



To: General Purposes Committee **Date:** May 19, 2026
From: Jerry Chong, General Manager, Finance and Corporate Services **File:** 08-4150-20-001/CL Vol 01
Re: **Richmond Food Hub Gap Analysis and Feasibility Study**

Staff Recommendation

That Option 1: Food Distribution Hub as detailed in the report titled “Richmond Food Hub Gap Analysis and Feasibility Study”, dated May 19, 2026, from the General Manager, Finance and Corporate Services, be approved.

Executive Summary

The City of Richmond received a \$1 million grant from the Ministry of Agriculture and Food to explore the development of a commercially-focused Food Hub in Richmond, with the potential to benefit the local economy, bolster innovation, and support food security. As the first phase of this initiative, a Gap Analysis and Feasibility Study (Study) was undertaken to assess the needs of Richmond's food sector, identify gaps, and evaluate potential food hub models. The Study was informed by extensive public and sector engagement, research and best practice analysis, and financial feasibility modelling.

Three key challenges facing Richmond's food sector were identified: limited access to food-ready space, gaps in business support services, and difficulties accessing markets and distribution channels. The Study evaluated a range of food hub models and identified two viable options, a Food Distribution Hub and a Food Manufacturing Hub, both structured as two-phase, non-profit models designed for long-term financial self-sustainability.

Staff recommend proceeding with Option 1: Food Distribution Hub, which would help Richmond farmers, fishers, processors, and manufacturers connect with buyers, access shared storage, and reduce distribution costs. This option serves the broadest cross-section of Richmond's food sector, requires a lower upfront capital investment, and offers a phased path to implementation. Pending Council approval, a procurement process would be initiated to identify a qualified delivery partner(s) to implement Phase 1, which would deliver service-based programming to confirm demand, explore partnerships, and refine operational requirements. Phase 2, subject to future Council approval, would involve facility development and would only proceed if Phase 1 demonstrates sufficient demand, financial viability, and partner readiness.

Staff Report

Origin

Following a previous referral from Planning Committee, and building on Richmond's established strengths in the agri-food and seafood sectors, the City secured a \$1 million grant from the Ministry of Agriculture and Food toward the development of a commercially-focused Food Hub in Richmond. This initiative is intended to foster a more connected and resilient food ecosystem that creates opportunities for growers, fishers, processors, and entrepreneurs while supporting a sector that is viable, innovative, and sustainable.

The first phase of this work, a Gap Analysis and Feasibility Study (Study), was undertaken to assess the needs of Richmond's food sector, identify gaps in the local food ecosystem, and evaluate potential Food Hub models.

On July 21, 2025, General Purposes Committee was presented the results of public and sector engagement conducted in Spring 2025 to inform the Study and adopted the following resolution:

That the staff report titled "Richmond Food Hub: Public Engagement Feedback", dated June 30, 2025 from the Director, Business Services, be received for information.

The purpose of this report is to share the findings of the completed Study, including research and analysis of potential financial and operational feasibility, and the resulting options for a Richmond Food Hub.

This report supports Council's Strategic Plan 2022-2026 Focus Area #2 Strategic and Sustainable Community Growth:

Strategic and sustainable growth that supports long-term community needs and a well-planned and prosperous city.

Analysis

Background

Richmond's food sector is a significant part of the local economy. The Gap Analysis and Feasibility Study aimed to identify and explore needs in the current agri-food and seafood processing ecosystem to inform the development of a Richmond Food Hub that would foster growth, innovation and resilience, supporting opportunities for local businesses and benefiting the local community.

Public and sector engagement conducted in Spring 2025 identified three major challenges facing the local food sector: limited access to food-ready space, gaps in business support services, and difficulties accessing markets and distribution channels. Building on these findings, additional research and analysis was undertaken, including a review of Food Hub models and best practices from other jurisdictions, mapping of existing facilities and services in the region, economic and market analysis, and financial feasibility modelling.

Through this process, two options emerged as having the strongest potential to address the needs of Richmond's food sector. Both options, including a recommended option, are presented in this report, with the full Study available in Attachment 1.

Overview of Options

The Study examined a range of food hub models, including shared kitchens and innovation labs, aggregation facilities, distribution centres, and food manufacturing models. Potential models were evaluated using four criteria based on best practices and tailored to Richmond's context:

- **Reflect Richmond's strengths.** A Richmond Food Hub should reflect Richmond's unique food sector strengths.
- **Limit regional redundancy.** A City-supported Richmond Food Hub should not compete with services already being delivered by the private sector or non-profits in the region.
- **Ensure path to self-sustainment.** A Richmond Food Hub must be designed for long-term financial sustainability.
- **Maximize economic benefit.** A Richmond Food Hub should be commercially focused, enabling business growth while also generating community benefits.

Through this analysis, two options were identified as having the strongest potential to address the needs identified in the Richmond food ecosystem:

- **Option 1: Food Distribution Hub** would improve market access and distribution efficiency for farmers, fishers, and small to mid-sized food processors and manufacturers.
- **Option 2: Food Manufacturing Hub** would support food manufacturers seeking to scale operations through access to specialized space, equipment, and expertise.

Both options are designed to be implemented through a two-phase approach. Phase 1 would deliver service-based programming to confirm demand, explore partnerships, and refine operational requirements, while Phase 2 would involve facility development, proceeding only if Phase 1 demonstrates sufficient demand, financial viability, and partner readiness. This staged approach is intended to mitigate risk and enable scaling based on demonstrated need.

It is anticipated that either option would be operated on a non-profit basis and structured for long-term financial self-sustainability, with revenues intended to cover operating costs and be reinvested into ongoing operations and facility maintenance.

Comparison of Options

Option 1: Food Distribution Hub (Recommended)

- This option would help Richmond farmers, fishers, processors, and manufacturers connect with regional buyers, access shared storage, and reduce distribution costs.
- Phase 1 would deliver service-based programming through a qualified delivery partner, including buyer-supplier matchmaking, market development, and logistics coordination.
- Phase 2 would involve development of a shared distribution facility offering dry, cold, and frozen storage, shipment consolidation, light processing and packing, and logistics infrastructure.

Option 2: Food Manufacturing Hub

- This option would support small and mid-sized food manufacturers seeking to enhance their production capabilities and operational efficiency.
- Phase 1 would deliver a Food Manufacturing Excellence Program, including training, mentorship, and access to fractional service providers in areas such as HR, finance, regulatory compliance, and export readiness.
- Phase 2 would involve development of purpose-built manufacturing units, shared storage and loading areas, and space for training and specialized programming.

A detailed comparison of both options is provided in Table 1 below. The facility specifications and minimum requirements are based on financial and operational feasibility modelling conducted as part of the Study and reflect the minimum scale at which each option is projected to be operationally viable and financially self-sustaining over the long term. A full analysis of both options can be found in the attached Study (Attachment 1).

Table 1: Option Comparison

	Option 1: Food Distribution Hub	Option 2: Food Manufacturing Hub
Problem to be solved	Difficulty establishing buyer relationships, high distribution costs, and limited access to suitable food storage	High capital costs of scaling to manufacturing, limited access to specialized facilities and equipment, and gaps in operational expertise
Who does it support?	Small and mid-sized farmers, fishers, processors, and manufacturers	Small and mid-sized food manufacturers
Minimum requirement for facility phase	At least 40 food businesses engaged and letters of intent from anchor tenants representing 50%+ of facility capacity	Letters of intent from anchor tenants representing 60%+ of facility capacity for 3-5 years
Anticipated facility services	Dry, cold, and deep freeze storage; primary processing space; logistics equipment and space	Food-ready production and manufacturing spaces; specialized processing equipment; shared cold and dry storage; shared product testing spaces
Facility capital costs	Lower upfront capital requirement	Significantly higher upfront capital requirement
Key anticipated benefits	Increased sales and market access across multiple sub-sectors; greater wealth retained locally; improved local food availability and community food resilience; increased food recovery; reduced food waste and lower carbon footprint	Increased capacity to scale operations; growth in local employment and revenues; increased innovation and competitiveness; increased equitable employment opportunities; improved scale-up pathways for entrepreneurs

Recommendation

Based on the Study findings, public engagement results, and consideration of financial and implementation risk, Option 1: Food Distribution Hub is recommended for the following reasons:

- **Directly addresses market access gaps.** Market access and distribution challenges were among the most consistently cited barriers across Richmond's food sector. Option 1 directly responds by establishing buyer-supplier connections, improving storage access, and reducing distribution costs for small and mid-sized producers.
- **Breadth of impact.** Option 1 supports a broad cross-section of the food sector, including farmers, fishers, and processors, with the potential to generate economic benefits across multiple sub-sectors and communities.
- **Lower financial risk.** Beginning with service delivery allows the City to confirm demand and build partnerships before advancing to facility development. Should the initiative progress to a facility phase, Option 1 requires a significantly lower capital investment than Option 2.
- **Alignment with City strengths and priorities.** Option 1 builds on Richmond's advantages in transportation and logistics and supports economic diversification, agricultural viability, circular food system practices, and local food access.

Next Steps

Subject to Council approval, a procurement process would be initiated to identify a qualified delivery partner(s) to implement Option 1: Food Distribution Hub. Phase 1 would deliver service-based programming to confirm demand, explore partnerships, and refine operational requirements for a potential facility. Results of Phase 1 would be brought back to Council for direction to proceed to Phase 2 – Facility Development, should the initial phase demonstrate sufficient demand, financial viability, and partner readiness.

Budgetary Implications

Grant funding previously received from the Ministry of Agriculture and Food to support the implementation of a Richmond Food Hub can be utilized toward initial service delivery costs associated with Option 1. Through the procurement process, business plans would be requested from proponents, including plans for operations and future funding from external sources such as operating revenue and grants. Advancing to the facility development phase, subject to the outcome of Phase 1 and Council approval to proceed, would require significant additional funding from external sources.

