

sharekitchensharekitc

food
innovation
hub

2014

sharekitchen

food innovation hub

prepared for /

ShareKitchen

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who are we?

The Urban Land Institute (ULI) was founded in 1936 as a nonprofit institute to conduct research and provide information on all aspects of real estate development and land use policy. ULI has over 34,000 public and private sector members comprised of professionals in all aspects of real estate development, policy, and regulation. ULI has 65 district councils in the Americas, Europe, the Middle East and Asia—a worldwide staff of 155 and a \$50 million annual operating budget. The ULI has been a leader in smart growth, mixed-use development, urban redevelopment, transportation and affordable housing. ULI Orange County/Inland Empire (OC/IE) is ranked the seventh largest district council in the world, with over 900 individual members.

Phyllis Alzamora

Executive Director

Urban Land Institute Orange County / Inland Empire

technical assistance panel

Since 1947, ULI's Advisory Services Program has been assisting communities by bringing together panels of seasoned real estate, planning, financing, marketing, and development experts to provide unbiased pragmatic advice on complex land use and development issues. Often these panels meet with the sponsoring government or nonprofit entity for five days at a fee of about \$110,000, and typically address issues of a broad and long-range scope.

The ULI District Councils provide panel services of one day. A fee is charged, but the panel members are not compensated for their time. To ensure objectivity, panel members cannot be involved in matters pending before or be working for the sponsor and cannot solicit work from the sponsor during the panel's assignment periods. The Young Leaders Group (YLG) of the ULI OC/IE began conducting TAPs in 2007, on a pro bono basis for charitable organizations. This type of TAP was the first of its kind for a ULI District Council. The selection of the panelists consisted of reaching out to the ULI members. TAPs are a way for members to give back to the community. The ULI acknowledges all members who give their time and talent to support a local organization that benefits Southern California.

The final outcome of every ULI TAP is:

- Objectivity
- Transparency
- Replicability





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introduction

This year, the YLG TAP is sponsored by Randall Lewis and the Lewis Companies. In addition to serving a charitable organization, it was decided to focus on a project that emphasized the Urban Land Institute's Building Healthy Places Initiative in the Inland Empire. Based on these criteria, a search was conducted with help from local industry experts resulting in the selection of the Food Innovation Hub for Coachella being developed by ShareKitchen, led by Angela Janus, Executive Director. The Food Innovation Hub is a facility that focuses on the incubation of small food production businesses. It is strategically located in the City of Coachella as an interface between the local agricultural production and nearby freeways that aid in distribution. ShareKitchen hopes to take advantage of capturing the large amount of food waste that is typically left on nearby fields, turning this food into products that can benefit the local community. The TAP worked with ShareKitchen to define a series of land use questions that the organization had about the development of the Food Innovation Hub. These questions included the placement of the facility, its design and financing.

The Scope Questions included:

- A. Place
 - 1. How does the community influence our facility?
 - 2. How does our facility affect the community?
 - 3. Where should we be planning to locate?
 - 4. What do we need to build?
 - 5. What site would be best for us to pursue?
 - 6. What are the site conditions we should be looking for?
 - 7. How do we go about structuring a deal with the land owner?
 - 8. How can we work best with the city?
- B. Design
 - 1. How would we organize the site?
 - 2. What does it look like?
 - 3. In what ways can our facility be sustainable?
- C. Financing
 - 1. What will the project cost?
 - 2. How do we pay for the project?

demographics

The Coachella Valley sits in the Eastern portion of the Inland Empire (Fig 1), comprised of Riverside and San Bernardino Counties. Both Riverside and San Bernardino Counties compose part of the 5-county area that delineates Southern California. The Inland Empire is still recovering from the recession. Over 142,000 jobs were lost between 2008 and 2010, of which the area has only recovered around 100,000 jobs (Fig 2). In particular, many manufacturing jobs have largely disappeared. Over 33,000 jobs were lost during the recession, and only 2,000 manufacturing jobs have since returned. Given the industrial nature of ShareKitchen's business, a site in Coachella would provide opportunity to restore some of these lost jobs.

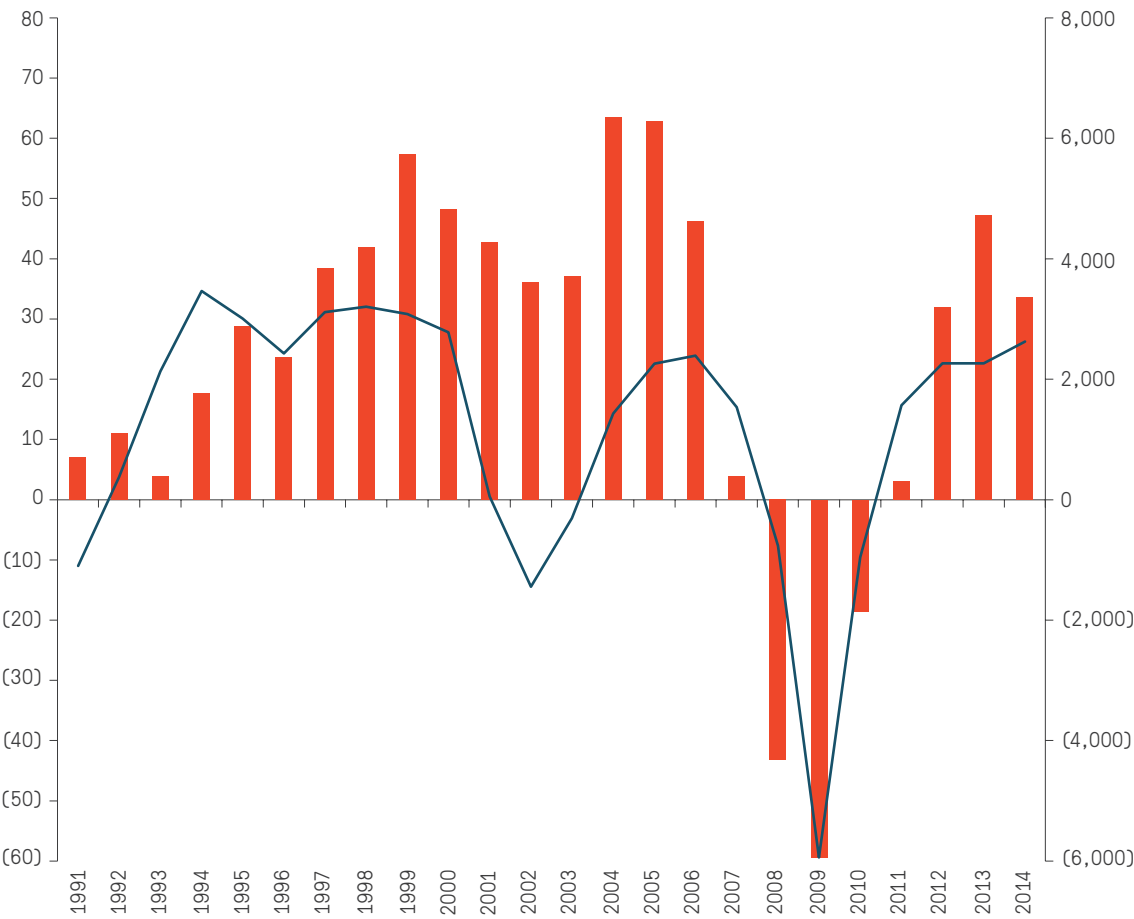
The Coachella Valley is defined by the towns of Coachella, Indio, Desert Hot Springs, La Quinta, Indian Wells, Cathedral City, Rancho Mirage, Palm Springs, and Palm Desert (Fig 3). Coachella has a population of 44,068—compared to a total population of 359,146 in the rest of the Coachella Valley. Its median income of \$38,000 is well below the median income for the Valley as a whole at \$45,000. Finally, Coachella has a predominantly Hispanic population, while the rest of the Valley is predominantly white. The workforce based towns of Coachella, Indio, Cathedral City, and Desert Hot Springs are far poorer than the resort towns of La Quinta, Indian Wells, Rancho Mirage, Palm Springs, and Palm Desert. The median home price in Coachella was \$175,000 in 3Q14, while the most affordable resort town in the Valley, Palm Desert, had a median home price of \$290,000, or roughly 65% higher (Fig 4).

Historically, employment in the city of Coachella has been heavily agricultural and workforce-based, with employed labor either working on farms to the East or in the resort cities such as La Quinta, Palm Desert, and Indian Wells. Employment nodes can be found in Palm Springs, Rancho Mirage, and Indio, and also along Route 118 (a major local thoroughfare), but Coachella itself is largely devoid of a concentrated employment area (Fig 5). The downtown area is largely devoid of business, with many storefronts vacant and buildings in disrepair. The economic value and opportunity presented by ShareKitchen is thus two-fold:

1. Expand an industrial business that can help accelerate job recovery in the Inland Empire, particularly in the manufacturing sector.
2. Empower Coachella to revitalize the downtown area. ShareKitchen's presence would create energy and possibly spawn offshoot and ancillary businesses, which would provide opportunities to generate a local employment node within Coachella.

