would rent out ambient, refrigerated, and frozen storage space on a daily, weekly, or monthly basis.
- **A commercial kitchen or processing facility** – This kitchen would have specialized equipment that would allow food entrepreneurs to process a variety of foods in an economical way because the equipment will be shared and the entrepreneurs will only be charged for the equipment they use and the time they spend in the kitchen.
- **Third party rentals** – A number of parties have indicated a desire to move their operations (or part of their operations) to the food hub. They would have their own dedicated space but would be able to access the other shared services of the hub.
- **Business education and training services** - The food hub will coordinate the provision of a range of business advice (e.g. financial accounting), technical training (how to grow certain crops or process certain foods) and certification services (e.g. HACCP, Food Safe)
- **Shared office and co-working space** – The hub would provide office space and meeting rooms for producers and other food-related organizations, including co-working space for micro food-entrepreneurs who just need desk space.

- **A small retail presence** – At a minimum, the food hub could have a Saturday market to sell producer products that are available for sale at the end of each week. If this is popular, it could be expanded into a multi-day market and possibly a formal retail store.

9.3 Potential users and buyers

We expect that most food hub users will be based in the CVRD. The highest concentration of agricultural producers are located within a 30 minute drive from Courtenay. It is possible that some producers further up-island could also benefit from food hub services in the CVRD and would make a longer drive. However, there is likely not a significant user reach beyond the Comox Valley.

Potential key users of the food hub include

- **Small and medium sized farms in the Comox Valley.** This would be mainly made up of members from the Mid Island Farmers' Institute and Comox Valley Farmers' Institute, as well as vendors at the Comox Valley Farmers' Markets. Farmers not members of these organizations or are outside of the region would still be welcome to use the services of the food hub.
- **Small and medium sized food processors as well as breweries, wineries, and distilleries in the Comox Valley.** This would be mainly made up of members from Small Scale Food Processors Association and vendors of the Comox Valley Farmers' Market. Food and beverage businesses not members of these organizations or are outside of the region would still be welcome to use the services of the food hub.
- **Food business start-ups** located in the Comox Valley and potentially the surrounding region.
- **First Nation communities (e.g. K'òmoks and Wachiay), social enterprises and not for profits** servicing communities of Comox Valley.

A list of some of these businesses and organizations can be found in Appendix A.

Geographic reach of the food hub

For food hub buyers, the geographic reach is expected to be largely within the region as well as to the rest of Vancouver Island. It is possible that off-Vancouver Island food buyers could also buy from the CV Food Hub.

Potential key organizations buying food from the food hub and its users

- **Independent grocery stores** (e.g. Thrifites, Quality Foods, Country Grocer, Edible Island Whole Foods Market, Portside Produce Farm Market, Fairway Market, Goats on the Roof, The Root Cellar, SPUD and Red Barn).
- **Comox Valley households** buying direct from the food hub.

- **Farm stands, breweries, wineries and distilleries** (e.g. 40 Knots Winery, Lentelus Farm, Wayward Distillery and Land and Sea Brewing).
- **Independent restaurants** (e.g. Black Fin Pub , Avenue Bistro, Il Falcone, Locals).
- **Public institutions** (e.g. North Island College, schools and hospitals).
- **Private health care** (e.g. long-term care facilities).
- **Food processors and manufacturers** (e.g. Tree Island Yogurt, Hornby Island Foods, VanIsle Commissary Kitchen).
- **Food distributors** (e.g. Tofino Culinary Chefs' Guild and Van. Island Produce).
- **Third party online stores** (e.g. Order Retriever and Tastes Local).

Key buyers will tend to be in and around the Comox Valley, but will also include buyers across the rest of Vancouver Island and potentially in the Lower Mainland.

9.4 Potential ownership and governance structure

Different governance models are explored and compared in Appendix C. Whichever governance structure is ultimately chosen, key players were clear that it needs to be a new entity, likely comprised of representatives from existing producer organizations. The most supported legal entity type is a producer-owned-for-profit cooperative.

Critical entities for moving forward

Prior to completing the business plan and incorporating the co-op, a steering committee will need to move the project forward. Steering Committee members should include at least some of the following individuals who have participated as this project's Steering Committee:

Diane Jackson	Mid Island Farmers Institute
Angela Boss	Ministry of Agriculture, Food, and Fisheries
Niki Whittaker	Comox Valley Farmers Institute
Twila Skinner	Comox Valley Farmers' Market Association
Maurita Prato	LUSH Valley Food Action Society
Kimberley Toonders	Vancouver Island Health Authority (on hiatus)
James McKerriker	Comox Valley Food Policy Council
Jim Russel	BC Shellfish Growers Association
Gerry McClinktock	McClintock's Farm
CVRD Staff	From Planning, Economic Development

Although the Terms of Reference for the Food Hub Assessment Steering Committee expire on July 1st, these terms could be renewed to include additional members as well as roles and responsibilities. Additional entities that could play a role in the governance of the food hub and could include:

- **Local/Regional Government agencies** (e.g. City of Courtenay, Town of Comox, Town of Cumberland and Comox Valley Regional District)

- **Industry associations/groups** (e.g. Comox Valley Growers and Seed Savers, Pier Street Farmers Market, North Island Farmers Market Association and BC Small Scale Food Processors Association, Community Futures).

- **K'òmoks First Nation entities** (e.g. businesses and community organizations).

9.5 Potential scale and size

Based on our engagement findings, key players think that the most appropriate starting scale for the food hub should be medium scale with room to grow. This translates to about12,000 sq ft with opportunity to expand in the future.

One possible breakdown of the space by component is as follows:

Food distribution/order packing area	1,500 square feet
Ambient food and supplies storage	1,000
Refrigerated storage	2,000
Frozen storage space	1,000
Commercial kitchen/processing facility-	2,000
Food testing lab	500
Equipment storage/rental	1,000
Shared office space, meeting space	1,500
Training room(s)	1,250
Small retail market area	250
Total space	**12,000 square feet**

Several specialized uses could further increase the space requirements:

- A yeast propagation room for the brewery industry (150 sq.ft.
- A hazel nut shelling, de-hulling, cleaning and packing line (1,000 sq. ft.)
- A 5-7 day per week, year-round farmers' store (1,000 sq. ft.)
- A permanent home for the farmers' market (200 sq.ft indoors, 5,000 outdoors)
- A winery, brewery, distillery tasting room (1,500 sq. ft.)

We estimated that 30-50 small to medium scale producers/processors would need to participate in the food hub for it to be viable.

9.6 Preliminary site selection and layout

As summarized in Chapter 8, the old Saputo dairy processing plant generated the highest score in our site evaluation and is our recommendation site for the food hub. As this facility was operating as a dairy processing plant, it very likely meets, or can meet, health and safety standards.

The cost of facility upgrades will depend on the final components and the degree to which the building owner will be willing to pay for those upgrades (in exchange for a higher rent). Detailed construction quotes would be required to provide accurate costing for leasehold improvements. However, the upgrades will likely cost about $1 million if the entire building was is be used by the food hub. Given that the building owners are in the construction business and are very open to doing these leasehold improvements, it is possible that the majority of these costs could be covered by the landlord and just incorporated into a slightly higher monthly rental rate.

Figure 9.1 Building location at 743 28th St. Courtenay, BC

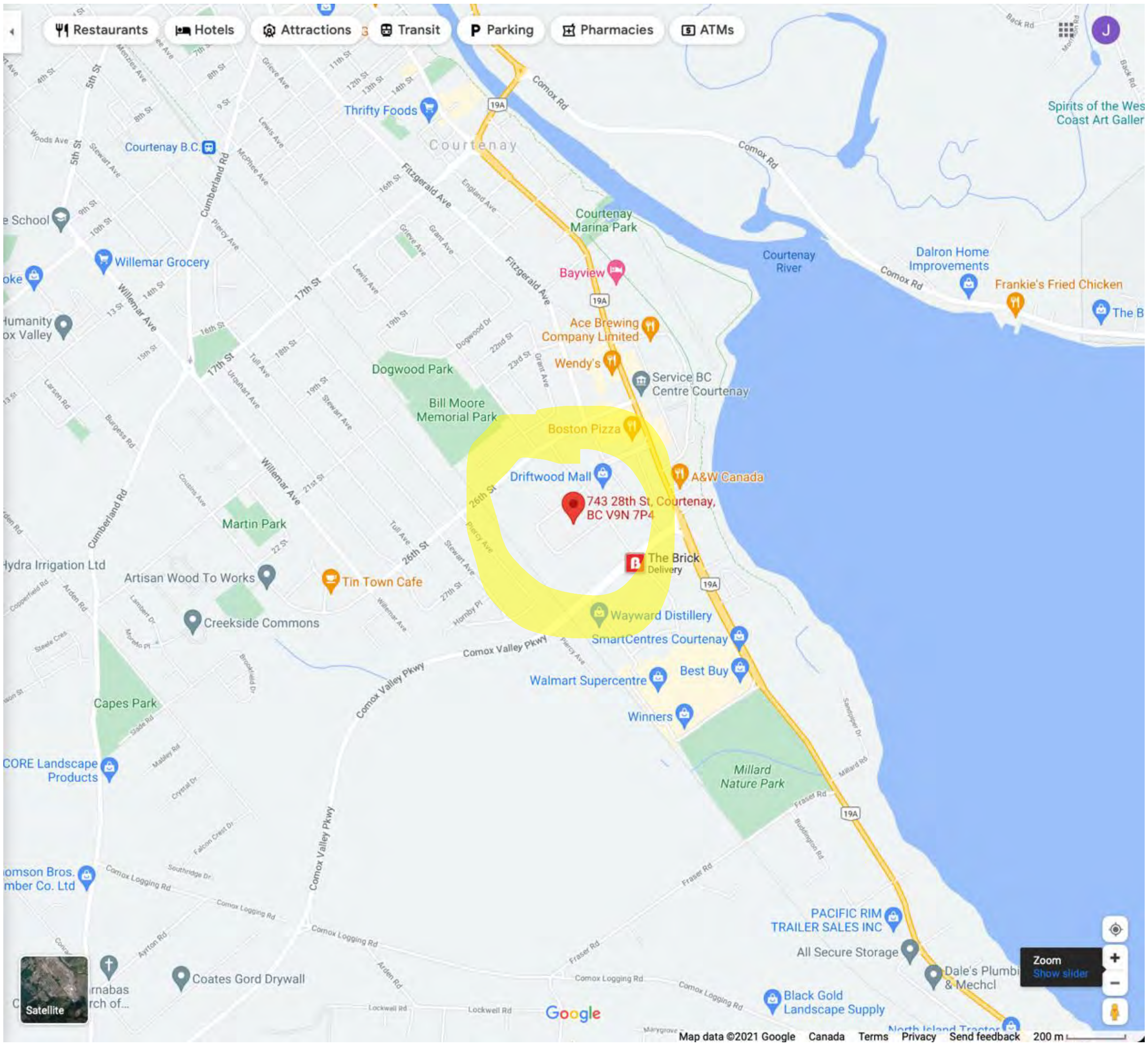


Figure 9.2 Aerial and street view of the building

9.7 Other potential entities involved in the food hub

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

- **Educational Institutions** (e.g. North Island College, Vancouver Island University, VIU – Deep Bay Marine Stations and UBC Faculty of Land & Food Systems).

