



Land Use & Natural Resources Committee

February 28, 2013

RUCS Agriculture Infrastructure Contract Approval

Issue: Consultant assistance is needed to develop feasibility analysis of various agriculture and food infrastructure.

Recommendation: That the Land Use & Natural Resources Committee recommend that the SACOG Board select the recommended consultant and authorize the Chief Executive Officer to finalize negotiations and sign a contract in an amount not to exceed \$275,000.

Discussion: An important component of the Rural-Urban Connections Strategy (RUCS) is assessing the burgeoning economic opportunities of local and regional food systems. RUCS stakeholders have highlighted the shortage of agriculture and food infrastructure that can support local and regional food systems as an impediment to building these food systems. These smaller scale systems can grow into large scale operations that serve national and international markets, so this work is needed for all forms and scales of agriculture. This project seeks information, data, and modeling tools that are currently lacking in regards to agriculture and food infrastructure analysis in order to guide this region's efforts to advance local and regional food systems. Infrastructure includes aggregation, distribution and various forms of processing of agricultural goods. The project will assess infrastructure needs in the region and determine economic viability at various scales. The analysis will also include the feasibility of working with food banks and existing distributors and processors to potentially reduce start-up and operating costs. Strategies for scaling up the food system will be developed. An economic pro forma tool and feasibility report will be developed for the project and will be available to regional stakeholders and local jurisdictions.

SACOG released a Request for Qualifications (RFQ) to find a consulting team that can assist with the agriculture and food infrastructure project. The RFQ was released November 8, 2012 with an original due date of November 26, 2012. Only one complete application was received, so the RFQ was reposted on December 4, 2012 with a due date of January 4, 2013. Staff and an advisory team, comprised of Blake Young, President of the Sacramento Food Bank and Family Services, John Young, Yolo County Agricultural Commissioner, Kevin Sanchez, Executive Director of the Food Bank of Yolo County, and Shawn Harrison, Co-Director of Soil Born Farms, reviewed the statements of qualifications from four applicants. Two of the applicants were asked for interviews, which were conducted on February 6, 2013. Applied Development Economics, a Sacramento and Berkeley-based firm, and their strong support team were selected. A company profile of the selected applicant, summary of the selection process, and project description are included as Attachment A, B, and C respectively.

The \$275,000 budget for this project was the result of grant awards from the Strategic Growth Council, U.S. Department of Agriculture (via the California Department of Food and Agriculture), and the U.S. Department of Housing and Urban Development (via Sacramento Housing and Redevelopment Agency). The work is currently in the Overall Work Program. With SACOG Board approval, the project will start on April 1, with a project duration of one year. Staff is seeking authorization for the Chief Executive Office to negotiate and execute a contract with Applied Development Economics.

Approved by:

Mike McKeever
Chief Executive Officer

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Attachments

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Company Profile

Applied Development Economics

ADE is a consulting firm specializing in economic planning and development services with offices in Sacramento and Walnut Creek; staff includes four professionals, a financial administrator and production manager. Since its founding in 1985, the firm has established a distinguished body of work resulting in tangible benefits for our clients. ADE has worked on local and regional projects throughout the western United States. Over the years, ADE has received numerous accolades, including 15 state and national awards since 1995. ADE has a specialized expertise in regional economies and industry cluster analyses, especially in the agriculture value chain and regional food systems.

ADE is a consultant to the California Strategic Growth Council and is the project director for the SGC's California Regional Progress Report, which tracks sustainability indicators for the state's Metropolitan Planning Organizations, including SACOG, related to implementation of SB 375. Policy issues include monitoring the conversion of farmlands to urban and other uses, mobility/goods movement, and air quality. ADE works closely with state agencies and boards, including the California Air Resources Board, whose policies and regulations impact the agricultural economy.

ADE has put together a team of three additional firms to assist with the project.

1. FoodPro International, Inc. is one of the global leading advisors to the food industry. FoodPro will be the team's technical advisors and will bring with them 38 years of experience working with clients ranging from small to large. The personnel of FOODPRO have worked closely with USDA, UC Davis and other organizations and institutions for both local and international projects since the mid-seventies, contributing many innovations which have generated numerous economic, environmental and social benefits. Most of the company's twelve employees are based in the design office located in Stockton, with the remaining personnel at the head office in San Jose, California.
2. Hatamiya Group will be the project's lead for identification of policy and financing strategies. The Hatamiya Group is an economic, strategic planning and communications consulting firm for corporate, government, legal, real estate, trade association and non-profit leaders. The firm is located in Davis, California. The President of the Hatamiya Group, Lon Hatamiya, is a noted economist, lawyer, and expert on agriculture, international trade, law and marketing, among other areas of expertise. Mr. Hatamiya was among the third generation of Hatamiyas to work in the family farming business, growing peaches, prunes, walnuts and almonds in Marysville, CA.
3. DH Consulting will serve as the team's economic development expert and assist the project team with identification of site and facilities locations, development of pro formas and other fiscal/economic analyses, development of business plans models, engagement with stakeholders, and identification of new food hub models and operational characteristics, and funding sources. The Principal of DH Consulting, David Harzoff, is well versed in the regional agricultural economy and has hands on experience with agricultural distribution, packing and processing firms in the region, including Blue Diamond Almonds. The firm is based out of West Sacramento.

