



**sunspring
farms**

fresh routes

Council Innovation Fund Application for Operation Social Enterprise – Urban Agriculture Pilot

ATTACHMENT 2: Presentation to The City of Calgary Executive Committee

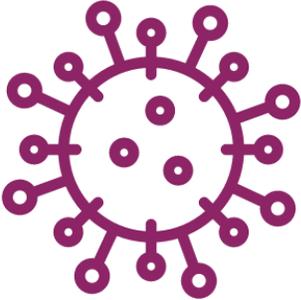
EC2022-0563

July 20, 2022

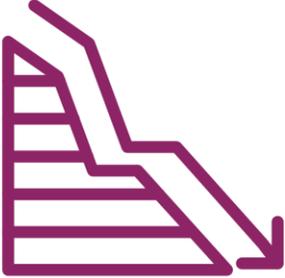
Local Challenges



Shop Local



COVID-19 & Essential Workers



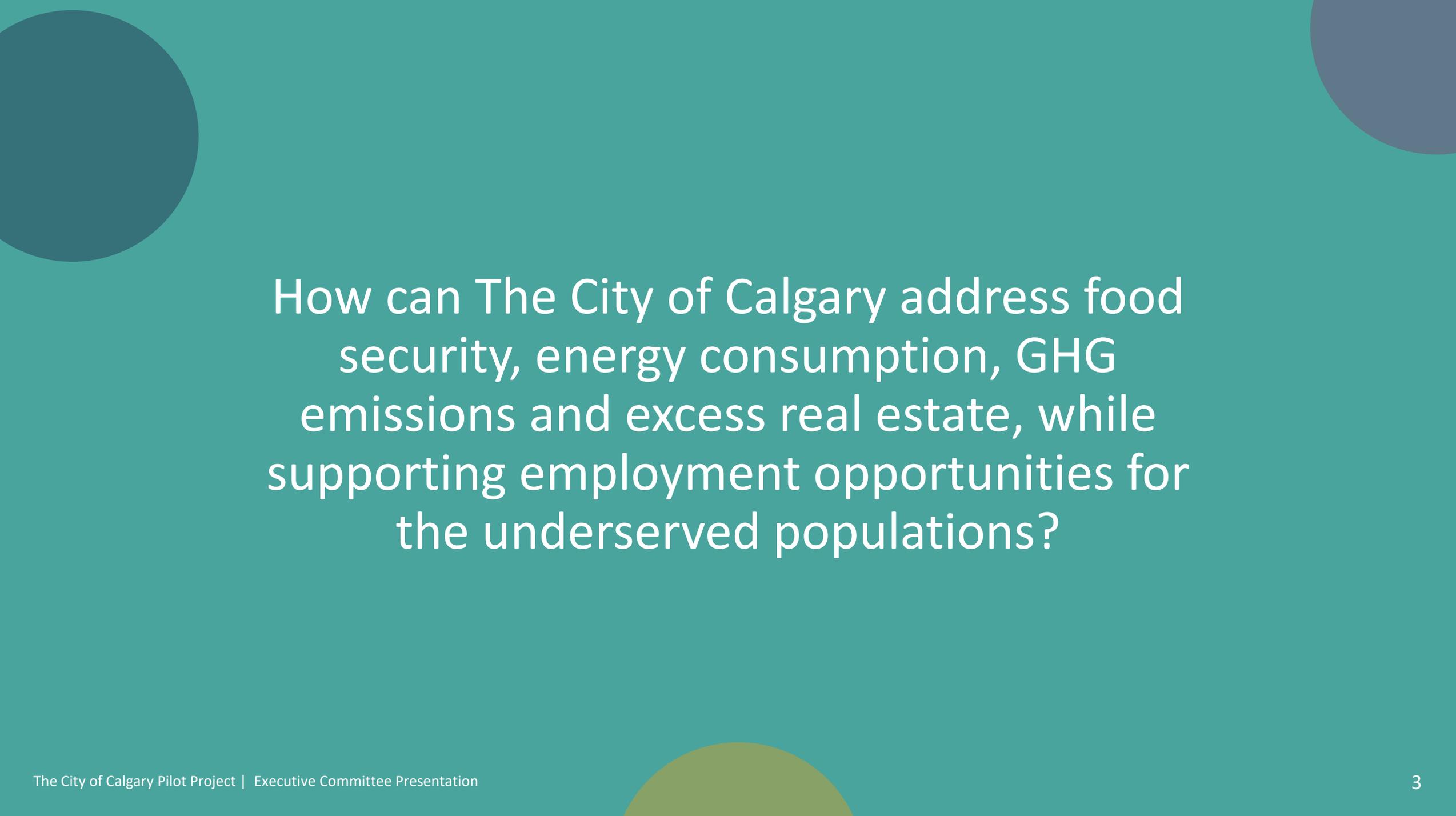
Downturn in the Economy



Climate Change



Rising Cost of Food

The background is a solid teal color. There are three large, semi-transparent circles: a dark teal circle in the top-left corner, a purple circle in the top-right corner, and a green circle in the bottom-center.

How can The City of Calgary address food security, energy consumption, GHG emissions and excess real estate, while supporting employment opportunities for the underserved populations?

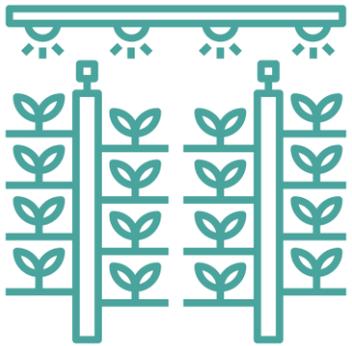
Tri-Sector Partnership

- A tri-sector partnership between Sunspring Farms, The City of Calgary, and a local non-profit, Fresh Routes, to enable us to validate our social impact model in the Calgary market through a City sponsored pilot project.
- Fresh Routes will play a key role as our distribution partner and helping us understand who their customers are and support us with delivering access to fresh and healthy produce to those in need.