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fig 2
employment levels



key /

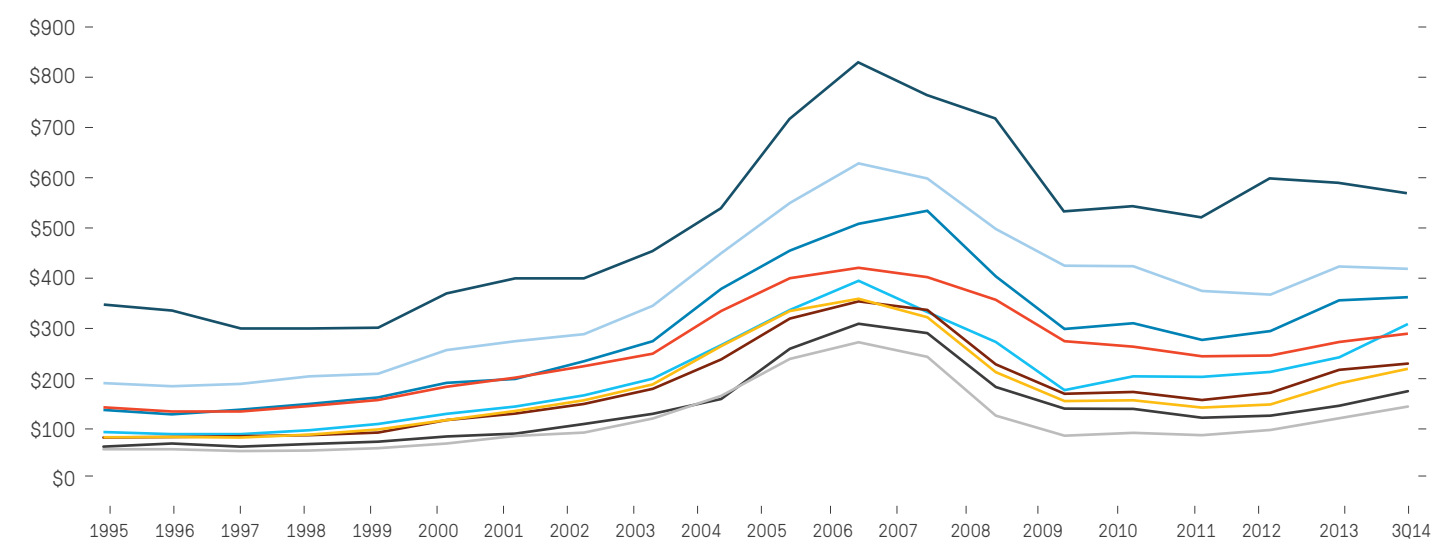
- Inland Empire
- United States



fig 3
local context

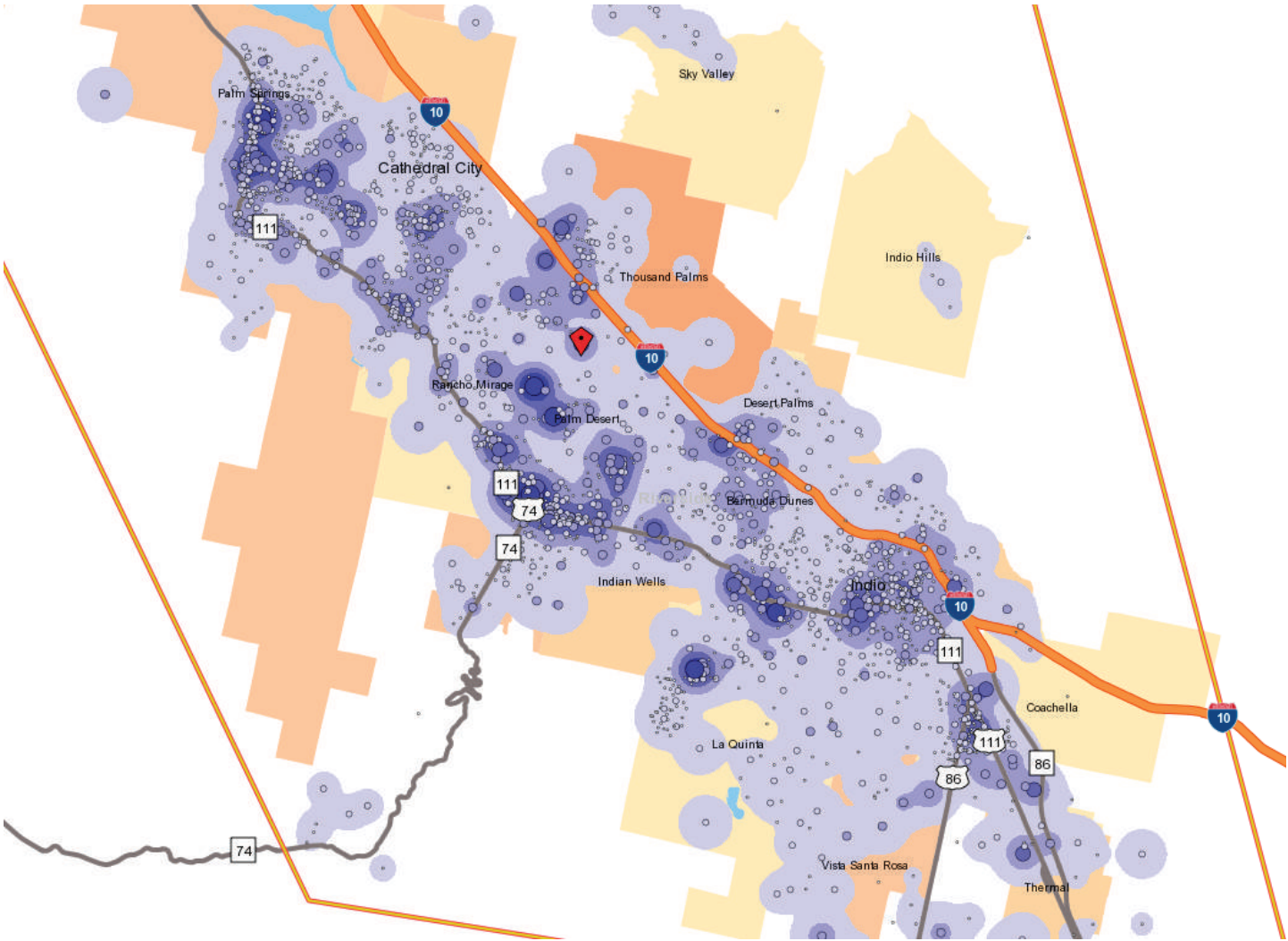


fig 4
median home prices \$000s



- key /
- Indian Wells
 - Rancho Mirage
 - La Quinta
 - Palm Springs
 - Palm Desert
 - Indio
 - Cathedral City
 - Coachella
 - Desert Hot Springs

fig 5
job clusters



community health

Ten Principles for Building Healthy Places



Urban Land Institute Building Healthy Places Initiative

The TAP approached healthy communities in a holistic way. Using Chef Jamie Oliver’s TEDtalk, “Teach Every Child about Food,” to frame the discussion on community health as a collaborative effort, the panel adopted the triangle diagram (Fig 6) as the holistic approach for healthy communities involving a synergy between home, work, and the public realm. This relationship advocates proper education and decision-making for nutrition by introducing transparency into the food supply process. This approach aligns perfectly with both the Clinton Health Matters Initiative’s Coachella Valley Blueprint for Action and the Urban Land Institute’s Building Healthy Places Initiative.

The Clinton Health Matters Initiative released the Coachella Valley Blueprint for Action, reporting that within the region, 17 percent of the overall population does not have access to a healthy food outlet. This contributes to obesity-related healthcare costs in the U.S. that are expected to reach an estimated \$147 billion per year. Healthy food access is only part of the chain reaction of poor city planning, which also results in creating a car-dependent environment with poor air quality.

Preventative measures are also inhibited within the Coachella Valley. According to the report, the largest percentage of the 40 percent of residents within the region that have an annual household income of less than \$25,000 signaled their inability to pay health insurance premiums as the cause of inadequate access to primary and preventative care. The sad irony of this statistic is that agriculture is a major economic driver in the Coachella Valley, but its yield is not available for residents to readily consume.

Drawing from the Urban Land Institute’s Building Healthy Places Initiative, which incorporates concepts of empowering champions for health through education and making healthy choices easy, the panel worked with ShareKitchen’s vision of revitalizing the Coachella Valley by incubating culinary startups and providing the necessary expertise to work. This effort is also in line with the Clinton Health Matters Initiative’s 2018 Bold Steps goals from the Coachella Valley Blueprint for Action report. While the TAP was able to engage one of the Bold Steps for 2018—the ability to reduce the prevalence of preventable diseases—it could not change some Steps such as connectivity and accessibility.



