

# Halifax Regional Food Hub | Executive Summary

27 March 2023 Draft

## Overview

The Halifax Regional Food Hub will connect primary and secondary food producers located throughout mainland Nova Scotia with HRM-based wholesale buyers in the commercial, community, and institutional sectors. Services include:

- Online ordering and payment processing
- Aggregation
- Storage – dry, cold, and frozen
- Order fulfilment and delivery

The Halifax Food Hub does not plan to do retail sales, co-packing (packing for retail sale), or secondary processing, as these services are already being provided by established enterprises. However, it may expand into one or more of these areas, should demand warrant.

## Proponents

The Halifax Food Hub has been researched and developed by the following working group:

- Justin Cantafio (working group lead) - representing Farmers' Markets of Nova Scotia,
- Mandy Chapman - representing the Mobile Food Market,
- Sue Kelleher - representing Feed Nova Scotia,
- Ghita Rammaz - representing the Novalea Kitchen and Market,
- Lisa Roberts - representing Nourish Nova Scotia, and
- Leticia Smillie - representing the Halifax Food Policy Alliance and Halifax Regional Municipality

Funding for this work was provided by the Nova Scotia Department of Communities Culture Tourism and Heritage, and consulting support was provided by Flourish Community Development Co-operative Ltd.

## Beneficiaries

### HRM-based Wholesale Customers

The Halifax Food Hub will seek to secure a minimum of 20 wholesale buyers, including:

#### Community Organisations in Halifax, Dartmouth, and Adjacent Communities:

- Community food organisations, e.g.: Feed NS, Mobile Food Market, Meals on Wheels, The Loaded Ladle
- Other nonprofits who buy food (childcare, family resource centres)
- Other food hubs located throughout Nova Scotia

#### Institutions in Halifax, Dartmouth, and Adjacent Communities:

- Halifax Regional Centre for Education
- Halifax Public Libraries
- NSCC's HRM campuses
- Northwood and other LTC facilities

#### Independently-owned Food Businesses Located in Halifax, Dartmouth, and Adjacent Communities:

- Restaurants
- Value-added Processors
- Independent Grocers

### Mainland Nova Scotia Producers

The Halifax Food Hub will seek to secure a minimum of 50 producers, including:

- Fruit, vegetables, meat, fish, dairy, eggs, and secondary products (baked goods, beverages, etc.); small to medium sized, looking to scale up; current farmers' market vendors would be a key sector.
- Located in mainland Nova Scotia

## Value Propositions

### For Wholesale Buyers

**Convenient access to cost-effective, local supply of high-quality Nova Scotian food:**

- Online ordering of local product, with delivery to their door
- Risk mitigation – food access during emergencies
- Corporate social responsibility – making a strong contribution to the provincial economy

### For Producers

**Expanded, efficient access to wholesale customers in HRM; Reduced waste (of time, produce, and other resources); Increased sales and profits:**

- Aggregation, storage, brokerage, and distribution services – allow producers to simplify and focus on production
- Online ordering/payment processing
- Enhanced marketing and awareness
- Access to processing and co-packing services (with the Station, Flowercart Group, et al.)
- Assistance with meeting health and safety regulations

## Key Revenue Streams

- Product sales – food that is purchased from primary and secondary producers and re-sold to wholesale buyers
- Fees charged to producers for storage rental, brokerage, and membership

## Timeline

It is our hope to make the Halifax Food Hub operational – delivering locally produced food to wholesale buyers in HRM – by April of 2024. This is feasible only if the Food Hub is housed at an appropriate organisation.

## Legal & Governance

The Halifax Regional Food Hub will be structured as a for-profit co-operative, with members drawn from three primary groups: participating producers, participating buyers, and allied nonprofit organisations with an interest in food security and food sovereignty. The board of directors will be drawn from the membership.

## Operational Requirements

### Human Resource Requirements

All operational functions will be undertaken by a paid staff, starting with 1 FTE (full-time equivalent) for the general manager, and then adding 3 FTEs (drivers, warehouse technicians, and ordering/administration). During the start-up year, the general manager will be hosted by Nourish NS.

### Location

The Halifax Food Hub will be located at one of the HRM's industrial parks (e.g. Burnside, Bayer's Lake, etc.), providing easy access for Nova Scotia producers and quick delivery times into wholesale buyers in Dartmouth, Halifax and adjacent communities. The ideal location would be on a transit route, to make it accessible for employees and volunteers to get to work.