- **Economic Development Agencies** (e.g. Chambers of Commerce, Economic Development offices, Comox Valley Economic Development Society and Community Futures)

- **Employment Centres** (e.g. Immigrant Welcome Centre, North Island Employment Foundation Society).

- **Government agencies** (e.g. Ministry of Agriculture, Food, and Fisheries and Ministry of Forest, Lands and Natural Resources and Ministry of Economic Development, Job Creation and Trade and Innovation, Science & Economic Development Canada).

- **Industry Associations/Groups** (e.g. BC Agriculture Council, Comox Valley Growers and Seed Savers, Comox Valley Farmer's Institute, Mid Island Farmers Institute, BC Goat Association, BC Food Processors Association, BC Small Scale Food Processors Association, North Vancouver Island Chefs Association and Young Agrarians).

- **Community Associations/Food groups** (e.g. Lush Valley Food Action Society and Greenways Land Trust).

9.8 Additional required food assets in the region

Through the research and engagement for this project, we identified additional food and agriculture assets beyond a central food hub. Although these assets are not directly included in the food hub model presented above, they are important assets that require further consideration and could ultimately work in concert with a food hub. They are briefly described below.

Commercial kitchen/processing facility for Hornby and Denman Islands

Based on the above feedback and previous work done by Hornby Island Farmland Trust Society, food processing facilities have been identified as a major need on Hornby and Denman. Hornby Island identified the need for a facility to be located at Farris Community Farm to be owned by the Hornby Island Farmland Trust on a not-for-profit basis and managed by an experienced paid general manager. The facility would have the following components:

- Outdoor food washing area.
- Large indoor food processing area with worktables, ovens, sinks, dishwasher, and other food processing equipment.
- Walk in freezers and coolers.
- Loading dock large enough to handle pallets.
- Small retail counter.
- Composting facility.
- An office.

The facility will provide the following services:

Description of Services	**Estimated annual revenues**
Training and workshops (e.g. food safety and agriculture programs for youth)	$0
Prep station rentals	$21,375
Fully equipped workstations	$85,500
Storage space rentals	$5,000
Retailing of local products	$15,000 (25% of retail sales of $60,000)
Logistical support to help food businesses transport their goods off island	$0

The facility is expected to cost $626,750 and generate $126,875 revenues in the first year, with annual operating costs of $114,200, which will be kept low by relying on some volunteer labour and purchasing used equipment. Funds for the facility will likely come from grants, in kind donations, private citizen donations and local community fundraising. To increase revenues, the facility could look at charging a commission for workshops (e.g. $5/attendee on top of the fees for the facility), as well as a commission for co-ordinating off island transportation (e.g. $1-2/case).

Other services identified by producers include:

- Apple press
- Root crop storage
- Field crop and water testing
- Small scale (or mobile) abattoir

Denman Island producers identified similar needs with an additional need to sharing farming equipment and to have it stored at United Church. Previous attempts to share equipment and collaborate between the two islands have not been successful. This could be addressed by a more formal governance structure (e.g. producer co-op) with a shared board, or the two islands could pursue their own food and agriculture assets. If they pursued a co-op model, this could help raise additional funds from the producers via membership and investment shares.

Primary and value add processing for shellfish and seafood

Seafood operations, especially small and medium sized shellfish growers, have expressed a need for primary and value add processing to allow them to sell more of their product to the local market and new market channels. Due to the costs and complexities of a shared processing facility, the ideal solution is to contract a local processor to do custom processing. Salish Sea Foods in Comox was one business that was identified to provide this service. Salish Sea Foods, owned by K'òmoks First Nation Economic Development, has a modern 7,000 sq. ft. HACCP compliant plant with over 20 trained staff. This includes a PCP, QMP, HACCP manager who takes care of all shellfish regulations with CFIA and keeps the plant in good standings.

The facility is registered with CFIA and licensed as a shellfish processor, salmon processor, smoked fish, and a RTE room for value added products. The facility has new equipment including:

- North Star 5 mt ice machine
- Pin bone machine
- Trio skinning machine
- Smoke house
- Forklift

They are now modernizing the facility further to include a canning line for tuna, salmon and oysters. There will also be a new sausage machine, and new chop grinder for making salmon sausage and salmon pepperoni, and for making smoked salmon pecan rolls. They have freezer capacity for freezing salmon fillets and able to Vac pack all types of seafood. They are also planning to install additional holding freezers with a blast freezer constructed on their back lot to be able to hold more products. They also offer distribution services including their own 5-ton delivery truck which is temperature controlled for picking up shellfish and other seafood products. They also intend to purchase a freezer truck for local distribution.

Salish has expressed an interest to be a food hub to increase product output. They are interested in custom processing as an avenue to help offset the costs of operations and to help keep their plant working at full capacity and keep trained personnel employed at their facility.

In addition to the processing services of Salish Sea Foods, Vancouver Island University Deep Bay Station has a commissary kitchen that food businesses can use to create and test various recipes using shellfish. To help promote BC shellfish and BC shellfish products, the BC Shellfish Growers Association, as well as Salish Sea Foods and VIU Deep Bay Station could play a role in doing this. VIU Deep Bay Station also has meeting rooms to host industry workshops and training.

Increased meat slaughter capacity

Abattoir capacity is a challenge throughout the whole of the province, especially for small and medium sized producers. Recent changes to the regulations and classification of abattoirs will help address some of this, but with only 3 abattoirs in the region and only one of them processing other meats besides poultry and no abattoir on Hornby or Denman Island, the region clearly needs extra abattoir capacity. This could be addressed in several ways:

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

Food aggregation and education space for LUSH Valley Food Action Society

Lush Valley has several food programs that serve school children and the vulnerable sector. They have plans to expand these programs and to source as much food as they can from local producers. They currently buy ~$150,000 of local food per year and want to grow this to $380,000 per year. They plan to do this by reaching out to secondary schools and health care institutions. This will not only increase sales of local food and provide more local food to school children and the vulnerable sector but will also make their programs more financially resilient. Lush Valley also have a vision to provide community services e.g. food courses. To manage this extra capacity and expanded services they are looking to secure the former Canadian Pacific Railway Station in Courtenay. This will allow them to expand their storage capacity as well as have teaching kitchen and meeting room space.

New home for the farmers' market

The Exhibition Grounds have been the main location for the farmer's market for several years, which provides several key benefits. However, it comes with challenges such as accessibility and not being a permanent location. The farmers' market would therefore like a new location that is:

- A year-round permanent location where they never have to move from, even temporarily.
- More accessible, especially for people using public transport.
- Has a permanent structure that provides shelter for a significant number of vendors, especially during the Fall and Winter.
- Ideally has secure storage facilities for equipment and agri-food products (frozen and chilled).
- Is ideally located near (or possibly at) the new food hub.

10.0 Food Hub Business Strategy

The CVRD food hub business model will primarily serve agricultural food producers and processors located on Vancouver Island. The Food Hub will be a producer owned co-op and master tenant of the Old Saputo building and provide a range of services to food hub members on a fee-for service basis. As a master tenant, it will coordinate and rent space in kitchen facilities, storage areas, shared workspace, and a retail area. As a service provider it will coordinate services such as retail sales, brokerage services, training services, testing services, and so on. In some cases these services will be provided by other parties or individuals with the required skills and knowledge. The Food Hub will charge a markup on both space rentals and services provided to cover its operating costs.

The primary vision for the Comox Valley Food Hub Co-op (CVFHC) is to increase sales of Comox Valley foods and products using local ingredients. The vision for the CVFHC is also to:

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

10.1 Operations strategy

A phased expansion approach

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

Phase 1 Establish the Food Hub and launch the online sales platform

In this initial phase the steering committee and project coordinator will register the Food Hub and formalise the governance structure of the co-op. It will then establish its branding and forms of communication (e.g. newsletter, social media, and printed materials) to begin to raise awareness among food producers and potential customers. Once the Food Hub is established it will begin to recruit and onboard producer members and develop partnerships with key players in the region such as the farmers' institutes, Comox Valley Farmers' Market, LUSH Valley and, most importantly, regional food producers (See Appendix A for a list of potential producers). Prior to launch the Food Hub will resource itself with the appropriate staffing levels to manage its functions in this phase.

The Food Hub will launch with an online sales platform and brokerage service. The rationale for launching the sales service early on is to respond to the number one need for local food producers: how to generate quick sales. It will also provide a more cost effective, efficient, and regular food distribution system than what currently exists. An aggregation and distribution service can be launched within a few months with little cost. The goal in this phase is for the Food Hub to establish itself as a key sales and distribution channel for local food producers. This phase is expected to run for six to nine months.

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

During phase 1, the Food Hub team will work closely with the owners of the Old Saputo building and contractors to fit out the facility as identified in the below section. Once fitted out the Food Hub will move into the facility and begin to aggregate orders for distribution as well as offer food storage services. The facility will help the Food Hub manage larger orders helping to significantly increase sales for the food producers. During this initial phase, the Food Hub will work with 3rd party distributors until the volume is high enough to buy a truck. This phase is expected to run for six to twelve months.

Phase 3 Launch the processing facility and purchase a delivery truck

Depending on the needs of producer members, the use of the storage facility , and the lack of processing facility space elsewhere, the Food Hub will establish a processing facility to allow producers to do primary processing such as washing, cutting, packing, labelling and freezing. These value-add products will also be stored at the facility and sold through the online sales channels. As sales increase, the Food Hub will buy its own truck, as long as the truck can be 60% full for 3 days per week.

