



STAFF REPORT

MEETING DATE:	February 28, 2017
SUBJECT:	Amend Technical Services Agreement (TSA) with New Venture Advisors for the Far-Northern California Consolidated Goods and Freight Hub Study
AGENDA ITEM:	6-8
STAFF CONTACT:	Daniel Wayne, Senior Transportation Planner

SUMMARY:

In consultation with project partners, the scope of work for the Far-Northern California Consolidated Goods and Freight Hub Study has been revised. Caltrans has approved the scope amendment. The agency's agreement with New Venture Advisors needs to be amended to match the revised scope. Consultant compensation remains the same.

STAFF RECOMMENDATION:

It is recommended that the board of directors authorize the executive director to amend the agency's technical services agreement (TSA) with New Venture Advisors for the Far-Northern California Consolidated Goods and Freight Hub Study as shown in Attachment A.

DISCUSSION:

Background – A food hub is a centrally located facility with services designed to support the aggregation, storage, processing, distribution, and/or marketing of food products produced in a region. In addition to economic benefits, the coordinated and consolidated movement of food commodities helps reduce greenhouse gas emissions and traffic congestion – two of SRTA's regional priorities. SRTA received a \$125,000 Strategic Partnerships grant from Caltrans to study the feasibility and potential benefits of a food hub located in the Shasta Region. New Venture Advisors is currently under contract with SRTA to perform this study.

Project Update and Scope Amendment – A project kick-off meeting was held and direct outreach to agriculture industry stakeholders and prospective partners is underway. New Venture Advisors has also delivered a technical report (see Attachment C), detailing the North State's agriculture production clusters; processing capacity; wholesale buyer and distribution networks; demand for local foods; and opportunities for collaborative industry development. Based on early findings and feedback from active participants in the agriculture industry supply chain (i.e. producers, transporters, buyers, etc.), it has been determined that a bricks-and-mortar food hub is premature without intermediate steps.

Prior to investing in a bricks-and-mortar food hub, prospective partners recommend giving medium-sized producers a reason to scale up production and a way to be more cost competitive. To accomplish this, the remaining grant-funded scope of work has been revised to focus on:

- 1) Increasing market demand for North State agricultural commodities by developing a purchase agreement with a high-volume buyer in the Sacramento area; and
- 2) Reducing the cost of transporting agricultural products to market by developing a plan for consolidating the collection and delivery of commodities to the high-volume buyer.

Once the critical volume of commodities and value of transactions has been established, a bricks-and-mortar food hub may become the natural next step and ready for additional private capital investment.

The amended TSA eliminates tasks related to a brick-and-mortar food hub while enhancing other tasks related to regional agricultural cluster development and establishing agreements among supply chain participants. Whereas the purpose, need, and nature of the work remain the same, the original procurement process is still valid. Caltrans has formally approved the scope and budget amendment (see Attachment B). The not-to-exceed budget (\$110,000) and termination date (December 31, 2019) remain the same.

ALTERNATIVES:

The board of directors may continue to focus on the food hub as outlined in the original scope of work. This is not recommended given the consultant's findings that a bricks-and-mortar facility is not financially viable without intermediate steps to increase production by medium-sized producers.

OTHER AGENCY INVOLVEMENT:

Growing Local (a regional agriculture industry advocacy group) and Superior California Economic Development are project partners. The Technical Advisory Committee (TAC) concurs with the staff recommendation.

FINANCING:

The project is funded by a \$125,000 Caltrans Strategic Partnerships grant. Up to \$110,000 is budgeted for consultant services and up to \$15,000 is budgeted for SRTA staff time for project management and grant administration. Local match in the amount of \$31,250 is being met through in-kind contributions from project partners and SRTA staff time not covered by the grant. All amounts are currently budgeted in the FY 2016/17 Overall Work Program (Work Element 707.04, Goods and Freight Coordination and Planning).

Daniel S. Little, AICP, Executive Director

Attachments:

A: First Amendment to Technical Services Agreement between SRTA and NVA, LLC.

B: Caltrans Letter of Approval for Amendment No. 1 to the Strategic Partnerships Grant Contract

C: Far-Northern California Food Hub Study, Phase I: Secondary Research Technical Memo