Webinar Outline

- Technical Orientation
- **Welcome**
  Gayle Prest
  *Urban Sustainability Directors Network & City of Minneapolis Sustainability*
  Project Overview
- Innovation Case Studies: Key Findings
- National Economic Context
- Roadmap Action Plan Framework
- Roadmap Investment Decision Tools
- Questions and Answers
The Urban Sustainability Directors Network (USDN) is a private information-sharing network for municipal government leaders of community-wide sustainability programs.
Overview of Webinar

• Summary of Literature Review research and findings
  • Case studies
  • Macro economic trends and local economic impacts

• Roadmap
  • Action Plan Framework
  • Investment Decision Tools

• Wrap-up

• Questions/discussion
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- Project Overview
  Diana Sokolove
  *San Francisco Planning Department*
- Innovation Case Studies: Key Findings
- National Economic Context
- Roadmap Action Plan Framework
- Roadmap Investment Decision Tools
- Questions and Answers
Project Team

Partner Cities
San Francisco
Seattle
Portland
Minneapolis
Vancouver

Consultants
Wallace Center at Winrock International
Changing Tastes
How Innovation and Investment Benefit Cities and the Food System

- Investment in food system innovations in metropolitan areas
- Strengthening the food system
- Enhancing economic development
- Strengthening metropolitan areas and enhancing resilience

Economic benefits

Social benefits
Project Approach

- Literature Review/Meta-Analysis and Team/SC Input
- Asset Inventory/Gap Analysis
- Tools and Strategies
- Impact and Screening Metrics
- Action Plan Framework
- Roadmap for Food System Innovation and Investment
Figure 1: Employment growth by industry, Feb. 2010 - Feb. 2012

- Total US Employment: 2.3%
- Arts, Entertainment & Recreation: 2.3%
- Retail Trade: 2.6%
- Accommodation: 3.5%
- Food Services: 5.1%
Key Findings

- Increased and sustained demand for local food
- Shifts in local/sustainable food business ownership
- Uneven quality in wages for new food sector jobs
- Production and processing yield highest local multiplier effects with highest wages
- Investment risk is comparable to other sectors
- Continued research needed to gauge success of recent innovations and business models
High Impact Innovations

- High Tech
- Food Hubs
- Incubators
- Farm to Institution
Critical Success Factors for Local Policy and Financial Investments

- Systems approach
- Procurement policies and incentives
- Supportive infrastructure (aggregation, processing, distribution) - *asset mapping
- Strong relationships with suppliers
- Local branding
- Favorable political climate
- Streamlined services
- Business/technical assistance
- Seed capital
- Healthy food marketing campaigns
- *Community involvement
Webinar Outline

- Technical Orientation
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- Innovation Case Studies: Key Findings
  John Fisk
  *The Wallace Center at Winrock International*
- National Economic Context
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- Roadmap Investment Decision Tools
- Questions and Answers
Innovation Case Studies: Overview

**Key Questions**

- What are the most promising existing and emerging innovations in local food sector development?

- What data is available on the impacts, successes and challenges of these innovations in terms of local economic development, job creation, and increasing access to healthy affordable food?

**Approach**

- Examination of a broad range of sources to understand the innovation’s direct and indirect economic impacts.

- Discussion of specific examples of innovations and what cities are doing to develop local food sector and food systems.

**Sources**

Over 200 peer-reviewed articles, research reports, data sets, project evaluations, interviews, organizational websites, news articles, and government reports.
Innovations Categories

- Food Recovery
- Food Hubs
- Food Incubators
- Urban Agriculture
- Mobile Markets
- Technology and Social Media
- Farm to Institution
- Farmers Markets
- Food Recovery
Food Hubs

Managing the aggregation and distribution of food from supplier to buyer

Key Findings

- Most successful business models: for-profits and cooperatives
- Many hubs are under five years old
- Average gross revenue is just under $1 million
- Directly provide on average 15 jobs, but contribute to job creation up and down the local food supply chain
- More mature hubs provide over one hundred jobs directly and thousands indirectly
- Many manage risk by having both direct and wholesale markets

Innovation Case Studies

- Mission driven organic produce distributor
- 2013 sales: $44M
- Sells to retailers, restaurants, institutions, and wholesalers