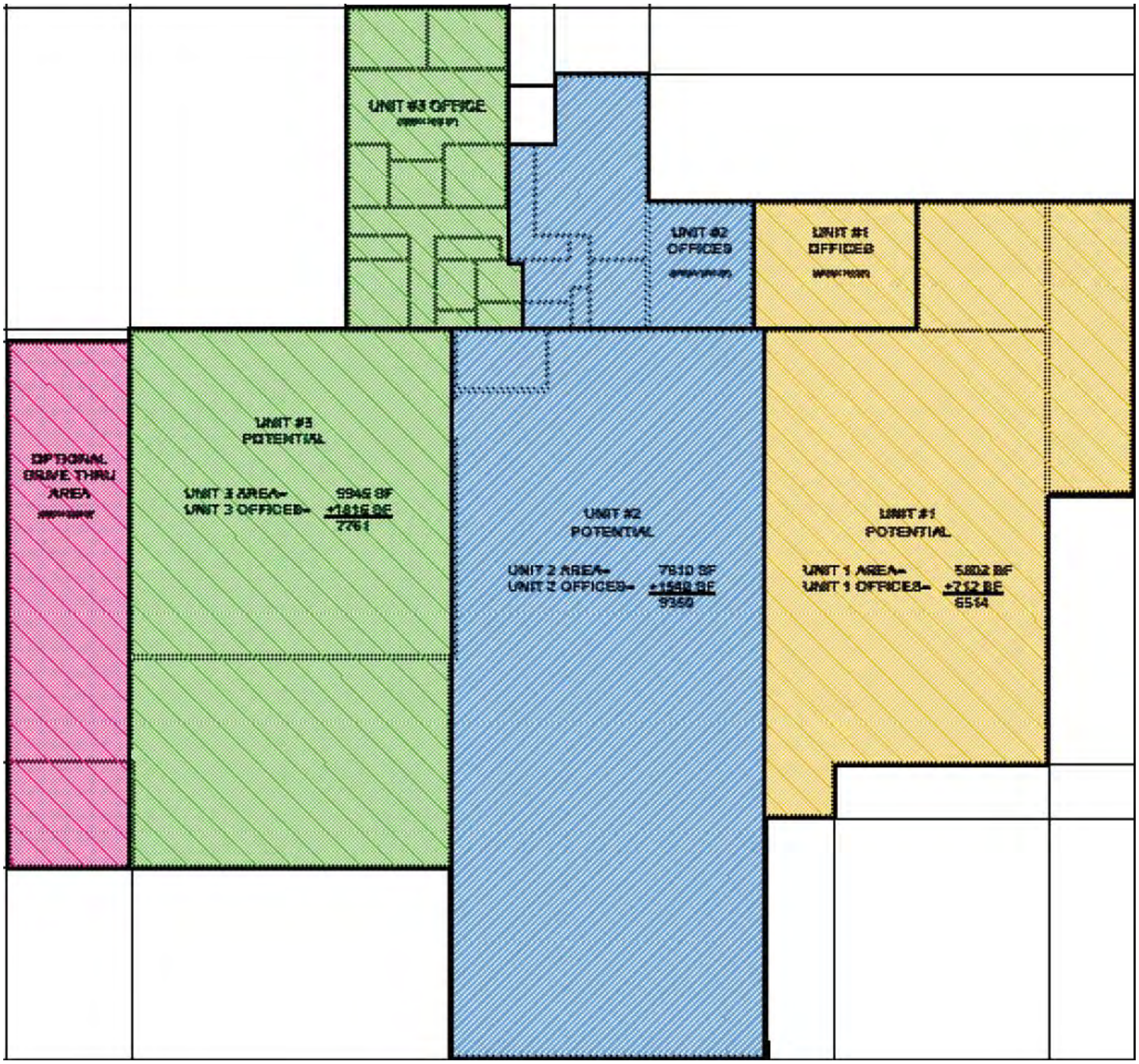
Phase 4 Launch auxiliary services and a retail outlet

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

Overview of the Food Hub facility

The Saputo building is about 25,000 square feet, which is significantly more than the food hub' projected need in the first five years of operation. However, the landlord is willing to rent the space in parcels of as little as 2,000 square feet and has suggested one way the building could be apportioned to different tenants (see Figure 10.1).

Figure 10.1 overall layout of the Saputo building with suggested units

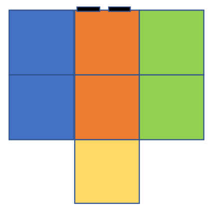
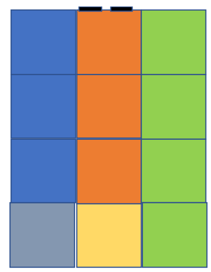
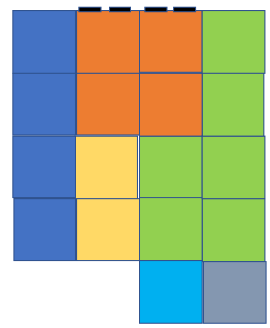
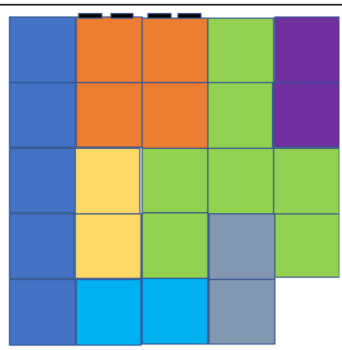
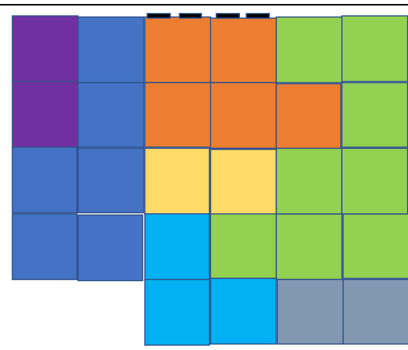


The area in red is apparently already being rented. The area in yellow is less desirable because it only has one loading bay door. The area in blue is the most suitable because it has 4 large loading bay doors and is already outfitted with a very large cooler. It also has sufficient space for offices, training rooms and possibly a small retail store.

The challenge is that the food hub will not need this amount of space until year 3 although it will need more than this amount of space by the end of 5 years. In figure 10.2 we present one possible expansion scenario over 5 years. Each square represents 500 square feet of space.

Figure 10.2 One space expansion scenario over 5 years

Year 1 – 3,500 sq. ft.	Year 2 – 6,000 sq. ft.	Year 3 – 9,000 sq. ft.

		
Year 4 – 12,000 sq. ft.	**Year 5 – 14,000 sq. ft.**	**Legend**
		Storage space Aggregation space Office/workshop space Third party rented space Processing space Equipment rental space Retail space Loading bay doors

One possible way of managing this expansion would be to lease the centre space on a minimum 5 year term (plus an option to renew for an additional 5 years) with a right of first refusal to add more space, ideally in the green area in Figure 10.1, after three years. To make the economics work better, the food hub would work to find food-related enterprises willing to move to the hub earlier. These parties, represented by the green squares above, would then allow the hub to fill more of the centre space so there would be less vacant space in the early years.

Health and safety requirements for the food hub-

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

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

General construction requirements

- **Non-food contact surfaces** (e.g.: floors, walls, ceilings) need to be sealed, easy-to-clean, of sound construction, durable, and suitable for its intended purpose. Floors also need to be non-slip, sloped for drainage, and of a suitable material that can withstand regular wet washing.

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

The Food Retail and Food Services Code from Health Canada also gives basic guidelines of construction requirements.

Ownership and Oversight

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

Health and safety approvals for the CV Food Hub

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

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

> *"From my departments perspective, a shared food hub space is a great initiative to facilitate food security, provided that the appropriate controls are in place and the facility is managed and monitored properly."*
>
> - *EHO, Island Health*

Health requirements for primary processing

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

Health requirements for value added processing

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

- An Application for Health Approval
- A full product list
- A Food Safety Plan
- A Sanitation Plan
- Equilibrium pH/aW results for the final product (discuss with the inspector as there may need additional or waived testing depending on the product)
- A copy of their FoodSafe Certification
- Copies of the product label and information on the packaging
- A COVID-19 Safety Plan (discuss with inspector)

Washroom and janitorial

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

Other Departments

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

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

10.2 Overview of Food Hub services

Below is an outline of the services the Food Hub will offer for food producers primarily in the Comox Valley region on Vancouver Island serving customers in the region and further afield on Vancouver Island.

Brokerage and online sales services

This service will facilitate sales between buyers and producers or processors, both by providing an on-line sales platform as well as through direct brokerage transactions.

On-line website platform

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

- Producers can list their products, set their prices, and remove products when they run out.
- Products can be offered and priced to various sales channels e.g. restaurants, grocery retailers and households.
- Buyers can search the full list of available products from the region and order them for delivery or pickup by the producers or a third party.
- Producers can print out a "packing list" for each customer order.
- Delivery staff can set delivery charges for each order and be able to sequence their deliveries and print out a delivery list.
- Accounting staff can easily import orders into an accounting software program to create financial statements.

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

Brokerage service

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

Distribution services

This service is offered to address the biggest logistical barrier to on-line sales, which is the challenge of getting the product from the producer to the buyer. The goal of this service will be to make it easier and more-cost effective for producers to get their product to the market, especially to markets outside of the region that the producers will find more challenging to distribute to themselves.

All orders where the producer has agreed to third party delivery and where the buyer has specified that they want delivery, will be scheduled for a specific day for a specific region. Because the cost of logistics is determined by how full a truck is the service will be offered in the two phases:

Phase 1 – Third party distributors that handle food and distribute throughout Vancouver Island will be contracted to fulfill orders. Orders will be dropped off at the Food Hub the day before pickup to be picked up by the third parties for delivery the next day. The delivery schedule will be determined by the third parties and posted to the website for customers to see. Working with multiple third parties broaden the market opportunity. For example, Tofino Ucluelet Chefs Guild supply mainly restaurants and hotels, especially on the west coast, whereas Vancouver Island Products mainly supply produce to grocery stores.

Phase 2 – Once enough volume has built up the food hub will look into purchasing their own truck. The Food Hub will only launch this service if it is confident, it can fill the truck 60% or more for 3 days per week. The Food Hub will initially target selected regions to densify the deliveries (e.g. Comox Valley and Strathcona). As demand increases in other regions the Food

Hub will offer deliveries on their own truck to these regions on a defined schedule. A local driver will be responsible for delivering the orders to each of the customer locations.

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

When using third parties the service will charge producers the third-party fee plus a commission for coordination by the food hub. The service should be cheaper by aggregating product at the Food Hub to be picked up centrally by the Third Party. For those products that have been ordered through the hub's online store and delivered by the Food Hub's truck will be charged 18% of the sales. This service will be called the fulfillment service. Producers who just want to use the Food Hub's truck to take product from A to B will be charged on average $5 per tote/bin, which will be called the distribution service. The distribution service will not generate significant revenues so it will only be offered as an add-on when a fulfillment delivery is being made and there is enough room on the truck.

Storage services

A portion of the Food Hub facility will provide storage, primarily food storage, but also ambient dry storage for items such as packaging and shelf stable products. A large walk in cooler and freezer will be partitioned into various sizes with their own entrance and shelving. This will help with security, temperature and quality control and any specific licensing producers need to obtain (e.g. segregation for organic certification). Communal coolers, freezers and dry storage space will also be available for those wanting smaller spaces at more affordable rates.

Producers will be given full time access to the storage and can rent at a short term or long term basis. The Food Hub will also offer warehousing services including receiving, stocking, breaking down and prepping orders.