Conclusion

The Study has identified two viable Food Hub models for Richmond, and Option 1: Food Distribution Hub is recommended. This option leverages Richmond's strengths in transportation and logistics to increase opportunities for farmers, fishers, and processors and producers. It could enable greater wealth to be retained locally through non-profit storage and distribution channels, position local businesses for sustained, future success through strong connections with more

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buyers, and potentially enable Richmond residents greater access to local food as sales and distribution channels increase. If approved, a procurement process will be initiated to identify a qualified delivery partner to advance Option 1.

Respectfully submitted,

Katie Ferland, Business Services

Report Contributors

This report was prepared by Jill Shirey, Manager, Economic Development, and reviewed by the Policy Planning, Climate & Environment, and Community Social Development departments.

Endorsed by Serena Lusk, CAO

Att. 1: Richmond Food Hub Gap Analysis & Feasibility Study

Richmond Food Hub Gap Analysis & Feasibility Study

APRIL 2026





Introduction

The City of Richmond boasts a wealth of assets that contribute to a vibrant food sector and thriving culinary scene. These include expansive agricultural land, the largest small craft commercial fishing harbour in Canada, the greatest share of built industrial space in Metro Vancouver, and significant food transportation and distribution assets.

The City has received a grant from the Ministry of Agriculture and Food to explore the development of a commercially-focused Food Hub in Richmond. A Food Hub refers to a combination of facilities and services to aid in food-related business development, innovation, and growth. It is anticipated that it would build on Richmond's existing food sector strengths and serve the specific needs of Richmond food businesses.

To ensure that a Richmond Food Hub reflects this vision and responds to the City's specific context, a Food Hub Gap Analysis and Feasibility Assessment was undertaken to:

1. Understand the gaps in Richmond's commercial food ecosystem,
2. Identify opportunities to address those gaps and evaluate their financial feasibility,
3. Design an operating model and governance structures that could feasibly support a Richmond Food Hub, and
4. Establish recommendations for pursuing a Richmond-specific Food Hub.

Key Terms

Throughout this report, the term 'commercial food ecosystem' refers to the interconnected economic, social, and environmental relationships that make up Richmond's 'commercial food sector'. The 'commercial food sector' includes businesses and organizations in agriculture, fishing, food manufacturing, and food service.

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Research & Gap Analysis

Richmond's Commercial Food Ecosystem

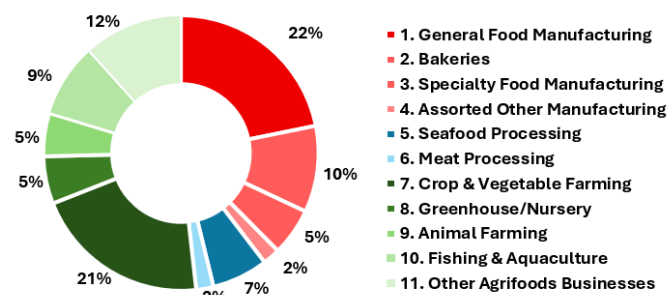
Richmond Food Sector Profile

Richmond, British Columbia, has a vibrant and diverse commercial food ecosystem rooted in its agricultural heritage and multicultural population. The city's commercial food ecosystem is characterized by:

- Access to key transport hubs by air, sea and land.
- Proximity to large population centres in neighbouring municipalities across Metro Vancouver.
- Access to a significant agricultural land base, with approximately 39% of the city (4,993 hectares) within the Agricultural Land Reserve.
- A large industrial land base, with approximately 11% of the city (1,368 hectares) available for various industrial uses and the largest inventory of industrial space in Metro Vancouver (46.8 million square feet).
- Hosting Canada's largest small craft commercial fishing fleet at Steveston Harbour.

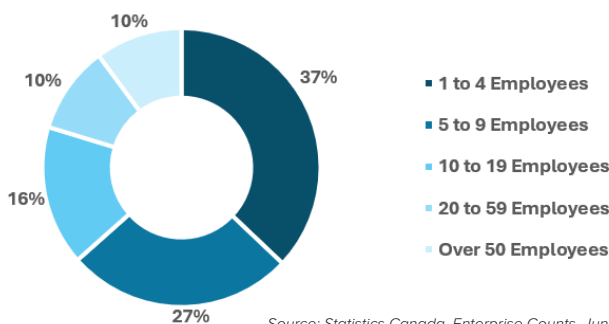
This has made it home to many food production and processing businesses and makes Richmond fertile ground for new business development. The most recent available data shows that Richmond is home to more than 150 food manufacturing businesses, 180 farms, and more than 500 commercial fishing vessels.

Proportion of Food Production and Manufacturing Businesses by Sub-Sector within Richmond [Fig. 1]



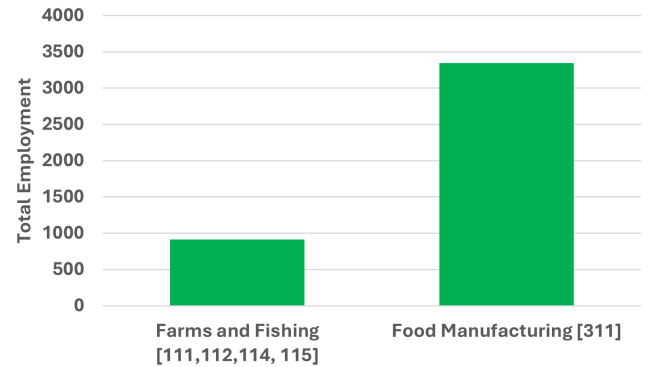
Source: Statistics Canada, Enterprise Counts, June 2025

Breakdown of Food Production and Manufacturing Business Sizes within Richmond [Fig. 2]



Source: Statistics Canada, Enterprise Counts, June 2025

Richmond Employment by Food Sub-Sector 2026 [Fig. 3]



Source: Statistics Canada: Census Employment Data, Adjusted to Estimate 2026 Jobs

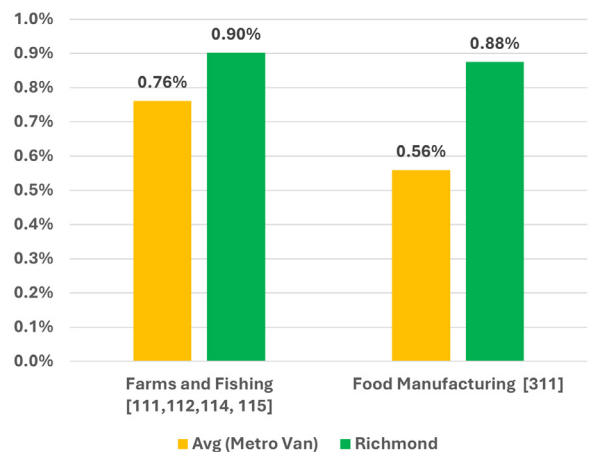
Richmond businesses employ over 900 people in farms and fishing, and over 3,300 in food manufacturing. There are also around 11,500 employees in food service & drinking places as a part of the broader food ecosystem.

Richmond in the Region

In comparison with the Metro Vancouver region, Richmond has strengths in all aspects of the commercial food ecosystem - agriculture, fishing, food manufacturing, and food services. The largest proportion of food businesses is in food services (i.e. restaurants, retail), which is consistent region-wide.

The proportion of food manufacturing businesses in Richmond is about 50% higher than the proportion of food manufacturing businesses across Metro Vancouver. This indicates that Richmond has unique strengths in food manufacturing compared with neighbouring municipalities.

Comparison of Richmond to Metro Vancouver: Proportion of Food Production and Manufacturing Business as % of Total Business Counts [Fig. 4]



Source: Statistics Canada, Enterprise Counts, June 2025

Richmond Food Clusters

Food production and processing activity in Richmond is distributed across several clusters rather than concentrated in a single dominant area. These clusters reflect a mix of sub-sectors, including seafood processing, general food manufacturing, and small-scale specialty production.

Several key patterns emerge across these clusters:

- **Distributed geography** | Food businesses are spread across multiple areas of the city, with no single location acting as a central hub for the sector.
- **Mix of business sizes** | Clusters include a combination of small, early-stage businesses, mid-sized operations, and a few large-scale major facilities.
- **Sub-sector specialization** | Certain areas show concentrations of specific activities (e.g., seafood processing or small-batch production), while others support more diverse food manufacturing uses.
- **Integration with industrial lands** | Most food production and processing businesses are located within established industrial areas, benefiting from access to transportation infrastructure and compatible land uses.
- **Agricultural clusters** | Farming activity is concentrated within the Agricultural Land Reserve (ALR), spatially distinct from processing clusters.

Overall, Richmond’s food ecosystem is characterized by multiple small, specialized clusters rather than a single,

cohesive district. This distributed pattern suggests an opportunity for improved coordination, shared services, and connective infrastructure to better link businesses across locations.

Regional Food Business Supports

Richmond is home to a growing network of services and facilities that are designed to support food entrepreneurship and business development. These include commissary/commercial kitchens, production facilities, product & process development facilities, incubator & accelerator services, local markets, community farming initiatives and food recovery programs.

