

2016 JMGBL Awards Application

Submission Date	2016-06-24 14:22:31
This application is for:	J. Mitchell Graham Memorial Award
Project Title	Colleton Commercial Kitchen
County/Counties	Colleton
Staff Contact	Matt Mardell
Job Title	Kitchen Program Manager
E-mail Address	mmardell@colletoncounty.org
Phone Number	8435492303
Please provide a summary of your entry (no more than 100 words) to be used in a handout for the awards competition and included in press releases/publications. You may either type the summary in the text box or upload it as an attachment below.	You have probably heard the familiar phrase "If you could bottle it you could make a fortune." If you ever wanted to transform a favorite recipe or a crop you have grown into a food-based business, the Colleton Commercial Kitchen project could help bring this dream to reality. The Colleton Commercial Kitchen is a business incubator program that can provide a unique opportunity for farmers and aspiring food entrepreneurs to "test the waters" in terms of value-added food product acceptability and sales, without having to assume the level of financial risk generally associated with "commercial" food sales.
Presentations may include more than one speaker; however, each speaker should be aware that the 10-minute time limit is strictly enforced. Please list the name, title, and e-mail address of each speaker:	Matt Mardell, Kitchen Program Manager, mmardell@colletoncounty.org
Will any of the speakers need accommodations (wheelchair accessibility, etc.) during the awards competition?	No

J. MITCHELL GRAHAM MEMORIAL AWARD
2016



PRESENTS



Introduction

You have probably heard the familiar phrase "If you could bottle it you could make a fortune." If you ever wanted to transform a favorite recipe or a crop you have grown into a food-based business, the Colleton Commercial Kitchen project could help bring this dream to reality. The Colleton Commercial Kitchen is a business incubator program that can provide a unique opportunity for farmers and aspiring food entrepreneurs to "test the waters" in terms of value-added food product acceptability and sales, without having to assume the level of financial risk generally associated with "commercial" food sales.

Benefit/Importance of Project

1. Why was this project undertaken?

The great success of combining the Colleton Museum & Farmers Market stirred a previously unrealized potential to expand the opportunities for our rural and economically challenged county. During the development of the current Farmers Market, a food processing kitchen was desired but there was neither space nor the budget to accommodate it at that time. Our farmers and food business entrepreneurs needed a way to get their ideas to market, they needed somewhere to turn for help. Any business start-up is hard, but food ventures come with their own set of challenges, they need a facility to produce in that meets state and federal regulations, equipment and tools, a business plan and a marketing strategy. The Colleton Commercial Kitchen idea was born to help these business ideas become reality by providing a facility and process to develop their products and ideas.

2. What is the significance of this project to your community as a whole? How does it relate in importance to the other problems in your community?

To the farmers market – farmers can increase their yields without fear of food going to waste as they can opt to use the kitchen to preserve their food and/or increase its value by making jams, sauces, pickles or by freezing and packing.

To food business entrepreneurs – with plentiful advice on how to start a business, the Commercial Kitchen also has programs that show them the steps they need to follow to become permitted and has itself taken away as much risk as possible from the entrepreneur. Small business starts from a passion, one that needs nurturing and incubating through its periods of growth, when passion can often be overwhelmed. The food business itself is cut-throat. Our facility gives those with those passions, the ability to test them in a cost-effective environment with cost-effective efficiency. To date, our users are prospering and all are expanding their output and their product range. The Commercial Kitchen also helps folks gain many leadership skills and become masters in problem-solving. It brings a tremendous feeling of personal growth.

To the community – there is a certain amount of ownership people take of their community and when there is something positive happening, it becomes infectious. One shortcoming of some of the other kitchens that our group studied, was their lack of an on-site retail space for the sale of their products. The Commercial Kitchen has a central retail Marketplace where visitors now have access to products developed in the kitchen, as well local products produced throughout our community. Visitors can also come buy local products such as honey, pickles and jams, locally

grown Carolina Gold Rice, grits, local sausage and beef, not to mention the sauces and condiments made in our Commercial Kitchen. Locals meet for locally sourced coffee and enjoy the free Wi-Fi and kids learn about where they live and then get spoiled with a slice of cake or cookie. There is vitality and spirit in the Marketplace of the facility which has reinforced our standing with the Colleton Museum and Farmers Market, as the center of the community in our county. The Commercial Kitchen has also become an important host for food safety training, with local restaurants and food entities coming to train employees. It also has become home to broad scale community events such as fundraisers, cooking classes and business events. Being such a unique facility has also attracted interest from people outside of the county. The redevelopment of an uninviting corner of downtown into a bustling facility with surging business activity, has sparked the entire neighborhood into growth and revitalization.