Table 10.1 List of Food Hub warehouse services and fees

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

Note: long term storage or service needs can be negotiated on a case by case basis.

Clients will be provided with information about the facility and services and given a tour of the facility before making any commitments. Inventory is managed by updating inventory in a centralised inventory management database called Sortly, at a cost of $400/year. Any inventory added and removed from storage will be recorded. All clients will need liability insurance, have their own food safety plan, and must sign the Good Manufacturing Practices waiver form and an agreement. Meat producers can only store frozen government inspected meat.

Clients can store produce, dairy, prepared meals, value add etc. which can also be stored in the same location e.g. organic versus non-organic, if all protocol is followed. Clients cannot use the forklift trucks or reach-in trucks, but can go in the warehouse during limited times, to do their own picking, packing, and stocking. They can also use the pallet jacks and other equipment while in the facility. The Food Hub will have procedures for food handling and storage, as well as labels and paperwork for users to use and to make sure the facility and the products maintain integrity.

A shared primary processing facility and commercial kitchen

With the recent launch of VanIsle Commissary Kitchens[30] there will be increased commercial kitchen space in the region. However, there will be a need for a facility for food producers to do primary processing such as washing, grading, labelling, bagging, packing, repacking, and sorting. Therefore, initially, the food hub will provide a processing space to support food producers with their primary processing needs in a facility that will contain the following equipment:

- 2-compartment washing sink & hand sink
- dish washer
- dry storage racking
- chilled sandwich tables
- stainless steel tables
- fillers
- labeling machines
- scales
- label maker
- bagging/boxing packing station
- flash freezer

If there is demand, the Food Hub will then kit out space for commercial kitchen use that will contain the following additional equipment:

- commercial grade ovens and burners
- steam trays
- microwaves& kettles
- specialized equipment needed by specific clients

[30] https://vanislecommissarykitchens.ca/

- pots, pans, cutting knives etc.

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

- Available at different rental rates depending on the services (see table 10.2).
- Available to rent without any staff support.
- Focused on obtaining full day leases and long-term clients.
- Open 16 hours per day, and day rentals will be for 8 hours.
- Rented out to 2 businesses per space per day (4 rentals /day or 8 rentals per 16 hours). If a business wants sole use of the space they pay double the rent.
- Available 7 days per week, 12 months of the year.
- Scheduling will be managed through a scheduling software program such as Commissary Connect.

Table 10.2 Services and prices for processing facility and commercial kitchen

	Hourly rate	Short term daily rate (8 hours)	Long term daily rate (8 hours)
Processing facility - commercial use	$20	$125	$90
Processing facility - non-Commercial use (e.g. not for profit)	$15	$100	$80
Commercial kitchen - Commercial use	$25	$160	$120
Commercial kitchen - Non-Commercial use (e.g. not for profit)	$20	$130	$100
Business Consultancy Service – Commercial	$50		
Business Consultancy Service - Non-Commercial	$40		
Operations staff support - Commercial	$45		
Operations staff support - Non-Commercial	$35		

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

- Kitchen Schematic

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

Third party space rental

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

Food and agriculture testing services

In partnership with Food Metrix, the Food Hub will offer a food testing lab. Food processors and producers can bring their food and environmental samples to be tested for pathogens, providing an outcome-based approach to enforcement and compliance. The test results can be used in conjunction with food safety plans to allow producers to sell to large institutions that have stringent purchasing requirements (e.g. Health Authorities, other government facilities and major retailers). This could also potentially reduce their costs if large institutions use this requirement instead of the costly HACCP certification for certain items. The results of the food testing lab would also give producers more peace of mind.

Another benefit is that data could be harvested and analyzed by the lab, while preserving anonymity. The results could help government implement and develop policies based on factual data and inform the Food Hub on what training is needed in the region.

The food lab would be ISO certified and self-contained to prevent cross contamination. It would be staffed by a Quality Assurance person who would also educate and advise producers and processors. The requirements for the lab include:

- 8′ x 10′ room
- Separate hot / cold running water and drain
- Exhaust Fan
- Internet access / phone access
- Separate entry for access

The Initial cost to set up the lab, in addition to leasehold improvements, would likely be $15,000 to $20,000. BioMedix would set up the necessary specialized equipment and provide 3 to 5 days of training. Operational costs would likely be one person at $30/hour (beginning part time then expanding to full time), plus its share of utility and rent expenses. The costs would likely be about 70% lower than an outside lab. A general test (e.g. e coli) would cost between $10 to $12 per sample and need to be performed weekly or biweekly. The ideal operator would be a third party not affiliated with any government, business, or association to maintain its validity.

A forage and soil testing lab could also be offered in addition to (and separate from) the food testing lab. All laboratories known to provide agricultural testing services for farmers in British Columbia are in the Lower Mainland and Sidney. The key benefit is the ability to consult with the lab personnel on the test results and get advice on how to improve the quality of their forage and soil, plus understand the fertility and physical properties of their soils and what can be produced on it.

The lab could also provide sampling equipment for rent, so farmers can obtain samples in the correct manner for accurate testing. The lab could potentially diversify and offer groundwater, feed, and pesticide testing. Charges for the services range from $25 for a forage nutrition test to $150 for the mold test (mycotoxins). The lab would be a self-contained room with its own water supply and drainage. It would house testing equipment such as Bruker Tango FT-NIT Spectrometer.

Equipment Rentals

The Food Hub will create an online booking site where producers can rent equipment either directly from the Food Hub or from equipment owners offering their equipment for rent by listing it on the site. The Food Hub would take a 10% commission on equipment it does not own. The range of equipment would include food testing equipment, soil testing equipment, agricultural equipment, and kitchen equipment. Fees will be dependent on the type of equipment and length of use.

This service would include professional management to ensure that each piece of equipment is cleaned and in good working order before being returned to the owner or rented to the next party. This service would also include training for people on how to safely use the equipment and protocols for returning it clean and in good order. The service would also include researching and purchasing equipment for rent, finding appropriate places to store equipment, and maintaining an up-to-date inventory of what is available to rent, for how long, and at what cost. The Food Hub will dedicate 1,000 sq. ft. of space to store equipment and as well as manage equipment stored off site.

Business education and training services

The Food Hub will offer business education and training services in conjunction with third party organizations, such as Young Agrarians, Community Futures, BC Ministry of Agriculture Knowledge Transfer and Farm Business Canada. The workshops will be held off-season or held as informal on-farm sessions. Most of the sessions will be held at the Food Hub, as well as partner locations such as Community Futures. Most sessions will also be offered via teleconference to allow attendees who cannot meet in person to attend the session.

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

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

Shared office and co-working space

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

- **Community member** – for just $10 per month, community members could "join the community", receive two meeting room hours per month (plus additional hours at 25% off) and participate in monthly networking events but without any access to a desk.
- **Hot desk memb**er - $10 for 5 hours hot desk use/month plus 2 free meeting room hours, $20 for 20 hours/ month, $40 for 50 hours/month, or $60 for 100 co-working hours per month. A hot desk member gets access to a table area as well as free coffee and tea.
- **Permanent desk member** – a full sized desk with the renter's name on it (provided there is space) - $100 per month. This service will be offered in an area sufficiently large enough to accommodate 6 to 3x5 sq. ft. desk areas.
- **Meeting room** – the Food Hub will have a 200 sq. ft. room with table and chairs, projector, white boards and stationary. The room will be available to rent for $25/hour.

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

A small retail presence

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

10.3 Governance and management plan

The Food Hub could be governed as a producer co-operative with membership shares and dividends being a part of structure should the food hub generate a profit beyond what is needed to maintain an adequate level of cash flow. The Co-op could be run like an incorporated business as members purchase shares and elect a board of directors and officers. However, it will be different from a corporation in that each member gets one equal vote on key decisions.

Members of the Co-op will only include food producers and processors based in the Comox Valley. Other parties such as food producers outside of the region, food distributors, food buyers, non-profits, households, health authorities and government agencies cannot be members of the Co-op. However, if the Co-op will issue investment shares, which other parties can purchase to support the Co-op and participate in any dividends. In addition, non-members (producers and non-producers) can still employ the services of the Food Hub. However, they will not have a say in the running of the Food Hub and, unless they purchased investment shares, would not benefit from any dividends. The Co-op will provide extra benefits to its members such as reduced facility and service fees and priority on filling new orders.

The co-op membership fee could be set at a value of $1,000/share to help raise capital and attract producers with a good level of commitment. A lower fee will reduce the barrier to becoming a member but may result in attracting members with a lower commitment. In line with the BC Co-operative Association Act, each Co-op member will only be entitled to one vote, regardless of the number of shares they own.

The Co-op could set a maximum number of investment shares, so no investor owns more than 10% of the total outstanding investment shares, to reduce its financial risk. Additionally, the Co-op will not pay out any Co-op member if by doing so would put the Co-op in financial difficulty.

As the Food Hub would need to raise significant capital to refurbish the old Saputo building and purchase equipment and will want to encourage greater community involvement, the co-op will allow both members and non-members to purchase investment shares to help raise funds and to increase community involvement. The Co-op will therefore need to include this in its bylaws what the value of an investment share, the number to be issued, the designation of each class of investment share and the special rights and restrictions attached to each class, and whether they can be purchased by non-members.

It is noted that forming a new producer cooperative could likely contain its own set of challenges. The coop model has been recommended here based on a desire to keep the producers in the decision-making seat as well as what has worked in other comparable regions (e.g. Western Montana's Growers Co-op). Should another governance model be chosen, maintaining producer-driven decision-making power is key.

Board of directors

As the Co-op is planning to lease a large facility that will be essential to many food producers in the Comox Valley, it is important to launch with a board that has the breadth of skills to manage all aspects of this enterprise. These skills and knowledge should include the following:

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

The Co-op will launch with 9 board members (it is always beneficial to have an odd number of board members to reduce the chance of a tie vote). It will not actively recruit co-op members until a detailed business plan is completed (related to the old Saputo building) and legal papers have been drafted and the co-op incorporated. This is because having a business plan is essential for new members to understand how the Co-op will benefit them and their investment, what their role is and how the Co-op will operate.

Staffing structure

The Co-op will be staffed with a qualified General Manager and various staff roles to deliver the services of the Food Hub.

General Manager

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

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

The General Manager will report to the Board of the Co-op that governs it and have the following primary duties:

- Liaise with local producers and processors to understand their needs and connect them with the services and resources they need.
- Oversee the implementation of service work that will be provided directly by the Food Hub.

- Manage the day-to-day operations of the Food Hub and supervise all staff.
- Speak at local and regional events on the importance of local food to increase demand.
- Provide quarterly progress reports to the Board of Directors.