Social Impact Model



Vertical Farming

+



Affordable Food

+

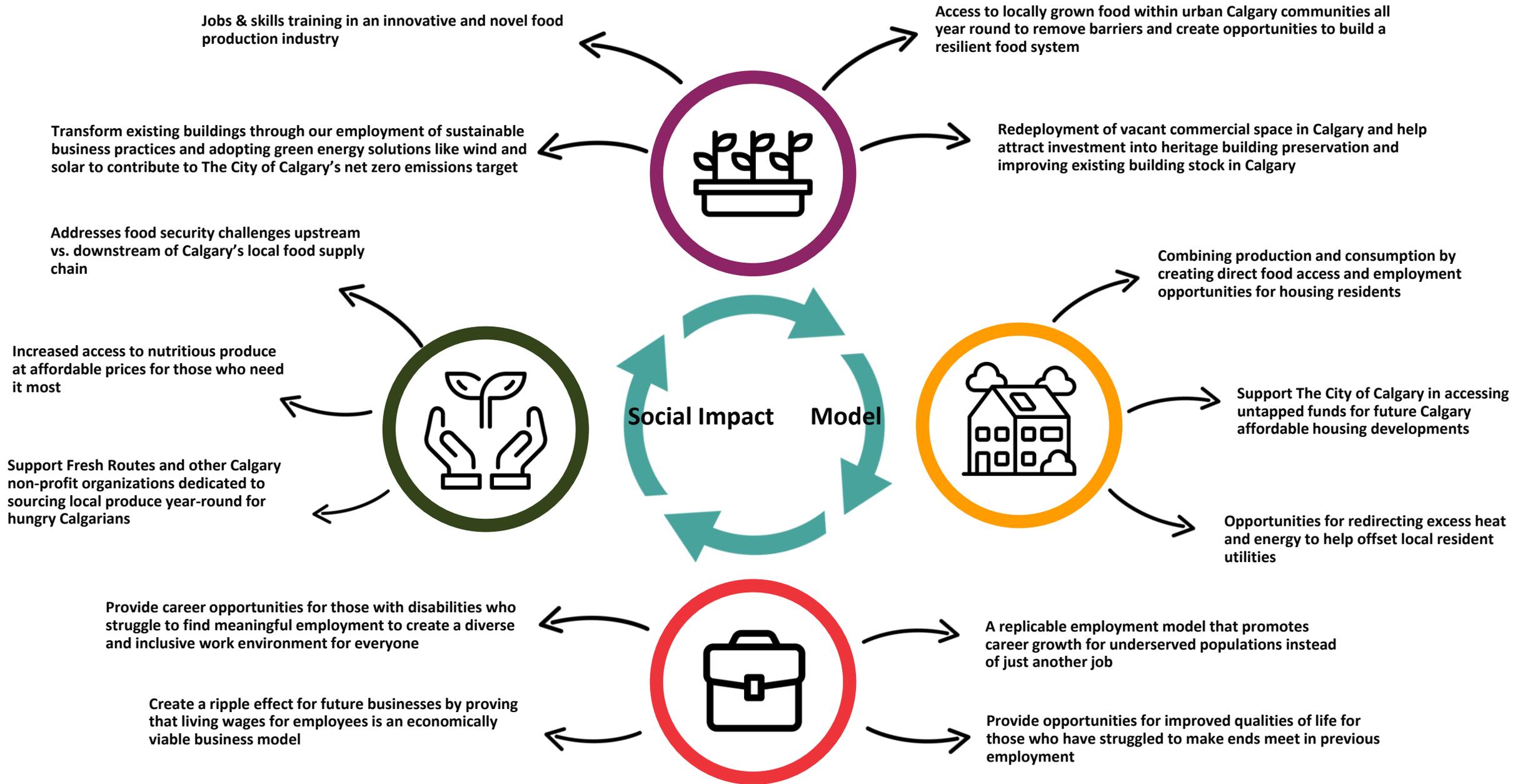


Inclusive Employment

+



Affordable Housing



Case Studies



Our Objective: Build on lessons learned and calibrate the model to Calgary

Why is this important to The City of Calgary?



Calgary Food Action Plan



Greater Downtown Strategy



Heritage Planning



Sustainable Building Policy



Climate Resilience Strategy



Economic Resilience Strategy

How do we help close the gap?



Downtown Strategy



Calgary Food Plan Action



Climate & Economic Resilience

From Pilot to Full-Scale Opportunity



1

Phase 1 – Pilot Project
Armour Block Storage Garage
Q3 2022
1,900 sq. ft.



2

Phase 2 – Expansion Facility
Armour Block Commercial Space
Q3 2024
10,000+ sq. ft.



3

Phase 3 – Full-Scale Facility
Armour Block Site or Alternative Location
2026
30,000+ sq. ft.

Use & Sources of Funds – Phase 1 (Preliminary)

| Category | Pilot Project |
|--|------------------|
| Use of Funds (CAD) | |
| Capital Expenditures (CAPEX) – Vertical Farming Equipment | \$350,000 |
| Operating Expenses (OPEX) – Food Production & Sales Activities | \$230,000 |
| Marketing & Communications Plan Development | \$20,000 |
| Employment Model Development ¹ | \$10,000 |
| Legal Fees ¹ | \$10,000 |
| Total Use of Funds | \$620,000 |
| Sources of Funds (CAD) | |
| Co-Founders' Investment ² | \$20,000 |
| The City of Calgary Council Innovation Fund Grant ³ | \$250,000 |
| Social Enterprise Fund | \$350,000 |
| Total Sources of Funds | \$620,000 |

¹ \$20,000 co-founders' investment will cover the costs for the employment model development and pilot project legal fees.

² Co-founders' investment is in addition to initial investment of \$25,000.

³ Assumes \$250,000 funding from Council innovation Fund to cover OPEX (less food subsidy and loan payments) and Marketing & Communications Plan Development.