3. How much of the county's population is benefited by the project? In what specific ways are different groups of citizens within the county better off than before?

In nine months of operation, the facility has created a food hub in which various activities cater to different sectors of the population, whether businesses, consumers or tourists. The majority of the county's population is centered in and around the City of Walterboro. There has been a broad impact throughout the social strata of the County. The Commercial Kitchen has created new businesses and created 38 new jobs through these new businesses and other programs. Of these new businesses, 80% are residents of Colleton County. The Commercial Kitchen has developed a series of cooking classes that have been hosted by chefs and experts. The classes are constantly well attended by those in the community of all age strata. These classes include sausage making, bread making, cheese making, healthy eating and guidance on using local fresh products. The Commercial Kitchen provides the DHEC required Servsafe Food Manager and Food Handler programs, successfully educating and certifying food servers from the local area. These folks then go on to develop a product or work in food establishments throughout the County and beyond. The Commercial Kitchen has become the home-base for the After-School Feeding Program and Summer Feeding Program and is currently preparing in excess of 3,000 meals per day and distributing across 60+ sites within Colleton County, to children from the Colleton County School District. The Commercial Kitchen is also now hosting a regular cooking show in cooperation with Palmetto Rural Telephone Cooperative, which is broadcast throughout the county. The Commercial Kitchen has become a great venue for fundraisers and has helped send the Colleton County Chorus to New York City, the Colleton County Cheerleaders to the Macy's parade, and been a base for raising funds through numerous events for local athletic booster clubs to support our local schools. The Commercial Kitchen is developing business and employment, training those that need jobs, teaching many to eat healthier, feeding those in need, as well as supporting many local youth and adult activities. The Commercial Kitchen is making each of these groups live a little better through employment, training, enrichment and nourishment.

4. What degree of success did the project attain? What major objectives were achieved?

The Commercial Kitchen has so far exceeded expectations for success. The mission of creating a place that develops, nurtures and supports local economic development, has rapidly become a reality. Successes in the first 9 months of operation include:

- Creation of 5 new businesses including sauce manufacturers and bakers.

- Creation of 38 new jobs through these new businesses and other programs.
- 10,500 units of product produced & sold in 9 months.
- Over 4,500 bottles of sauce (54,000 ounces) produced – with producers securing retail contracts with large grocery store chains (Ingles, Whole Foods). Both have increased their volumes and product range over their first few months as well as their staff base.
- Forged a partnership with SBDC (Small Business Development Center) who now set up office in the facility 1 day per week to lend support to our producers and from which they can network in the community (previously there was no SBDC presence in Colleton County).
- 22 sold out cooking classes.
- Became home for the After-School Feeding Program preparing over 16,000 meals across 10 weeks.
- Became home of the Summer Feeding Program preparing in excess of 3,000 meals per day and distributing across 60+ sites to children throughout Colleton County.
- Provides the Servsafe Food Manager and Food Handler programs successfully educating and certifying around 150+ food professionals from the local area.
- Participated in a software beta testing for a team from Colorado State University to help develop an incubator kitchen management software for commercial release.
- Became a hub for the South Carolina Specialty Foods Association.

Beyond the metric above, Colleton County believes that our project has been a great success for the local neighborhood. The Commercial Kitchen received the 2015 Paul and Jacob Walter Award for excellent adaptive use of an older building, from the Colleton County Historical and Preservation Society. The renovation of this old building unified the existing Museum and Farmers Market with the Commercial Kitchen by way of a new retail Marketplace, which connected and beautified both the flanking East Washington and Wichman Streets with a new, attractive building presence with new landscaping and relocation of power lines. The facility has sparked investment in numerous surrounding buildings which were previously dilapidated and/or vacant. These include:

- A new cross-fit gym across the street in a vacant building (opened January 2016)
- A new legal office across the street in a vacant building (March 2016)
- A new paint job for the Colleton Museum & Farmers Market so the buildings read as one
- Renovation of an existing apartment complex on Neyles Street (August 2015)
- Renovation of an existing hot dog restaurant on Wichman Street incl. new roof & signage (November 2015)
- Expansion of the IGA grocery store on Wichman Street (Ongoing)
- New parking & landscaping to the rear of our building in a previously disused, overgrown lot to meet demand (April 2016)

The museum has also benefited greatly from the opening of the Colleton Commercial Kitchen in June 2015. In its former location, in 2010 the Colleton Museum saw 4,908 visitors, most of them local. In its newly revitalized location tracking reveals a marked increase of visitors, both local and out-of-state, culminating with a visitation of 18,350 persons in 2015 and this number will be greatly exceeded in the 2016 count.