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

Staff roles

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

Sales coordinator – Duties are to:

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

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

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

Shared storage and processing facility coordination – Duties are to:

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

Marketing assistant – Duties are to:

- Conduct research

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

Project coordinator – Duties are to:

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

Office administrator/book-keeper – Duties are to:

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

Contractor roles

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

10.4 Financial plan

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

Startup costs

The startup costs for the hub are presented in Table 10.3

Table 10.3 Startup costs for the CVRD food hub

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

Equipment costs

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

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

Assumptions

We created revenue and cost estimates for 13 revenue streams, based on many assumptions that are summarized in Table 10.4. We caution that each of the assumptions may need to be significantly adjusted and therefore, we recommend that the demand for each service be tested before expending a significant amount of funds to develop each service.

Five-year financial projections

In Table 10.5, we present five-year financial projections for the food hub. These show the revenues of the hub rising from about $160,000 in Year 1 to just over $900,000 by the end of Year 5. The hub is projected to have losses totalling about $190,000 over the first three years of operation. From that point on the hub is profitable and will generate modest profits of about 5%

One possible funding scenario

As noted above, the Food Hub needs up to $575,000 in start-up funds plus another $190,000 in working capital to reach financial breakeven. Below we present one possible funding scenario that could be used to attract the funds and provide a $35,000 contingency.

Co-op Investment Shares at $1,000/share	$200,000
Funding from the BC Ministry of Agriculture	$250,000
Funding from the Social Finance low interest loan Fund	$250,000
Patient capital loans repaid from cash flows with interest	$50,000
Grants from a range of foundations interested in local food	$50,000
Total	**$800,000**

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

Impact on the local food economy

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

Product Revenues	Year 1	% revs	Year 2	% revs	Year 3	% revs	Year 4	% revs	Year 5	% revs
E-commerce sales	$286,000	54%	$450,852	53%	$654,264	53%	$887,750	38%	$1,169,760	40%
Brokerage service	$168,000	32%	$267,750	31%	$393,271	32%	$545,992	24%	$727,394	25%
Retail market	$75,000	14%	$137,500	16%	$180,000	15%	$875,000	38%	$1,000,000	35%
Total Product Revenues	**$529,000**		**$856,102**		**$1,227,535**		**$2,308,742**		**$2,897,154**	

Table 10.4 Assumptions for the key revenue streams of the hub

Assumptions/metrics	Year 1	% revs	Year 2	% revs	Year 3	% revs	Year 4	% revs	Year 5	% revs
Memberships										
No. of new food hub coop members	20		5		5		5		5	
Food hub producer membership fee	$1,000		$1,000		$1,000		$1,000		$1,000	
Total food hub coop members	20		25		30		35		40	
Annual membership fee	$200		$250		$300		$350		$400	
Number of investment shares	50		50		30		30		30	
Value of investment share	$1,000		$1,000		$1,000		$1,000		$1,000	
Margin on Memberships	90%		90%		90%		90%		90%	
Ecommerce program										
Ecommerce retail customers	100		150		200		250		300	
Orders per customer per year	20		22		24		25		26	
Average order size	$80		$85		$90		$95		$100	
Commission on sales	12%		12%		12%		12%		12%	
Cost of service as % of comm.	50%		50%		50%		50%		50%	
Online wholesale customers	15		18		21		25		30	
Orders per wholesale customer/year	24		26		28		30		32	
Average order size	$250		$260		$270		$280		$290	
Commission on sales	12%		12%		12%		12%		12%	
Cost of service as % of comm.	50%		50%		50%		50%		50%	
Order fulfillment program										
Space needed for aggregation/packing (	1,000		1,500		2,000		2,000		2,500	
% of orders with fulfillment	75%		86%		88%		89%		90%	
Commission on each order	18%		19%		20%		21%		22%	
Cost of service as % of comm.	75%		74%		72%		71%		69%	
Brokerage service										
Number of products offered	20		25		30		35		40	
Cases sold per year	200		250		300		350		400	
Average price per case	$30.00		$30.60		$31.21		$31.84		$32.47	
Commission on product sales	5%		5%		5%		5%		5%	
Cost of service as % of comm.	50%		48%		46%		44%		42%	
Distribution service										
Number of totes delivered/day	15		17		19		22		25	
Number of delivery days per year	50		100		100		125		150	
Average charge per tote delivered	$5.00		$5.10		$5.20		$5.31		$5.41	
Cost of service as % of comm.	50%		48%		46%		44%		42%	
Consulting service										
Consulting hours	300		550		600		625		650	
Average consulting rate charged	$60		$61		$62		$63		$64	
Commission on consulting fees	15%		15%		15%		15%		15%	
Cost of service as % of comm.	30%		29%		29%		28%		28%	
Training programs										
Space needed for training/office (sq. ft.)	500		500		1,000		1,000		1,000	
Training program hours	1,000		1,500		1,750		2,000		2,250	
Average revenue per training hour	$25		$25		$25		$25		$25	
Commission on consulting fees	20%		21%		21%		22%		22%	
Cost of service as % of comm.	50%		48%		46%		44%		42%	
Dedicated space rentals										
Amount of dedicated space (sq. ft.)	1,000		2,000		3,000		3,500		4,000	
Rental rate per square foot	$21.1		$21.5		$21.9		$22.3		$22.8	
Rental cost per square foot	$16.84		$17.18		$17.52		$17.87		$18.23	
Processing facility space rentals										
Size of processing facility (sq. ft.)	0		0		500		1,000		1,500	
Total facility rental hours	500		750		1,000		1,200		1,400	
Average facility rental charge/hr	$21		$22.00		$23.00		$24.00		$25.00	
Commission on facility rental fees	10%		10%		10%		10%		10%	
Cost of service as % of comm.	30%		29%		29%		28%		28%	
Equipment rentals										
Amount of space for equipment (sq. ft.)	0		500		500		1,000		1,000	
Total equipment rental hours	200		1200		1260		1323		1389	
Avg equipment rental charge/hour	$18		$18		$18.50		$19.00		$19.50	
Commission on rental fees	10%		10%		10%		10%		10%	
Cost of service as % of comm.	30%		30%		30%		30%		30%	
Food storage space rentals										
Amount of storage space rented (sq. ft.)	1,000		1,500		2,000		2,500		3,000	
Number of pallets in strorage	95		229		305		381		457	
Average storage period per pallet (days)	30		28		26		24		22	
Storage rental fee/ pallet	$13		$13		$13		$13		$13	
Margin on pallet space rentals	70%		70%		70%		70%		70%	
Pallet handling fees										
Fee to bring in/take out each pallet	$5.50		$5.50		$5.50		$5.50		$5.50	
Margin on pallet intake/discharge labour	60%		61%		62%		64%		65%	
% of pallets requiring assembly	10%		10%		10%		10%		10%	
Fee to assemble cases onto one pallet	$17		$17		$17		$17		$17	
Margin on pallet assembly fees	60%		61%		62%		64%		65%	
Retail market										
Amount of space for market	0		0		0		1,000		1,000	
Number of market days per year	50		55		60		250		250	
Average revenues per market day	$1,500		$2,500		$3,000		$3,500		$4,000	
Margin on products sold	35%		35%		35%		35%		35%	
Cost of service as % of gross margin	50%		50%		50%		50%		50%	
Expense Assumptions										
Total facility space rented (sq. ft.)	3,500		6,000		9,000		12,000		14,000	
Facility space not covered above (sq. ft.)	1,500		2,500		3,500		4,000		4,500	
Rental rate per square foot	$16.84		$17.18		$17.52		$17.87		$18.23	
Utilities as % of total rent	2%		2%		2%		2%		2%	
Marketing as % of revenues	2%		2%		2%		2%		2%	
IT services as % of revenues	3%		1%		1%		1%		1%	
Office expenses as % of revs	2.5%		2.0%		2.0%		2.0%		2.0%	
Travel as % of expenses	1.5%		1.0%		0.9%		0.8%		0.8%	
Miscellaneous as % of revs	1%		1%		1%		1%		1%	
Finance Assumptions										
Interest rate on loans	6%		6%		6%		5%		5%	
Amortization rate on capital equipment	10%		10%		10%		10%		10%	
Small business tax rate after losses	13.5%		13.5%		13.5%		13.5%		13.5%	

