



HR&A
MASS.

EPSTEIN

Commonwealth
Ag Strategies

Connecticut Regional Agriculture Market Proposed Redevelopment Concept

January 2022

Introduction

In partnership with the Connecticut Department of Agriculture (DoAg), the Capital Region Development Authority (CRDA) engaged a consultant team in 2021 to assess statewide agriculture needs and redevelopment opportunities for the Connecticut Regional Agriculture Market in Hartford. There are clear and critical gaps in the state's agriculture industry and food system, which have been exposed and exacerbated by the impacts of the COVID-19 pandemic. This has been demonstrated through scarce supplies of fresh meat, vegetables and other goods at the retail and wholesale level, increased levels of food insecurity for low-income Connecticut residents, and an increasingly weakened network of food manufacturing and distribution hubs. Addressing these issues with urgency is critical to ensure Connecticut's food security in the face of coming, unforeseen crises and the anticipated impacts of climate change.

Redevelopment of the Regional Market presents a unique, tangible opportunity to address food system fragility, increasing Connecticut and regional food sourcing independence. Redevelopment of the market should create the infrastructure and capacity for 30% goal set by the Connecticut Food Systems Alliance that food consumed in New England will be grown in New England by 2030. This would effectively triple the consumption of local foods in Connecticut. Redevelopment will also create an economic development hub that creates jobs, provides a marketplace for farmers and producers, and addresses inequities that exist within the food industry. A reimagined Regional Market will serve as a distribution hub that allows Connecticut farmers to more efficiently sell produce to local institutions, businesses and agencies. A co-packing and production facility will allow farmers to extend their growing season and support local production. Finally, paired training spaces and associated technical assistance services will increase access to opportunities for food business growth and stem the dwindling pipeline of farmers and producers. This investment has the ability to create a path forward for a more equitable food system.

This project would be an ambitious, but critically needed capital investment in Connecticut's agriculture industry and could be phased to deliver on certain priorities and build consensus for a larger investment over time. This document first details the challenge, identifying State priorities and locational considerations. The document subsequently describes a proposed program, similar in size to the existing Regional Market but with a shift in emphasis to support local farmers and producers. Finally, the document describes funding opportunities and governance considerations.

The Challenge

Policy experts indicate that Connecticut imports roughly 75% of its food from outside of the Northeast, demonstrating that the State is reliant on a fragile national food distribution system. Without intervention, the early days of the COVID-19 pandemic will not be the last time Connecticut residents see empty shelves. Extreme weather, economic instability and other factors continue to stress global and national supply chain systems. Connecticut grocery stores only have three days of perishable food on their shelves, and the state has both limited farming/production and virtually no long-term, in-state food storage. Simultaneously, ongoing drought has made food production in the West and South increasingly unsustainable.

Connecticut's farmers struggle with insufficient infrastructure, aggregation, and capacity, challenges that are likely to accelerate the decline in the number of Connecticut farms and limit opportunities for resilience and overall food sustainability. Small and medium-size farms in the state struggle to connect to restaurants, schools, and other large-volume wholesale buyers. Their limited growing season is compounded by a limited sales season since they have no infrastructure with which to process shelf-stable value-added

products for direct-to-consumer sales in the winter months, and cooperative aggregation is most often *ad hoc* and informal. Local meat and seafood producers are especially limited by the lack of food processing infrastructure – a role that the Regional Market is well-suited to solve – but local vegetable and fruit farmers struggle with this as well.

The USDA Census of Agriculture shows that a third of Connecticut producers are over the age of 55, while more than 30% are “new and beginning” producers who need technical skills and business training. This challenge presents a corollary opportunity: only 1.4% of Connecticut farmers/producers are from Black, Indigenous, and People of Color communities (BIPOC), meaning that equitable investment in regional agricultural systems is impossible without attracting new farmers/producers of color.

Except for the more recently constructed FreshPoint/Sysco building, the Regional Market's existing structures are in disrepair and are unable to close critical gaps in Connecticut's agriculture distribution and processing industries. The Regional Market's location uniquely facilitates access to transportation, labor, farms, and the regional economy, but the buildings themselves have limited capabilities and lack appropriate infrastructure, fail to meet contemporary industry standards, and limit opportunities to transform the site as-is to create more robust economic outcomes.

Connecticut Department of Agriculture (DoAg) Priorities

These challenges are not new. Many of the Connecticut Department of Agriculture Commissioner Bryan Hurlburt's policy priorities aim to target these very hurdles, leveraging the fact that Connecticut remains an optimal place to grow a variety of vegetables and other crops that may no longer be viable in other parts of the country in the future due to climate change.