Project Effort/Difficulty

1. What did your county have to do to accomplish its objectives?

The County first had to develop support for the project and a successful financing plan, successfully procure a derelict local building and then renovate a building within the regulatory confines required for such a facility within a constrained budget. The success of the building is not only measured within, but in its ability to spur urban regeneration of the surrounding area. This was more than a kitchen; building a commercial kitchen alone is not enough to help a new food business get going. Many people hoping to start a food venture are coming from another career. They may know their food, but running a business is often unfamiliar territory. People become overwhelmed when they see the capital needed to start a business and the regulatory hurdles they must overcome. For this project to be successful the County not only had to build a facility that was adequate to support food-based businesses, but had to help get the business from idea to marketplace. Developing food safety training programs and business development approaches were obviously just as important as the physical facility. So, beyond the design and development of the physical facility the Commercial Kitchen concept, it was required for us to develop relationships with those people that had the knowledge, tools and experience to help these aspiring entrepreneurs to spread their wings and be successful. We needed to become and we needed to source, the people that could say; "It'll be OK, we've done this for many businesses. It's not that hard. You can do it, and we'll help you through it."

2. What challenges occurred during the project? Were there any community concerns?

The physical development of the facility presented some unique challenges, because the County was taking a dilapidated downtown building, adjacent to the museum and redeveloping it into a state of the art commercial food processing facility. When you start redeveloping an old building you never know exactly what you are getting into. The building had seen many lives, from a grocery store to a hardware store to the Salvation Army and a thrift store. The building's roof had numerous issues but the frame of the building was in good shape and it was on a very prominent corner in downtown Walterboro. What we thought would be a rehab of the building ended up being a complete demolition with the exception of the outer walls of the building. An almost ancient drainage system was discovered running under the building into the drainage system of the City's downtown. So a new drainage system for the site had to be reworked on the fly. The original engineers estimate to repair the drainage was \$795,000 in a project of which we had a total funding of \$ 1.2 million for the entire project. This took numerous and quite lively meetings with DHEC, SCDOT and the City of Walterboro staff, to come to a solution which all could be happy with and the County could afford within the project.

One of the other challenging aspects of creating the facility was developing a curriculum for those who use the facility so they could not only develop a good product, but also develop a good business. This required the coordination of numerous agencies to help make the resources available to clients of the kitchen, in order for the business to be successful. Beyond the product they are developing, successful clients need to have all of the SCDA and DHEC certifications and training in order to be licensed to manufacture a product. Most unsuccessful businesses involving food products do not come from a failed product, but from a failed business plan. Collecting the appropriate resources through the Small Business Development Center and the Lowcountry Council of Governments workforce initiatives, we were able to develop a three-pronged approach for the development of

these businesses product development, food safety training, and business planning. A major unexpected challenge was educating the community on exactly what the facility was. The concept of any business incubator is a relatively new idea, one that few were familiar with. Upon opening, some of the business community voiced concerns that the County was opening a restaurant and would unfairly compete with existing food businesses in town. A program of outreach to explain the concept in numerous meetings and editorials, along with participation from the community in the facility, eased these concerns.

3. What were the nature and extent of the County Government's efforts to alleviate the problem(s)? How difficult was it to accomplish the project's goals and/or objectives?

The biggest overarching difficulty was actually trying to develop a project/concept that had not yet been attempted in South Carolina in this specific genre or on this particular scale. To tackle this project, the County called on many people, both within the County Government, from economic development to our facilities manager, as well as gaining advice from outside regulators, academics, food businesses and farmers. Many times when a problem arose it meant reaching out to someone new to find the answer. In the end this helped develop great interest and a following in the project. This was evident in the many individuals from agencies such as USDA, Small Business Administration, DHEC, the Lowcountry Council of Governments and Clemson Extension who all still have active roles in the project

4. Was financing the project an obstacle? Were there any unusual factors inherent in financing the project?

Much research went into the possibilities of financing for the Commercial Kitchen. When exploring funding possibilities the USDA Rural Economic Development Loan and Grant (REDLG) program came to the forefront as a possibility for financing the facility. This method allowed a no interest loan with flexible repayment terms if you gained a partnership of one of your local public utility cooperatives. The County approached Palmetto Rural Telephone Cooperative (PRTC) about being a partner in the project as sponsor of the USDA REDLG loan. The biggest hurdle was convincing PRTC to sign on as our intermediary, in order to get the loan approved by USDA. PRTC has a financially conservative board and had recently turned down a request for another project using the same REDLG funding approach.