### Facility Requirements

- Warehouse facility (minimum of 2000 square feet) with: one grade-level loading bay; two pallet jacks; cold and frozen storage; stainless steel tables and large packing area, food safe sinks; waste management systems and box crusher; parking for delivery vehicles and staff vehicles. See Appendix A for one potential floor plan.
- A minimum of one refrigerated delivery vehicle,
- Administrative office or workspace, staff room, handwashing sinks, and
- Online ordering and payment processing platform such as <https://home.localfoodmarketplace.com/>

## Financial Projections

### Projected Income & Expenses

	2023	2024		2025		2026	
For reference: Breakeven sales volume	n/a	\$1,450,473		\$2,803,334		\$3,268,506	
Wholesale sales	0	\$967,500	100.0%	\$2,574,000	100.0%	\$3,380,000	100.0%
Less: cost of sales	<u>0</u>	<u>774,000</u>	<u>80.0%</u>	<u>2,059,200</u>	<u>80.0%</u>	<u>2,704,000</u>	<u>80.0%</u>
Gross margin	0	\$193,500	20.0%	\$514,800	20.0%	\$676,000	20.0%
Operating expenses:							
Loan interest	\$0	\$4,571	0.5%	\$12,130	0.5%	\$9,602	0.3%
Payroll	49,000	228,107	23.6%	401,274	15.6%	488,191	14.4%
Rent (2000 square feet)	12,500	30,000	3.1%	30,600	1.2%	31,212	0.9%
Utilities	300	4,800	0.5%	4,896	0.2%	4,994	0.1%
Online ordering platform setup & hosting	0	2,858	0.3%	2,028	0.1%	2,069	0.1%
Phones and internet	1,000	4,400	0.5%	4,488	0.2%	4,578	0.1%
CGL insurance	1,500	6,000	0.6%	6,120	0.2%	6,242	0.2%
D&O insurance	700	4,800	0.5%	4,896	0.2%	4,994	0.1%
Delivery vehicle insurance	0	1,200	0.1%	1,224	0.0%	1,248	0.0%
Delivery vehicle fuel & maintenance	0	13,200	1.4%	13,464	0.5%	13,733	0.4%
Auto insurance	700	4,800	0.5%	4,896	0.2%	4,994	0.1%
Auto fuel & maintenance	3,875	6,500	0.7%	6,630	0.3%	6,763	0.2%
Legal and professional (see "Work Plan" work)	50,000	2,000	0.2%	2,040	0.1%	2,081	0.1%
Vehicle lease (for general manager)	4,650	7,800	0.8%	7,800	0.3%	7,800	0.2%
Contingency (% of fixed costs)	<u>6,299</u>	<u>15,973</u>	<u>1.7%</u>	<u>24,671</u>	<u>1.0%</u>	<u>29,101</u>	<u>0.9%</u>
Total operating expenses	<u>\$132,274</u>	<u>\$340,009</u>	<u>35.1%</u>	<u>\$530,216</u>	<u>20.6%</u>	<u>\$620,723</u>	<u>18.4%</u>
Net operating income (-loss)	<b>-\$132,274</b>	<b>-\$146,509</b>	<b>-15.1%</b>	<b>-\$15,416</b>	<b>-0.6%</b>	\$55,277	1.6%

## Capital Budget

	2023	2024	2025	2026
Net operating surplus (-deficit)	-\$132,274	-\$376,131	-\$73,367	-\$55,201
Add: beginning cash balance	\$0	\$42,726	\$80,626	\$44,259
Cash available before capital items	-\$132,274	-\$333,405	\$7,259	-\$10,942
Capital Purchases:				
Refrigerated 16' delivery truck (used)	\$0	\$50,000		
Cold storage space	0	15,000		
Frozen storage space	0	10,000		
Pallet jacks (2)	0	1,030		
Stainless steel counter (4')	0	573		
Stainless steel packing tables (2)	0	1,960		
Stainless steel sinks (2)	0	2,526		
Racking (three levels, 42')	0	6,380		
Office furniture (3 chairs, desk, bookshelf, filing cabinet, storage cabinet)	0	2,000		
Staff room furniture and equipment (4 chairs, table, sideboard, coffee maker, microwave)	0	1,000		
Computers (2), network printer	0	2,500		
Staff room counter and sink	0	1,000		
Website and online ordering platform	0	15,000		
Leasehold improvements (walls, etc.)	0	50,000		
Signage				
Contingency	0	20,000		
Total capital purchases	\$0	\$178,969	\$0	\$0
Capital financing:				
Total proceeds from member shares sold	\$5,000	\$48,000	\$12,000	\$12,000
Total proceeds from investment shares sold	\$20,000	\$25,000	\$25,000	\$25,000
Provincial grant	150,000	350,000		
Term loan	0	175,000		
Other	0	0		
Total financing	\$175,000	\$598,000	\$37,000	\$37,000
Ending cash balance	\$42,726	\$85,626	\$44,259	\$26,058

## Appendix A: One Potential Floor Plan (Minimum)