What Cities Can Do

Public institutions such as cities and states have begun to offer tax credits and economic development grants (e.g. Wisconsin Food Processing Plant and Food Warehouse Investment Credit and The Economic Development Tax Credit) for food hubs. Cities can also play a role in educating private lenders and investors on the benefits of and opportunities for food sector investment.
Technology-based Businesses

Harnessing technology to facilitate the business relationships and/or financial transactions of food businesses

Key Findings

- Increased flexibility, without restrictions and pressures of “bricks and mortar”: (e.g., taking possession of product, food safety and liability concerns)
- On average two to five years old
- Receive an average of $1-2 million in private investments
- Number of employees ranges from small (7-15) to large (50-70)
- Range of services: Farming, Aggregating, Distributing, Finding, Buying
- Companies benefit from low transaction costs; buyers/consumers benefit from cheaper prices for the products they want

Innovation Case Studies

- Online farmers market; also provides CSA management software for farmers
- Farmer receive 80% of sales
- Food pick-up days double as social events with food and music
- Online grocery startup
- 20,000 items for sale on its ecommerce platform
- $14.25M raised from investors since 2009

What Cities Can Do

Food technology companies primarily receive private investments but would benefit from public policy interventions, such as allowing users of their products to access public space for food order pick-up by consumers. Cities can also support local supply chains for these companies to source from through food hubs and public markets.
Food Incubators

Combining a constellation of food business support services such as commercial kitchens, job training, processing facilities, and capacity-building

Key Findings

- Often a hybrid of several approaches: Centralized processing facilities; Job training; Certification; Business incubators; Commercial kitchens
- Serve to reduce risk of starting a business or expanding to new services/products
- Most operate as non-profits, but integrate revenue generation
- Incubators play a large role in job creation, workforce development
- The most successful have multiple bottom lines: economic, social, environmental
- Much of the support for incubators comes from public support and grants

Innovation Case Studies

- Offers training, resources, technologies
- For farmers, coops, startups, small /mid-sized food companies, retail, foodservice
- Trained 106 unemployed Bridgeton residents and certified 1,000 food industry workers in food safety and other capacities between 2009-2011

What Cities Can Do

Cities can support the creation of food business incubators through permitting appropriate locations to host many kinds of food operations. And they can establish food innovation clusters or zones, in a specific geographic location where new food businesses are easily launched or throughout a city.
Farmers Markets

*Bringing together vendors to sell directly to consumers or wholesalers, often in a community space and with a community-serving mission*

### Key Findings

- Two primary types: vendor/producer and public/mixed use
- Many successful examples of combining direct marketing with wholesale or food hub-type operations
- Significantly contributes to direct and indirect social (health) and economic (jobs) outcomes. Average 2.4-5.4 jobs created per market
- Low cost of entry for starting and cultivating small local businesses; ripple effect around market neighborhood
- Trend toward larger, publically-funded markets taking advantage of unique financing options and urban development

### Innovation Case Studies

- Public market
- Sited in long-vacant Sears building
- Supports first time and/or immigrant food businesses
- Tax credit benefits: historic preservation, new markets, and low income housing
- Fresh fruit, vegetable, and horticultural products distribution hub
- Largest wholesale distribution center in Canada (5.5 million lbs/day)
- $3 of local economic impact for every $1 of sales
- Indirectly supports 42,000+ jobs

### What Cities Can Do

Markets require **land use access and permissions** that cities can provide. And investments and programs that **increase access to and demand for markets** will increase their economic impact—these can range from nutrition benefit programs to supportive transportation infrastructure.
Farm to Institution

Connecting institutions such as schools and hospitals with food sourced from local/regional farms

Key Findings

- Common institutional buyers include: schools/universities, hospitals, nursing homes, private businesses, one-off events
- Frequent focus on social (e.g., health) as well as economic benefits
- Primary challenge is managing multiple grower relationships, with intermediary businesses emerging to support this role
- Additional challenges: quality, quantity and pricing
- Need/opportunity for public sector investment in managing challenges and bottlenecks in supply and logistics