Knowledge of SACOG, and agriculture and food infrastructure

ADE has an in-depth knowledge of SACOG and the agricultural industry in this region. ADE has previously worked with SACOG and the Strategic Growth Council. In addition, ADE works individually with Valley Vision on their Next Economy Prosperity Plan and Sacramento Regional Food System Collaborative Projects. FoodPro has successfully completed more than 450 food industry- related projects in more than 43 countries. Within the SACOG region they have worked with Mariani Packing Company and Morning Star. The Principal of Harzoff Consulting, Dave Harzoff, has participated in many regional economic development projects. He has served as senior economic development manager for the cities of Sacramento and Dixon and for Yolo County.

Qualifications

Following are project descriptions and references for a sampling of economic development projects completed in the last five years. All of these projects were conducted by ADE.

1. Valley Vision

Next Economy and Sacramento Food System Collaborative (on-going)

ADE is a consultant to Valley Vision, a regional collaborative in the six county Sacramento region which is working with a large network of partners to develop the region's economic prosperity strategy. ADE assists with the Food and Agriculture Cluster, including partner engagement, cluster best practices, and liaison with state and federal partners. As part of this process, ADE has assisted with the work of the Sacramento Region Food System Collaborative since its initiation. The Collaborative is working to expand local and regional food systems, distribution networks, access to healthy foods for underserved communities, and rural economic development opportunities. Ms. Kelly provided an analysis of food policy council models, conducts research on best practices and policy issues, and was co-chair of the Ag Viability Work Group.

2. The California Endowment

Economic Development Strategy (On-going)

ADE is assisting the Building Healthy Communities (BHC) South Kern project with its economic development strategy and capacity building in the areas of health and food systems, as well as organizational development. The BHC project, funded by the California Endowment, targets an area south of Bakersfield that has a large concentration of food production, processing and distribution industries, and that is primarily Latino, with a high level of poverty and underemployment. The strategy focuses on skills building and development of food and ag-related micro-enterprise opportunities, and expansion of food and distribution capacity, working with a large network of community and regional partners. Through this project, the Endowment has provided additional support to the Community Action Partnership for Kern County (CAPK) to plan for the creation of the Kern County Food Policy Council, and to Valley Vision and ADE to assist in this process (\$60,000 grant, with \$18,400 allocated to ADE from October 2012 through April of 2014).

3. Fresno State's Office of Community and Economic Development
San Joaquin Industry Cluster Analysis (October 2011-September 2012)

The project included an in-depth analysis of the Food and Agriculture Cluster value chain, the economic driver of the Valley economy. It assessed employment, economic impact, trade flows and opportunities for business growth, especially through capturing increased value-added activities including through development of local and regional food systems. ADE was part of the Summit planning team and assisted in the development of recommendations for the cluster in critical areas such as energy, water, infrastructure, logistics, workforce development and financing.

4. UC Davis
Economic Development Administration Grant Application (April – June 2011)

ADE worked closely with the UC Davis Graduate School of Management, Child Family Institute for Innovation and Entrepreneurship, and the Sacramento Area Regional Technology Alliance to prepare a grant application to the federal Economic Development Administration (EDA) for a Clean Ag Techn Innovation Center. The project includes the six county Sacramento region and Butte and Solano counties, and advances the region's competitive advantage for the food and agriculture cluster value chain, leveraging the University's innovation assets and supporting the pipeline of technology commercialization and business development. ADE also assisted with engaging economic development, university and other partners and garnering match commitments for the grant. In September 2012 UC Davis received an award of \$1 million as part of EDA's i6 Innovation Challenge grants, one of only 19 awarded nationally over the past three years.

5. City of Fort Bragg
Food System Assessment and Strategic Plan (2010-2011)

ADE prepared a Food Products Industry Marketing and Technical Assistance Strategy to encourage job growth and business development in the local food industry sector for the city of Fort Bragg. The City has a niche in specialty food processing which is complemented by civic efforts to increase local food products and related activities. These activities serve local markets – both residents and visitors, institutions such as schools and community centers, and the region's tourism industry. The Plan analyzed Fort Bragg's existing food production and marketing system; it contains recommendations to more fully develop the local food production and distribution system within Fort Bragg and linkages with Mendocino County and North Coast food distribution networks. ADE connected the City and its team of partners to potential state and federal agency resources for implementation.