Table 10.5 Five year financial projections for the CVRD food hub

Food Hub Revenues	Year 1	% revs	Year 2	% of revs	Year 3	% of revs	Year 4	% of revs	Year 5	% of revs
Coop Memberships	$24,000	15%	$11,250	4%	$14,000	4%	$17,250	2%	$21,000	2%
Ecommerce retail customers	$19,200	12%	$33,660	12%	$51,840	13%	$71,250	10%	$93,600	10%
Ecommerce wholesale customers	$10,800	7%	$14,602	5%	$19,051	5%	$25,200	3%	$33,408	4%
Order fulfillment program	$12,150	7%	$19,883	7%	$27,942	7%	$39,249	5%	$55,123	6%
Brokerage service	$6,000	4%	$9,563	3%	$14,045	4%	$19,500	3%	$25,978	3%
Distribution fees	$3,750	2%	$8,670	3%	$9,884	2%	$14,592	2%	$20,296	2%
Consulting services	$2,700	2%	$5,033	2%	$5,580	1%	$5,906	1%	$6,240	1%
Training programs	$5,000	3%	$7,875	3%	$9,188	2%	$11,000	1%	$12,375	1%
Dedicated space rentals	$21,050	13%	$42,942	15%	$65,701	17%	$78,184	10%	$91,141	10%
Processing facility space rentals	$1,050	1%	$1,650	1%	$2,300	1%	$2,880	0%	$3,500	0%
Equipment rentals	$350	0%	$2,160	1%	$2,331	1%	$2,514	0%	$2,709	0%
Storage space rentals	$15,063	9%	$38,735	14%	$55,619	14%	$75,317	10%	$98,597	11%
Pallet in/out handling fees	$12,746	8%	$32,776	12%	$47,062	12%	$63,730	9%	$83,429	9%
Pallet assembly fees	$1,970	1%	$5,065	2%	$7,273	2%	$9,849	1%	$12,894	1%
Retail market gross margin	$26,250		$48,125		$63,000		$306,250		$350,000	
Other Revenues	$1,358	1%	$2,339	1%	$3,318	1%	$4,364	1%	$5,603	1%
Total Revenues	**$163,438**		**$284,325**		**$398,135**		**$747,036**		**$915,892**	
Cost of Sales		% margin		% margin		% margin		% margin		% margin
Coop Memberships	$2,400	90%	$1,125	90%	$1,400	90%	$1,725	90%	$2,100	90%
Ecommerce retail customers	$9,600	50%	$16,830	50%	$25,920	50%	$35,625	50%	$46,800	50%
Ecommerce wholesale customers	$5,400	50%	$7,301	50%	$9,526	50%	$12,600	50%	$16,704	50%
Order fulfillment program	$9,113	25%	$14,614	27%	$20,126	28%	$27,706	29%	$38,133	31%
Brokerage service	$3,000	50%	$4,590	52%	$6,461	54%	$8,580	56%	$10,911	58%
Distribution cost	$1,875	50%	$4,162	52%	$4,547	54%	$6,420	56%	$8,524	58%
Consulting services	$810	70%	$1,480	71%	$1,608	71%	$1,668	72%	$1,727	72%
Training programs	$2,500	50%	$4,095	48%	$4,961	46%	$6,160	44%	$7,178	42%
Dedicated space rentals	$16,840	20%	$34,354	20%	$52,561	20%	$62,548	20%	$72,913	20%
Processing facility space rentals	$315	70%	$485	71%	$663	71%	$813	72%	$968	72%
Equipment rentals	$105	70%	$648	70%	$699	70%	$754	70%	$813	70%
Storage space rentals	$4,519	70%	$11,620	70%	$16,686	70%	$22,595	70%	$29,579	70%
Pallet in/out handling cost	$7,648	40%	$20,059	39%	$29,378	38%	$40,579	36%	$54,183	35%
Pallet assembly cost	$788	60%	$1,965	61%	$2,733	62%	$3,578	64%	$4,520	65%
Retail market costs	$13,125	50%	$24,063	50%	$31,500	50%	$153,125	50%	$175,000	50%
Cost of other revenues	$649	52%	$1,233	47%	$1,773	47%	$2,314	47%	$2,951	47%
Merchant fees	$2,288		$3,981		$5,574		$10,459		$12,822	
Total cost of sales	**$80,974**	50%	**$152,603**	46%	**$216,115**	46%	**$397,247**	47%	**$485,825**	47%
Overhead labour		% revs		% of revs		% of revs		% of revs		% of revs
Labour (part -time initially)	$80,000	48.9%	$100,000	35.2%	$125,000	31.4%	$150,000	20.1%	$190,000	20.7%
Payroll and benefits	$8,000	4.9%	$10,000	3.5%	$12,500	3.1%	$15,000	2.0%	$19,000	2.1%
Total Overhead labour	**$88,000**	54%	**$110,000**	39%	**$137,500**	35%	**$165,000**	22%	**$209,000**	23%
Expenses		% revs		% of revs		% of revs		% of revs		% of revs
Rent	$25,260	15.5%	$42,942	15.1%	$61,321	15.4%	$71,483	9.6%	$82,027	9.0%
Utilities	$1,179	0.7%	$2,061	0.7%	$3,154	0.8%	$4,289	0.6%	$5,104	0.6%
Marketing and Promotions	$3,269	2.0%	$5,687	2.0%	$7,963	2.0%	$14,941	2.0%	$18,318	2.0%
Accounting/bookeeping	$3,900	2.4%	$3,900	1.4%	$3,900	1.0%	$3,900	0.5%	$3,900	0.4%
IT services and expenses	$4,903	3.0%	$2,843	1.0%	$3,981	1.0%	$7,470	1.0%	$9,159	1.0%
Office supplies/telephone	$4,086	2.5%	$5,687	2.0%	$7,963	2.0%	$14,941	2.0%	$18,318	2.0%
Meals and entertainment	$1,000	0.6%	$1,000	0.4%	$1,000	0.3%	$1,000	0.1%	$1,000	0.1%
Travel	$2,452	1.5%	$2,843	1.0%	$3,583	0.9%	$5,976	0.8%	$7,327	0.8%
Interest cost	$6,000	3.7%	$12,500	4.4%	$15,000	3.8%	$17,500	2.3%	$17,500	1.9%
Miscellaneous	$1,634	1.0%	$2,843	1.0%	$3,981	1.0%	$7,470	1.0%	$9,159	1.0%
Total expenses	**$53,683**	33%	**$82,306**	29%	**$111,846**	28%	**$148,970**	20%	**$171,811**	19%
Operating profit/loss	**($59,219)**	**-36.2%**	**($60,584)**	**-21.3%**	**($67,326)**	**-16.9%**	**$35,818**	**4.8%**	**$49,256**	**5.4%**

10.5 Funding sources

Key sources of funding

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

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

Ministry of Agriculture, Food, and Fisheries- TBD

Other sources of funding

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

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

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

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

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

11.0 Implementation Plan

11.1 A phased implementation plan

Step 1: Landing a go-no-go decision

1.1 Establish pre-launch Steering Committee – This committee, will be made up of a diverse group of key players and provide an overall governance structure until the Coop Society is incorporated and a Board of Directors is established. The Committee will ideally meet monthly until the Co-op is established.

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

1.3 Create partnership agreements with producers, businesses, groups, organizations across the region – To maximize the impact of the CVFH it will be important to reach out to groups or enterprises with a similar agenda in the region and establish partnership or collaboration agreements.

1.4 Develop a detailed implementation plan and budget including detailed costing of leasehold improvements, equipment, and other capital/operating costs.

1.5 Seek initial funding commitments – A fundraising subcommittee (or paid fundraiser) will work to raise an initial tranche of funding for the CVFH. It will probably need commitments of about $600,000 (including in-kind contributions) before it can justify moving forward. The funds would only be advanced after the cooperative has been established.

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

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

Step 2: Establishing commitments

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

2.2 Secure commitments from a minimal number of CVFH buyers- The Coop will reach out to potential buyers of local food products in the region and make them aware of the CVFH and to try to secure commitments to buy products from producers and processors involved with the Network.

Step 3: Establishing governance and securing financing/facilities

3.1 Establish supports for setting up the CVFH producer cooperative- Seek out resources to support the process for establishing a highly functional coop to own and operate the food hub.

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

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

3.4 Establish purposes of the Coop Society and set up bylaws – The Directors will work to establish the purposes of the Society in BC under one or more of 15 allowed categories[31] and set up the Bylaws. It can adopt the BC Model Bylaws or create its own Bylaws[32].

3.5 Incorporate the CVFH as a for-profit producer cooperative – The Directors will submit the application for incorporation. Two types of non-profit societies are recognized in BC (Ordinary Societies and Member-funding Societies). The Network will most likely be set up as an Ordinary Society.

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

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

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

Step 4: Marketing and Launch

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

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[31] https://www2.gov.bc.ca/gov/content/employment-business/business/not-for-profit-organizations/societies/incorporate-society/about-society-purposes

[32] https://www2.gov.bc.ca/gov/content/employment-business/business/not-for-profit-organizations/societies/incorporate-society/bylaws

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

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

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

11.2 Risk analysis: Limiting Factors and Obstacles

Several factors could limit the successful implementation and growth of the CVFH, including:

1) **Unpredictably high cost of leasehold improvements.** At the time of the completion of this study, the value of leasehold improvements is unknown. Given the selected building was built in the 1970's it is possible that leasehold improvements are significant. Should this value be higher than predicted, then adjustments to the financials would be needed.

2) **Start-up and operational funding is not secured:** The business strategy for the CVFH requires significant startup and operational funding to secure a facility, staff, and marketing. At the time of the completion of this study, the funding stream previously available through the Ministry of Agriculture, Food, and Fisheries, has not been confirmed for 2021. However, there are several other options to pursue including the federal government Social Finance Fund.

3) **Cohesive governance and leadership are not achieved:** For the CVFH to be successful, strong leadership and credibility with producers is required to both govern and manage the cooperative and facility. This will require a 'coming together' of producers that bring a range of (sometimes divergent) perspectives.

4) **Insufficient demand for CVFH services:** If anticipated users and buyers of the CVFH don't know about its services and programs, don't see how it can help their businesses, and don't participate in programs, then the CVFH will not be able to meet financial targets.

11.3 Key success factors

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

1) **A financially sustainable model is pursued:** A financial model that combines grant funding and revenue generation is key. Being able to generate enough profit from activities to cover the costs of the CVFH is an essential element for long-term success. In addition, the CVFH should have adequate funding reserves to avoid any disruption to service.

2) **Supports to form a successful producer coop are established –** The BC Co-op Association has significant resources to help new co-ops and if these are accessed, it will significantly help to establish a successful producer co-op.

3) **Producers and food buyers make early commitments to the CVFH –** It is absolutely vital that producers see the value in working together to achieve much greater sales than they can achieve on their own. A critical test of this is the willingness of producers to shift existing sales to the hub. While this will temporarily reduce their profitability (because they will now pay some commissions to the hub) it will

dramatically improve the viability of the hub and will greatly enhance its ability to market them and increase their sales. In addition, it would greatly help the hub if it can find a few large buyers (e.g. larger retailers and institutions) that are willing to make significant buying commitments to quickly boost sales for the hub and show producers the value of coming together and marketing themselves as a group.

4) **An experienced and connected board is formed**: An experienced and well-connected board will help the CVFH be responsive to change and take advantage of emerging opportunities. Ideally, this Board will have representation from producers and be connected to other food & agriculture sector businesses, organizations, & industry associations.

5) **Current needs are met and balanced with growth potential:** The CVFH must strengthen what is already happening in the region while also looking for creative ways to stimulate activity in new areas where producers and processors in the region could have a competitive advantage.

6) **Strong local support is created:** The CVFH should be known to and appreciated by residents, businesses, and visitors in the Region.

7) **Effective cost controls are in place**: The Network should establish cost control measures to ensure that operations are running as efficiently as possible.

8) **An experienced Executive Director is retained**: The role of Executive Director is critical to the success of the CVFN. This person should be a generalist and natural networker that is adept at listening and learning. Interpersonal skills and the ability to engage and work with people from a range of professional, gender, age, and ethnic backgrounds will be essential. Respect and credibility with regional producers and food processors will accelerate progress and success.

Appendices

Appendix A: Farms and Food Processers in the CVRD

The list below is non-exhaustive and includes farms that are currently listed in shared databases. There are many farms in the CVRD that are not listed.