Numerous meetings were held between County staff, elected officials and PRTC staff and board members. A vision was laid out for a facility that not only provided another business outlet for our local farmers, but also a facility where entrepreneurship and new business could be fostered and developed. After a very detailed and thorough review of the plan of the facility, the leadership at PRTC fortunately realized the potential of the project. PRTC then committed to partner with the County and we then knew there was great hope that the facility would become a reality. Unfortunately the challenges did not stop there, with the food incubator facility being such a new and unusual concept, and PRTC being unfamiliar with the processing required by USDA, it took much longer than expected to get the funding approved. After almost 12 months and many hoops and hurdles, the loan was finally completed and the project was finally funded.

5. Did any agencies, citizen groups, or other organizations assist your County with this project? Did their participation pose any particular challenges or offer any unique contributions or benefits?

The Palmetto Rural Telephone Cooperative (PRTC) provided the intermediary for the primary funding as set out in the parameters of the REDLG program administered by the USDA. PRTC were the direct recipients of the REDLG so that they could establish a revolving loan fund from which funds were then in turn loaned to Colleton County Government. The USDA provided assistance through the REDLG funding program, as well as regulatory and training information for the facility. The USDA also administers funds for the Summer Feeding Program and After-School Feeding Program, which operate out of the Commercial Kitchen.

The Lowcountry Council of Governments (LCOG) staff was heavily involved in both the creative process and the development of the training and business curriculums. Their support helped identify key areas in the process as well as funding options, workforce development and potential partners. The Colleton County School District with their Thunderbolt Career and Technical School, has a culinary program which provided support, input and then became users once the project was complete. Some of their culinary graduates have worked, or are currently working in the Commercial Kitchen while also using the facility for catering for local community functions. South Carolina Electric and Gas donated numerous resources from the gas and electrical provisions to the building, as well as the removal and relocation of power lines to better improve the streetscape in the immediate area. The Department of Education and the Department of Social Services are also partners in our operation of the Summer Feeding Program and After-School Feeding Programs respectively. The Clemson Institute for Economic and Community Development and The Colleton County Clemson Extension Service provided technical services through a market study for the development of the facility. Each also contributed letters of support in the REDLG application and both regularly use the facility for outreach programs. Local businesses donated equipment and expertise for the facility, as well as numerous individual community members such the farmers, local beekeepers and artisans. SC Manufacturing Extension Partnership and the Southern Carolina Alliance helped us connect a local packaging manufacturer to one of our users.

6. Are there any unresolved problems or other goals left to tackle?

The Commercial Kitchen will always have goals to tackle! With the unique nature of this idea it is very hard to identify a model upon which the Commercial Kitchen can mold our project. As The New Food Economy remarked in an article recently; “We reviewed dozens of modern incubator approaches, and found that there is no cookie-cutter formula.” Having joined the Network for Incubator and Commercial Kitchens (NICK) in early 2016, The Commercial Kitchen now contributes to a central forum of discussion with around 30 other kitchens nationwide and more often than not, other commercial kitchens are noticing that The Colleton Commercial Kitchen is forging forward in ways other kitchens have not. This ensures that The Commercial Kitchen can evolve our goals and also look to others for ideas on problem resolution.

Project Originality/Innovation

1. Justify the uniqueness of this project. What makes it different from other projects designed to achieve the same objective?

The Colleton Commercial Kitchen to our knowledge, is unique to within our state, especially with the scale and diversity of opportunities offered. It is unique especially with its co-location with the Colleton Museum and Farmers Market. The facility allows many types of food operations under one roof, such as co-packing, canning, labeling, food prep, catering and also gives a retail outlet

within its marketplace to sell the products once produced. For example, where once people with food product ideas had to trust a co-packer to turn their recipe into a product – they now have the option of managing their product from start to finish. This has not been available to this genre of business in Colleton County, nor within the region or state on this scale. Though the kitchen is within an hour's drive of higher priced urban areas such as Charleston and Beaufort, our location allows easy access to these markets for a large base of users of the facility. These urban users, by making the short trip to Walterboro, can also keep their costs very competitive because they do not have to pay an urban rate to get their product produced. In turn, the location of our facility in a predominantly agricultural area is more suitable to farmers, whereas those incubators in larger cities seem to focus more on food entrepreneurs, such as catering companies and those looking to start a brand of product.

