



# Executive Summary

Fueling Our City's Future: A Vision of Community, Careers, and Nourishment

## The Opportunity

Every year, **millions of meals** are served through public programs to Philadelphians with the greatest need. However, these publicly-funded meals are produced **outside of Philadelphia**, directing millions of taxpayer dollars outside of the city and increasing the programs' carbon footprint.

The **Coalition for Philly Cooks for Philly** is looking to change this effect. With the establishment of a centralized kitchen, **recapturing taxpayer money**, creating **high-quality jobs**, and **supplying nourishing meals** to the city's population with the greatest need.

This kitchen will operate as a **public-nonprofit partnership** to drive activity in the greater Philadelphia economy, offering a centralized production of meals for students, seniors, and others. Along with meals, this **economic development** project aims to create jobs within the city to leave a **lasting impact** on the economy and residents of Philadelphia.

## The Mission

To promote sustainable and equitable access to nourishing meals in Philadelphia, driving economic growth and job opportunities. Through strategic partnerships and responsible sourcing practices; we foster a thriving food ecosystem, emphasizing local production and waste management for a resilient and inclusive community.

## The Vision

**Philly Cooks for Philly** envisions a dynamic public-nonprofit partnership that fosters economic development and empowers individuals in the workforce. We believe in the power of combining nourishing meals with opportunities for personal and professional growth to create a vibrant and thriving community.

**A BOLD SOLUTION** for Philadelphia's eaters, workers, and economy



## Meal Volume Demand

For the School District of Philadelphia (SDP) and The Department of Parks and Recreation, federally reimbursed pre-plated meal volume is approximately 11.6 million meals.

Due to the pandemic, meal volume is down from 2017 when approximately 16.2 million meals were served.

Additional market demand is estimated to be 8.4 million meals:

- Nutritional Development Service of the Archdiocese of Philadelphia
- Philadelphia Corporation for Aging
- Local higher education operations
- Area acute care health systems
- SDP schools with full-service kitchens

### Total Market Demand in Millions:

Entity	2017	2023
School District of Philadelphia Total Output (M)	13.7	9.5
Philadelphia Parks & Recreation Total Output (M)	2.5	2.1
Additional Market Demand Total Output (M)	8.9	8.4
<b>Total Meal Demand Total Output (M)</b>	<b>25.2</b>	<b>20.0</b>

Source: Public records for the School District of Philadelphia and Philadelphia Parks & Recreation

## Economic Impact from Operations

Twenty million meals annually is the estimated maximum capacity for a **75,000**-square-foot facility.

A conservative estimate of direct output for the facility at a **20 million** meal volume is **\$75 million** annually, which would result in an overall annual output of **\$127.4 million** for the region. The facility would support **340** direct, indirect and induced FTEs in the City of Philadelphia, and another 85 regionally, with approximately **200** directly employed FTEs. **130** of the direct positions would be new to the City of Philadelphia and the Philadelphia Metropolitan Statistical Area (MSA).

	City of Philadelphia	Rest of Philadelphia MSA	Total
<b>Impact</b>	Total \$(M)		
<b>Total Output (\$M)</b>	<b>\$108.9</b>	<b>\$18.5</b>	<b>\$127.4</b>
<b>Annual Employment Supported (FTE)</b>	340	85	425
<b>Employee Compensation (\$M)</b>	\$23.8	\$8.1	\$31.9

Source: IMPLAN (2021), MFR (2023)



## Economic Impact from Facility Construction

The Direct Output considers only the cost of construction, not equipment, because equipment would likely not be produced in-region and the economic benefit would be primarily to the region in which it is manufactured.

This analysis assumes that the facility would be **75,000** square feet, accommodating a maximum of approximately **20 million** meals per year.

The Employment Supported and Employee Compensation include direct, indirect, and induced employment.