DoAg is currently galvanizing cross-sector leaders around the department's policies as the State's food policy council is beginning the process of drafting a statewide food policy plan to advance these very policy objectives. Commissioner Hurlburt's priorities, coupled with an understanding of the systemic challenges facing the Connecticut agricultural landscape, will drive CRDA's role at the Regional Market to add value for farmers and producers across the state, to add robust support to sustainability of Connecticut's food ecosystem and to stimulate the local economy. In summary, DoAg's priorities address:

- **Resilience:** Promote self-sufficiency within Connecticut's food and agriculture system, maximizing the amount of Connecticut Grown products consumed by residents. Grow a more resilient regional food system that is less vulnerable to climate change-induced disruptions to food production and distribution.
- **Equity:** Reduce food insecurity by improving access to food for lower-income residents, potentially in partnership with food banks and grocery operators. Diversify food entrepreneurship by improving access to financial and technical assistance for people of color.
- **Infrastructure:** Reverse decline in the state's distribution and production infrastructure, expanding capacity to help farmers improve the profitability of their businesses. Provide cold and dry storage space that allows for the aggregation and storage of local products. Create processing infrastructure that enables selling local products made to the specifications of wholesale customers and value-added products to retail consumers. Improve distribution capacity, including by improving physical access to and across the site.
- **Innovation:** Achieve agglomeration effects by co-locating small businesses, farmers, processors, and nonprofits in close proximity to each other. Demonstrate agricultural technology innovation by acting as a testbed for new uses such as hydroponics.

Why the Connecticut Regional Agriculture Market Site?

Hartford, and the Regional Market in particular, are well suited to distribution and food production. The site is adjacent to the interchange of Interstates 91 and 84 and has an active (albeit less useful) rail stub. The facility is within a 30-minute drive of approximately 47,800 acres of farmland, 786 Connecticut farms (2017 USDA census) and 1,187,170 Connecticut residents (American Community Survey 2019).

The Regional Market is surrounded by industrial uses, making it an ideal location to grow truck and space-intensive distribution and production uses. This location has unique potential to support not just agriculture but also local economic development, by creating job opportunities for Hartford residents. Manufacturing jobs have declined across the country and across Connecticut by 7% in the past decade (Emsi). Sites that are not adjacent to residential areas that can accommodate industrial uses and preserve or grow manufacturing jobs are increasingly hard to find; maintaining one that exists is an easier task than siting a disruptive use in an existing neighborhood. FreshPoint/Sysco has a 90-year lease at the Regional Market, and investment in the balance of the Market would maintain and grow these jobs for the long term.

Other potential sites in Hartford have limitations that prevent them from adequately serving the needs of the agriculture industry in Connecticut. 201 Bartholomew Street is near the popular, consumer-facing Parkville Market but is not conducive to logistics and industrial uses because of its proximity to residential neighborhoods. The streets connecting the site to I-84 may be challenged to handle the 24/7 truck traffic required for food distribution. 1 Pequot Street is suitable for truck traffic because it connects directly to the I-84/I-91 interchange via Market Street, but it is significantly smaller than the current Regional Market site.

The Regional Market is proximate to growing Hartford food organizations and UConn's new Downtown campus. This would be a particular opportunity (particularly if some UConn agriculture programs have a Hartford presence in the future) to provide a layer of services necessary to benefit small farmers. The Regional Market site is also large enough to accommodate growth of existing, successful food organizations, and its proximity to Downtown Hartford could support increased retail function to become an asset to restaurants, other businesses, and residents

Solutions and Proposed Program

The CRDA and the State of Connecticut should re-envision the Regional Market to strengthen Connecticut's agriculture industry. A renewed Regional Market can become a place where farmers and producers come together to trade, learn, add value to their products, and grow their markets; a place that supports the state's agricultural self-sufficiency; and a place where consumers access high-quality food and learn more about its origins. Images depicting the scale and general footprint of a new Regional Market are included in Figures 1 and 2 on the following pages. Figure 3 on the following page compares the program currently in operation in existing market buildings to the proposed program, which is described further on the following pages.

After a proposed program is refined and agreed-upon by CRDA, DoAg, and other stakeholders, substantial additional design and engineering work will be required to refine an architectural concept for the Regional Market. In particular, design and construction phasing should aim to support the viability of continuing operations while construction of a new building is underway. It is expected that Building B could remain operational for most of construction, as well as the northern portion of Building A.