Innovation Case Studies

- Foodservice company serving healthy meals in schools
  - Operates primarily in under-served areas, bringing 1,000+ jobs
  - 1 million meals/week across ten states and Washington, DC
- Oakland-based health care provider
  - 50% of fresh produce purchases meet their sustainable procurement criteria
  - Prioritizing both healthy outcomes keep local dollars in the local economy

What Cities Can Do

There is a growing need for **intermediaries to manage relationships and logistics**. Cities can also **implement procurement policies** that support and encourage local and regional sourcing, as well as invest in job creation strategies along the supply chain to ease challenges.
Mobile Markets

Addressing gaps in access to healthy affordable food through “grocery stores on wheels,” food carts, and other mobile retail models

Key Findings

- Two primary models: independently owned/sole proprietor direct to consumer; and extension of larger business (e.g., supermarket, corner store, foodservice company or restaurant)
- Growing in response to consumer trends and awareness: desire for convenience, focus on food access issues/food deserts
- Barriers: zoning, food safety
- Quickly evolving, with creative and frequent emerging models due to relatively low barriers to entry (e.g., mobile catering, food bikes)

Innovation Case Studies

- Mobile market based in St. Louis area food deserts
- Gained permission from St. Louis Metro Transit to sell at four transit sites
- Partners with farmers market to accept EBT

What Cities Can Do

Cities can play a role in addressing or simplifying permitting and zoning policies and processes for mobile vending/markets. And identifying a city coordinator / coordinating office for all necessary local, state, and federal business and food safety and handling permits could reduce barriers to entry.
Urban Agriculture

**Farming in urban settings, often coupled with training, nutrition education, or agrotourism**

### Key Findings

- Diverse models, diverse goals: individual/household use, community use, for donation, for direct to consumer sale, combined with job training or education, community-building and revitalization, conservation and environmental impact
- Diverse range of methods: vertical farming, hydroponics, hoop/greenhouses, row/container gardening, beekeeping
- Major barriers: land security, permitting, policy support
- Little data on economic impact, frequent focus on social and environmental impacts
- Noteworthy examples of large scale, profitable ventures with social impacts

### Innovation Case Studies

- **Urban food production greenhouse in Cleveland**
  - 65,000 heads of lettuce/week
  - Financing: New Market Tax Credits, HUD, Brownfields Economic Development Initiative, Econ. Development Administration
- **Network of five urban farms throughout Atlanta**
  - Host summer camps and an Urban Growers’ Training Program
  - Produces 25,000 lbs. of produce/year

### What Cities Can Do

Cities can **permit the use of available land for food production** either directly or through a land bank or conservancy. As land becomes available, cities can **rezone the land for many kinds of food ventures** and offer favorable purchase or long-term lease terms.
**Food Recovery**

*Reducing food waste primarily through gleaning or purchasing unsold product (on farm) or rescue (wholesale/retail), often increasing the total amount of sellable product*

**Key Findings**

- About half of the U.S. food supply goes uneaten
- Food waste occurs across the supply chain: farm, market, consumer/household, restaurants, etc.
- Two primary methods of recovery: gleaning and food rescue
- Municipal and private initiatives engaged in large scale composting
- Barriers: food safety (e.g., food rescue from restaurants) and lack of education (e.g., consumer composting)
- Early stages, but high potential for social, environmental, economic impact

**Innovation Case Studies**

- Municipal composting program
- City goal of zero waste by 2020
- Organics are transformed into healthy soil that is used on farms throughout California

**What Cities Can Do**

While smaller-scale successful models exist, few cities are investing in city-wide composting or recovery programs. **Investment and support to scale up existing models** has the potential not only for significant environmental impacts, but economic (e.g., jobs) and health (e.g., food security and nutrition) impacts as well.
Webinar Outline

- Technical Orientation
- Welcome
- Project Overview
- Innovation Case Studies: Key Findings
- National Economic Context
  - Cynthia Pansing
  - *Changing Tastes*
- Roadmap Action Plan Framework
- Roadmap Investment Decision Tools
- Questions and Answers
Key Facts on Job Creation and Economic Benefits

• Food sector economic activity in 2011 was approx. $1.2T, or 8.3% of total GDP
• Food Services accounted for 30% of US jobs created in August 2012
• 91% of food businesses have fewer than 50 employees
• 3% of new food products launched in grocery retail remain in the market one year after launch
• 60% of food related businesses fail within one year of launch. 90% fail within five years