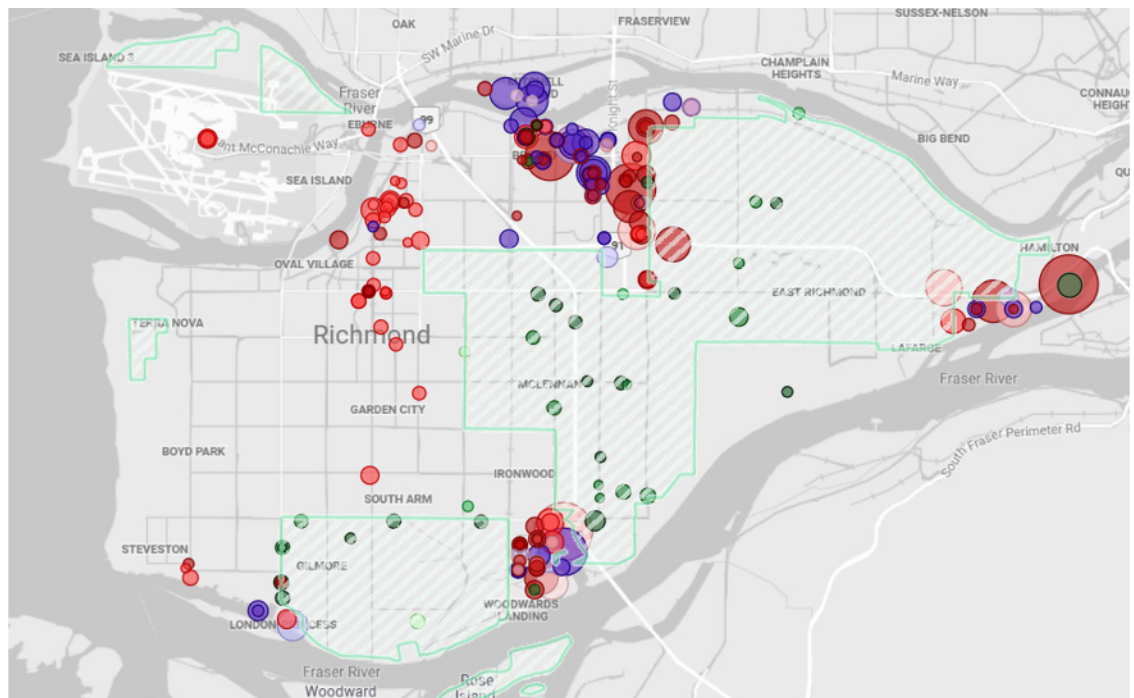
Understanding the types of supports that already exist is important to ensuring a Richmond Food Hub does not duplicate existing services. It also helps identify opportunities for partnerships to deliver a more complete package of support to food businesses. Examples of existing supports (in Richmond or in close proximity) include:

- **Production and Processing Spaces** | The region offers access to shared and dedicated food production facilities, including commercial kitchens and small-scale manufacturing spaces. These spaces help reduce upfront capital costs for entrepreneurs and enable businesses to test and grow without committing to full-scale facilities.

Map of Richmond Food Clusters [Fig. 5]

- 1. General Food Manufacturing
- 2. Bakeries
- 3. Specialty Food Manufacturing
- 4. Assorted Other Manufacturing
- 5. Seafood Processing
- 6. Meat Processing
- 7. Crop & Vegetable Farming
- 8. Greenhouse/Nursery
- 9. Animal Farming
- 10. Fishing & Aquaculture
- 11. Other Agrifoods Businesses
- 12. Agricultural Land Reserve

*Note: Mapping is based on 2026 Business License Data. This is likely to under-represent farming businesses that do not sell directly to the public as they do not require Richmond business licenses.



- **Product & Process Development Supports** | A range of innovation-focused services are available, including access to pilot-scale equipment, research expertise, and technical support for product development, testing, and commercialization. These supports are often regionally distributed and may be affiliated with academic or specialized research institutions.
- **Business Incubation & Advisory Services** | Entrepreneurs can access training, mentorship, and advisory services focused on business planning, branding, regulatory compliance, and scaling strategies. These programs support both early-stage ventures and growth-stage companies.
- **Market Access** | Local and regional markets both physical and digital provide opportunities for businesses to test products, build brand recognition, and generate early revenue. These range from seasonal markets to more established retail and distribution channels.
- **Food Recovery & Redistribution Networks** | Regional systems exist to redirect surplus food, reducing waste while supporting community organizations. These networks connect producers, distributors, and service providers.

Key Observations and Gaps

Understanding the types of supports that already exist helps to identify where there are gaps, and where a Richmond-based initiative could play a complementary role. While the region offers a diverse set of supports, several key gaps and challenges remain:

- **Fragmentation of services** | Supports are spread across multiple organizations and locations, making it difficult for businesses to navigate and access the full range of available resources.
- **Limited local availability of certain services** | Some specialized supports (e.g., advanced product development or pilot-scale processing) are not located within Richmond and require businesses to access services elsewhere in the region.
- **Scale-up challenges** | While early-stage supports are relatively available, there are fewer options for businesses transitioning to mid-scale production.
- **Access and affordability barriers** | Cost, eligibility requirements, and awareness can limit access to existing supports, particularly for small or new businesses.
- **Coordination opportunities** | There is potential to better connect existing services into a more cohesive ecosystem of supports, improving growth and development pathways for businesses.

These findings highlight the potential role of a Richmond-based initiative in connecting, complementing, and strengthening the broader regional support ecosystem, rather than duplicating existing services.

In particular, there is a clear opportunity to:

- Improve coordination across fragmented business and/or services,
- Expand access to shared infrastructure and facilities within Richmond, and
- Address critical gaps in mid-scale production and distribution capacity.

Public Engagement Summary

A public engagement process with local food businesses, community organizations, and the public was held from March through May 2025 to:

- Identify key food sector needs and opportunities,
- Surface insights about existing food sector supports, facilities, and services, and
- Understand local gaps in business supports, facilities, and services.

More than 275 community members, businesses, and organizations were engaged through a public survey, one-on-one interviews, on-site market visits, and roundtable discussions.

Three key themes emerged from the engagement process. These are summarized below. For more details on the outcomes of the engagement process, see the [Richmond Food Hub ‘What We Heard’ Report](#) published in June 2025.

Key Needs and Gaps [Table 1]

Space & Facilities	Core Processing Facilities	<ul style="list-style-type: none"> • Startups & Small-Scale Processors expressed a need for low-barrier access to shared spaces and equipment (e.g. commissary kitchens at affordable prices) • Medium-Scale Processors & Manufacturers expressed a need for food-ready manufacturing space for scaling operations (e.g. with suitable utilities, HVAC, drainage) • Fishers expressed a need for primary processing facilities to expand individual processing capacity (e.g. not selling wholesale to a processor but retaining control of processing)
	Flexible Storage Spaces	<ul style="list-style-type: none"> • Farmers, fishers, and food processors / manufacturers all expressed the need for improved access to cold storage and dry storage facilities, with added flexibility needed by smaller businesses and producers (e.g. ability to store short-term by pallet)
	Shared Food Innovation Spaces	<ul style="list-style-type: none"> • Food manufacturers and processors expressed the need for product development and testing labs (e.g. for nutritional testing, recipe development) • Food manufacturers and processors expressed the need for pilot processing or manufacturing facilities (e.g. for testing manufacturing equipment)
Support Services	Product Development Services	<ul style="list-style-type: none"> • Food manufacturers and processors expressed the need for assistance with market research, product development (e.g. applying food science expertise), product testing (e.g. for compliance, packaging, and quality assurance), and packaging / labelling guidance (e.g. to meet traceability requirements, regulatory compliance)
	Process Development Services	<ul style="list-style-type: none"> • Food manufacturers and processors expressed the need for guidance on setting up processing facilities, including selecting and testing equipment, designing a manufacturing line and identifying opportunities for automation, and operations modeling for understanding the relationships between profitability and product costs, pricing, volumes, and equipment.
	Shared Professional Services	<ul style="list-style-type: none"> • Businesses of varying sizes and types identified a need for sector-specific training (e.g. in food safety compliance, quality assurance, leadership, or Chinese cooking) and low-barrier access to professional services (such as professional marketing, purchasing, and accounting supports)
Pathways to Market	Local Market Access	<ul style="list-style-type: none"> • Farmers, fishers, and small artisanal processors expressed the need to expand digital marketing capacity, retail access, and sales networks. Many expressed limitations of seasonal markets and the need for assistance connecting with local retailers, restaurants, and institutions for establishing more regular purchasing agreements.
	Regional Distribution	<ul style="list-style-type: none"> • Small to medium-scale businesses expressed a need for cost-effective options for transporting goods throughout the region, province, and country. This includes options for making frequent and timely small shipments to processors and retailers at low cost.

Best Practices and Lessons Learned

Food Hubs in other jurisdictions were explored to inform development of a Richmond Food Hub. In total, 8 distinct service models were identified through this process and reviewed to understand how they work, what types of public or private support they require, their approach to achieving sustainable operations, and how they might inform a ‘made-in-Richmond’ Food Hub. Food Hub models reviewed included:

1. **Product and Process Innovation Centres**, both private and publicly funded, that provide unique facilities and equipment to support new product development.
2. **Commissary Kitchens and Startup Spaces**, including regionally-based providers of shared access to commercial kitchen equipment for startups and small businesses.
3. **Incubator and Accelerator Programs** that provide sector-specific business mentorship services to entrepreneurs.
4. **Community Agriculture and Fishing Supports**, including cooperatives, private organizations and public Food Hubs, that help farmers and fishers share sales, processing, and distribution infrastructure.
5. **Scale-Up Supports** that provide individual food-ready manufacturing spaces for businesses that require long-term lease stability.

6. **Food Business Networks & Collective Retail Models** that provide a collective marketing and sales channel for local businesses.
7. **Food Employment, Education, & Entrepreneurship Programs** that provide opportunities for individuals with barriers to employment to enter the workforce in the food sector, either as entrepreneurs or employees.
8. **Funding-Backed Ecosystem Approaches** to supporting food businesses, including organizations that provide grants to businesses to support specific aspects of their growth or development.

Research on these Food Hub models led to several key insights, lessons learned, and best practices that can be applied to a Food Hub in the City of Richmond Food Hub. Specifically, review of these models helped clarify Food Hub best practices and common pitfalls of publicly supported Food Hub projects. These are outlined in the tables below.

Important Food Hub Features [Table 2]

Focus on building community and a physical presence

Food Hub operators and users highlighted the importance of building a food business community for knowledge-sharing, troubleshooting, and collaborating on distribution and marketing efforts. This community serves to accelerate growth and reduce isolation among entrepreneurs. Hubs that actively foster community-building through networking events and formal or informal mentorship programs see higher retention and satisfaction among tenants. Having a physical Food Hub space with some low-barrier or accessible programs or services is important to this community building, ensuring companies and entrepreneurs at a wide range of stages in their business development can engage with the Food Hub community.