Figure 1: Concept Site Plan



Figure 2: Concept Aerial View

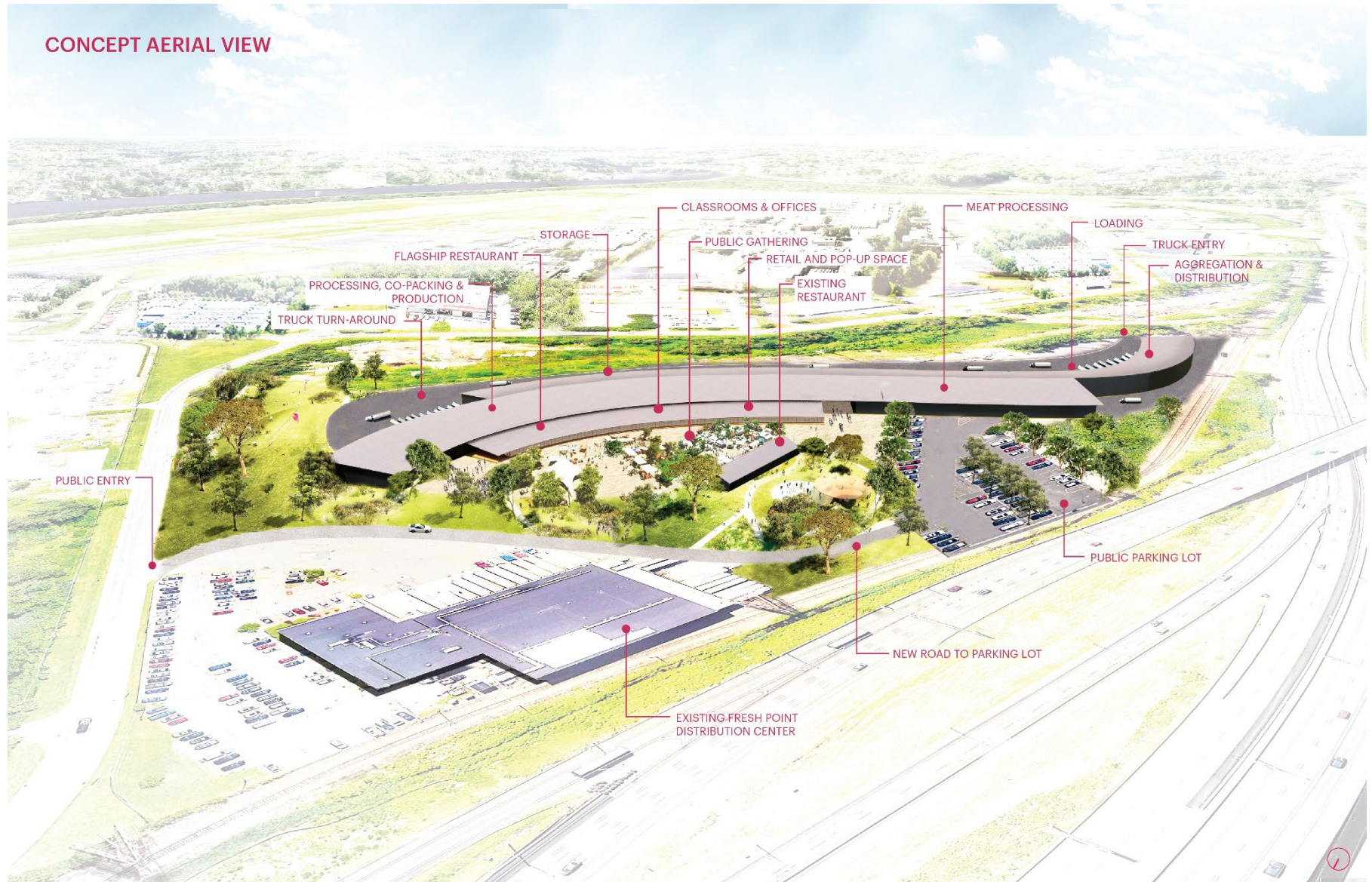
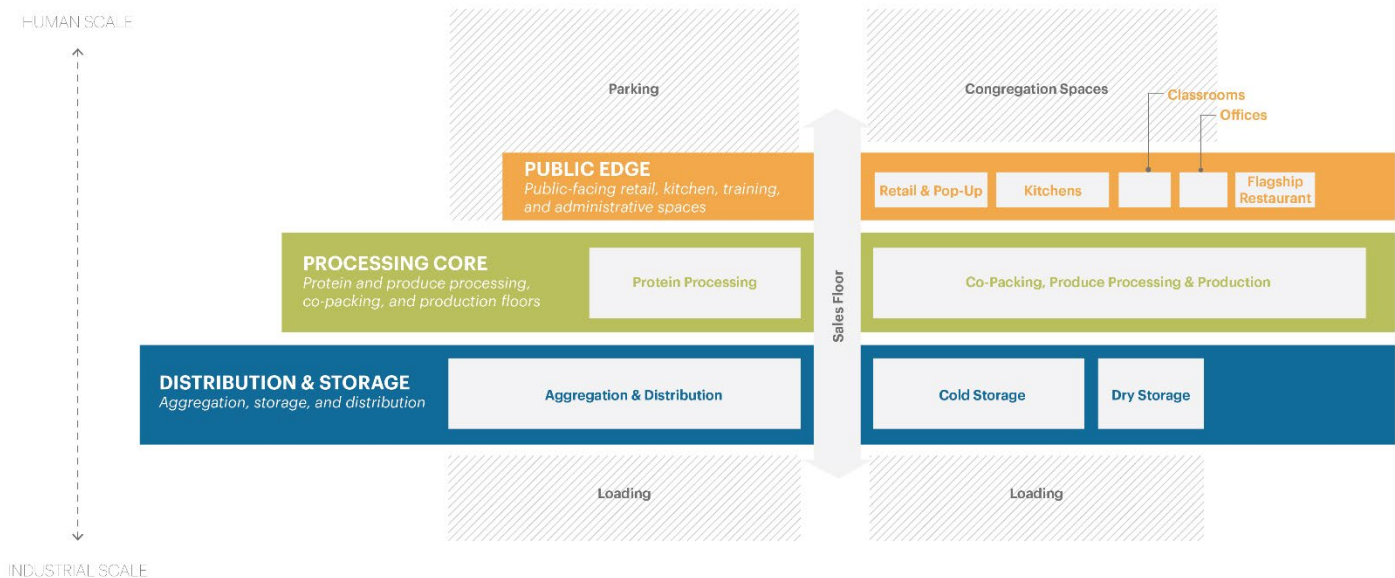