The Panel incorporated the following elements from the Urban Land Institute's 10 Principles of Building Healthy Places:

1. Put People First
2. Recognize the Economic Value
3. Empower Champions for Health
4. Energize Shared Space
5. Make Healthy Food Choices Easy
6. Ensure Equitable Access
7. Mix It Up
8. Embrace Unique Character
9. Promote Access to Healthy Food
10. Make it Active

fig 6
healthy communities



programming

ShareKitchen's proposed facility is designed to model of the Rutgers Food Innovation Center (Fig 7). The program therefore follows similar percentages of space allocations as the Food Innovation Center with the addition of a public-use component in the form of an integrated retail space designed to make the experience of entering ShareKitchen akin to a food destination. In the best interest of ShareKitchen operations, the TAP proposed a phased approach to the programming of the client's needs. The programming is organized with two priorities in mind: incubate + educate.

incubate

ShareKitchen's primary operation is to provide production and business support services for culinary startups. The first phase of the facility is designed with 40,000 SF of retail, shared resources, food production, distribution and storage to build the basis of ShareKitchen clientele's operations with the utmost priority of preventing cross-contamination (Fig 8). The second phase introduces 51,000 SF with more emphasis on expanding ShareKitchen's distribution abilities and expansion of the type of food production it can support (Fig 9).

educate

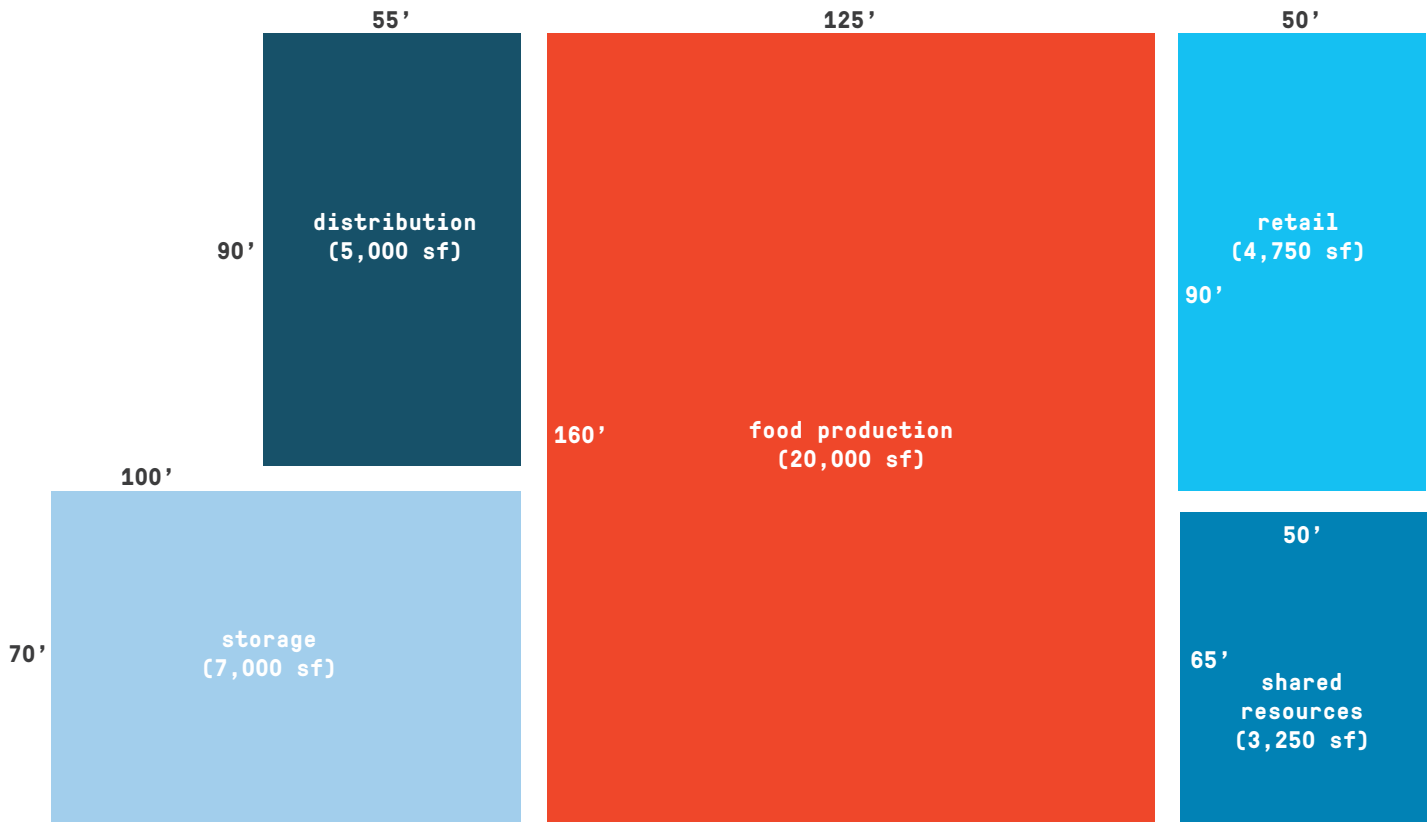
The facility offers flexibility within the 4,750 SF of retail as a vehicle for incubation in shared spaces. The tenant space allows startups to begin testing brand-building concepts with the ability to invite users into their process of preparing food. This transparency is aligned with the Clinton Health Matters Initiative Bold Steps in creating robust nutrition education programs and campaigns for the region. The interchangeable aspect of the tenant spaces enables clients to showcase their product on a rotating basis to accommodate an influx of business needs and seasonal produce.

- Hot & cold preparation kitchen
- Gluten free & specialty baking kitchens
- Juice, specialty beverage & sauces kitchen
- Dehydration line
- Centralized catering kitchen
- Shared offices
- Integrated retail
- Food truck center

- Gated, well lit, enclosed & secured parking with security cameras and electric gates
- Greywater dumping
- Fresh water refill
- Grease disposal capabilities
- On-site 'car washing' zone
- Electrical access at each truck parking space



fig 8
concept ideation
incubate + educate



phase I components / 40,000 sf

Retail / foodservice + coffee

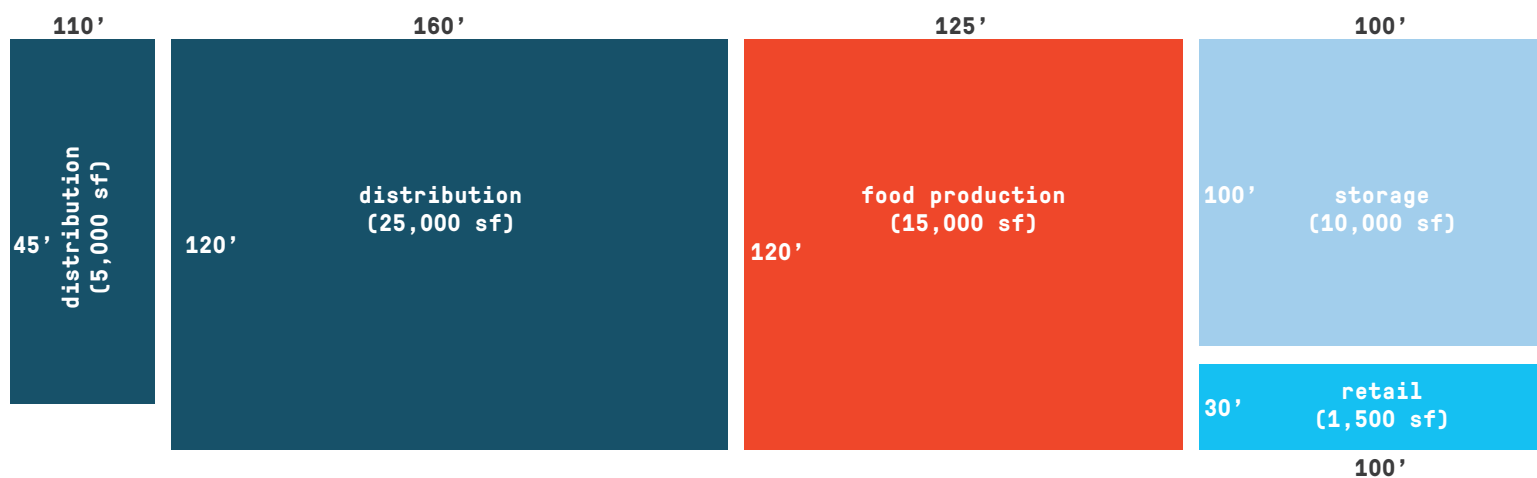
Shared resources / office space + meeting rooms

Food production / prep space + cold process/assembly + hot process + dry process

Distribution / packaging equipment + shipping + receiving

Storage / dry storage + cooler + cookware storage + finish products

fig 9
concept ideation
incubate + educate



phase II components / 51,000 sf

Retail / foodservice + private dining experience

Food production / dehydration line + allergen-free baking + juice/ specialty sauces

Distribution / packaging equipment + shipping + receiving

Storage / dry storage + cooler + cookware storage + finish products

property screening & due diligence

site selection

The first steps in completing the site selections process revolved around initial conversations with ShareKitchen. ShareKitchen brought our attention to the Rutgers Food Innovation Center and let the TAP panel know the type of facility they needed to build in the city of Coachella. We then spoke with Mark Weber, Economic Development Manager at the City of Coachella, who informed us about the up and coming aspects of the city, the new planned developments, and the major thoroughfares between the city of Coachella and the rest of the Coachella Valley.

ShareKitchen's initial thought was to retrofit an existing building within the city of Coachella. This plan would have been ideal as it would lower some of the initial construction costs with the added benefit of being a more sustainable option. ShareKitchen had previously considered a commercial space that once had a supermarket as a tenant, though no agreement was ever reached to occupy the space. By the time the TAP got involved with ShareKitchen, the owner had entered into contract with another buyer. Other similar buildings might be suitable for ShareKitchen's operations.