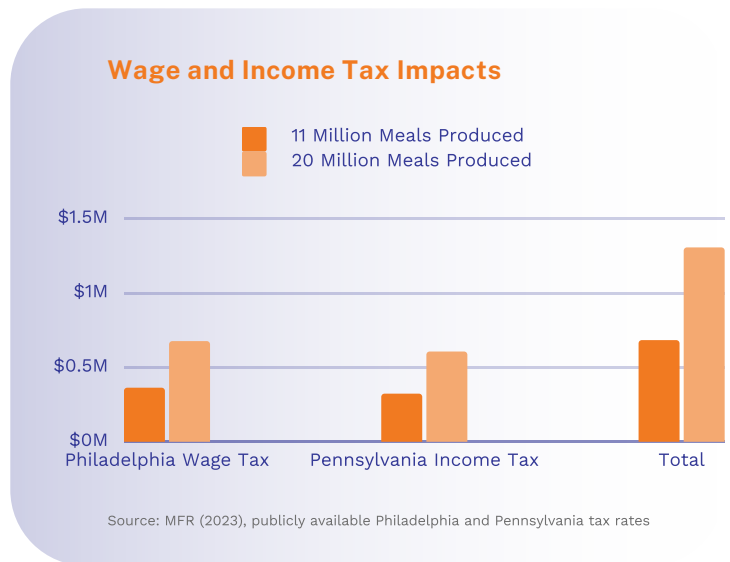
	City of Philadelphia	Rest of Philadelphia MSA	Total
<b>Impact</b>	Total \$(M)		
<b>Total Output (\$M)</b>	<b>\$37.0</b>	<b>\$11.4</b>	<b>\$48.4</b>
<b>Annual Employment Supported (FTE)</b>	225	35	260
<b>Employee Compensation (\$M)</b>	\$17.9	\$4.7	\$22.6

Source: IMPLAN (2021), MFR (2023)

## Estimated Wage and Income Tax impacts

At capacity production, the central kitchen is estimated to generate Philadelphia Wage Tax and Pennsylvania Income Tax revenue totaling \$1.26 million.

About 65% use of this tax revenue is expected to be incremental, as the portion of the current pre-plated meal vendor's employees who locally deliver pre-plated meals prepared outside of the region are currently employed within Philadelphia.





## Estimated Start-up Cost

Overall costs of construction for the facility are projected to be **\$480/sq.ft.** This is consistent with other central kitchen build-outs for which data is available, considering the escalations in building costs in the past few years, as well as the assumption that the **Philly Cooks for Philly** facility would be new construction.

Start-up costs are estimated to be \$37 - \$50 million, including working capital for the first 3 years.

### Facility - \$24,750,000

- \$125/sq. ft. for external structure, \$150/sq. ft. for internal build-out, and 20% for soft costs
- Cost may be lower if existing building is used, or building is leased

### Equipment - \$11,250,000

- \$150/sq. ft. - includes refrigeration, freezers and production equipment

### Working Capital - \$5,000,000

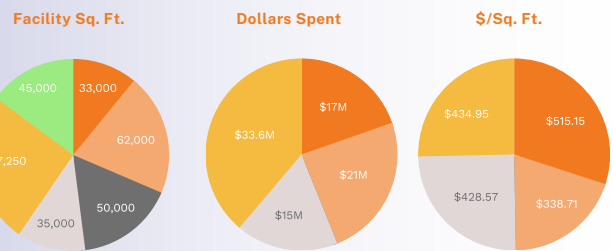
- To support the organization's liquidity during start-up period

### Vehicles - \$3,000,000

- 20 refrigerated vehicles

### Costs for Construction – Comparable Central Kitchen Facilities

- Boulder Valley, 2020
- Oakland Unified, 2020
- DC Central Kitchen, 2022
- Springfield, 2019
- Houston, 2006
- Sacramento, 2020



**Average \$429.35**

Source: Direct operator surveys and interviews

## What's Next...

- Create legal entity/entities for the project.
- Continue to build the Coalition of **Philly Cooks for Philly**.
- Identify and work toward policy supports and incentives needed for public-nonprofit model.
- Develop ongoing funding strategy and plan.
- Develop detailed business and operational plans.
- Align and secure funding for the next phase of the project.
- Refine facility cost estimates and develop optimal facility layout and important site location considerations.
- Develop identification criteria for potential facility sites.
- Identify sites that meet the criteria, including potential incentives for site selection.