Factors like these together with the other findings from the Literature Review provide the business case for Investment in local food systems to help Elected Officials make investment decisions and compare food systems investments to other opportunities.
Key Facts on Job Creation and Economic Benefits

- The food sector is a *high job creation industry*

- Investment in the food sector *can yield high returns* in terms of economic development and other community benefits

BUT

- Many jobs are *low paying*

- There is a *high failure rate* for new businesses. So risk is a key factor when deciding how and when to invest in new and innovative enterprises.

- A key challenge for public sector investors is *how to minimize risk and sustain economic development benefits* over time
Overall Multiplier Effect of Local Foods Investment
(Dollar of Benefit/Output Per Dollar Invested)

Investment $1.00

Low range benefit $1.30¹

High range benefit $4.00²

Overall output of dollars in local economy

Quality of data and sample size uneven, not useful for forecasting

¹ Quality of data and sample size uneven, not useful for forecasting
² Quality of data and sample size uneven, not useful for forecasting
Overall Multiplier Effect of Local Foods Investment

(Range of Food Sector Local Jobs Created)

Low range benefit
1.2 jobs created\(^1\)

High range benefit
6 jobs created\(^2\)

1 job created

Jobs created in local economy overall

Quality of data and sample size uneven, not useful for forecasting
Benefits Vary Along the Supply Chain

The data underlying most “multiplier” studies is highly uneven and not useful for predictions. But the body of literature is consistent in showing foodservice, retail and processing deliver the greatest benefits.
Key Findings from Literature Review

- Increased and sustained demand for local food
- Shifts in local/sustainable food business ownership
- Uneven quality in wages for new food sector jobs
- Production and processing yield highest local multiplier effects with highest wages
- Investment risk is comparable to other sectors
- Continued research needed to gauge success of recent innovations and business models
Role of Cities Is Key to Success

- Systems approach
- Facilitate planning/implementation, foster innovation while minimizing risk:
  - Procurement policies and incentives
  - Supportive infrastructure (aggregation, processing, distribution) - *asset mapping
  - Favorable political climate
  - Streamlined services
  - Business/technical assistance
  - Seed capital
  - Healthy food marketing campaigns
  - *Community involvement
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**Roadmap Action Plan Framework**

*Diana Sokolove*

*San Francisco Planning Department*

- Roadmap Investment Decision Tools
- Questions and Answers
North American Food Sector: A Roadmap for City Food Sector Innovation and Investment:

- **Vision: Critical Elements** of Innovations
- **Asset Mapping & Assessment Framework**
- Investment and Policy **Tools & Strategies**
- Investment **Options Analysis**
- Planning and Implementation Framework and **Evaluation Tools**
- **Overall Recommendations** from Project Team
- **Resources** – questionnaires, worksheets, and references
Action Plan Framework

- Visioning
  - Goals
  - Objectives
  - Successful future(s)

- Map assets/gaps
  - Assets
  - Gaps
  - Data needs

- Assess options
  - Individual project
  - Multiple projects
  - Cluster

- Plan and implement
  - Owners
  - Partners
  - Financing
  - Policy tools

- Evaluate
  - Project indicators
  - Cluster metrics
  - Food system metrics
Visioning

• 90% of policy conversation focuses on implementation, remaining 10% on modeling information (Donella Meadows).

• Hallmarks of a strong vision – clear, achievable, rooted in stakeholder wants, needs and goals.

• For example, goal for this project: catalyze food innovations with multiple local economic benefits, create livable wage jobs and increase access to healthy foods among all communities.

• Systems perspective is important – the food supply chain from farm to consumer, their potential leverage points and possible impacts.

• Up to convening organization to decide balance of evidence-based versus more intuitive approach and degree of stakeholder engagement.