The TAP canvassed the available listings for commercial properties in the city of Coachella, but the only buildings that were on the market at the time were strip shopping centers that did not fit the needs of ShareKitchen and would not be suitable for repurposing. It is important to note that the market changes on a daily basis and although a suitable building was not available during the time of the TAP study, one could become available at any time. Maintaining a discussion with the city could also help as they may become aware of available properties that may fit ShareKitchen's needs.

The TAP then began a search for vacant parcels of land. Toward this end, the TAP looked on the local Multiple Listings Service along with loopnet.com, which locally, make up the databases for commercial/land listings. It may be possible to engage with land brokers in the area who may be aware of suitable land "pocket listings" that may not be currently listed. From these sources the TAP was able to identify six parcels in the city of Coachella that may work for ShareKitchen (Fig 10). A set of screening criteria were selected which were then used to rate available properties within the City of Coachella.

These criteria were:

1. Location - It was important to identify a site that would allow for food manufacturing operations, but not be too far outside of the populated area so as to preclude events that would involve members of the public. In addition, proximity to major thoroughfares and freeways was necessary to allow for ingress and egress of distribution and agricultural trucks.
2. Size - Lot size needed to be able to accommodate a building of 80,000 to 100,000 square feet (likely to be built in modular phases) as well as to host a truck bay and sufficient parking space for visitors, workers, food trucks, and outdoor eating tables.
3. Suitability - Several independent criteria were included to screen for the proposed sites' available utility capacity (i.e., electric, gas, sewer), zoning, business types of neighboring properties, security/safety, and topography.
4. Environmental - Sites were screened for prior industrial use, evidence of historic contamination, and physical aspects that would be friendly to various sustainable building design features.
5. Cost - The list prices of the properties were pulled from MLS and compared to assure that ShareKitchen and their donors/investors get the maximum value from their investment.

From this matrix listing the different aspects of the properties in combination with the needs of ShareKitchen, the sites were narrowed down to two—the parcel on Enterprise Way and the parcel on Oates Lane (Fig 11).

Enterprise Way is smaller but more affordable. It is a fully improved lot that is 2.89 acres and has a listing price of \$280,000. If ShareKitchen wanted an approach that would allow it to open its doors in Coachella with the fewest barriers to entry Enterprise would have been a great option to consider.

However, based on the needs as described by ShareKitchen and the potential for further expansion with a phased model of development, the TAP decided that 49751 Oates Lane was the most ideal property on the market at the time.

An aerial photograph of a suburban area, likely in the Midwest, showing a grid of residential streets, large open lots, and some commercial or industrial buildings. A major road, possibly a highway or railroad, runs diagonally from the top left towards the bottom right. Several streets are labeled with red text boxes.

ave 48/van buren

harrison street

49751 oates lane

industrial way

enterprise way

fig 11
property screening

potential building project / 80,000-100,000 sf building

site	site type	lot size (ac)	approved or allowable bldg size (sq ft)	cost	suitable utilities?	demo needed?	use approved	(env/geo) likely present?
SWC Avenue 48 & Van Buren	Commercial/ Undeveloped	13.06	150,000	Undisclosed	Residential surrounds the area, so utilities may or may not be sufficient	No	Zoned General Commercial, City has envisioned mixed-use/retail	Former Ag site, will not prevent commercial use
Enterprise Way	Industrial	2.89	40,000?	\$280,000	Fully improved	No	Industrial	Not likely
Industrial Way	Industrial	11.55	Unknown, site is irregular shape, multiple bldgs is possibility	\$1,260,000	Unknown, but located adjacent to other industrial properties	No	Industrial	Not likely
49751 Oates Lane	Industrial	6.49	100,000	\$850,000	Improved properties to north & south, likely equiped	Yes minor	Industrial General Plan	Not likely
Harrison St, South of Ave 48	Industrial/ Undeveloped	10.82	Unknown	\$1,899,000	Unlikely	Yes Major clean up required	Wrecking Yard, heavy industrial, manufacturing	Yes-Wrecking yard waste

key /

- Good
- Ok
- Bad



swc avenue 48 & van buren



enterprise way



industrial way



harrison st, south of ave 48



49751 oates lane

The parcel is 6.49 acres and is on the market for \$850,000 or just over \$3.00 a square foot as of January, 2015. The property was purchased in 2005 by the current owner for \$989,465 or \$3.50 a square foot. Since that time there have been extensive improvements to the lot (Fig 12), including a secure block wall surrounding the perimeter of the parcel and a large asphalt parking lot with lighting. The location is close to both freeways and is “build-to-suit” ready.

In order to determine the fair market value of the property, we typically look at recent sales of similar properties in the area. A property on the other side of 49751 Oates Lane sold in October of 2014. The lot, APN #: 603300013, is 3.12 acres, about half the size of the Oates Lane property, and sold for \$150,000 or a little over a dollar a square foot. The property was originally listed for \$245,000 and was on the market for 277 days.

The differences between the two Oates Lane properties are significant. First, 603300013 is approximately half the size of 49751 and there is added value for ShareKitchen in purchasing more acreage together. In addition there is added value in the improvements with the block wall, parking lot, and lighting likely costing at least \$100,000 to 150,000 in aggregate.

As a result, the fair market value of the Oates Lane property could be estimated to be between \$500,000 and \$600,000. Whether or not the seller is willing to take such a loss on the property is an important question to consider and one that should be brought up with the listing broker.

In addition to selecting a site, there are several components of land acquisition that need to be considered when purchasing a property of this specific use.

They are as follows:

1. Zoning: The initial use and specific future uses should be considered, which will insure/protect growth.
2. Offer: Upon identifying property the following components should be incorporated into an offer and a Letter of Interest (LOI) can be used to work out the details prior to putting the specifics into a Purchase Agreement.

market analysis

making a deal

A. Purchase Price

B. Feasibility Period: 60-90 days to perform all necessary investigations to make sure the property will work for your specific need. Utility availability, soil suitability, past uses, building costs etc.

C. Acceptance of Feasibility, in which case you would close escrow or release funds to buy more time in case Buyer needs time to procure financing. If the property doesn't pass Feasibility, all deposits are returned and escrow is canceled.

D. There may also be an opportunity for Seller financing if Buyer is in need.

fig 12
site photo



49751 oates lane

site analysis

location/site characteristics

Local zoning policy prescribes what developments may occur within a municipality. Developments are also further subject to local, state, and federal regulations. The TAP researched applicable zoning policy and regulations for the subject site to determine if a new facility could be developed that will meet ShareKitchen's needs.

The site is located near the intersection of Grapefruit Boulevard and 50th Avenue with some limited visibility from Grapefruit Boulevard. Oates Lane dead-ends, so all traffic must enter and exit at the intersection of Avenue 50 (Fig 13). The site is 3.5 miles from I-10. This gives the site a prime location for easy freeway access as well as close proximity to downtown Coachella. The site lies within a transition area of Coachella consisting primarily of industrial, commercial, and vacant land uses. Surrounding uses include Coachella RV Self-Storage to the south, Sun Date Packing house to the north, and vacant land to the east.

zoning/general plan designation

The site is zoned Manufacturing Service (M-S) and the General Plan land use designation is Industrial. This zone is intended to provide for and encourage the development of light manufacturing, wholesaling, and commercial service uses.

parking

The site itself features a large, existing parking lot. There are walls on all four sides, and the front entryway is gated (Fig 14). An additional entryway could be added to further increase access and improve circulation if needed. The new ShareKitchen facility will be required to provide parking for its clients and employees. For specific requirements on the number and dimensions of parking spaces, review the City of Coachella Zoning Ordinance, Chapter 17.54 – Off-Street Parking and Loading.