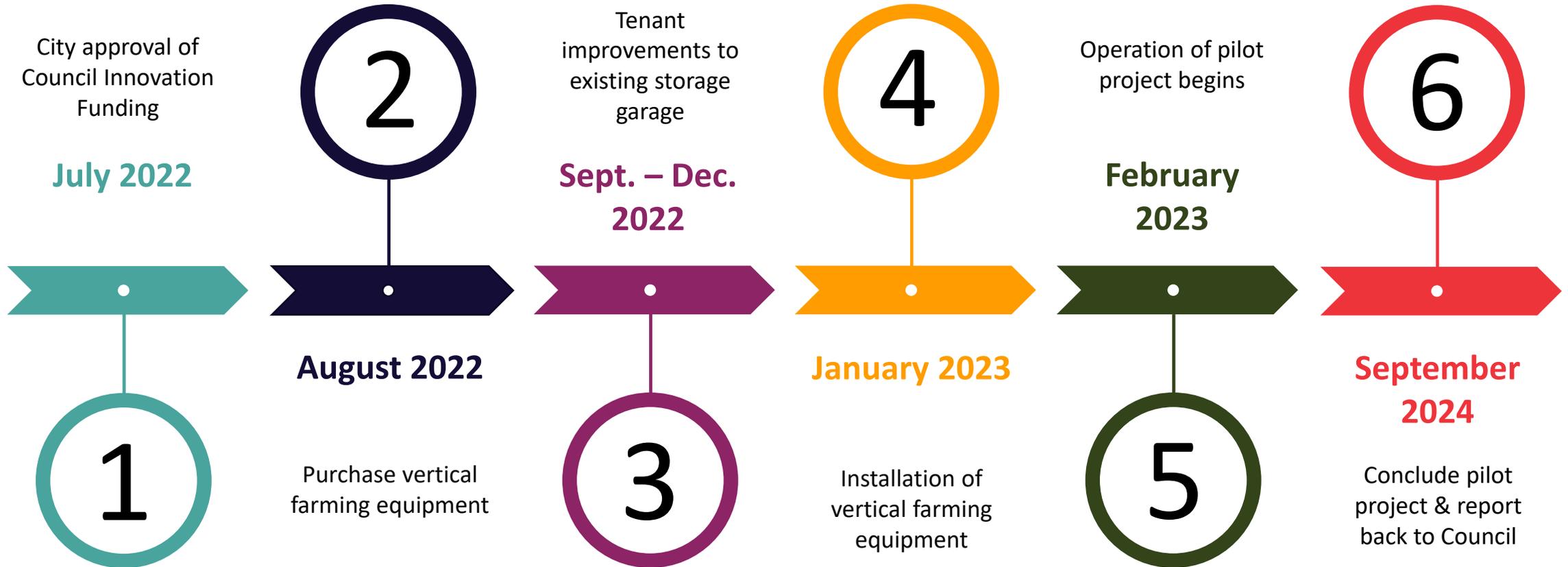
Financial Snapshot – Phase 1 (Preliminary)

| Financial Overview | Phase 1 |
|---|-----------------------------|
| Maximum Annual Revenue | \$135,000 |
| Capital Expenses (CAPEX) | \$350,000 |
| Annual Operating Expenses (Cost of Goods Sold + Operating Expenses) | \$160,000 |
| Annual Subsidized Food Program | \$13,500¹ |

- The City of Calgary funding helps us secure access to low-cost financing and unlock potential other grant funding sources (e.g., Alberta Ecotrust Foundation)
- If the pilot is successful, Phase 2 can generate up to \$250,000 for the subsidized food program

¹ 10% of total gross annual revenue

Pilot Project Timeline



Pilot Project Key Performance Indicators

-  1 Implementation of a vertical farming system in an urban Calgary community.
-  2 Total kilograms of produce grown per year in alignment with turnkey solution design expectations.
-  3 Total amount of profits reinvested into the community as a food subsidy.
-  4 Total kilograms of produce made accessible for Fresh Routes and direct community purchasing.

Recommendation

1. Allocate one-time funding not to exceed \$250,000 from the Council Innovation Fund for Operation Social Enterprise – Urban Agriculture Pilot, with funds to be managed by Administration;
2. Direct Administration to develop and oversee the execution of a formal funding agreement for Operation Social Enterprise to include a licence to occupy a currently vacant storage garage located adjacent to the Armour/Reliance Block for a period not to exceed 24-months; and
3. Direct Administration to report back to Executive Committee the results of the Pilot Project no later than 18-months after the execution of the funding agreement, including recommendations on how The City may further support larger scale deployment of indoor urban agriculture projects while supporting community partners.