2. Do you know of any other similar programs in South Carolina? If so, how is your program different?

There is a small private incubator kitchen in Columbia, SC, and a similar type kitchen-only facility on St. Helena Island in Beaufort County, which is focused on the local Gullah community. There is no facility in the state that is as well-equipped as ours, as accessible, or provides the wide array of production equipment does or with the business development training such as the SBDC presence. The Commercial Kitchen has also managed to provide that connection to the community which other kitchens across our NICK community (mentioned in Q6) have not ventured into thus far, as well as the unique feature of being combined on the same campus as the Colleton Museum and Farmers Market. Our Kitchen Manager is now a "Preferred Consultant" for The Food Corridor program.

3. What innovations were required in accomplishing your objectives?

With the lack of business incubators, let alone commercial kitchens within the state, the most innovation has come through setting the model. This model has been visited over and over by various entities and individuals, from both inside and outside the State of South Carolina. This means that the Colleton Commercial Kitchen has attempted to set the standard for the model.

There is also the planning and design of such a facility to be able to provide the right types and amounts of storage and equipment that users demand. Many hours were put into the research and design of the infrastructure of the building, to ensure the Colleton Commercial Kitchen had the right utilities and the right equipment. Sourcing of the equipment came from varied sources, in-state and out of state, new and used and was all researched to make certain that it was compatible with our user's demands.

The financing took a lot of hard work and innovative coordination with our local cooperative (PRTC) to develop an eligible and persuasive application for the USDA loan program. The revenues to pay the debt service on the loan became a large point of contention. Because the concept was fairly new, USDA and PRTC had concerns about the revenues to pay the project back. So after much discussion the County decided to backstop the debt service by pledging hospitality revenues that would be available the following year after another County project loan was satisfied. Fortunately the project has already performed extremely well from a financial stand point and it is likely the hospitality tax revenues will not be needed to pay debt service on the project.

<u>Project Budget</u>	
Purchase of Building:	\$135,000
Legal Fees:	\$ 5,000
Architecture/Engineering:	\$ 45,000
Surveying:	\$ 6,500
Demolition/ Asbestos Abatement:	\$ 75,000
Construction:	\$650,000
Parking Lot:	\$150,000
Equipment:	\$150,000
Contingency:	\$25,000
Project Total:	\$1,241,500
REDLG Portion	\$993,200
County Match:	\$248,300
Annual Debt Service on REDLG Loan	\$106,491
Current Facility Revenues:	
Facility Rentals	\$22,903
Marketplace Sales	\$79,061
Meal Program Revenue	\$49,256
FM Booth Revenue	\$3,100
Memberships	\$6,750
Donations	\$1,454
Total Revenue (to date FY 16)	\$162,524

4. Who provided the creativity and imagination in your project?

The project was most fortunate to have an open-minded and progressive County Council entertain the prospect of an incubator kitchen and move forward with that vision to see it as a healthy economic opportunity for its citizens. The development of the project was a collaborative effort amongst staff and many members of the community. Leading the way, Kevin Griffin (County Administrator), Hank Amundson (Walterboro resident and LCOG employee), and John Stieglitz (Capital Projects Manager as well as local beekeeper and farmer) all had some familiarity with the concept and opened many doors with their imagination and determination to see the project started and completed. Alta Mae Marvin with Clemson University Extension and many members of her staff and the staff of the Clemson University Food Science program, provided great expertise on the development of the food safety programs. William Furman with the Small Business Administration also took the project under his wing and became extremely engaged in the business development side of the equation. Spurred on with the creative insight and talent of now Kitchen Manager, Matt Mardell, the project gained momentum. Mardell has an architectural degree from Great Britain and helped immeasurably as the team pushed forward with the project. The willingness to be a part of the project, our local utilities REDLG loan sponsor, Palmetto Rural Telephone, is also to be commended for their forward thinking. Our Colleton Museum and Farmers Market staff has also been vitally important in the décor of the Marketplace, as well as sourcing a variety of local products which make our Marketplace somewhere that folks like to visit time and time again.

Supporting Material



Before – The approach view of the Commercial Kitchen building from Wichman Street.