All projects, as defined by law, are subject to the California Environmental Quality Act (CEQA). CEQA was enacted in 1970 as a system of check and balances for discretionary land-use development decisions in California.

california environmental quality act

Environmental review is characterized by an Initial Study process which results in one of three possible types of CEQA documents: an Exemption, a Negative Declaration/Mitigated Negative Declaration, or Environmental Impact Report. In cases where the discretionary action is not exempt from CEQA and the Initial Study concludes that the discretionary action could have a potentially significant effect on the environment (where mitigation could not reduce the impacts to below a level of significance), an EIR is required to be prepared and analyze the potential environmental effects.



fig 13
site analysis

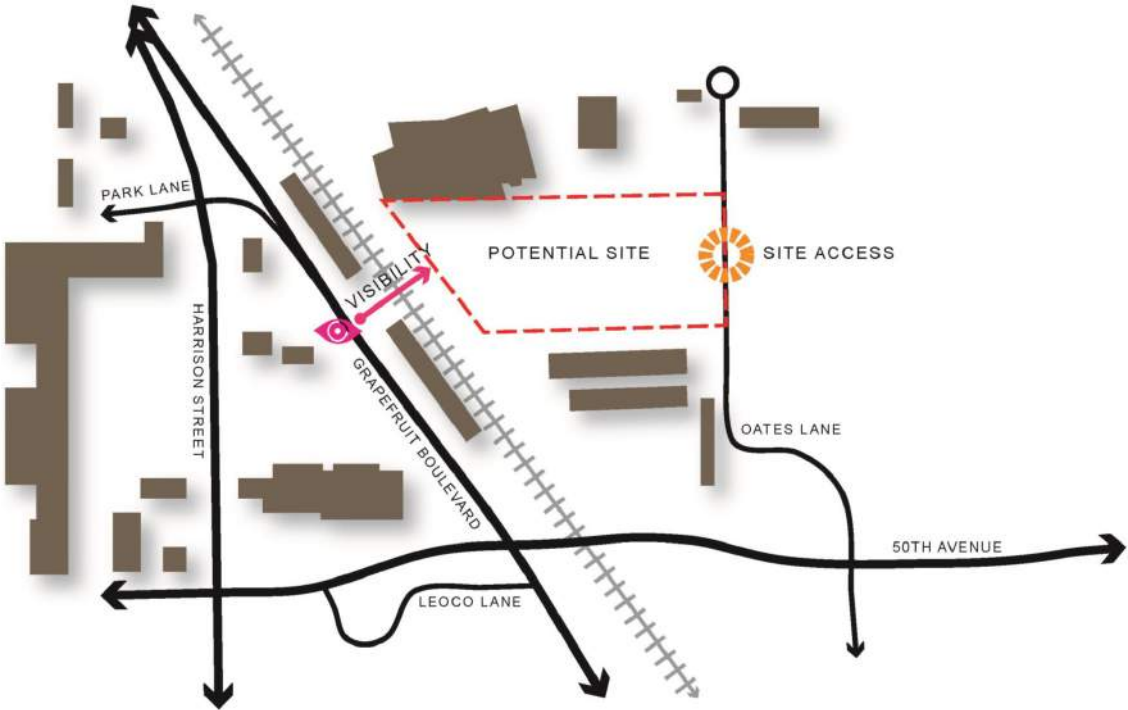


fig 14
site aerial



**western riverside
multiple species habitat
conversation plan**

Riverside County adopted the Western Riverside Multiple Species Habitat Conservation Plan (MSHCP) on June 17, 2003. The City of Coachella is a signatory to the MSHCP, and therefore development projects conducted within the city are required to comply with the MSHCP. For additional information, contact the City of Coachella Development Services Department.

design concept



Two site plans were explored as options in the development of the Oates lane property for the Food Innovation Hub (Fig 15 & 16). Both site plans were designed to be built out in a series of phases. The site is large enough to accommodate additional growth as ShareKitchen continues to expand. The first phase would feature the following uses:

- Food production
- Distribution
- Storage
- Office
- Retail/Lobby

As ShareKitchen grows, the food production area could be expanded along with the needed distribution, storage, and retail requirements to match this increase in capacity.

The existing parking lot could be better utilized by using any unneeded spaces in other ways. Empty parking spaces could serve as space for temporary installations. This site could accommodate public events such as pop-up markets and serve as a space to test out experimental or temporary land-uses. Hook-ups for food trucks could be added to the south side of the parking lot to take advantage of the open space adjacent to the retail area. Special attention should be taken to carefully create open spaces and outdoor areas where the public can socialize and gather.

This retail space and food truck area is not just a commercial opportunity. It is an opportunity to connect with the Coachella community and to increase education about where food comes from. Coachella and ShareKitchen both have unique identities. This site should reflect that by working to create a unique space that builds upon its agricultural and industrial roots (Fig 17). The site design as well as the materials, colors, and textures should all work together to help articulate this identity. Designing a space that is pedestrian friendly, with open spaces and outdoor seating will help create a place that is inviting and beneficial to the community. The proposed addition of bike lanes to Avenue 50 also means that bike facilities should be included on site.

The Coachella Valley has a unique character highlighted by its rich agricultural history. The ShareKitchen Food Innovation Hub creates a point of connection between this agricultural community and the larger public through the multiple uses of the facility acting as a hub for education, business, and placemaking. ShareKitchen has the unique