Farms in the CVRD

Name of farm	Location	Primary products
Coastal Black	Black Creek	Berries, honey
Bee Happy Farm	Black Creek	Honey
Big D's Bees	Black Creek	Honey, berries
Lost Savanna Farm (CSA)	Black Creek	Meat
Snap Dragon Acres	Black Creek	Meat - poultry
Sunshine Acres	Black Creek	Meat - poultry
Seaview Game Farm	Black Creek	Meat - venison
Stonecroft Farm	Black Creek	Meat- game birds
Island Bison	Black Creek	Meat-bison
Cedar Meadow Ranch	Black Creek	Meat-lamb
Daldas Farms - Doberstain and Sons	Black Creek	Milk products
Warwick Dahlias	Black Creek	Plants-flowers
Good Earth Farms	Black Creek	Produce
The Tasty Tattie Farm	Black Creek	Produce
Pattison Farms	Black Creek	Produce
Wellspring Farm	Black Creek	Produce, berry wine
Anderton Nursery	Comox	Bedding plants
Christine's Cluckery	Comox	Meat - ducks
Plant Collector Nursery and Garden	Comox	Plants - trees
Guthrie Road Gardens	Comox	Plants-flowers
Island Dahlias	Comox	Plants-flowers
Comox Valley Production	Comox	Produce
Sieffert Farm Market	Comox	Produce
Waveland Berry Farm	Comox	Produce- berries
Watrin Orchard/Farm Market	Comox	Produce, products
Bees and Bloems Nursury	Courtenay	Honey
Seal Bay Farm	Courtenay	Me Meat, mixed crops
Glen Alwin Farm	Courtenay	Meat- beef
McClintock's Farm	Courtenay	Meat- beef, dairy
Tannadice Farms	Courtenay	Meat- mixed
Victorian Acres Farm	Courtenay	Meat-mixed
DeeKayTee Ranch and Farm Market	Courtenay	Meat, mixed crops
Celium Acres	Courtenay	Mixed
Grassi Point Farm Market	Courtenay	Mixed
Happy Creek Farm	Courtenay	Nuts

Name of Farm	Location	Primary products
River Meadow Farm	Courtenay	Plants
Kate's Flowers	Courtenay	Plants-flowers
Outback Nursery	Courtenay	Plants, berries
Bare Paw Farm	Courtenay	Produce
Black Rooster Farm	Courtenay	Produce
Comox Valley Hothouse	Courtenay	Produce
Devonshire Farm	Courtenay	Produce
Finlay Creek Farm	Courtenay	Produce
Fir Ridge Farm	Courtenay	Produce
Freedom Farm	Courtenay	Produce
Fitzgerald Farm		Mixed Farm
Hazelmere Farms	Courtenay	Produce
Kloverden Farm (CSA)	Courtenay	Produce
Rock Bottom Farm	Courtenay	Produce
Whitaker Farm (CSA)	Courtenay	Produce
Huband Cherry Farm	Courtenay	Produce -Fruit
Berry Best Farm	Courtenay	Produce- berries
Evansdale Farm	Courtenay	Produce- berries
Island Sweetness Farm	Courtenay	Produce- berries
McGinnis Berry Crops	Courtenay	Produce- berries
Eat More Sprouts (Board of SSFPA)	Courtenay	Produce- sprouts
Innisfree Farm (Kitchen Rental)	Courtenay	Produce-herbs
Nature's Way Farm	Courtenay	Produce, berry wine
Ashprington Farm	Courtenay	Raspberries, pumpkins
Ironwood Farm	Fanny Bay	Produce
Sweet Spread Farm (CSA)	Grantham	Produce
Old Rose Nursery	Hornby Island	Plants-flowers
Smith Lake Farm	Merville	Eggs
Rankeillour Farm	Merville	Meat - poultry
Island Pastures Beef Producers	Merville	Meat- beef
Karason Farms	Merville	Meat-chicken
Halstead Farm	Merville	Mixed
Stoney Bog Farm	Merville	Mixed + wool
Pendleton Farm (CSA)	Merville	Produce
Tender Greens Farm (CSA)	Merville	Produce
ASH Berry Farm	Royston	Berries, cucumbers
Bayhill Farm and Nursery	Union Bay	Herbs
Greenhaven Gardens	Union Bay	Plants

Food and Beverage Processors in the CVRD

Name of processor	Location	Primary products
Alderlane Farmhouse Bakery	Black Creek	Baked goods
Heavenly Goodies Bakery	Courtenay	Baked goods
Zen Moment Kombucha	Courtenay	Beverage
Estevan Tuna Co.	Courtenay	Canned fish
Natural Pastures Cheese	Courtenay	Cheese
Dark Side Chocolates	Cumberland	Chocolate
Denman Island Chocolate	Denman Island	Chocolate
Cumberland Hemp Co.	Cumberland	Clothing
Ammo Box Hot Sauce	Comox	Condiments - salsas
As You Like It Product	Union Bay	Condiments - salsas
Bates Beach Farm	Courtenay	Condiments - salsas
Comox Valley Canning Co	Courtenay	Condiments - salsas
Mustard Lady	Courtenay	Condiments - salsas
Thai Sauce Company	Courtenay	Condiments - salsas
Land and Sea Brewing	Courtenay	Craft Beer
Ace Brewing	Courtenay	Craft Beer
New Tradition Brewing	Comox	Craft Beer
Gladstone Brewing	Courtenay	Craft Beer
Cumberland Brewing	Cumberland	Craft Beer
Blue Spruce Ice Cream	Courtenay	Dairy-yogurt
Tree Island Yogurt	Courtenay	Dairy-yogurt
Hornby Organic (energy bars)	Comox	Energy Bars
Legato Gelato (goat milk gelato)	Fanny Bay	Goat milk gelato
By the sea apothecary (herbalist)	Black Creek	Herbs and Spices
Clever Crow Herbs and Spices	Black Creek	Herbs and Spices
Middle Mountain Mead	Hornby Island	Mead
Prontissima Pasta	Courtenay	Pasta
Botanical Soap Shop	Comox	Soap
Heavenly Libations	Courtenay	Sodas & syrups
Island Spirits Distillery	Hornby Island	Spirits
Abuelo's Corn Tortillas	Courtenay	Tortillas
Natural Glacier Waters	Fanny Bay	Water
Beaufort Vineyard & Estate Winery	Courtenay	Wine
Coastal Black Estate Winery	Black Creek	Wine
40 knots Winery	Comox	Wine
Corlan Vineyard and Farm	Denman Island	Wine
Blue Moon Estate Winery	Courtenay	Wine

Seafood Processors in the CVRD

Name of processor	Location	Type
Aquatec Seafoods	Comox	Fish, crab, seafoods
Baynes Sound Oyster Co	Union Bay	Oysters
Captain's Seafood	Courtenay	Fish smoking and curing
Fanny Bay Oysters	Fanny Bay	Oysters
Mac's Oysters	Fanny Bay	Oysters
Manatee Holdings	Courtenay	Geoducks
Odyssey Shellfish	Bowser	Oysters
Pentlatch Seafoods (harvester)	Courtenay	Abalone, Scallops, Mussels
Perfect Oysters	Courtenay	Oysters
Stellar Bay Shellfish	Bowser	Oysters
Salish Sea Foods (processor)	Comox	Oysters, clams, salmon, crab

Appendix B: Study Participants

One-on-one interviews

Sector	First	Last	Position	Organization
Architect	Martin	Haggarty	Architect	Working for Island Corridor Foundation
Distributor	Jaymie	Collins	GM	Vancouver Island Farm Products
Food hub	Debra	Hellbach	ED	VIU Seafood Innovation Centre in Deep Bay
Food industry association	Jim	Russel	ED	BC Shellfish Growers Association
Food industry association	Brad	Hornick	ED	Denman Island Growers & Producers Alliance
Food industry association	Candice	Appleby	ED	Small Scale Food Processors Association
Food industry association	Katherine	Ronan	Founder	Hornby Island Farmland Trust Society (HIFTS)
Food industry association	Peter	Wardle	ED	Hornby Island Farmland Trust Society
Government - BC	Kimberley	Toonders	Public Health Dietician	Vanc. Island Health Authority, (CVFPC)
Government - CVRD	Arzeena	Hamir	CVRD Director, Farmer	CVRD Director- Area B, (CVFPC)
Government - CVRD				Electoral Area Services Committee
Non-profit - Ec Dev	Karen	Ross	ED	Hornby Island Comm Econ Enhancement Corp
Non-profit- Food	Maurita	Prato	Coordinator	Lush Valley (CVFPC)
Non-profit- Food	James	McKerricher	Hub co-ordinator	Lush Valley (CVFPC)
Non-profit- Food	Ben	Vanderhorst	President	Comox Valley Farmers Institute
Non-profit- Food	Twila	Skinner	GM	Comox Valley Farmers Market
Non-profit- food	Niki	Whittaker	ED, Producer	Comox Valley Farmers Institute
Non-profit- Food	Diane	Jackson	President	Mid Island Farmers Institute (CVFPC)
Non-profit- Food	Maurita	Prato	Coordinator	Lush Valley (CVFPC)
Non-profit- Food	James	McKerricher	Hub co-ordinator	Lush Valley (CVFPC)
Processor - distillery	Dave	Brimacombe	CEO	Wayward Distillery
Processor - winery	Mark	Timmermans	Vintner	Beaufort Vineyard & Estate Winery
Producer - Ag	Karen	Young	Owner	Outer Island Farm
Producer - Ag	Aileen	Fearman	Owner	Fossil Beach Farm,
Producer - Ag	Gerry	McClintock	Owner	McClinktock's Farm
Producer - Ag	Sam and Emily	Anderson	Farmer	Two Roads Farm
Producer - Ag	Doug	Wright	Farmer	Upland Farm

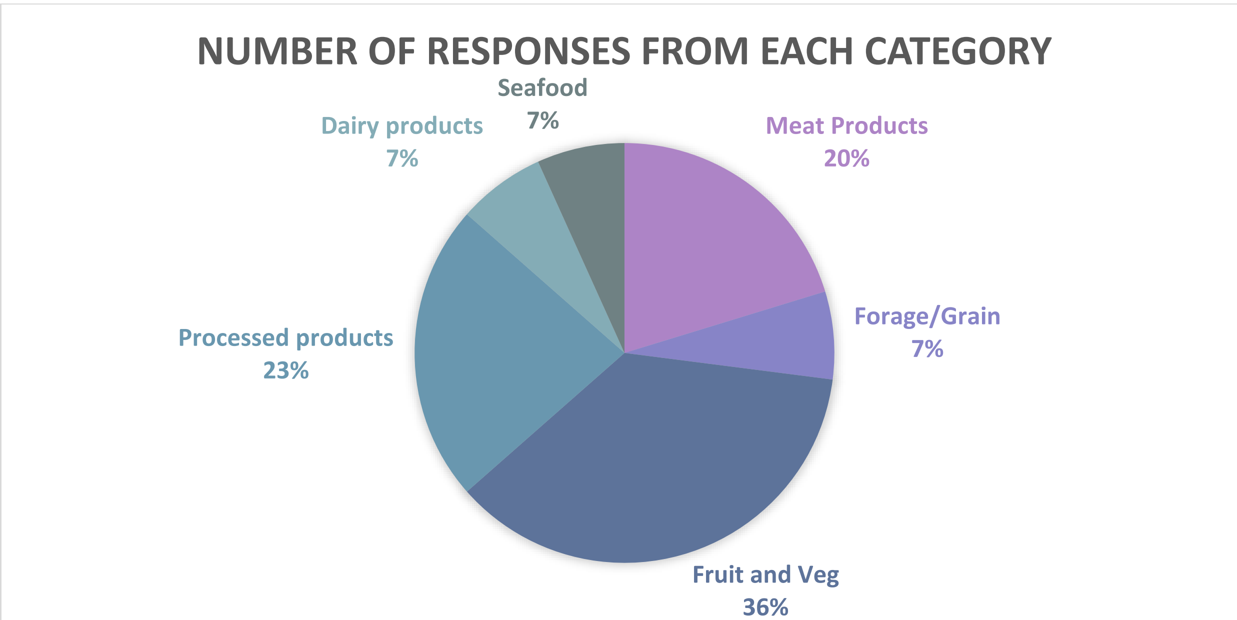
Producer – Aq	Albert	Blackford	Manager	Salish Sea Foods
Producer - Aq	Adam	Choi	owner	small shellfish farm
Service Provider	Spencer	Serin	Lab Services Manager	Food Metrics Laboratories (CVFPC)

On-line survey

The on-line survey was completed by 35 respondents with another 57 providing incomplete responses for a total of 92 people who responded to the survey.