Figure 3: Current and Proposed Program

	CURRENT MARKET OCCUPIED SF	PROPOSED PROGRAM SF
Wholesale Market	119,700	90,000
Sales Floor	2,160	5,000
Aggregation & Distribution (<i>back of house</i>)		40,000
Shared/Backup Dry Storage	117,540	15,000
Shared/Backup Cold Storage		30,000
Production Center	10,800	90,000
Packing, Processing, and Production Facilities	10,800	60,000
Shared Kitchens for Processing		8,000
Producer Retail and Pop-up Space		2,000
Protein Processing		20,000
Public & Community Oriented Space	7,500	8,000
Flexible Classroom Space	500	1,000
Existing Market Restaurant (Farmer & Producer Hub)	2,000	2,000
<i>Connecticut-Grown Flagship Restaurant (Future Market Restaurant Expansion)</i>		3,000
Office Space	5,000	2,000
TOTAL	138,000	188,000

A reimagined Regional Market could support a program that includes a right-sized wholesale market, an agricultural production center for produce and protein, a community and technical training hub, and consumer spaces that sell and promote Connecticut Grown goods. The combination of program components is intentionally designed to maximize the impact across the four state goals of resiliency, infrastructure, innovation, and equity. The program also considers uses that will generate enough revenue to ensure that the project is financially sustainable in the long-term and creates wide reaching economic impacts for Hartford. As shown in Figure 5, the program can be physically aggregated to cluster industrial-scale uses and loading, while creating separation from human-scale retail, kitchens and restaurant space.

Figure 4: Program Distribution



The market will include three key components, as follows. This program is also shown in conceptual site plan to test the scale of the physical program and its circulation needs in Figure 5 on the following page.

1. **A new aggregation, distribution and storage facility** would support the resilience of regional distribution networks. Distributors indicate that currently, only 10-20% of the Regional Market's produce comes from local farms. A centrally located, highway-adjacent aggregation facility would reduce travel time for producers and connect them directly to a wider set of purchasers.