fig 14
site plan option 1

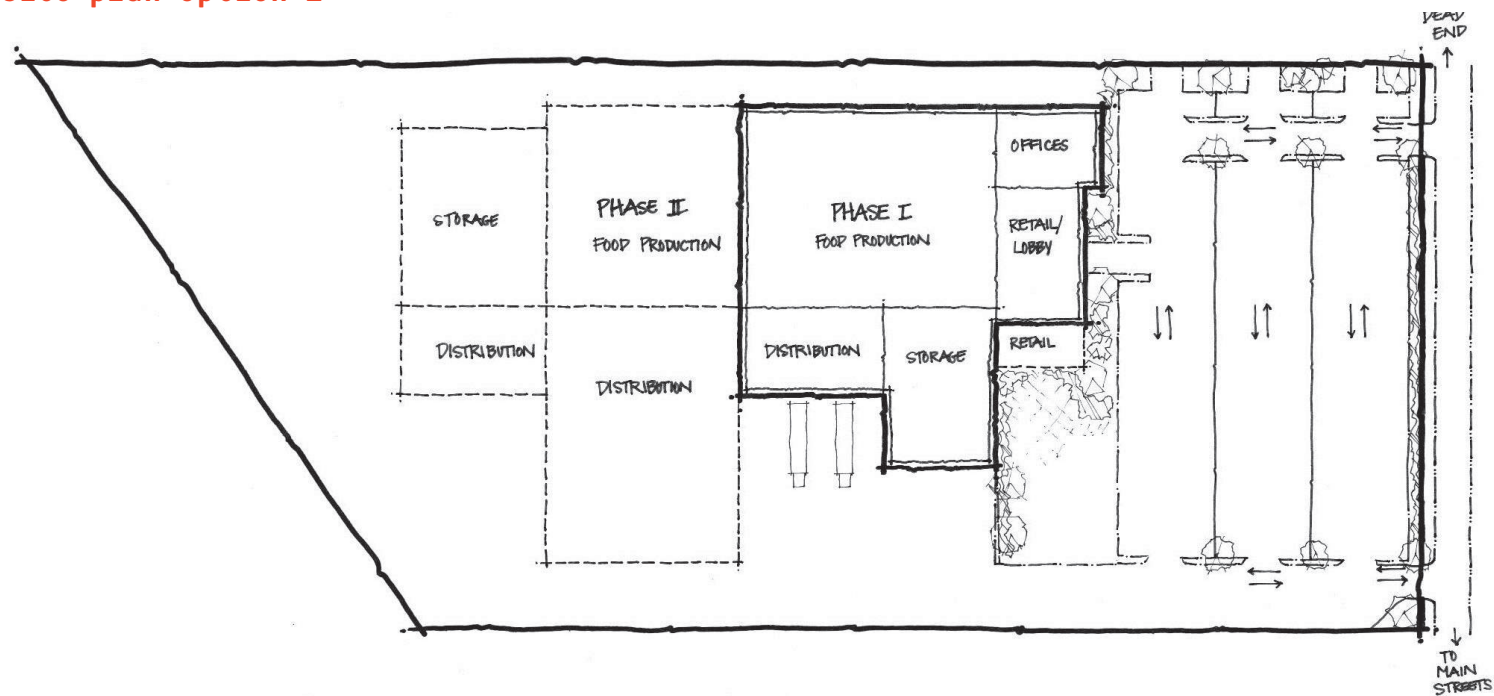


fig 15
site plan option 2

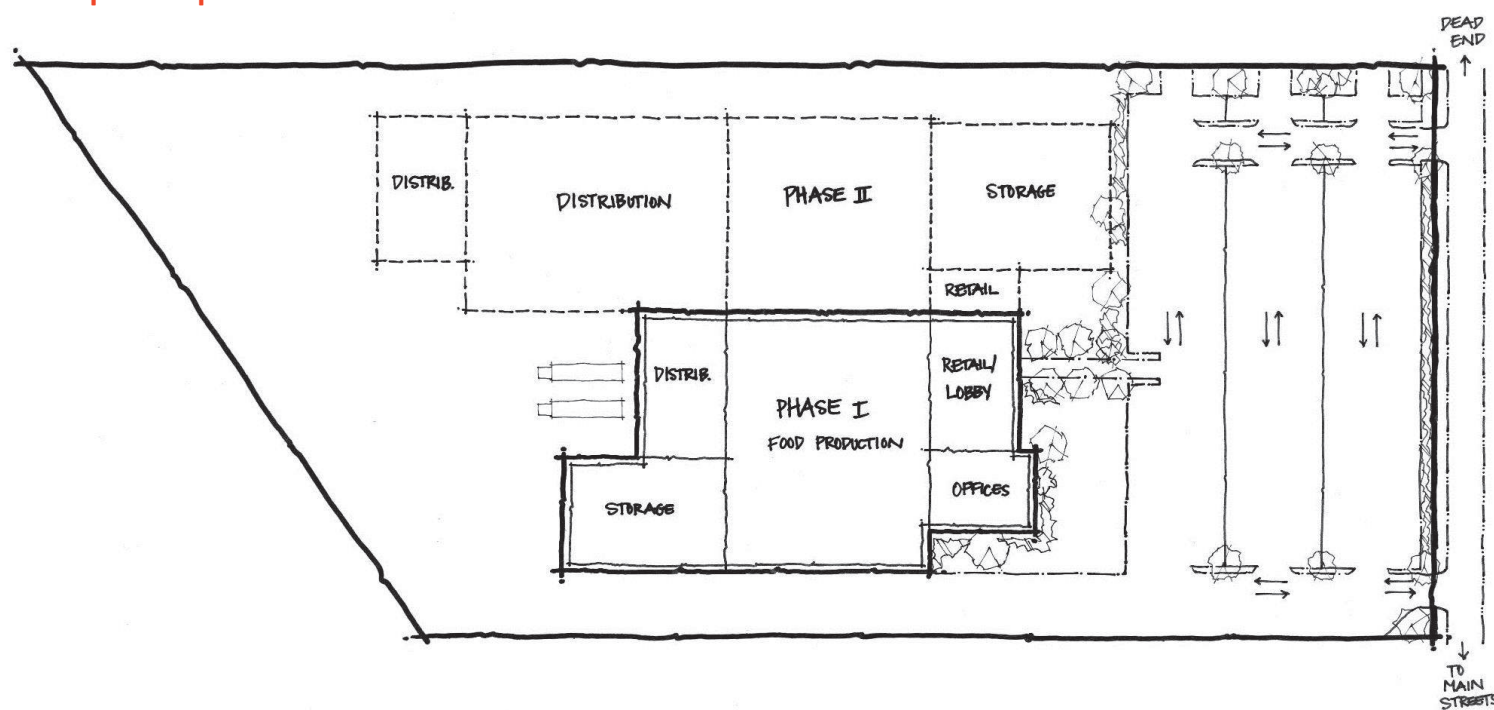


fig 17
sense of place



ability to be an advocate of food education through transparency by being a teaching kitchen in a space that serves as an interface between the public and the businesses it is incubating.

The foundation for the design concept is to spur economic development by training business owners with shared interests, in this case, food production. The layout of the facility enables users to share in developing their process of creating food products for distribution to market. The facility includes areas that can be utilized for visitors, production and distribution.

For visitors, the experience begins at the lobby where a demo kitchen is located for programs in healthy eating and food quality, visible to the retail consumers who enter the public dining area (Fig 18). Each of the retail stations located in the foodservice area enable visitors to see how their food is prepared. The private dining areas enable tenants of ShareKitchen to create unique dining experiences for their clients adjacent to their production areas.

The office space is located along the front exterior of the facility to allow the ShareKitchen team to interface with clients without disrupting the daily operations of the production area, yet enabling direct access for managing the production area (Fig 19).

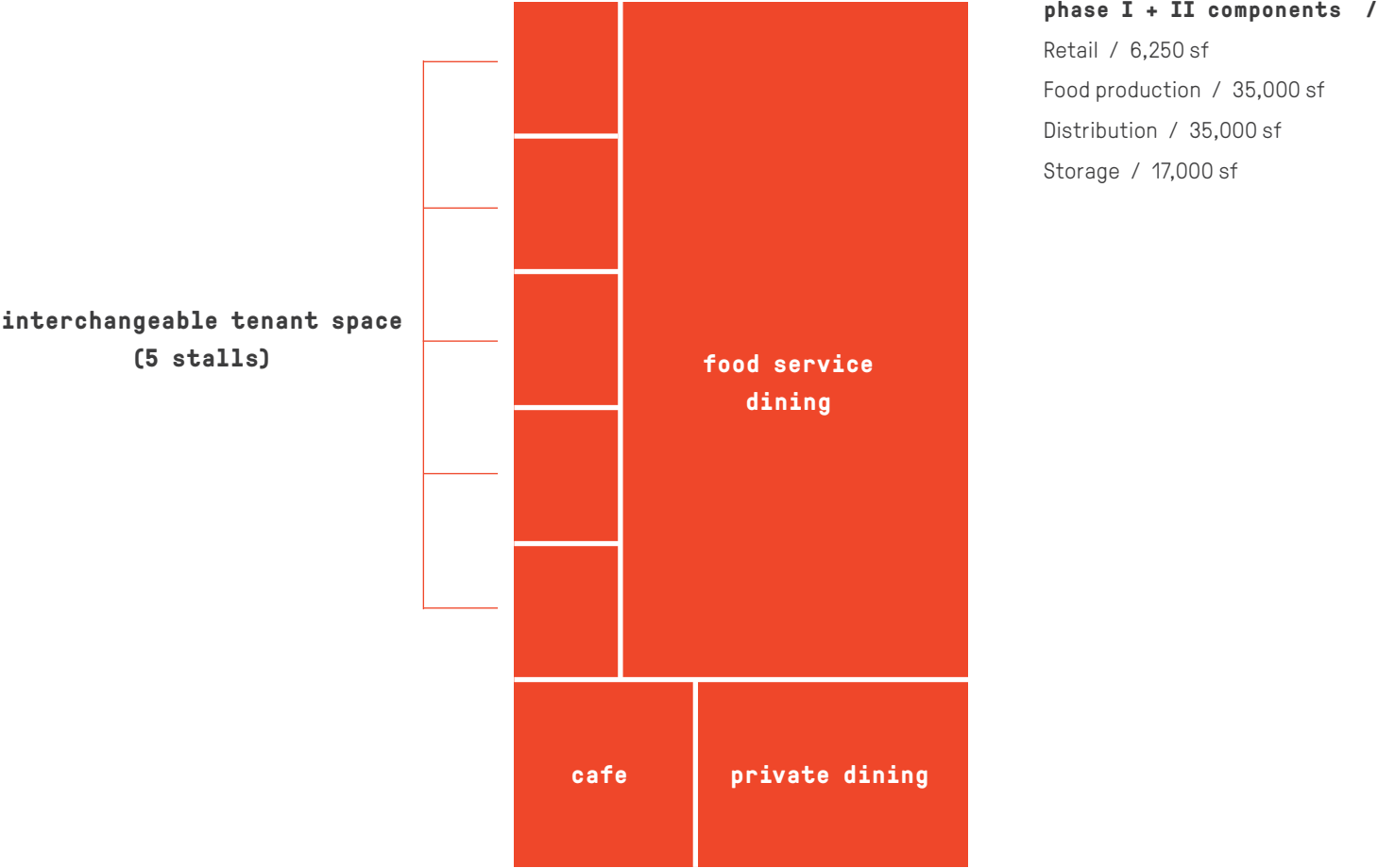
The production area is arranged with the highest priority placed on preventing cross-contamination, the most critical component to operating a food service facility. Each of the process areas are located adjacent to their respective storage and assembly areas to provide the most direct access (Fig19).

The second phase of the design is programmed to include expansion into different production types for items such as juices, specialty beverages, sauces, allergen-free products and a dehydration line (Fig 20). The addition of these food processing techniques will allow producers to process a wider variety of food sources and begin to close the loop on food waste in the region.

The finished product storage area acts as buffer between the production area and truck bays to prevent contaminants from entering the production area. The cold storage areas are located with the least amount of travel from the delivery point to distribution.

—

fig 18
retail components



design concepts /

- Branding capabilities
- Emphasis on process
- Transparency
- Sustainable materials

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fig 19
concept ideation
phase I

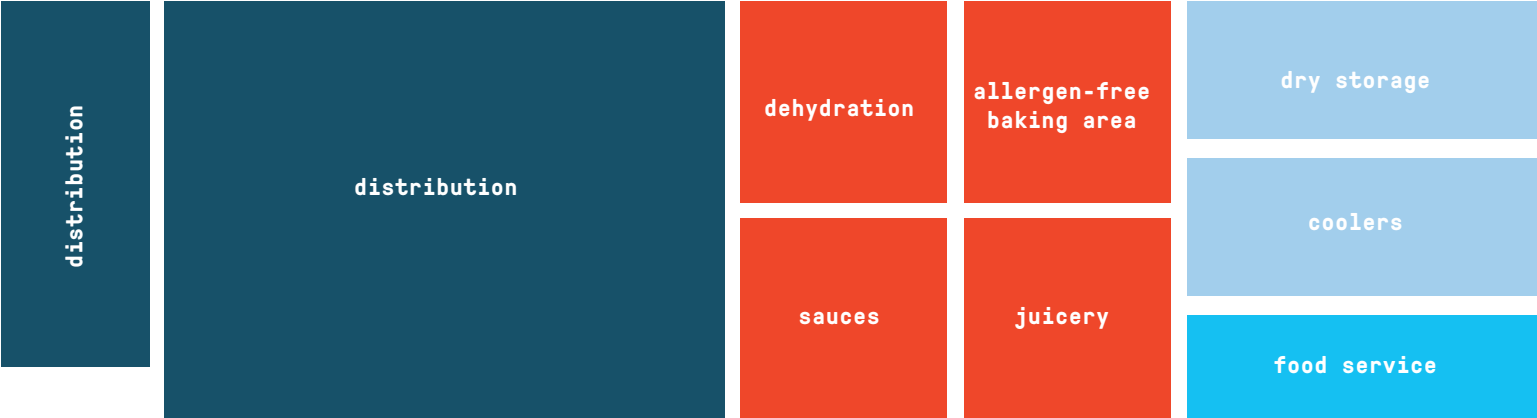


This arrangement keeps produce from entering into the food temperature danger zone and also minimizes the amount of surface contact in transport.