Take an ecosystem approach to service delivery

Successful Food Hubs function not just as places to access equipment and space but as part of a larger ecosystem of supports for food businesses, including professional service networks and funders. Some of these supports can be delivered directly by the hub, while others can be developed through partnerships with outside providers. This hybrid model allows a Food Hub to attract and support a diverse spectrum of businesses - from early-stage entrepreneurs to scaling firms - without overextending its own resources. Emphasis should be on convening, connecting, and curating a range of services, not just providing physical infrastructure.

Reduce upfront capital investment burdens for businesses For many early-stage and scaling businesses, the most significant barrier to entry is the high upfront cost of equipment, infrastructure, or leasehold improvements. Food Hubs that lower the financial threshold for entry (such as through access to shared equipment, food-ready spaces, and graduated rent programs) make participation accessible to a broader mix of entrepreneurs, including minority and/or immigrant business owners and first-time entrepreneurs that may have limited access to capital. This approach fosters inclusivity while diversifying the hub’s tenant base, ultimately creating a stronger ecosystem.

Food Hub Business Planning & Development Processes [Table 3]

Validate demand prior to making major capital investments The financial stability of most Food Hubs relies on high utilization rates of spaces and services. Several hubs highlighted the risk of over-investing in specialized or underutilized equipment without verifying whether there is actual demand. Premature or misaligned capital spending can result in expensive assets that sit idle. Three strategies for validating demand were highlighted by hub operators.

The first is securing a reliable base of **“anchor tenants”**—committed food businesses that have a reliable demand for space, equipment, or services. This base demand provides predictable revenue and helps cover fixed costs. These anchor tenants also lend credibility and visibility, attracting smaller businesses and fostering confidence among funders and partners.

The second is conducting thorough **demand assessments** prior to investing in space upgrades, equipment, or new service development. These can take the form of surveys, securing pre-commitments from entrepreneurs, or hosting focus groups to ensure investments align with business needs. Demand assessments must include detailed requirements gathering for equipment, utilities capacity, drainage, mechanical systems, food safe surfaces, pest control, etc.

Finally, a **phased investment strategy** that includes starting with programming and basic infrastructure and scaling services as demand solidifies can further reduce financial risk.

Conduct comprehensive long-term business & financial planning Initial grant funding or subsidies can mask long-term operating realities. Hubs that did not forecast equipment depreciation, replacement cycles, or rising lease rates faced financial shortfalls in the long-run. Sustainable Food Hubs develop **full life-cycle business plans**, including reserves for equipment replacement, lease rate escalation, and strategies for ongoing revenue diversification. This helps avoid dependency on external funding injections to stay operational.

Within long-term business plans, each service component should have a clear route to financial sustainability to **minimize cross-subsidization**. This ensures services can survive or fail on their own merits without risking the wider Food Hub initiative.

Establish long-term lease stability and land use Some hubs reported disruptions and even closures due to short-term or uncertain leasehold arrangements. Because Food Hubs require specialized build-outs (such as food-safe walls, drainage, cold storage, and ventilation), short leases or lack of renewal guarantees create major financial risks for both operators and tenants. Long-term access to affordable, industrial-zoned space (via extended ground leases, non-profit or city-owned spaces, or long-term agreements with private landlords) is a critical success factor that enables hubs to invest confidently in capital improvements, while offering tenants predictable lease rates.

Diversify revenue streams for added financial stability Food Hubs with diverse revenue models are most likely to be self-sustaining as they can balance predictable cash inflows with accessible service delivery. Example revenue models include:

- **Fee-for-service** whereby services, such as product development and testing services, are purchased à la carte. Often, fee-for-service models are connected to research universities as the volume of users needed to sustain them full-time is significant. A couple of large ‘anchor’ clients can also be used to support research facilities and services, guaranteeing a base of demand.

- **Membership and pay-for-use** whereby shared space and equipment is offered to initiated ‘members’ of a shared space on an hourly, daily, weekly, or monthly basis at fixed rates. Space and equipment utilization under this model can be low, making these hard to sustain at rates that are accessible to early-stage entrepreneurs and small businesses.
- **Lease agreements** whereby businesses commit to leasing a dedicated space within a larger facility, sometimes on a graduated rent schedule to enable growth into the space. These arrangements offer predictable revenues for Food Hubs.
- **Transaction fees** whereby Food Hubs help facilitate sales or transactions in exchange for a small percentage of the sale price.

Operating Models & Roles of Government [Table 4]

Cities are best positioned as Food Hub conveners and initiators, not operators

Municipal involvement is often critical in the early stages of Food Hub development, particularly around land access, zoning, infrastructure improvements, and securing start-up funding or guarantees. Case studies show that while cities play an essential role in establishing a Food Hub vision, convening delivery partners, and securing initial project funding, long-term operations are best managed by an experienced nonprofit, cooperative, or industry-led operator. This approach provides several advantages: it allows the hub to be more flexible and responsive to industry needs, reduces political exposure and risk for the municipality, and avoids constraints that can arise from operating a facility as a public service for all residents rather than as a targeted business support.

Cities should seek opportunities to maximize broad public impact

Because municipal investment must serve the broader public interest, municipally-supported Food Hubs should be designed to benefit a wide range of users and public interests where possible. While the primary objectives of Food Hubs tend to be economic development objectives, the policies and procedures that govern their operations can ensure accessibility of services for a wide range of entrepreneurs, small businesses, and community organizations as well as social and community co-benefits, such as improving local food access and reducing food waste.

Product and process development supports require significant ongoing investment

Ongoing access to stable funding, whether public or private, plays a major role in reducing the costs to access product and process development services. Many existing facilities and services are housed within universities, colleges, or government-supported innovation centres, operated by experts funded through other channels (e.g. university faculty salaries, research grants), and regularly supported by investment to make equipment upgrades and expand knowledge and capabilities. This enables delivery of product and process innovation and testing at substantially accessible rates for small businesses. Importantly, this funding must be structural and enduring (not reliant on time-limited grants) to sustainably enable improved access to facilities and services.

Cities should consider their regional role in addition to local impact

Entrepreneurs do not stay within municipal boundaries to find the right services to support their business. Food Hubs should therefore be designed to meet regional needs in addition to local demand. While municipal investments can prioritize local economic development, opening a Food Hub to the wider regional food sector improves service utilization and strengthens the food service network. Investments should therefore focus on addressing regional gaps while playing to the strengths of Richmond.

These best practices and lessons learned have been applied to the development of the proposed Richmond Food Hub options detailed in this report.

Food Hub Service Prioritization

Evaluation Criteria

Four evaluation criteria were used to help narrow down the list of services that might be delivered under a Richmond Food Hub.

- 1. Reflect Richmond's Strengths** | A Richmond Food Hub should reflect Richmond's unique food sector strengths, such as strengths in food manufacturing, fish and seafood harvesting and processing, agriculture, and delivering diverse cuisines.
- 2. Avoid Regional Redundancy** | A City-supported Richmond Food Hub should not compete directly with services already being delivered by the private sector or non-profits; rather, it should seek to address true gaps in the Richmond and regional food ecosystem.

- 3. Ensure Path to Self-Sustainment** | A Richmond Food Hub must be designed for long-term financial sustainability. Each component should have a clear business model and path to long-term viability without reliance on ongoing grant funding.
- 4. Maximize Economic Benefit** | The Richmond Food Hub should be commercially focused - enabling business growth, supporting entrepreneurs, and creating jobs - while also generating community co-benefits such as food system resilience.

Several Food Hub service and facility options were evaluated against these principles in response to needs identified through the community engagement process.

Facility Options Evaluation [Fig. 6]

	Criteria 1: Reflect Richmond's Strengths	Criteria 2: Avoid Regional Redundancy	Criteria 3: Ensure Path to Self-Sustainment	Criteria 4: Maximize Economic Benefit
Startup Kitchen Spaces A commissary or shared kitchen space that provides low-barrier access to licensed kitchen space and shared equipment for start-ups and small-scale food businesses who need affordable, flexible access to facilities.				
Food-Specific Multi-Unit Industrial Scale Up Spaces A food manufacturing facility with purpose-built 1,000 to 10,000 square foot units, food-safe partitions, sufficient utilities, shared amenities, and other supports for scaling food manufacturers.				
Product and Process Development Facility A culinary kitchen for benchtop development, an analytical lab for testing nutritional content, shelf life, and product quality, and a small pilot plant for early-stage industrial trials staffed with in-house technical experts.				
Shared Food Storage and Distribution Facility Flexible storage solutions (including cold, frozen, and dry storage), supporting small and medium businesses with fluctuating inventory and seasonal production cycles.				
Core Seafood Processing Facility A shared use facility for basic seafood processing, such as filleting and flash freezing, reducing barriers to primary processing for fishers and smaller scale fish processors and enabling fishers to retain control of their product.				

Program Options Evaluation [Fig. 7]

Criteria 1: Reflect Richmond's Strengths
Criteria 2: Avoid Regional Redundancy
Criteria 3: Ensure Path to Self-Sustainment
Criteria 4: Maximize Economic Benefit

	<i>Criteria 1: Reflect Richmond's Strengths</i>	<i>Criteria 2: Avoid Regional Redundancy</i>	<i>Criteria 3: Ensure Path to Self-Sustainment</i>	<i>Criteria 4: Maximize Economic Benefit</i>	
<p>Food Manufacturing Business Accelerator Services A program of supports for businesses scaling from kitchen-based to manufacturing operations, including with operations modelling, funding navigation support, and manufacturing mentorship.</p>	✓	✓	✓	✓	
<p>Tasting Room and Event Space A tasting room and small event space that includes a commercial kitchen for promoting local foods through public tasting events and cooking classes.</p>	✓		✓	✓	
<p>Local Food Showcase A curated retail store hosting a variety of fresh and prepared goods, focused on showcasing Richmond-based producers and selling directly to consumers.</p>	✓		✓		
<p>Professional Services Network A network of expert support in food-sector services, including process innovation and automation, manufacturing line design, permitting/certification/export, as well as general business services (e.g. accounting, HR).</p>		✓	✓	✓	
<p>Sales and Marketing Supports A network that connects local producers and buyers through centralized marketing, sales network development, events, and digital sales platforms to improve market access for smaller producers.</p>	✓	✓	✓	✓	
<p>Distribution, Transportation and Logistics Network A network (likely supported by a technology platform) for coordinating sourcing, consolidation, logistics, and distribution services for Richmond food producers and processors, including partnerships with logistics and transport providers.</p>	✓	✓	✓	✓	
<p>Chinese Chef School A specific Chinese cuisine culinary training program to support the abundance of Chinese restaurants and food businesses in Richmond and the region, ensuring ongoing access to skilled cooks and chefs for these businesses.</p>	✓		✓		
<p>Co-packer Network and Partnership Platform A directory of regional co-packers and commercial production facilities and guidance on co-packer selection and contract negotiation.</p>	✓				

Option Development Process

Two options for a Richmond Food Hub were developed by:

1. Reviewing the Food Hub service and facility options (as developed in response to community input on commercial food sector needs) against the established Food Hub criteria (as informed by best practice research). This review is summarized on the prior pages.
2. Evaluating the compatibility of various service offerings, by looking at the audiences they serve, the opportunities for operational synergies between them, and the types of facilities and staffing they require.
3. Assessing the financial and operational viability of various service offerings at a high level to understand which components would likely need ongoing subsidization through grant funding, making them less likely to contribute to a self-sustaining Food Hub model.