Before – View of the Washington Street frontage of the Commercial Kitchen alongside the Colleton Museum & Farmers Market.



Today – View from Wichman Street looking at the unified facades of the Colleton Commercial Kitchen & Colleton Museum & Farmers Market with power poles removed & street beautification completed.



Today – The improved approach view from Wichman Street showing the completed Commercial Kitchen including parking, loading bays & fresh new landscaping across the



The baking kitchen has been in use consistently since September 2015.



The state-of-the-art equipment in the sauce & jam kitchen have proved a big hit because of the increased efficiency it offers a business.



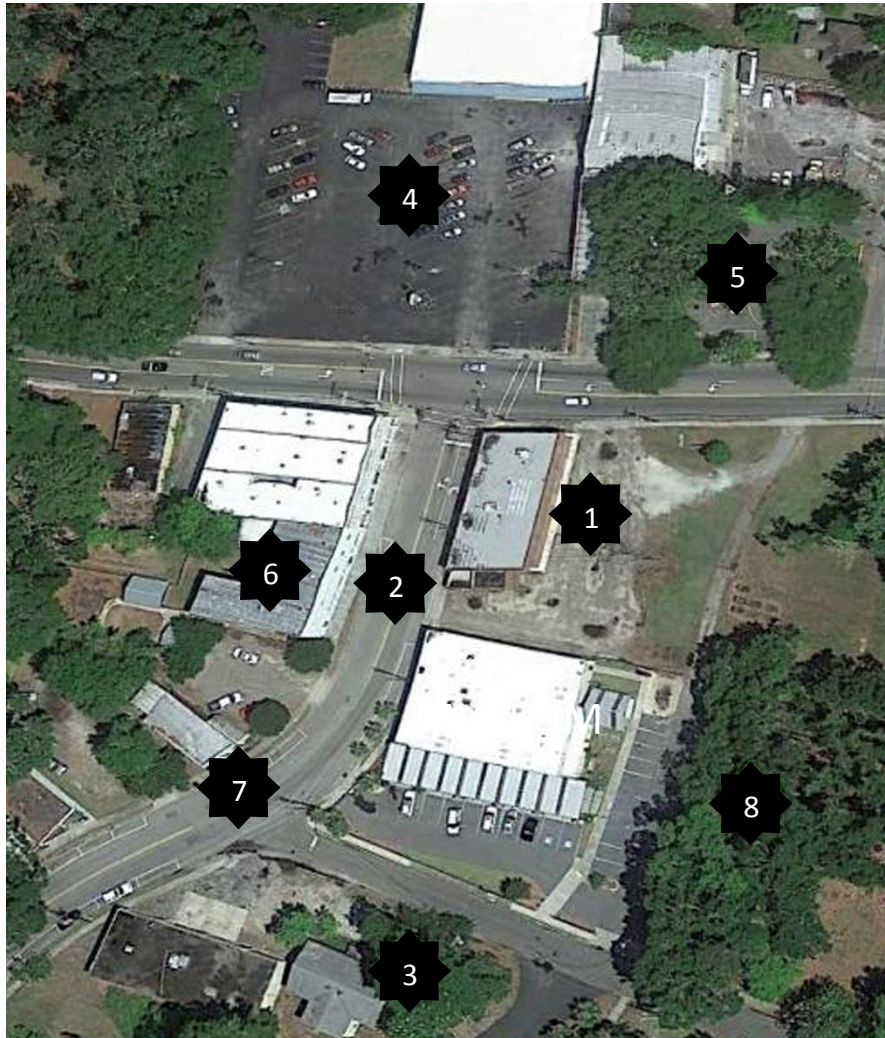
Our J. Mitchell Graham award-winning Museum & Farmers Market taught us the importance of versatile space. The Commercial Kitchen’s teaching kitchen is used for cooking classes, filming a cook show for TV, business workshops, a lunch counter and now as a production area for the summer feeding program. It’s also the looking glass through which the public can also appreciate the facility.



Our users benefit greatly from selling their product in the busy Marketplace.



Urban Regeneration Diagram



LEGEND

1. CCK – Refurbishment & landscaping
2. Street beautification
3. Refurbishment of existing apartment building
4. IGA – Expansion & refurbishment
5. Refurbishment of existing food vendor premises & building
6. New cross-fit gym in existing vacant building
7. New legal offices in existing building
8. Colleton Museum – Extended parking lot & landscape

*Cooking up
business,
serving up
success.*