This would be a 90,000 SF space that includes 5,000 SF for a sales floor, 40,000 SF for back of house aggregation, 30,000 SF for cold storage, and 15,000 SF for dry storage. The storage facility would rent out space to individual tenants (including existing market tenants), some of whom might also be tenants of the co-packing and production center. Existing market tenants currently use their spaces for storage, aggregation and distribution, and at least one current tenant is using their space for value-add processing. The new Regional Market could accommodate existing tenants with more suitable, modern facilities. An upgraded facility, modernized storage, and centralized wholesale and distribution space is expected to help existing businesses grow their operations, particularly where aligned with DoAg priorities.

2. **High-quality space for produce and protein processing** would meet local demand, increases opportunities for farmers and entrepreneurs, and extend the season for local goods. This would close a major gap: some in-state food processing sites such as those near Long Wharf in New Haven (Onofrios, Gracie's Kitchen, Palmieri Foods) are constrained in their capacity, while others are too far to access for time-constrained producers. In conjunction with food processing there will could be producer-based retail space for breweries, bread makers, hemp producers, wine makers, or cheese mongers to both pack and produce their product while also selling it direct to consumers.

This would be a 90,000 SF space that includes roughly 68,000 SF for co-packing and value-add production, 2,000 SF for producer-based retail, and 20,000 SF for an on-site protein processing facility (abattoir and meatpacking). Co-packing and value-add production space could include industrial kitchens or packaging assembly lines. This space would be shared by tenants who would individually rent the equipment and space. The producer-based retail space, which could include the sale of goods made onsite or a brewery, would also be rented by individual tenants.

3. **Space for farmer/producer training, technical assistance, and collaboration** would support training smaller farmers/producers to navigate regulations, specifications, and business management practices. Roughly 30% of farmers in Connecticut are considered "new or beginner," but they have few options for technical training.

Community-oriented facilities would take up 5,000 SF, with 1,000 SF for classrooms, 2,000 SF for office admin space, and **2,000 SF for an expanded existing Market Restaurant** resourced to support the mission of the reimagined Market. The Market Restaurant could continue with its existing operator and become a central gathering place and hub for those working in Connecticut food and agriculture. Based on the success of the existing Market Restaurant, and activation across the site, there is an opportunity for its expansion into a second, "Connecticut-Grown Flagship Restaurant" that could feature locally grown products' and draw tourists into the market. If built, this restaurant would take up 3,000 SF and be rented by a single tenant. The operator would need to coordinate with the aggregation center to source local food but would be located to minimize circulation conflicts with the industrial elements of the Regional Market.

Figure 5: Conceptual Program Site Test Fit

RETAIL	
Sales Floor	5,000 SF
Retail & Pop-Up	2,000 SF
Existing Restaurant	2,000 SF
Connecticut Grown	3,000 SF
Flagship Restaurant	
Total	12,000 SF
ADMIN/EDUCATION	
Flexible Classroom	1,000 SF
Office Space	2,000 SF
Total	3,000 SF
PROCESSING	
Processing Kitchens	8,000 SF
Protein Processing	20,000 SF
Co-Packing, Processing	
& Production	60,000 SF
Total	88,000 SF
STORAGE & DISTRIBUTION	
Aggregation & Distribution	40,000 SF
Cold Storage	30,000 SF
Dry Storage	15,000 SF
Total	85,000 SF
TOTAL BUILT	188,000 SF
LOADING & PARKING	
Loading	91,000 SF
Parking	90,000 SF
Total	181,000 SF



Precedent Facilities

Nonprofits such as Red Tomato in Rhode Island have successfully executed this model and expanded so much they required a new facility.



The Common Market (a national network of facilities) reduces logistical barriers for producers by collecting and sorting produce and for institutional buyers by then transporting those goods to their sites.



In food hubs across the country, including the Cleveland Central Kitchen, cold and dry storage rentable to smaller producers are in high demand



Brands contract with the Cleveland Central Kitchen to produce their goods, with staff and sourcing of goods the responsibility of the Cleveland Central Kitchen, not individual food businesses. In this for-profit model, the individual clients are responsible for coordinating the distribution and sale of their goods once produced.



Producer retail displays at the North Carolina State Farmer's Market drive consumer foot traffic to the site. A similar retail model exists at the Cleveland Central Kitchen. Breweries are also a prime example of the intersection of production and retail, as in this example from the Brooklyn Navy Yard.



Onsite retail and multiple restaurants have activated unused spaces and generated rental revenue at the North Carolina State Farmers Market. Restaurants across the country such as Community Food and Juice in New York City, have built successful brands based on a locally sourced, farm-to-table concepts.