Preliminary analysis of service and facility options helped inform the development of the two Richmond Food Hub options outlined in this report. Each option has been designed in response to the needs of Richmond food businesses and serves a different user base and role within Richmond's economy.

Option 1 | **Food Distribution Hub**

Option 1 | Food Distribution Hub

Objective

To expand business-to-business distribution capacity for local food producers.

Problem Statement

This option addresses several barriers to accessing local, regional, and national markets that were identified by Richmond food businesses, including:

- **Limited marketing and sales capacity** | Many small and mid-sized Richmond farms, fisheries, and food manufacturing businesses lack the marketing and sales resources and expertise to support increased business-to-business and direct-to-consumer sales.
- **Difficulty establishing buyer relationships** | Despite a strong set of regional farm-to-table restaurants, food retail head offices, and small independent grocers, many farms, fisheries, and food manufacturers noted challenges establishing relationships with local buyers, including restaurateurs, wholesalers, retailers, and public institutions.
- **High distribution costs** | For small and mid-size companies, high per-unit costs for distribution can be prohibitive for distributing products regionally or nationally. These businesses lack economies of scale and are sending frequent, low-volume shipments.
- **Accessibility of flexible and suitable food storage options** | Limited accessibility of suitable food storage spaces, including temperature-controlled spaces, shortens the sales cycle for local farmers, fishers, and manufacturers. Many food businesses require flexible access to storage space to bridge the gap between production cycles and sales cycles.

What is the Food Distribution Hub?

The Food Distribution Hub would help small to mid-size food producers connect with regional buyers, prepare and store products for distribution, and share transportation and logistics services.

It would provide a nonprofit-operated facility for food storage, order consolidation, and distribution that is complemented by the development and management of a wholesale buyer network that includes restaurants, caterers, retailers, and institutions, as well as non-profit food recovery services and secondary food processors.

Services	Facilities
<ul style="list-style-type: none"> • Access to a centralized buyer network and market insights into buyer requirements • Centralized order management processes and digital infrastructure • Order consolidation, picking, and shipping support • Access to an annual event to connect with buyers and consumers 	<ul style="list-style-type: none"> • Shared, temperature-controlled storage spaces managed on flexible terms • Shipment sorting and consolidation spaces • Limited on-site processing spaces and equipment (e.g. for flash freezing) • Basic logistics infrastructure and equipment, such as loading bays and lifts

Who Does it Serve?

The Food Distribution Hub would primarily support **small and medium-scale food businesses** in Richmond that are actively seeking to expand their sales and distribution networks, including:

- **Farmers**, such as local and regional for profit, not for profit, and cooperative farming operations,
- **Fishers**, such as independent fishers, community supported fisheries, and fish processors, and
- **Food processors / manufacturers**, ranging in size from small artisan producers to larger operations that are shipping products nationally.

How Does it Work?

The Food Distribution Hub would provide **centralized services and facilities** to Richmond food producers.

Services would include:

1. **Access to a wholesale buyer-supplier network** that acts as a two-sided marketplace connecting local food buyers and sellers. For buyers, the network would offer a wider selection and convenient access to local food options. For sellers, it would provide access to a large, ready audience and reduces the need for extensive marketing efforts. The Food Distribution Hub would deliver common infrastructure for supporting wholesale orders, including weekly order sheets, basic e-commerce infrastructure, and distribution schedules.

2. **Market insights** whereby members are provided with relevant market insights, such as buyer requirements (for food producers) or unique seasonal buying opportunities (for wholesale buyers).
3. **Annual events** for: a) promoting business-to-business (B2B) connections between buyers and sellers through facilitated workshops and networking sessions; and b) promoting local cuisine & food options to the public through an annual 'Top Chef' gala dinner. These events could include opportunities for identifying food recovery network contributions and charitable giving.
4. **Facilitation of distribution to secondary markets** to help manage inventory levels and reduce waste. This includes identifying foods that are good candidates for secondary processing, donation, or discount markets and connecting buyers and sellers within these markets.

Facilities would include:

5. **Shared food storage services** delivered under a similar model to co-working spaces, whereby businesses can opt for longer-term private, secure spaces within a common user facility or more flexible short-term access to shared storage space by the pallet, shelf, or rack.
6. **On-demand access to basic processing space and equipment** such as space to prepare fish, fruit, and vegetables for freezing, flash freezing equipment, and basic packaging equipment.
7. **Shipment consolidation services** whereby the Food Distribution Hub consolidates orders from individual food producers to distribute to common buyers, reducing overall transportation costs and improving the buyer experience.

The Food Distribution Hub would act as a neutral intermediary, providing the infrastructure for buyers and sellers to interact and transact. The presence of more sellers attracts more buyers, and the presence of more buyers attracts more sellers.

What is the Business Model?

The revenue model for the Food Distribution Hub would include separate fee structures for services and facility use.

Services, including access to the food distribution network, would be supported by **transaction fees** that include:

- An initiation fee for buyers to help cover the cost of collecting buyer requirements and matchmaking with relevant producers.
- An annual membership fee for sellers to help cover the costs of setting up, managing, and refreshing wholesale order sheets.
- Transaction fees that represent a small percentage of the total value of goods bought and sold through the Food Distribution Hub.

The annual events would be supported by **event sponsorship and ticket sales**.

Facilities would be managed under a **fee-for-service** model that includes:

- Daily, weekly, and monthly pricing for shared storage spaces by the pallet, shelf, or rack, with pricing reflective of cost structure (e.g. higher pricing for freezer storage).
- Hourly rates for on-site access to on-site processing spaces and equipment, such as flash freezing, packing, and shipment consolidation spaces and equipment.
- Stable long-term access agreements for long-term facility users (e.g. using dedicated sections of the warehouse or regularly using processing space).

Initial Funding Requirement

While the Food Distribution Hub is designed to be self-sustaining in the long run, initial grant funding would be needed to cover setup costs and keep service fees accessible. This would include:

- **Service initiation funding** to cover the cost of getting the food distribution network set up, including collecting requirements from buyers and sellers, developing transaction infrastructure, and establishing transportation and logistics partnerships.
- **Facility development or fit-out funding** to cover initial development costs and/or tenant improvement costs.

Example | GrowNYC Wholesale

GrowNYC Wholesale is a nonprofit food distributor and Food Hub that helps small to mid-size regional farms connect with New York City's wholesale buyers.

Services & Facilities

GrowNYC Wholesale operates comprehensive infrastructure and services to support regional food distribution. This includes:

- **Aggregation and Distribution Services** | GrowNYC connects 50+ regional farms with over 370 wholesale buyers across New York City.
- **Storage & Distribution Infrastructure** | GrowNYC operates a 60,000 square foot New York State Regional Food Hub that offers cold storage and shared logistics infrastructure, including loading docks and order consolidation spaces.
- **Transportation** | GrowNYC Wholesale offers delivery services and consolidation to ensure efficient and timely delivery of products from small to mid-sized farms to institutional buyers.

Governance

GrowNYC, formally Council on the Environment of New York City, is the parent nonprofit organization that operates GrowNYC Wholesale. The Board of Directors of GrowNYC provides overall oversight, sets strategy, approves budgets, and ensures compliance with laws and funder requirements.

GrowNYC Wholesale operates as a wholly owned affiliate of GrowNYC under the legal entity New York State Regional Food Hub LLC. This affiliate provides risk separation for running the large-scale operational facility (the 60,000 square foot distribution hub in the Bronx) with flexibility for contracts, financing, and daily operations while keeping governance oversight at the nonprofit level.

Funding Model

GrowNYC Wholesale's funding model is multifaceted, combining public investment, earned revenue, and philanthropic support.

- **Public Investment** | The construction of the New York State Regional Food Hub was financed through

a combination of New Market Tax Credit (NMTC) financing and Qualified Low-Income Community Investment (QLICI) loans. These funds were provided by a consortium of lenders, including NYC Neighborhood Capital Corporation and J.P. Morgan Chase Community Development Banking. Additional grant funding was secured to support design and construction of the facility. Sources included the New York State Department of Agriculture and Markets, the New York City Economic Development Corporation, and the New York City Council.

- **Earned Revenue** | GrowNYC Wholesale generates revenue through transaction fees on the sale of fresh produce and other farm products to institutional buyers. Unlike traditional distributors, GrowNYC Wholesale does not maintain its own inventory; instead, it purchases fresh produce "on demand" from farm partners based on customer orders. This model reduces risk for the non-profit, increases supplier flexibility, and reduces waste by eliminating over-buying.
- **Philanthropic Support** | GrowNYC receives grants and donations from foundations, corporations, and individuals to support its programs. For instance, the New York Health Foundation awarded GrowNYC a grant to meet the increased demand for healthy local food and help expand its programs across New York City. Philanthropic support enables GrowNYC to lead several community food access initiatives.