Summary of Selection Process

Overview

The Sacramento Area Council of Governments (SACOG) is in the process of finalizing the selection of a consulting team to assist with the development feasibility analysis model of various agriculture and food infrastructure models. SACOG released a Request for Qualifications (RFQ) on November 8, 2012 seeking an experienced vendor to provide professional services. The original due date was November 26, 2012. Only one application was received and the RFQ was reposted on December 4, 2012 with a due date of January 4, 2013. A Proposal Evaluation committee made up of Blake Young, President of the Sacramento Food Bank and Family Services, John Young, Yolo County Agricultural Commissioner, Kevin Sanchez, Executive Director of the Food Bank of Yolo County, and Shawn Harrison, Co-Director of Soil Born Farms, and SACOG staff members recommended the selection of Applied Development Economics (ADE). Staff and an Advisory Team reviewed the statements of qualifications from four applicants. Two of the applicants were asked for interviews, which were conducted on February 6, 2013. The proposed contract would run approximately one year at an estimated value of \$275,000.

Process

SACOG is seeking a professional services contract with a primary vendor through an RFQ and public agency procurement process. The RFQ design and the conduct of the ongoing selection are guided by SACOG policies. Transparency, consistency, and fairness were the principles that the Evaluation Committee were adhered to at all times.

SACOG received four proposals at the submittal deadline (January 4, 2013). The bidding firms were:

- ADE, based in Sacramento and Walnut Creek, CA
- Karp Resources, based in New York, NY
- Tioga Group, based in Moraga, CA
- CSU Chico, based in Chico, CA

Selection

The Advisory Committee and SACOG staff reviewed and evaluated the submitted proposals. This evaluation panel subjected all proposals to thorough analysis, and unanimously determined CSU Chico and Tioga Group should not be interviewed. CSU Chico did not propose to do an economic feasibility study or business plan development, but instead proposed to calculate the multiplier for agriculture in the region. Their experience was concentrated in resource management with little to no experience in transaction of agricultural products. The Tioga Group proposed had a good project proposal but the panel was concerned with their limited experience working in the field of agriculture and food production. They are primarily a transportation firm concerned with international goods movement. The review panel determined to interview the other two firms, and interviews were conducted at SACOG on Wednesday, February 6, 2013. One of the interviews was conducted over the phone while the other was held in person.

Following the interviews, the evaluation panel formally reviewed based on five criteria - understanding of project requirements, overall project design and approach, key personnel and team makeup, experience in the field, and estimated cost. ADE clearly stood out.

Recommended Firm

Applied Development Economics (ADE) and their team clearly demonstrated that they have the best, most strategic and organized approach to this project. Some of the team members have already worked closely with SACOG staff on other projects in the region, and have shown their ability to effectively and efficiently complete projects. They have extensive knowledge of the realities on the ground for Sacramento Valley and Sierra Foothill growers and agricultural-related businesses. Each of the team members will bring their own diverse set of skills from physical plant engineering to economic and business plan development.

Project Description

An important component of the Rural-Urban Connections Strategy (RUCS) is assessing the burgeoning economic opportunities of local and regional food systems. RUCS stakeholders have highlighted the shortage of agriculture and food infrastructure that can support local and regional food systems as an impediment to building these food systems. During the coming year, SACOG with the support of a consulting team and Advisory Committee will be conducting an analysis of the feasibility of expanding existing and/or establishing new agriculture and food infrastructure. The study will make use of existing modeling developed for the RUCS project. This project seeks information, data, and modeling tools that are currently lacking in regards to agriculture and food infrastructure analysis in order to guide this region's efforts to advance local and regional food systems. The project will assess infrastructure needs in the region and determine economic viability at various scales. The analysis will also include the feasibility of working with food banks and existing distributors and processors to potentially reduce start-up and operating costs. An economic pro forma tool and feasibility report will be developed for the project and will be available to regional stakeholders.

This study is funded by the Strategic Growth Council, USDA and HUD to integrate and implement the Sustainable Communities Strategy and Rural-Urban Connections Strategy ("RUCS").

The pro forma tool and feasibility report will be developed in 2013. During the spring of 2013, the consulting team and SACOG staff will complete research review/site visits, and begin market analysis. Conceptual business plans and feasibility testing tools will be developed during the summer of 2013, and vetted with stakeholders through the fall. A finalized report will be created and presented at the end of the year.

The study will consist of the following steps:

- Identify feasible scales of food aggregation, distribution and processing facilities
- Develop an understanding of the various types and scale of food banks, distributors and processors in the region
- Assess and recommend opportunities for cost and resource sharing between existing and potential future food enterprises
- Establish costs and required raw product volume for various types of agriculture and food infrastructure
- Identify the opportunities and limitations to transition between scales.
- Identify regulatory barriers to starting and operating agriculture and food infrastructure facilities
- Identify optimal goods movement routes for produce and value added goods
- Write business plans for various types and scales of agriculture and food infrastructure facilities, including strategies for increasing scale over time
- Recommend solutions and implementable strategies for establishing or expanding agriculture and food infrastructure facilities