The majority of responses came from producers and processors in the Courtenay/ Comox area (55.7%) although responses also came from the Black Creek and Merville area (25.7%,) the Royston/ Cumberland area (14.3%) and the Deep Bay/ Fanny Bay area.

Fruit and vegetable producers made up the majority of responses with 36% of all responses followed by processed products (23%) and meat products (20%).



Small group meetings

The project team held small group meeting with:

1. Comox Valley Food Policy Council
2. Mid Island Farmers Institute
3. Comox Valley Farmers Institute
4. Denman and Hornby producers
5. Shellfish producers

Regional processors were also invited to a small group session but no response was received.

Food Hub Concept Forum

Approximately 17 people participated in the food hub concept forum. Most participants came from government and other sectors. In an effort to engage more producers, the project team converted forum engagement questions into a survey that was distributed through the producer associations by the Steering Committee. An additional 44 people provided input, including a large proportion of protein and produce producers. Results from the post-forum survey are summarized below.

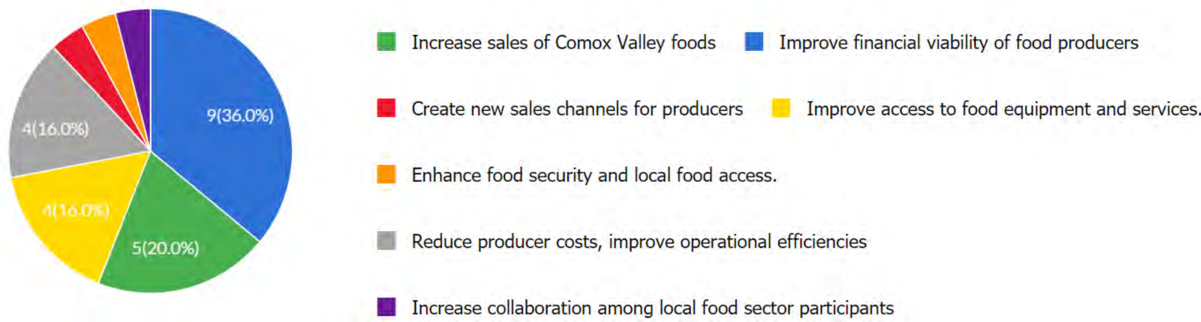
In order to make it possible for producers and processors to provide input into the food hub model that were not able to attend the Food Hub Concept Forum on June 2, the CVRD created an online survey with the same polling questions from the forum. This was posted and distributed to producers and processors along with a recording of the Food Hub Concept forum. In total, 44 people responded (25 complete surveys, 19 incomplete).

Summary of post forum survey results

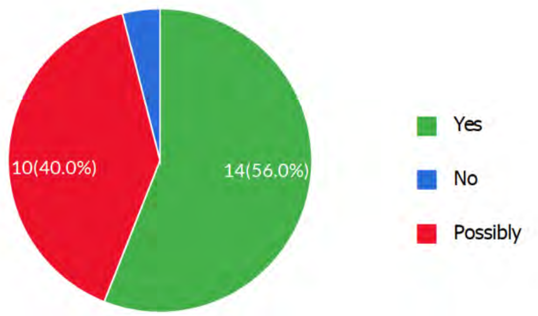
Results indicate that there were a large proportion of producers who responded including a majority of protein producers. Responses to what the most important part of the vision were distributed across many categories, although improving financial viability of food producers was seen as the most important part of the vision by the most people, followed by increasing sales and improving access to food equipment and services. The majority of respondents indicated a producer-led cooperative is the most suitable governance model and that a medium scale (12,000 sq ft) is the most appropriate scale of the food hub. Seventy-five percent of respondents agreed that the Old Saputo building is suitable as a food hub location.

The figures below show the breakdown in responses for each post-forum survey question.

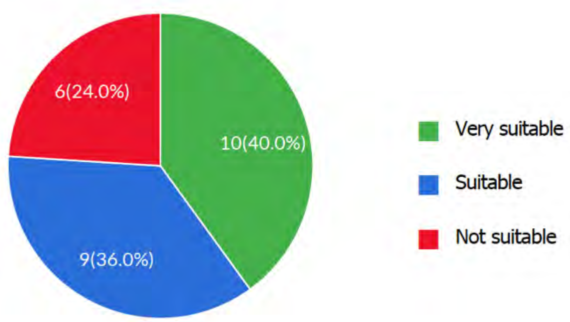
What is the most important part of the food hub vision for you?



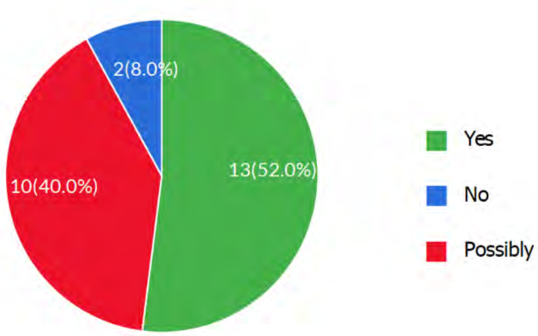
Do you agree with a medium scale and size of a food hub?



How suitable is the old Saputo building for a Comox Valley Food Hub?



Is a producer-run cooperative the most suitable governance model for the food hub?



Appendix C: Governance Models and Food Hub Types

Assuming that a food hub is deemed feasible through remaining research and engagement, this section explores potential governance options for owning and operating a shared food hub facility. We anticipate adding to and eliminating from this information based on research and engagement outcomes.

There are many ways to establish ownership and operational structures for effective food hub governance. The models described below show the range that is possible. The determination of a governance model should be driven by those who will be involved.

Cooperative Model

A co-op can be single member type co-op or a multi-stakeholder co-op. It can have one or more of the following types of members:

- Producer/processor
- Worker
- Consumer
- Community member/supporter

Below are pros and cons of a single stakeholder producer co-op or a multi-stakeholder co-op approach.

Description of Benefit	Single Stakeholder Coop	Multi-Stakeholder Coop
Governance simplicity and member management	Less complicated structure and is easier to govern	More complicated structured and potentially more difficult to govern if multiple classes are actually offered (this form of co-op would have multiple classes but may not necessarily use them)
Financial benefits	As there is only one class of member, there is only one stakeholder group purchasing co-op memberships	With more classes of members, there are more parties paying for memberships. However, there are also increased costs to administer the extra members, particularly consumer memberships, which can be numerous.
Board control	With one class of members, there is no issue with loss of board control	With multiple membership classes, it is possible that the core membership group (e.g. producers) may end up losing control of board or AGM decisions. This can be overcome by

		creating non-voting membership classes and by mandating that the core class of membership must hold most board seats.

Producer cooperatives models are more common with food hubs and are owned by people who produce similar types of goods or services. The cooperative structure allows for producers to work together to cooperatively negotiate prices and access larger customers. The cooperative is governed by a Board of Directors and can include membership fees. In some cases, producers will set aside a percentage of their profits (Between 20% and 40%) to pay for the operational functions of the cooperative (e.g. aggregation, distribution and marketing).

Cooperatives can face challenges. For example, if one member grows at a different rate than others, it can create an imbalance that needs to be addressed. Another challenge can be the work needed to establish a coop (e.g. setting up a bank account, becoming registered).

The benefit of producer coops is that producers are always in control of how their products are handled and marketed. This also helps to maintain a direct line between the customer and the producer.

Cooperatives must be in compliance with the Cooperative Association Act of BC.[33]

Examples include: Cow-Op, Okanagan Food Producers Coop, Saanich Organics,

Private Enterprise Model

A private enterprise model is a business that is owned and operated by individual(s) or stockholders.

Examples include: Commissary Connect

Charitable Model

"A registered charity refers to a charitable organization, public foundation, or private foundation registered with the Canada Revenue Agency. A registered charity is issued a Registration Number once approved. It is exempt from paying income tax, and can issue tax receipts for donations it receives. It must be established and resident in Canada, operate for charitable purposes, and devote its resources to charitable activities".[34]

In a food hub governance context, a charitable model may look like a food bank investing in new facilities and working with other agency partners to establish shared assets for warehousing, cold storing, and processing.

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[33] 33 Cooperative Association Act of BC
[34] https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/charities-giving-glossary.html

Examples include: The Stop in Toronto

Non-Profit Model

An NPO, as described by Revenue Canada as a club, society, or association that is not a charity and that is organized and operated solely for:

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

To be considered an NPO, no part of the income of the organization can be payable to or available for the personal benefit of any proprietor, member, or shareholder. An NPO is exempt from tax under Part I of the Act on all or part of its taxable income for a fiscal period if it meets all of the above requirements for that period.[35]

Examples include: South Island Farm Hub

University/Government-Led Model

University and government led food hubs are another way to own and operate a food hub. These initiatives usually are not revenue positive, with funding coming from long-term sources from the university and/or government. These hubs tend to have more of a focus on innovation and development. Ultimately, the governance model is similar to a non-profit.

Examples include: Leduc Food Processing Centre, UBC Food and Beverage Innovation Centre

Social Enterprise Model

Social enterprise (SE) can be for or not for profit. SE is not yet defined by CRA. the Centre for Social Enterprise defines social enterprise as, "revenue-generating businesses with a twist. Whether operated by a non-profit organization or by a for-profit company, a social enterprise has two goals: to achieve social, cultural, community economic and/or environmental outcomes; and, to earn revenue."[36]

"A social enterprise is an innovative business model, whether not-for-profit or for-profit, that pursues a social, cultural or environmental mission through the sale of goods and services, with the majority of net profits directed back to its mission."[37]

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[35] https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4117/income-tax-guide-non-profit-organization-information-return.html#C1_NPO
[36] https://www.centreforsocialenterprise.com/what-is-social-enterprise/
[37] https://www.canada.ca/en/employment-social-development/programs/social-innovation-social-finance/consultation-investment-readiness-stream/discussion-guide.html