• Generally, the more involved the stronger and more inclusive the vision.
Asset Framework and Functions

- Assets needed by stakeholders as they innovate and plan
- Assets that create competitive advantage
- Assets to build capacity of local/regional food systems
- Gaps, challenges, or deficits that are converted to assets
- Assets that are the foundation of a “food commons”
Asset Mapping and Assessment

- Urban Land Assembly
- Ag Land preservation
- Water

- Business Training
- Food Start Up Incubators
- Food Sector Innovation Clusters
- Community Prep Kitchens

- Food Hubs
- Infrastructure

- Direct investment
- Tax incentives
- Connecting Angel Investors to Entrepreneurs
- Bank and loan officer education

- Food Policy Councils
- Procurement Policies
- Streamlined Permitting
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Asset Framework and Functions

Asset Inventory and Gap Identification

- Human
- Social
- Financial
- Physical
- Natural

Community Visioning and Priority Selection

- New Business Creation
- Job Creation
- Stimulate Local & Sustainable Food Sector
- Stimulate Food Sector Overall

Select Appropriate Tools and Strategies from Each Asset Area

- Human
  - Entrepreneurial Support
- Social
  - Regulatory Infrastructure
  - Information Infrastructure/Social Media
- Financial
  - Public Investment
  - Stimulating Private Investment
- Physical
  - Physical Infrastructure
- Natural
  - Land Assembly

Stimulate Local & Sustainable Food Sector
Stimulate Food Sector Overall

Job Creation

Community Visioning and Priority Selection

Select Appropriate Tools and Strategies from Each Asset Area

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Stimulate Local & Sustainable Food Sector
Stimulate Food Sector Overall

Job Creation
# Proven Tools and Strategies for Cities

<table>
<thead>
<tr>
<th>Asset</th>
<th>Type of Action</th>
<th>Use</th>
<th>Tools</th>
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<tbody>
<tr>
<td>Human</td>
<td>Entrepreneurial Support</td>
<td></td>
<td>Business Training&lt;br&gt;Food Start Up Business Incubators&lt;br&gt;Food Sector Innovation Clusters&lt;br&gt;Community Prep Kitchens</td>
</tr>
<tr>
<td>Social</td>
<td>Regulatory Infrastructure</td>
<td></td>
<td>&quot;One Stop&quot; Permitting&lt;br&gt;Local food Procurement Policies&lt;br&gt;Supportive Land use Planning and Zoning&lt;br&gt;Mobile Foodservice &amp; Retail Access&lt;br&gt;Food Policy Councils</td>
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<tr>
<td>Information Infrastructure/Social Media</td>
<td></td>
<td></td>
<td>Social Media Placement Advocate&lt;br&gt;Online Aggregation Platforms</td>
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<tr>
<td>Financial</td>
<td>Public Investment</td>
<td></td>
<td>Direct Investment&lt;br&gt;Public Loans&lt;br&gt;Tax Incentives</td>
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<tr>
<td></td>
<td>Stimulating Private Investment</td>
<td></td>
<td>Orientation for Banks and Loan Officers&lt;br&gt;Connecting Angel and Venture Investors with Entrepreneurs&lt;br&gt;Matching Public and Private Investment&lt;br&gt;Incenting Private Lending through New Market Tax Credits</td>
</tr>
<tr>
<td>Physical</td>
<td>Physical Infrastructure</td>
<td></td>
<td>Food Hubs&lt;br&gt;Infrastructure Renewal</td>
</tr>
<tr>
<td>Natural</td>
<td>Land Assembly</td>
<td></td>
<td>Land Assembly</td>
</tr>
</tbody>
</table>
Use of Tools and Strategies for Cities
Investment Evaluation Tool

• Compares multiple project proposals to identify top investment opportunities
• Aggregates multiple projects to compare to single larger investments in other sectors
• Evaluates return on investment in terms of overall local economic activity, number of jobs, and overall wages (payroll creation)
• Uses a balanced scorecard approach to provide a customized investment request rating for a proposal based on each city’s specific priorities
Sample Project to Evaluate: CityLights Urban Rooftop Greenhouse

- CityLights is a start up company that puts greenhouses on top of warehouses to grow fresh leafy greens, tomatoes, cucumbers and herbs.
- It needs $2M in startup funding.
- The city also would need to create a new zoning category to allow for this use.
- Within 3 years it expects to generate $3M in sales, $857K in payroll, and employ 30 people in two greenhouse operations, with average wages of $14/hour.
- The management team now works for a large grocer and has good experience.
Investment Evaluation:
CityLights Urban Rooftop Greenhouse

Financial Return:
What is the return on Public Investment?