Lessons for a Richmond Food Distribution Hub

1. Integrating the development of a buyer and supplier wholesale network with shared storage and distribution infrastructure and order aggregation and transaction support can reduce costs for small producers and significantly increase market access.
2. A small number of producers can support a significant buyer network.
3. A non-profit operating model that uses an affiliate special purpose vehicle (SPV) model for hub facility operations enables the nonprofit to retain oversight of facility operations while managing operational and financial risk separately.

Project Phasing

Phasing Overview

The Food Distribution Hub would be delivered in two phases, starting with development of the buyer-supplier network, which would inform the requirements for a shared storage and distribution facility. This approach pulls on the lessons learned from other Food Hubs including focusing on building a community of food businesses, validating demand prior to making major capital investments, and diversifying revenue streams for added financial stability.

 <p>Phase 1 Buyer-Supplier Network Development</p> <ul style="list-style-type: none"> Establish buyer and supplier network interest Collect buyer and supplier needs and transaction requirements Host an annual event to connect buyers and suppliers face-to-face Build preliminary order infrastructure (order sheets, distribution schedules, transportation partnerships) Collect requirements for shared processing, logistics, and storage spaces 	 <p>Phase 2 Facility Development & Operations</p> <ul style="list-style-type: none"> Site identification and establishment of a long-term lease (or land purchase) Anchor tenant engagement (with the aim of securing 3-5 year commitments for 50% of the facility) Facility planning, design, and construction Detailed operating model design, including pricing model, staffing model, and maintenance program Ongoing facility operations and maintenance
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The second phase builds upon the previous, allowing for risk mitigation and proof-of-concept prior to making major capital investments. To proceed with investment in Phase 2 of the Food Distribution Hub, it is suggested that the City would want to see the following checkpoints met:

Network Traction	<ul style="list-style-type: none"> A minimum of 40 food businesses actively engaged in the Food Distribution Network, with balanced representation of buyers and sellers (by way of product needs and availability, as well as volume needs and availability) A minimum of \$5,000,000 worth of food transacting through the Food Distribution Hub buyer-supplier network annually
Anchor Tenant Commitments	<ul style="list-style-type: none"> Letters of intent or solid contracted commitments from several ‘anchor’ businesses, representing demand for 50%+ of facility capacity for a minimum of a 3-5 year period Requirements gathered from existing and prospective Food Distribution Hub members to inform facility sizing and services
Site Selection and Suitable Lease Terms	<ul style="list-style-type: none"> Identification of a suitable site for delivery of the Food Distribution Hub, including a long-term lease commitment (or purchase opportunity) that provides operating cost stability for 25+ years.
Identified Operating Partner	<ul style="list-style-type: none"> An identified set of delivery and operating partners, including facility design partners, construction management partners, and facility operations and maintenance partners (as required, if not within the skill set of the Food Distribution Hub non-profit), with a proven track record and committed service pricing
Construction Estimates	<ul style="list-style-type: none"> Class D construction or tenant improvement estimates to inform funding needs
Committed Facility Funding	<ul style="list-style-type: none"> Committed facility grant funding from government partners, foundations, and/or private sponsors to cover the full facility funding gap (as outlined on the following page)
Detailed Operating Forecasts	<ul style="list-style-type: none"> Detailed operating forecasts, including revenue and cost estimates based on developed staffing models, pricing models, service delivery models, network management models, and facility management and maintenance models

Operating Model

Phase 1: Buyer–Supplier Network Development

The initial phase would focus on establishing a buyer–supplier network to improve coordination across Richmond’s food ecosystem. Core functions would include:

- Connecting local producers and processors with buyers (e.g., retailers, restaurants, institutions), both through traditional sales and marketing channels and through an annual in-person event
- Coordinating orders and aggregating supply across multiple farmers / fishers to meet bigger order sizes and enable larger, more efficient shipments
- Supporting logistics planning and delivery coordination through shared distribution channels

Revenue would be generated through a combination of:

- Membership or participation fees
- Service-based transaction fees for sales and marketing support, as well as logistics coordination

In addition, event sponsorship would be used to help support B2B events.

Costs affiliated with this phase of development include:

- Program coordination and staffing costs
- Implementation of digital platforms or systems for managing orders and logistics
- Business development and outreach costs, including event costs

This phase is primarily service-based, with limited infrastructure requirements. It enables businesses to collaborate, test demand, and improve food distribution efficiency without significant upfront capital investment.

Phase 2: Facility Development & Operations

As demand grows and participation stabilizes, the model could expand to include a shared physical distribution facility and affiliated services, including:

- Cold and dry storage with flexible access (e.g., pallet-based, short-term storage, dedicated space for anchor tenants)
- Product aggregation and order consolidation
- Centralized distribution and delivery coordination
- Limited on-site processing space (e.g. flash freezing capabilities)

Revenue would be generated through a combination of:

- Storage and handling fees
- Distribution and logistics service fees
- Lease or partnership agreements with anchor users
- Service-based transaction fees for logistics coordination

In this phase, primary costs include:

- Acquisition or lease of industrial space
- Cold storage systems and warehouse infrastructure
- Equipment such as loading docks, forklifts, and pallet systems
- Ongoing facility operations and staffing

This phase introduces physical infrastructure to improve efficiency, reduce costs, and increase capacity across the network established in Phase 1.

Risk Mitigation

The success of this model depends on:

- Strong participation in shared distribution services from both buyers and suppliers
- Demonstrated demand for shared infrastructure prior to making facility investments to ensure high facility utilization

This model could be opened up to broader regional food businesses to ensure sufficient operational scale. A phased distribution model supports financial sustainability by:

- Reducing upfront risk, starting with lower-cost coordination services
- Validating demand before capital investment, ensuring infrastructure aligns with actual needs
- Building a base of users and partners early, which can transition into facility users in later phases
- Diversifying revenue streams over time, starting with service-based fees in Phase 1 and adding infrastructure-based revenues in Phase 2

Initial investment is required to support early-stage coordination and infrastructure development activities. Over time, this hub model can become financially self-sustaining.

Anticipated Benefits

Economic Benefits

- **Local Food Sector Growth & Investment** | Helping Richmond food businesses access new markets that they often cannot access on their own could serve to increase gross sales and growth opportunities for food producers. The development of stable and diverse revenue streams for Richmond food businesses would make it easier for them to make further investments in their operations.
- **Distribution of Wealth** | Creating more direct and flexible channels for Richmond food businesses to access new markets would put pricing controls in the hands of food producers. When food producers can set the price for their products and sell directly to retailers and restaurateurs, they are able to retain more of their products' end value, reducing the extent to which wealth is concentrated among a few large intermediaries.
- **Inclusive Employment & Job Creation** | Supporting the local and regional farming, fishing, food processing, and food manufacturing sectors is likely to result in increased employment in these sectors - sectors that tend to offer inclusive employment opportunities to newcomers and individuals with diverse educational backgrounds.
- **Agricultural and Fishing Sector Viability** | Helping local farmers and fishers maintain access to markets and pricing control of their products increases profitability and stability of the farming and fishing sectors.

Social & Community Benefits

- **Food System Resilience** | Support for diverse food enterprises strengthens Richmond's varied farming, fishing, and food processing communities, including farming and small-scale commercial fishing operations.
- **Cultural Celebration of Richmond Cuisines** | Through an annual event that includes a community cuisine showcase component, the Food Distribution Hub could promote Richmond's diverse culinary heritage and product availability, enhancing Richmond's appeal as a culinary destination and contributing to delivery on the objectives of the City's Tourism Master Plan.
- **Food Access** | The Food Distribution Hub would strengthen local food production capacity and distribution networks, increasing the proportion of food produced and consumed within the region and

improving community food resilience. This model can also help improve local food access for underserved communities by creating a central wholesale marketplace in which local institutions and non-profits can participate.

- **Food Recovery** | Centralized wholesale channels could be used to identify 'excess' supply of foods that cannot be sold through traditional channels but may be redirected to food recovery networks, donation channels, and secondary processors. Additionally, the annual events could be used to promote local food recovery networks and charities.
- **Nutrition and Health** | By increasing local agriculture and seafood distribution, the Food Distribution Hub can indirectly support regional access to nutritious food by offering fresh, seasonal products through restaurants, retailers, caterers, and institutions.

Environmental Benefits

- **Lower Carbon Footprint** | By prioritizing locally sourced products and shortening the supply chain, the Food Distribution Hub reduces the transportation distances that food travels. In addition, sharing storage space and transportation increases the utilization, and therefore efficiency, of storage space, logistics equipment, and transportation services. All of this contributes to a lower carbon footprint affiliated with food distribution.
- **Circular Economy Practices & Food Value Recovery** | By improving access to cold storage and wholesale market channels, the Food Distribution Hub could help local producers retain the value of produce and seafood for longer, extend marketability, and create additional pathways for surplus, lower-grade, or time-sensitive products. A centralized wholesale platform could connect these products with secondary processors, discount markets, and food recovery partners, supporting more efficient use and recovery of food resources while reducing avoidable food waste.
- **Agricultural Resilience & Natural Systems** | Partnering with farms that use regenerative practices and nature-based solutions can help improve soil health, biodiversity, air and water quality, while strengthening productive agricultural land and long-term farm viability.

Option 2 | **Food Manufacturing Hub**

Option 2 | Food Manufacturing Hub

Objective

To support scaling and stability of food manufacturing businesses.

Problem Statement

The Food Manufacturing Hub concept addresses several barriers to scaling food manufacturing businesses as expressed by Richmond businesses, including:

- **Lack of Operations Planning Skills** | Lack of operational modelling skills results in challenges making decisions about how much to invest in equipment, how to price products, and what volumes to manufacture.
- **High Initial Capital Investment Costs** | High initial investment costs as businesses move into their own manufacturing spaces can be prohibitive. As businesses scale from kitchen-based businesses to full manufacturing operations, several major expenses arise simultaneously, including investments in building retrofits, site permitting and certification, new equipment, and an expanded team. These investments often must be made well in advance of manufacturers being capable of increasing their output and sales.
- **Limited Access to Specialized Facilities and Equipment** | Limited access to specialized facilities and equipment for product development and testing can limit the type of products and processes that Richmond food manufacturers can develop and test. Short-term access to food innovation labs for developing new products and making changes to existing products can widen the scope and scale of product delivery for Richmond food manufacturers.
- **Limited Access to Food Manufacturing Expertise** | When scaling a food manufacturing company, businesses often must contend with new labelling or nutrition requirements, increasing shelf-stability of products, or expanding product lines (e.g. to include new flavours). All these processes benefit from local access to food science experts. Several Richmond businesses noted that they previously have looked out of province for access to this type of expertise.