Figure 6: Rendering



Governance

The Market's financial sustainability and impact hinge on an operating plan and capable management entity. While CRDA has successfully stabilized the Market, the reimagined vision will require a specialized organization that provides services to farmers and producers (i.e., support for aggregation, programming, etc.) in addition to real estate leasing. Through an assessment of peer markets it is clear that a range of public partnerships, nonprofit, and for profit models can successfully operate similar entities without a need for ongoing subsidy.

Given the State's priority to support small and medium size farmers and producers, a non-profit organization (or mission-aligned for-profit entity) would be best suited to operate the wholesale entity of the Market in partnership with CRDA and the State. This entity would be responsible for sourcing farmers, connecting them to training where necessary (potentially provided by others), and sourcing buyers such as high schools, universities, hospitals, or prisons. There are a number of national and local entities suited for this job, and the consultant team is actively engaging relevant parties to gauge interest. While the other uses including the production center could be operated by a property manager controlling various leases or a for-profit business, a single site operator would allow for uses to cross subsidize each other such as rental income from individual processing tenants, storage tenants, or the restaurant supporting nonprofit operations of the wholesale market or community spaces. For example, Farm Fresh Rhode Island successfully supports their community education and programming from revenue generated by their weekend farmers market.

Funding

There is the likelihood that an operating entity with a mission to support local agriculture will not have the capacity to support debt service. The majority of capital funding will need to be provided through grants or appropriations. Most of the funding for similar agriculture projects comes directly from Congress through appropriations or through the US Department of Agriculture (USDA) through various grant programs that are funded on an annual basis. Further refinement of the program will make it clearer which private, public, and philanthropic investment opportunities are the best to pursue.

- **Direct Appropriations:** Given the current national focus on supporting regional food system resiliency, positioning the project as a regional priority rather than a local one could help win over federal legislators from New York and New England for the allocation of direct appropriations.
- **USDA Grants:** Developing a political strategy to secure USDA grants will be crucial, especially given the influx of recovery (ARPA) and infrastructure funds the agency has yet to allocate. In January of 2022 the Biden administration announced that \$1 billion of ARPA funds would be used to expand independent processing capacity. As part of this initiative, the USDA is lending \$375 million in gap financing for independent processors in-need of more capacity. Phase 1 of this funding will be immediately available, with Phase 2 available this summer. Other funding associated with this initiative is geared towards worker training and lowering the barrier of entry for new producers to enter markets. However, meaningful amounts of other USDA funds may be challenging to access due to annual program changes, dependence on the federal budget review process, pandemic impacts, and agency restructuring over the last several years. Nevertheless, developing strong partnerships with USDA leadership, including the USDA Rural Development Director and the yet-to-be-appointed State Farm Service Agency Director for Connecticut, will ease the process of securing the right types of grants for the Regional Market.
- **Philanthropic Foundations:** The CRDA and the Department of Agriculture may be able to leverage external funds to support programmatic elements (including technical assistance for producers) by engaging private philanthropy. As an example, the Emily Hall Tremaine Foundation and the Lawson Valentine Foundation are Connecticut-based members of the Sustainable Agriculture and Food Systems Funders (SAFSF). Partnership with nonprofit organizations, grassroots groups, and UConn CANHR is required for these funding channels and will require deep, early engagement.
- **Private Investment:** There are a range of partnerships and structures that could include private investment and revenue generation. Farm Credit East provides credit and financial services for the agricultural industry in the Northeast and had a loan volume of \$8.2 billion in 2020. Further may help shape the scope of their investment in the Regional Market or its tenants. Emphasizing the Regional Market's impact on the bottom lines of individual farm businesses will strengthen the case for investment.

Funding/financing for the redevelopment of the Connecticut Regional Market may resemble precedent food hubs such as Farm Fresh Rhode Island. While at much smaller scale, that nonprofit-driven initiative constructed their \$15.5M facility in 2020 using a combination of donations, state government funding, and New Market Tax Credits. Farm Fresh also sourced \$1.9M from the Rhode Island Foundation to secure start-up operational funding to be eligible for the tax credits. In New York City, nonprofit GrowNYC's New York State Regional Food Hub is using \$30 million in New Market Tax Credits to finance a \$40 million, 60K SF cold storage facility. The project also received funding from the state economic development authority, state and local government, the Federal Economic Development Administration, and corporate foundations. Farm Credit East, among others, provided bridge financing.