The facility was designed to uphold the public interface as an important point of connection to the community without compromising the safety of the operations within it. ShareKitchen leverages its unique location in a community with a strong agricultural history and introduces transparency into the process of food production, differentiating it from other community kitchen concepts. The project's design appropriately responds to needs within the Coachella Valley for nutrition, education, economic stimulation, job creation, and placemaking.



fig 20
concept ideation
phase II



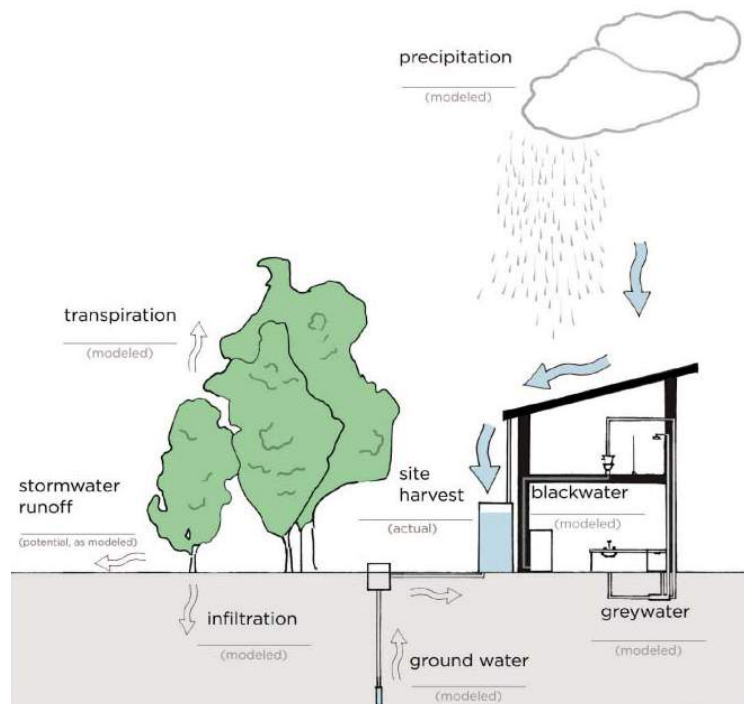
sustainable design

Sustainable Design seeks to create healthy, resilient, and high-performing developments that improve the environment and community. It seeks to minimize impacts and maximize benefits through the lifecycle of a development project (Fig 21). Therefore it is important to comprehensively evaluate the full scope of a project including social equity, transportation, water, waste, energy, indoor health, materials, carbon emissions, and habitat conservation from the beginning.

The prior use of a building site is important because undeveloped sites do not produce impacts. Therefore, even a new green building on a greenfield site introduces more impacts than existed before. Building location is important because travel flow, to and from the building, creates impact in the form of air pollution and greenhouse gas emissions. In other words, we may design a cutting-edge green building but if people depend on a car to use it, the vehicle activity produces impacts that can negate the green building benefits.

Ideally, a new facility could utilize an existing building. For example, an inefficient old building in a walkable neighborhood that is renovated to become a green building has the potential to reduce impacts as well as improve the economic, social, and environmental well-being of a community.

fig 21
water sustainability



Taking this into consideration, the TAP set out to find a site with an existing building that could be retrofitted to meet ShareKitchen’s needs. However, we found a very limited existing building stock that could conceivably work. The proposed site is therefore a greenfield site, with no existing structure, but has the space to accommodate the desired building size as well as future expansion. According to the website walkscore.com, the site is considered car-dependent, with limited transit service near the site (Fig 22). Yet the location is close to regional highways, as well as agricultural land, which will allow easy access to the larger regional market.

The site and building design may include many green design elements to address building materials, energy and water use, waste, indoor air quality, and transportation. This may include using sustainable materials in construction (e.g., reused, recycled-content, or made from renewable resources); creating healthy indoor environments with minimal pollutants (e.g., reduced product emissions); and/or featuring landscaping that reduces water usage (e.g., by using native plants that survive without extra watering).

For additional information on sustainable design standards, please consider the Living Building Challenge (website: <http://living-future.org/lbc>)

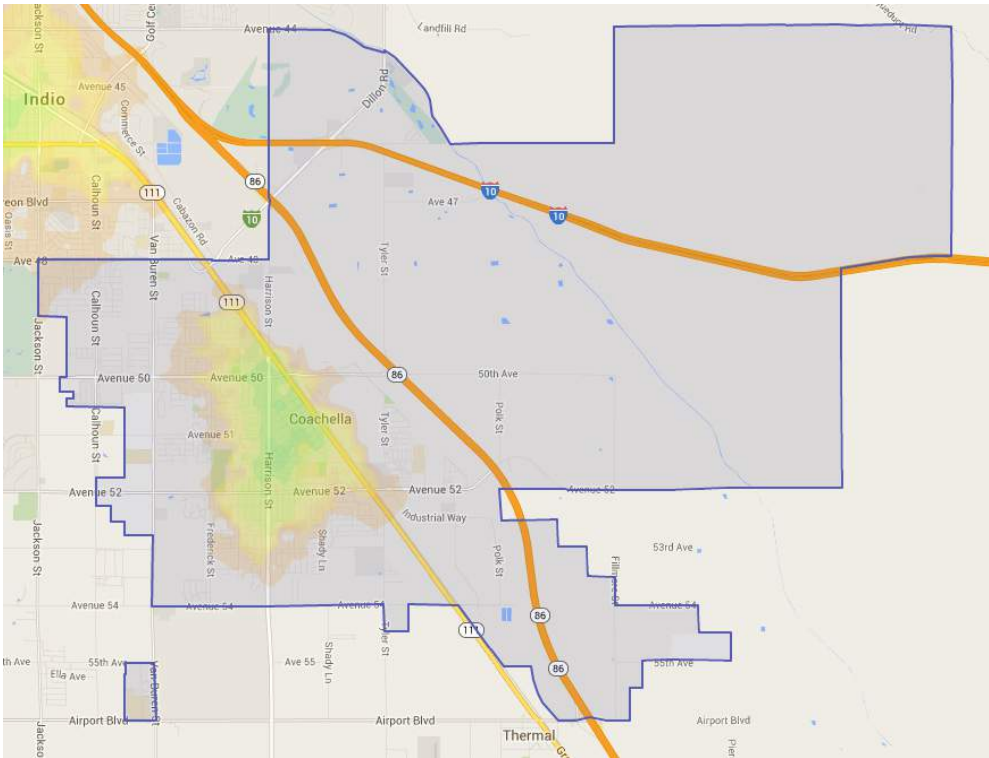


fig 22
walkability

—
cost

Considering that there were no existing facilities in the area suitable for ShareKitchen's needs, the TAP initially considered whether ShareKitchen would be better served by owning a new facility or by leasing space in one built by a third party. The former scenario would require a greater capital investment and the latter would allow ShareKitchen to focus on its area of expertise—food-based business incubation—without having to spend as much time and energy on managing a real estate property. The lease option could be realized using a design-build-lease approach, wherein ShareKitchen would purchase land and attract a developer to build and own a facility designed to ShareKitchen's desired specifications on that land. In turn, ShareKitchen would commit to a long-term lease of the facility.

The design-build-lease model offers a valuable advantage by requiring less startup capital on ShareKitchen's part and by allowing the nonprofit to focus on its work. However, there are also certain disadvantages. The company's unique business model, newness, and specialized design requirements could discourage developers from taking the risk. In such a case, the developer could require a parent guarantee or cash security, which would still be less expensive than financing the entirety of construction, but would offset some of that benefit. In addition, developers generally prefer buildings to be as adaptable as possible so as not to limit their prospective tenant pool. This is not compatible with ShareKitchen's extensive needs for equipment, insulation, and building divisions. As a result of these considerations, and the preferences of ShareKitchen, the TAP focused on a design-build-own model when estimating cost and analyzing financing.

Since ShareKitchen's business model is rare and the nonprofit does not have a large capital reserve, the Finance team felt that, within an ownership model, a phased approach to construction would be most feasible; this is particularly true if the first phase focuses on the production portion of the facility, allowing ShareKitchen's users to start producing food products and revenue as soon as possible.

The TAP worked to ensure that the phasing was realistic from the design and site planning perspective.

Discussions with ShareKitchen and amongst the TAP members provided a prioritization of the use of space and a list of desired elements, as described in the Design section of this report. Using as much detail as could be known at this point, the TAP referred to Marshall Valuation Service (MVS), a complete, authoritative appraisal guide that is an industry standard throughout the United States used to estimate construction costs.

The results were discussed with a professional broker and a contractor to check the numbers taken from MVS.

In addition to the square footages described in the Design section, the cost estimation assumed that about 40 percent of the kitchen space and 20 percent of the storage and distribution spaces would be insulated for cold preparation and storage and an additional 20 percent of the storage and distribution spaces would be insulated for freezing.

Including the listing price as an acquisition cost and using a high estimate for project contingency and other soft costs, because of the project's uniqueness, the estimated costs for the project are \$11.1 million for Phase 1 and \$10.1 million for Phase 2. These estimates are based on current construction costs, which constantly change, usually getting more expensive (Fig 23).