What is the Food Manufacturing Hub?

The Food Manufacturing Hub would be a nonprofit accelerator and scale-up space designed to aid Richmond food manufacturers in navigating cycles of manufacturing growth and development.

It would help established food manufacturers plan and design for growth of their business, connect with established food labs, and scale in response to market opportunities.

Services	Facilities
<ul style="list-style-type: none"> • Food Manufacturing Excellence Program that provides manufacturing-specific mentorship • Food product and process innovation lab partnerships and project scoping support • Access to a fractional service provider network 	<ul style="list-style-type: none"> • Purpose-built multi-unit industrial manufacturing facility (food safe specs) with individual production spaces of varying sizes • Shared amenities, including storage and product testing spaces • Supportive lease terms that prioritize long-term growth and stability

Who is it for?

This concept would primarily support food manufacturing businesses seeking to enhance their production capabilities and operational efficiency, including:

- **Scaling Food Manufacturers** | Established small to mid- scale businesses looking to scale up production and access larger markets, including those ‘graduating’ out of commissary spaces into their own established manufacturing spaces.
- **Efficiency-Seeking Operations** | Manufacturers wanting to better understand their operations and implement new processes or technologies to better manage quality, regulatory compliance, or costs.
- **Innovation-Driven Businesses:** Companies developing and commercializing new products or processing techniques.

The Food Manufacturing Hub would serve both Richmond and regional food manufacturing businesses.

How Does it Work?

The Food Manufacturing Hub would provide **scaling supports** for food manufacturers in the form of services and facilities.

Services would include:

1. **A Food Manufacturing Excellence Program** that provides manufacturing entrepreneurs with training and

mentorship specific to running a food manufacturing business. This is anticipated to include about 60 hours of cohort-based workshop time and one-to-one mentorship over a 3-month period. The cornerstone of this program would be operations modeling to understand the relationships between product costs, equipment, operating decisions, volumes, pricing, and profitability. Other topics covered could include equipment selection, product development and testing, and manufacturing leadership development. This program would stay away from more general business accelerator services focused on marketing, distribution, and sales that are provided through competing programs, such as the BC Food and Beverage Accelerator Program.

2. **Product and process innovation lab partnerships** whereby Food Hub employees assist food manufacturers in scoping projects (e.g. to make a product more shelf-stable or to meet new labelling requirements), identifying the right R&D partner, and securing preferential rates for services (such as food science expertise, facility access).
3. **A fractional service provider directory** whereby food manufacturers can connect with vetted professional service providers across a wide variety of professional domains, including HR, finance, regulatory compliance, export readiness, and leadership development.

Facilities would include:

4. **Individual production spaces** at reasonable lease rates that are fully serviced food-manufacturing spaces, ranging from 1,000 to 10,000 square feet with sufficient utilities, partitions, mechanical systems, and surfaces to satisfy operational and regulatory requirements of food manufacturing businesses.

Example specs include:

- *Seamless flooring with proper drainage*
- *Food-safe, washable wall finishes & ceilings*
- *Appropriate ceiling heights*
- *3-phase electrical with individual metering and individual HVAC zones with temperature and humidity monitoring*

5. **Shared Amenity Spaces** such as storage space, loading bays, and product testing spaces.
6. **Supportive Lease Terms** that include options for long-term stability (e.g. 10-year anchor tenant lease), graduated rents, and flexible access to shared storage and product testing spaces. These terms help

reduce risk for businesses transitioning to larger-scale production and expanding to take on larger contracts.

The Food Manufacturing Hub would act as a **connector** in the local food manufacturing ecosystem and serves to smooth out investment timelines for scaling manufacturers.

What is the Business Model?

The Food Manufacturing Hub would include separate revenue structures for services and facilities.

Services would be supported by a combination of **participant program fees, investor fees, and in-kind contributions**, including:

- A participation fee for all participating businesses in the Food Manufacturing Excellence Program
- Investors making equity investments in each participating business, and contributing to fund the delivery of the Food Manufacturing Excellence Program per participating business.
- In-kind contributions of space and expertise by partnering innovation spaces to aid with some elements of program delivery.

Facilities would be supported by a combination of **individual business leases and pay-to-play use** of shared spaces. This would look like:

- Stable, long-term lease rates for long-term facility users with dedicated spaces
- Daily, weekly, or monthly rates for access to shared on-site spaces and equipment, such as shared storage, quality assurance, and food testing spaces.

Initial Funding Requirement

While the Food Manufacturing Hub is intended to be self-sustaining in the long run, the initial capital investment and program setup costs would need to be supported by grant funding or similar investments. This would include:

- **Program initiation funding** to cover the cost of getting the Food Manufacturing Excellence Program set up, including establishing investor relationships and program partnerships, as well as designing and testing the program curriculum.
- **Facility development funding** to cover initial development costs and land costs for setting up the Food Manufacturing Hub.

Example | Food Works PEI & Food Island Partnership

The Food Island Partnership (FIP) is a food industry-led non-profit established in 2015 to grow PEI's food economy through company and cluster development. It has become a national leader in food business programming, offering a comprehensive ecosystem of supports for food entrepreneurs—from ideation to scale-up.

Services & Facilities

The Food Island Partnership delivers a suite of services tailored to different stages of business growth:

- **The Food Xcel Program** is a startup accelerator supporting early-stage entrepreneurs through workshops, mentorship, and pitch competitions.
- **The Food Propel Program** is a growth-stage accelerator offering strategic planning, expert mentorship, and access to trade shows. Companies receive up to 75% subsidized support for third-party services through the FIP to help address specific needs, such as food safety improvements, investment planning, and e-commerce development. The FIP team helps scope projects, allocates funding, and helps find and select qualified providers for these services.
- **The Food Works Facility** is a multi-tenant food production facility in Borden-Carleton, PEI, offering CFIA-certified space for scaling food businesses. Spaces offered range from 1,000 – 12,000 square feet with flexible utility hook-ups for equipment, on-site storage, loading docks, and common area access. Tenants benefit from graduated rents (reduced for the first 2 years), shared infrastructure, and tailored support business supports.

Governance

The Food Works facility is owned by Central Development Corporation (a non-profit economic development agency that deals with commercial property management) and is operated by Food Island Partnership. The Food Island Partnership is a non-profit that is informed by industry and entirely funded through ongoing provincial and federal government funding.

Funding Model

The Food Works facility was retrofitted with \$3 million in total funding from the federal and provincial governments, as well as another \$4.5m in financing for tenants from

Finance PEI. The Food Island Partnership programs are heavily supported by public investment, with the majority of operating costs covered by provincial and federal funding.

Unlike traditional accelerator programs, the Food Island Partnership does not charge program fees. It contracts services and training on behalf of businesses, focusing investment on growth-enabling supports rather than direct capital or labour subsidies.

Lessons for Richmond Service Delivery

The Food Island Partnership accelerator services demonstrate how a publicly supported entity can:

- Leverage an ecosystem of existing infrastructure and expertise to support businesses, including through the establishment of a specialized private sector service provider network
- Deliver tailored support to individual businesses to address expertise gaps or constraints to their growth

The business model for the Food Island Partnership accelerator service is not self-sustaining. Other models, including Fresh Startups in Toronto and Food Future in New York, been used to help inform Richmond's Food Manufacturing Excellence Program service delivery model.

Lessons for Richmond Scale-Up Facility

The Food Island Partnership Food Works facility demonstrates how a multi-tenant facility might be designed and operated. Key lessons include:


- Facility ownership and operation by non-profit development corporation provides a vehicle for raising capital investment funding and flexibly managing a space to meet industry needs.
- Accessible scale-up spaces can provide businesses with the operating cost certainty they need to scale to meet new opportunities, such as a major new contract opportunity with a large retailer.
- Graduated rents or other cost deferral mechanisms are key to ensuring scale-up space value and achieving high utilization of the space. In the Food Works facility, a subsidy is provided by the provincial government to reduce rent from \$22 to \$16 / square foot for businesses for a period.

Project Phasing

Phasing Overview


The Food Manufacturing Hub would be delivered in two phases, starting with delivery of a Food Manufacturing Excellence Program, which would inform the requirements for a food manufacturing scale-up space. This approach pulls on the lessons learned from other Food Hubs including focusing on building a community of food businesses, validating demand prior to making major capital investments, and diversifying revenue streams for added financial stability.

Phase 1 could initially be delivered in shared spaces and/or in partnership with other innovation & research organizations. The Food Manufacturing Excellence Program could then transition to the Food Manufacturing Hub facility once complete.