Jobs:
How Many, How Good and at What Cost?

Food Access:
Will this increase access to healthy & sustainable food?

Local Food System:
Does the venture play a key role?

Worthwhile?
On balance, does this make sense for our city?

Acceptable Risk?
What are the odds this will go as planned?
## Investment Evaluation Tool

### Proposed Investment Information

<table>
<thead>
<tr>
<th>Business Financial Information</th>
<th>Business Ownership Information</th>
<th>Business Function Information</th>
<th>Business Activity Information</th>
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</thead>
<tbody>
<tr>
<td>$3,000,000.00 Projected revenue in Year 3</td>
<td>Yes Locally Owned</td>
<td>Fruit &amp; Vegetable Type of Business</td>
<td>Yes Locally Produced Food</td>
</tr>
<tr>
<td>30 Number of (new) jobs created by year 3</td>
<td>No Cooperative Ownership</td>
<td>111419 NAICS Code (or combined)</td>
<td>Yes Fresh Produce/Healthy Food</td>
</tr>
<tr>
<td>$856,800.00 Value of (additional) payroll created in Year 3</td>
<td>No Nonprofit or Public Ownership</td>
<td></td>
<td>3.0% % of Local Market to be Served</td>
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<tr>
<td></td>
<td>1 Age of Business (New or # of Years)</td>
<td></td>
<td></td>
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</tbody>
</table>

### Investment Request Information

<table>
<thead>
<tr>
<th>City Investment Requested</th>
<th>Goal/Asset Information</th>
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<tbody>
<tr>
<td>$3,000,000.00 Value of investment or loan</td>
<td>Yes Business provides a function that is a city priority and provides new service</td>
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<tr>
<td>$10,000.00 Other costs</td>
<td>No Business provides a Function that is not a priority and provides new services</td>
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<tr>
<td></td>
<td>No Business provides a function that is a city priority and duplicates functions of existing businesses</td>
</tr>
<tr>
<td></td>
<td>No Business provides a function that is not a city priority and duplicates functions of existing businesses</td>
</tr>
</tbody>
</table>

### Government / Community Economic Development Goals Information

<table>
<thead>
<tr>
<th>Balanced Scorecard Rating</th>
<th>&lt;For Illustration, with Local Economic Benefit as Top Goal</th>
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<tbody>
<tr>
<td>$32,980.00 Target Threshold Wage</td>
<td>60% Local Economic Activity Ratio</td>
</tr>
<tr>
<td>$100,000.00 Minimum Gross Revenue Threshold</td>
<td>10% 10% Effective Local Business Tax Rate (as a % of revenue)</td>
</tr>
<tr>
<td>$100,000.00 Minimum Gross Payroll Threshold</td>
<td>20% Payroll Ratio</td>
</tr>
<tr>
<td>20.00 Minimum Number of Jobs Threshold</td>
<td>10% 10% Property Tax Rate</td>
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<tr>
<td>2% Minimum Share of Relevant Local Food Marketplace Threshold</td>
<td>0% Job &amp; Wage Creation/Poverty Ratio</td>
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<td>10% Business Ownership Benefit</td>
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<tr>
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<td>0% Business Activity Benefit</td>
</tr>
<tr>
<td></td>
<td>0% Priority Asset Area Benefit</td>
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<tr>
<td></td>
<td>10% Local Economic Benefit Multiplier</td>
</tr>
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<td></td>
<td>100% TOTAL</td>
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</tbody>
</table>

### Return on Investment Analysis

- **3 Year Return on Investment:** 100%
- **3 Year Direct Return on Investment:** 233%
- **3 Year Direct + Indirect Return on Investment:** <Note for illustration purposes only, based on too few jobs created (A7)>