The largest component of the total cost is the base building construction cost, which is not unusual. The ShareKitchen project's construction cost is driven higher by the significant amount of equipment required (including ranges, ovens, refrigerators, commercial sinks, juicers, slicers, other preparation equipment, storage racks, and loading equipment) as well as the need for insulation as described above. To the extent that ShareKitchen can save on equipment acquisition, either by using equipment it already owns or by acquiring equipment at a discount, this represents a large savings potential in the overall project cost.

The total cost estimate includes construction financing and all standard soft costs. However, it excludes the cost of incorporating features for improved energy efficiency and the generation of renewable energy. According to MVS, the cost of such features adds up to 7 percent of the project costs—in this case approximately \$1.5 million. Although this cost is significant, the addition of energy efficient and renewable energy features will expand the range of grants and loans for which the project will be eligible and will probably improve the likelihood of success when applying for grants. Additionally, these costs may be recouped over time by offsetting energy costs as ShareKitchen would be planning to occupy the space it is developing for an extended period of time.

fig 23
project cost

phase I

Share Kitchen
Hypothetical Development
Financial Pro Forma

Address 49751 Oates Lane
Phase 1 Development Density: 0.14 : 1.0 FAR

Phase 1 Project Scope

<i>Proposed Project</i>	<i>Units</i>	<i>Bldg SF</i>	<i>Footprint</i>
Site Area			282,704
Building Area		40,000	40,000
Existing Parking	45		15,525
Additional Parking	25		8,625
Food Truck Parking	10		10,000
Landscaping			20,000
Portion Reserved for Future Development			100,000
Remaining Land			88,554

Project Costs

Total Land Acquisition	\$850,000
Total Construction Costs	\$8,819,526
Total Soft Costs	\$1,398,336
Construction and Soft Costs	\$10,217,862
Total Project Costs	\$11,067,862

phase II

Share Kitchen
Hypothetical Development
Financial Pro Forma

Address 49751 Oates Lane
Overall Development Density: 0.32 : 1.0 FAR

Phase 2 Project Scope

<i>Proposed Project</i>	<i>Units</i>	<i>Bldg SF</i>	<i>Footprint</i>
Site Area			100,000
Building Area		51,500	51,500
Existing Parking	70		24,150
Additional Parking	82		28,290
Food Truck Parking	-		-
Landscaping			10,000
Remaining Land			10,210

Project Costs

Total Land Acquisition	\$0
Total Construction	\$8,847,350
Total Soft Costs	\$1,297,375
Construction and Soft Costs	\$10,144,726
Total Project Costs	\$10,144,726

financing

A traditional construction project would usually need to finance 20 to 30 percent of costs from investors or accumulated capital and 70 to 80 percent of costs from a construction loan. Due to the unique nature of the Food Innovation Hub concept, the panel identified alternative financing and assistance sources. These sources are categorized as providers who could offer funding directly to ShareKitchen, and connectors, who could connect Share Kitchen to financial benefits by accelerating the planning and permitting process, linking ShareKitchen to key stakeholders or policy makers, or guaranteeing loans that might otherwise not be made.

The table lists a representative sample of such financing and assistance sources (Fig 24). The financing and assistance sources identified include agencies at all levels of government, as well as nonprofit and private, market-based sources.

The USDA Rural Development division offers Rural Business Enterprise Grants, which provide small grants between \$10,000 and \$500,000 to rural businesses with 50 or fewer employees and less than \$1 million in projected gross revenue. With a population below 50,000, Coachella qualifies under this program as a rural community. Because this program offers relatively small grants and is reserved for small businesses, ShareKitchen would have a higher chance of winning a grant award than in a less restrictive grant pool. The grant would provide a solid starting point from which ShareKitchen could continue to raise capital.

The Governor's Office of Business and Economic Development (GO-BIZ) offers tax credits as part of its California Competes Tax Credit program. These are awarded by agreement with GO-BIZ based on evidence that the tax credit assistance will result in job creation and other public benefits.

The County of Riverside uses Tax Exempt Industrial Development (TEID) Bonds to lend amounts ranging from \$1 million to \$20 million with low interest to manufacturing businesses that create or retain jobs and produce other public benefits. Food production qualifies as manufacturing.

A rising trend in real estate financing, Fundrise applies the crowdfunding model to raise capital for real estate investment. Rather than having to search for a single \$5 million investor, for example, ShareKitchen could use Fundrise to identify 100 investors with an average investment of \$50,000.

Unlike the other sources identified in this report, Fundrise is a market-based resource that would require ShareKitchen to provide competitive returns to its investors.

In addition to acting as a provider with its TEID Bonds, the County of Riverside can serve as a connector via its Fast Track program. Fast Track promises streamlined land-use approvals and permitting for projects that will create a minimum of 40 permanent, full-time jobs; invest a total of at least \$5 million in land, buildings and/or equipment; and produce \$12.5 million in taxable annual sales.

The Clinton Foundation's Health Matters Initiative currently focuses on four geographic areas throughout the United States, including the Coachella Valley. This represents an excellent opportunity for ShareKitchen to utilize the Clinton Foundation's social networks and access to media to connect to interested and supportive parties and spread the word about ShareKitchen and its work.

The Community Development Financial Institutions Program, operated through the US Department of Treasury, certifies established financing institutions such as banks to serve low-income people and communities that lack access to affordable financial products and services. The program supports endeavors by the certified institution through tools such as loan guarantees to invest in local businesses.

The Small Business Administration similarly provides loan guarantees of up to \$5 million for low-interest loans made by qualified lenders to small businesses, generally those that have fewer than 500 employees.

It would be impossible to list all of the financing and assistance resources available to support ShareKitchen's project. The TAP recommends visiting www.business.usa.gov to search for government-provided grants and loans for which ShareKitchen might be eligible. This website was created by Business USA, a centralized platform that makes it easy for businesses to search for grants and loans as well as to access other useful resources and services. Business USA includes information from more than 20 federal agencies and departments and is currently extending its reach to integrate state and local government, as well as private sector, partners.

It is important to note that even non-financial assistance like the kinds described earlier in this report can provide a financial benefit. For example, accelerated planning and permitting will allow ShareKitchen's users to begin operations and create revenues

sooner, translating to less time spent accumulating loan interest without being able to make loan payments. Similarly, connectors who can offer access to loans with below-market interest would allow ShareKitchen to reduce its interest costs.

fig 24
financing

Source	Source Type	Program / Assistance Name	Program / Assistance Type	Amount / Range	Process / Eligibility Requirements	Advantages	Other Notes
USDA - Rural Development	Provider	Rural Business Enterprise Grants Program	Grants for small rural businesses	\$10,000 - \$500,000	50 or fewer new employees, <\$1 million projected gross revenue	High chance of award	
Governor's Office of Business & Economic Development	Provider	California Competes Tax Credit	Targeted income tax credit	Various	Negotiation with source	State resources	
County of Riverside	Provider	Tax Exempt Industrial Development Bonds	Low interest loans	\$1 - \$20 million	Job creation / retention, other public benefits	Low interest, wide applicability	
Fundrise	Provider	Crowdfunding	Small scale private investment	Various	Registration	Access to private funding	
County of Riverside	Connector	Fast Track	Accelerated planning and permitting	N/A	Job creation, investment amount, taxable sales	Sooner production start	
Clinton Foundation	Connector	Health Matters Initiative	Stakeholder connections, publicity	N/A	Location	Local focus, broad access	
Community Development Financial Institution	Connector	N/A	Loan and investment support for small businesses via local organizations	Various	Certification of lender	Funding access	
Small Business Administration	Connector	Small Business Loans - 7(a)	Loan guarantees	Up to \$5 million	Fewer than 500 employees	Low interest	
www.business.usa.gov	Connector	Access Financing Wizard	Centralized platform to search for government sponsored business assistance	Various	N/A	Search efficiency	

conclusion

Based on research and analysis performed by the YLG TAP, there are some key takeaways that ShareKitchen should consider before embarking on the proposed project. A review of local market demographics and indicators suggest that there are opportunities available for job growth as well as the expansion of the manufacturing sector in addition to an already established agricultural sector. ShareKitchen's proposed project would help facilitate and support the incubation of minority-owned food businesses and stimulate economic development, as well as advance the Urban Land Institute's Building Healthy Places Initiative and the Clinton Health Matters Initiative for Coachella Valley. The local market could specifically benefit from the supply of healthy food alternatives and opportunities to capture food harvest excess, as well as the ability to incorporate shared spaces and key sustainability measures with the design and construction of the proposed food innovation hub in the city.

Based on the current real estate market, the TAP selected 49751 Oates Lane as an example of a viable site to support and achieve the objectives discussed with ShareKitchen such as cost, location, size, demographics, and an opportunity for further expansion. The proposed project concept consists of two phases, estimated at approximately \$21.2M in total, which seek to control costs and facilitate an expedited timeline for construction and initiating operations. One of the most important aspects of bringing this project to fruition will be the involvement and collaboration with key stakeholders such as local, state, and federal agencies, members of the community, and other significant partners to provide local support and assistance with financing, construction, and project approvals.