Phase 1
Food Manufacturing Excellence Program

- Deliver manufacturing excellence programming, including dedicated mentorship on operations modeling and manufacturing processes
- Establish and promote partner network for product and process innovation services
- Develop a network of service providers, mentors, and investors to support the program
- Gather requirements for the Food Manufacturing Hub scale-up facility



Phase 2
Scale-Up Spaces

- Identification and establishment of a long-term lease or land purchase
- Anchor tenant engagement (aim of securing soft commitments for 60%+ of the facility)
- Facility planning, design, and construction
- Detailed operating model design, including lease structure, staffing, maintenance model, and shared amenity management model
- Ongoing facility operations and maintenance

Phase 1 would be used to help understand the breadth and depth of food manufacturing spaces needed, as well as key specifications food manufacturers require. Prior to investment in Phase 2 of the Food Manufacturing Hub, it is suggested that the City would want to see the following checkpoints met:

Market Demand Confirmation	<ul style="list-style-type: none"> • Space requirements gathered from a large breadth of growing food manufacturing businesses in Richmond, including requirements from about 6 businesses per scale-up space (e.g. 12 small manufacturers, 12 mid-size manufacturers, 6 larger manufacturers for a total of 5 spaces)
Anchor Tenant Commitments	<ul style="list-style-type: none"> • Letters of intent or solid contracted commitments from several ‘anchor’ businesses, representing demand for 60%+ of facility capacity for a minimum of a 3-5 year period
Site Selection and Suitable Lease Terms	<ul style="list-style-type: none"> • Identification of a suitable site for delivery of the Food Distribution Hub, including a long-term lease commitment or purchase opportunity that provides operating cost stability for 25+ years
Identified Operating Partner	<ul style="list-style-type: none"> • An identified set of delivery and operating partners, including facility design partners, construction management partners, and facility operations and maintenance partners, with a proven track record and committed service pricing
Construction Estimates	<ul style="list-style-type: none"> • Class D construction estimates to inform funding needs
Committed Facility Funding	<ul style="list-style-type: none"> • Committed facility grant funding from government partners, foundations, and/or private sponsors to cover the full facility funding gap (as outlined on the following page).
Detailed Operating Forecasts	<ul style="list-style-type: none"> • Detailed operating forecasts, including revenue and cost estimates based on developed staffing models, pricing models, shared amenity management models, and facility management and maintenance models

Operating Model

Phase 1: Food Manufacturing Excellence Program

The initial phase would focus on establishing a Food Manufacturing Excellence Program to support businesses in improving their production processes and preparing for scale. Core functions include:

- Providing support for product and process development, including formulation, testing, and optimization
- Offering guidance on facility design, equipment selection, and production line setup
- Supporting food safety, regulatory compliance, and quality assurance
- Delivering training and advisory services related to scaling production and improving operational efficiency

Revenue would be generated through a combination of:

- Participant fees
- Investor contributions, commonly in return for equity from participant businesses
- In kind contribution from other key players in the regional commercial food innovation ecosystem, such as service providers and R&D facilities

Costs would be driven by:

- Program coordination and staffing
- Access to technical expertise and advisory services
- Development of training and support programs
- Partnerships with external facilities and service providers

This phase is primarily service-based, with limited infrastructure requirements. It enables businesses to build capacity, reduce risk, and prepare for expansion before committing to dedicated production space.

Phase 2: Facility Development & Operations

As demand grows and businesses are ready to expand, the model could evolve to include scale-up production spaces, including:

- Food-ready production and manufacturing spaces (dedicated spaces of varying sizes)
- Access to specialized processing and packaging equipment

- Shared cold and dry storage facilities
- Shared product testing spaces

Revenue would be generated through a combination of:

- Lease or rental fees for production spaces
- Pay-for-use or membership-based access to shared equipment
- Fees for ongoing support services

In this phase, primary costs include:

- Acquisition or lease of industrial space
- Food-safe construction and facility fit-out (e.g., drainage, ventilation, utilities)
- Processing and manufacturing equipment
- Cold storage and supporting infrastructure
- Ongoing facility operations and staffing

This phase introduces more significant capital investment, enabling businesses to scale production within a shared, purpose-built environment.

Risk Mitigation

The success of this model depends on:

- Strong participation in Phase 1 by both scale-up businesses and investors
- Demonstrated demand for food-ready manufacturing spaces prior to development of physical infrastructure
- High utilization of dedicated food manufacturing spaces and moderate utilization of shared product testing and storage spaces
- Access to appropriate land or space, including an owned facility or stable long-term lease

Financial risks with this Food Hub option are mitigated by:

- Starting with lower-cost programming to build a pipeline of tenants for the facility prior to capital investment
- Aligning capital investment with demonstrated demand, ensuring facilities are right-sized and meet tenant needs
- Diversifying revenue streams over time

This model can be made self-sustaining; however, significant public investment is required to support early-stage programming and facility development.

Anticipated Benefits

Economic Benefits

- **Manufacturing Sector Growth & Employment** | Scale-up supports enable Richmond manufacturing businesses to scale to meet new growth opportunities (such as securing a new buying agreement with a major retailer). This, in turn, increases employment, manufacturing capabilities and revenues within the sector. Manufacturing operations tend to generate middle income jobs that are low barrier to entry, filling a gap in the regional job market.
- **Increased Rate of Business Survival** | Scale-up supports make it easier and more cost-effective for food businesses to produce their products by reducing their financial burden through shared infrastructure (like a boardroom, storage, and shipping/receiving areas which can be expensive for individual businesses to finance), access to industry experts and mentors to help entrepreneurs navigate challenges, and proximity to other food businesses for sharing knowledge, ideas, and contacts. This, in turn, increases the rate at which entrepreneurs can scale their businesses, making them long-term viable.
- **Food Manufacturing Innovation & Capacity Building** | Establishing R&D partnerships, including with product and process innovation centres, increases the use of these facilities and, by extension, capabilities within the region. This helps position Richmond businesses to compete in regional and global markets.
- **Business & Investment Attraction** | Increasing the success and scale-up rate of food manufacturing businesses, as well as reducing their barriers to growth and development, can serve as an investment and business attraction strategy for Richmond, increasing the rate at which food manufacturers and investors seek to establish a presence in, or relocate to, Richmond.

Social & Community Benefits

- **Equitable Entrepreneurship Opportunities** | By lowering barriers to scaling for entrepreneurs, the Food Manufacturing Hub can ensure equitable access to space, mentorship, and investment for women entrepreneurs, immigrant entrepreneurs, and entrepreneurs that do not come from backgrounds with significant industry and investment connections. Specifically, the Food Manufacturing Excellence Program could work with regional and national entities that provide funding for specific sub-sectors or demographic groups to run a cohort that is aligned

with their funding requirements.

- **Skills Development** | Training and scale up support programs would enhance local entrepreneur and workforce capabilities in manufacturing operations, thereby generating new employment opportunities and opportunities for upward mobility.

Environmental Benefits

- **Resource Efficiency** | Shared facilities and equipment optimize energy and water usage compared to individual business operations.
- **Sustainable Practices** | Training programs can promote lean manufacturing and environmental best practices. Enhancing local manufacturing capacity can also help ensure products are manufactured closer to their destination markets, supporting local employment and reducing the environmental footprint associated with long-distance transportation and supply chains.
- **Environmental Leadership** | As a major development, the Food Manufacturing Hub has the opportunity to incorporate environmentally friendly design features like rainwater harvesting, solar energy, and electric charging stations, demonstrating leadership in environmentally friendly industrial development.

Recommendations + Roadmap

Recommendations

Roles and Responsibilities

The successful development and long-term operation of a Richmond Food Hub would require clear roles, strong partnerships, and a governance approach that evolves as the initiative matures. The following high-level roles are recommended to support effective implementation while maintaining appropriate accountability.

Role of the City of Richmond

The City of Richmond is anticipated to play a leadership and enabling role in the early phases of the Food Hub, supporting its establishment and helping position it for long-term success. Key responsibilities may include:

- **Strategic Direction and Stewardship** | Provide initial direction to ensure the Food Hub aligns with Council priorities, economic development objectives, and the needs of Richmond’s commercial food sector.
- **Delivery Partner Selection and Enablement** | Lead a transparent process to identify and engage a qualified delivery partner with the experience and capacity to plan, deliver, and operate the Food Hub.
- **Convening and Relationship Building** | Support connections between the delivery partner and key interest holders, including food businesses, landowners, industry organizations, and community partners, to encourage participation and collaboration.
- **Time-Limited Oversight** | Provide oversight during the early stages of implementation, with the intention that this role diminishes over time as the Food Hub becomes operationally stable and self-directed.

The City is not intended to act as the long-term operator of the Food Hub. Rather, its role is to help establish the conditions for success and, over time, step back as the delivery partner assumes full operational responsibility.

Role of the Food Hub Delivery Partner

A dedicated delivery partner would be responsible for the planning, development, and ongoing operation of the Richmond Food Hub. This includes:

- **Service and Program Delivery** | Designing and delivering Food Hub services that respond to the needs of Richmond food businesses and reflect the selected Food Hub model.
- **Facility Development and Operations (if applicable)** | Planning, developing, and managing Food Hub facilities,

including tenant selection, shared space management, and day-to-day operations.

- **Partnership Development and Management** | Establishing and managing partnerships with service providers, industry experts, and other organizations to support high-quality service delivery.
- **Adaptive Management** | Monitoring performance and participation and adjusting services over time to ensure continued relevance and effectiveness.

While specific delivery approaches may evolve, the delivery partner remains accountable for overall performance and outcomes.

Governance

A clear and flexible governance framework is essential to support accountability, effective decision-making, and long-term sustainability of the Richmond Food Hub.

Governance Approach

It is recommended that the Food Hub operate under a non-profit governance model, overseen by a Board of Directors responsible for organizational oversight, strategic direction, and fiduciary accountability. This structure supports:

- Alignment between community interest objectives and operational decision-making
- Clear separation between governance and day-to-day management
- Flexibility to adapt services and operations as the Food Hub matures

Decisions regarding the overall direction and scope of the Food Hub would remain within the purview of City Council, and responsibility for implementation, operations, and organizational governance would rest with the delivery partner and its Board.

Evolution of the City’s Role

In the early stages of implementation, the City is expected to maintain a more active oversight and stewardship role to support successful establishment of the Food Hub. As the initiative becomes operationally stable and demonstrates sustained performance, the City’s role is intended to transition toward a lighter-touch relationship, focused on strategic alignment rather than ongoing oversight.

This phased approach allows the Food Hub to develop the independence and organizational capacity needed for long-term success, while still benefiting from City leadership during its formative years.

City-Partner Relationship

A structured relationship between the City and the delivery partner is recommended to support coordination and issue resolution during the implementation period. This includes:

- Regular communication between City representatives and delivery partner leadership
- Periodic discussions to review progress, address challenges, and identify opportunities for support
- Clear processes for addressing significant risks or changes that could affect project outcomes

This relationship is intended to support successful delivery without involving the City in daily operational decisions.

