

## Executive Summary

- 2015 Muskegon food hub feasibility study findings support the need for a regional food hub and retail storefront in Muskegon, Michigan, an urban area with access to highway, rail, and port
- Local products from mid-size producers in surrounding rural counties will be aggregated and distributed in Muskegon, and expanding to regions of Michigan including Detroit, Milwaukee, and Chicago



## Launch & Start-Up: Ownership Structure

- A for-profit business model will ensure the long-term financial sustainability of the Muskegon food hub
- Because the success of a food hub depends on a solid core of producers, grower-stakeholders are encouraged to have a strong voice in the partnership with the Muskegon food hub



## *Building facility needs and costs*

- The Muskegon Food Hub team is currently working with a contractor to find a suitable property in Business Park North located in Muskegon County

## *Location*

- Locating the Muskegon food hub operation in close proximity to:
  - US31 corridor and near the US31 and I96 interchange
  - near the port and railways
  - nearby Muskegon Lake will provide additional opportunities for efficient aggregation and distribution of products



## Utilities

- The Muskegon food hub will require
  - Electric and natural gas for heating, cooling, refrigeration, freezers, compressors, and lighting, along with other needs for energy
  - City water/ sewer are preferred for more efficient cost and ease of linking to the Muskegon Wastewater Treatment Facility



## Wholesale Facility

- **Minimum 5,000 sq. ft.** (ideally 10,000 sq. ft). to accommodate for growth to the targeted **\$2 million in sales over 5 years.**
  - Equipped with food grade construction (washable surfaces, etc.), ambient storage capacity, estimated at 800 sq. ft. cooler, and 600 sq. ft. freezer
  - Loading docks for aggregation and distribution of fresh and processed product.
  - High overhead space (ceilings up to 18 feet) will allow pallet racks to be located in the facility
  - Floor drains throughout and a mandatory fire suppression system should be installed.
  - Additional equipment: three-compartment sink, hand washing station, pallet jacks, and eventually a forklift truck

## Retail Facility

- The storefront should have:
  - proper signage
  - ease of entry for consumers interested in direct purchases of local foods
  - Access is critical for cars, bicycles, and pedestrian traffic
- Currently exploring locations in downtown Muskegon and Muskegon Heights – Scott Meats

## Operating Model

- The food hub will have four core functions: aggregation, marketing, distribution, and retail selling:
  - The operation receives fresh product from growers and packs it according to customer specifications
  - Depending on the grower's on-farm, post-harvest handling capabilities, the product is cooled, washed, graded, packed, palletized, and placed in cold storage until it is shipped to (or picked up by) customers
  - Farms that field pack may bring pre-packed cases to the food hub for cooling and storage
  - Marketing operation - buyers and salespeople who negotiate transactions with growers and customers
  - Pre-season crop planning with both groups to more consistently match supply and demand throughout the season

## Sources of Demand

- Community Food Access Organizations
- Community Businesses, Schools, Hospitals, Prisons
- Detroit Eastern Market
- Chicago Partners
- Milwaukee Partners
- Little River Band of Ottawa Indians – Manistee/Muskegon Casinos

### Sales Projections for Muskegon county:

- Average spend by local school districts:** \$6,103,170 annually
- Average spend by local hospitals:** \$2,030,000 annually

2012-2013	Breakfast ADP	Lunch ADP
	Number of Meals	Number of Meals
Muskegon	1889	3819
Holtton	625	634
Ravenna	175	701
Oakridge	462	1268
Montague	518	1099
Whitehall	397	1364
Fruitport	394	1620
Reeths-Puffer	587	2059
North	100	505
Mona Shores	345	1491
	<b>7467</b>	<b>16467</b>

## Schools

### Muskegon County School Districts

- Numbers are from 2012-13. ADP is Average Daily Participation. Estimated 170 school days per year. Average food cost is around \$1.50/meal for all food purchases

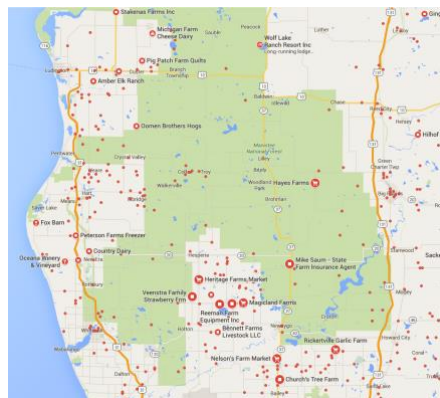
23,934 meals per day  
 $\times 1.50 \text{ per meal}$   
 $\$35,901 \times 170 \text{ days per year} = \$6,103,170$   
 annually on food spend (doesn't include private and charter schools)

## Sources of Supply

- Farmers in the 4-county region of
  - Newaygo
  - Muskegon
  - Ottawa
  - Oceana

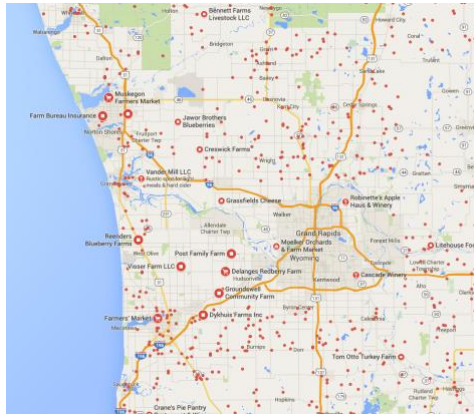
## Suppliers to the Muskegon food hub

- Newaygo County



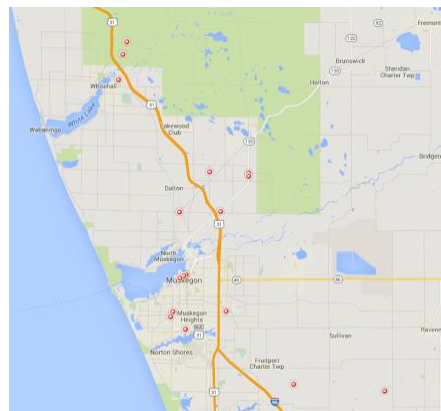
## Suppliers to the Muskegon food hub

### ● Ottawa County



## Suppliers to the Muskegon food hub

### ● Muskegon County





## Suppliers to the Muskegon food hub

### ● Oceana County