**Revenue per job created:** $100,333.33

### Project Evaluation (Balanced Scorecard Method)

#### Weighting for Sample Screens

<table>
<thead>
<tr>
<th>Local Economic Benefit</th>
<th>Weighting</th>
<th>Good Job Creation</th>
<th>Weighting</th>
<th>Building a Healthy &amp; Local Food System</th>
<th>Weighting</th>
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<tbody>
<tr>
<td>Local Economic Activity Ratio</td>
<td>1.00</td>
<td>0.6</td>
<td>0.60</td>
<td>0.1</td>
<td>0.10</td>
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<tr>
<td>Payroll Ratio</td>
<td>0.28</td>
<td>0.2</td>
<td>0.06</td>
<td>0.1</td>
<td>0.03</td>
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<td>Job &amp; Wage Creation/Poverty Ratio</td>
<td>1.24</td>
<td>0.1</td>
<td>0.10</td>
<td>0.5</td>
<td>0.62</td>
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<td>Business Ownership Benefit</td>
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<td>-</td>
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<td>Business Activity Benefit</td>
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<td>-</td>
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<td>-</td>
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<td>Priority Asset Area Benefit</td>
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<td>-</td>
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<td>0.2</td>
<td>0.20</td>
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<tr>
<td>Local Economic Benefit Multiplier</td>
<td>1.34</td>
<td>0.1</td>
<td>0.13</td>
<td>0.1</td>
<td>0.13</td>
</tr>
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**Score:** 0.89

**Comment:** 1.08 1.02
Risk Management Tool

• Evaluates proposals based on their likelihood of success.
• Assesses overall expected return from multiple small projects based on specific odds of some, but not all, underperforming.
• Helps assemble a set of projects that are more likely to meet a city’s goal for local economic development and strengthening the local food system as well as its tolerance for risk.
**Risk Management Tool**

***Proposed Investment Information***
- 15% SBA Loan Repayment Failure Rate for Businesses with same NAICS code
- 17% Business Age Adjusted Risk of Failure

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**Risk Adjusted Return on Investment Analysis**

<table>
<thead>
<tr>
<th>3 Year Return on Investment</th>
<th>3 Year Direct Return on Investment</th>
<th>3 Year Direct + Indirect Return on Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>17%</td>
<td>40%</td>
</tr>
</tbody>
</table>

**(Local economic benefit * Local Multiplier)/(Value of Investment + Other Costs)**

Investment per job created: $87,713.85

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**Risk Adjusted Project Evaluation Score**

For Select Balanced Scorecard Methods.
Please use the one score derived from the balanced scorecard appropriate for your circumstances.

<table>
<thead>
<tr>
<th>Weighting for Sample Screens</th>
<th>Good Job Creation</th>
<th>Building a Healthy &amp; Local Food System</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Economic Benefit</td>
<td>0.35</td>
<td>0.18</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.17</td>
</tr>
</tbody>
</table>

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**Portfolio Assessment**

*Note: All Sample Data Manually Entered*

<table>
<thead>
<tr>
<th></th>
<th>Project A</th>
<th>Project B</th>
<th>Project C</th>
<th>Project D</th>
<th>Project E</th>
<th>Portfolio Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total City Investment</td>
<td>$100,000.00</td>
<td>$100,000.00</td>
<td>$50,000.00</td>
<td>$100,000.00</td>
<td>$50,000.00</td>
<td>71% Average Direct Return on Investment</td>
</tr>
<tr>
<td>Direct Return on Investment</td>
<td>49%</td>
<td>69%</td>
<td>79%</td>
<td>82%</td>
<td>85%</td>
<td>102% Average Direct + Indirect Return on Investment</td>
</tr>
<tr>
<td>Direct + Indirect Return on Investment</td>
<td>63%</td>
<td>98%</td>
<td>114%</td>
<td>123%</td>
<td>135%</td>
<td>42% Average Portfolio Risk</td>
</tr>
<tr>
<td>Investment per Job Created</td>
<td>$20,463.00</td>
<td>$18,975.00</td>
<td>$11,000.00</td>
<td>$10,754.00</td>
<td>$18,765.00</td>
<td>42% Investment Adjusted Portfolio Risk</td>
</tr>
<tr>
<td>Business Age Adjusted Risk of Loan Failure Score</td>
<td>0.52</td>
<td>0.49</td>
<td>0.83</td>
<td>0.78</td>
<td>0.43</td>
<td>58% Likelihood of at least one project failing</td>
</tr>
</tbody>
</table>
Questions and Answers

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