



Growing local markets, nutritious food and healthy children

Task Force

In 2010, the Colorado Legislature created the Colorado Farm to School Task Force, a 13-member body with representatives from schools, parents, producer organizations and state agencies. The Task Force is charged with *increasing the use of local farm and ranch products in school food service programs to improve child nutrition and strengthen local and regional agricultural economies.*

Statewide Reach

The Task Force engages stakeholders statewide through business meetings, community events, and technical assistance workshops. Since 2010, the Task Force has traveled to Pueblo, North Conejos, Longmont, Yuma, Las Animas, Montrose, Carbondale, and Denver. The Task Force has presented Colorado farm to school efforts at conferences in Vermont, Illinois and across Colorado. The Task Force partners with key national organizations including School Food FOCUS and the National Farm to School Network and is seen as a leader in farm to school.

Significant Accomplishments

- **Farm to School Expansion:** A three-fold increase in the number of schools and/or school districts engaged in farm to school activities, from 22 in 2010 to 64 in 2012.
- **SE Colorado Food Hub:** The Task Force identified the recently closed Fort Lyon Correctional Facility in Las Animas as a potential regional food hub that could serve as a central facility for aggregating, minimally processing and distributing food. The Task Force is currently undertaking a food hub feasibility study in partnership with community stakeholders, the Fort Lyon Repurposing Committee, LiveWell Bent County, and the Rocky Mountain Farmers Union.
- **Policy and Regulatory Guidance:** The Task Force, with support from the CO Dept. of Public Health and Environment's Prevention Services Division, conducts comprehensive analyses of key policies, rules, and practices affecting farm to school. A dozen written products have been released, including:
 - *Two FAQs on the new USDA Geographic Preference Rule:* One for schools and one for farmers.
 - *A Farm Food Safety Toolkit:* A nationwide survey of how states are addressing farm food safety gaps.
 - *Farm to School Legislative Trends:* A 50-state review of farm to school and school food legislation.
 - *Farm to School Food Safety* school and producer guidance documents and interactive presentations.
- **FTS Information Hub:** A one-stop-shop website for all things farm to school in Colorado includes audience-specific school, producer, students, parent and community pages. It is populated with resources and links aimed at starting and sustaining farm to school efforts. The website also serves as a peer-to-peer networking and learning hub through its blog, event calendar, and "Ask an Expert" forum. www.coloradofarmtoschool.org
- **FTS Evaluation Toolkit:** Step-by-step guidance and data collection tools for districts to assess their FTS outcomes related to any aspect of FTS programming, including students, parents, teachers, food service staff and operations, producers, school leadership, and community. Robust evaluations will improve district FTS programs and identify which models work best in different areas of the state.
- **School Facility Improvement Grant Guidance:** Three part toolkit that guides districts in identifying and applying for appropriate grants for kitchen equipment needed for processing and cooking fresh foods.
- **Funding:** The Task Force receives no state funds for operation. The Task Force is supported by generous grants from The Colorado Health Foundation and the Gates Family Foundation.

FARM TO SCHOOL IS GROWING ACROSS COLORADO

Growth in # of Colorado School Districts Engaged in FTS, 2010-2012

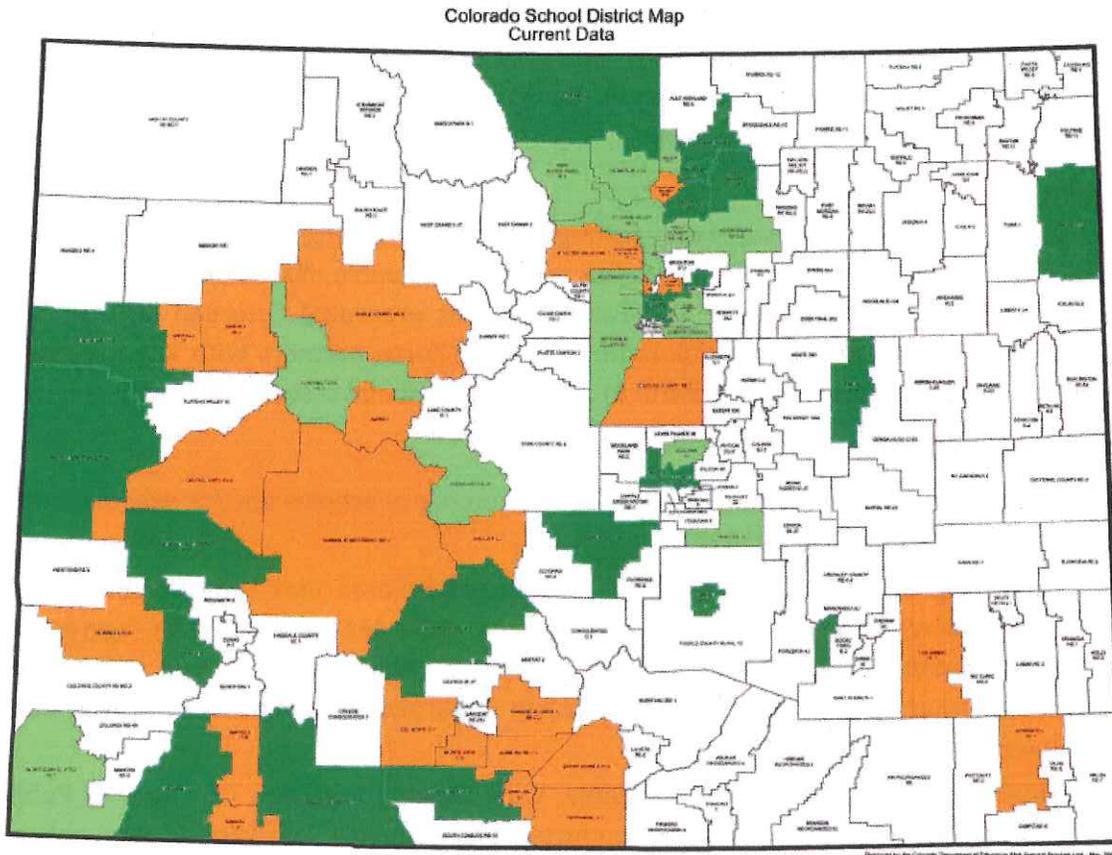


Figure Legend: ■ 2010 ■ 2011 ■ 2012

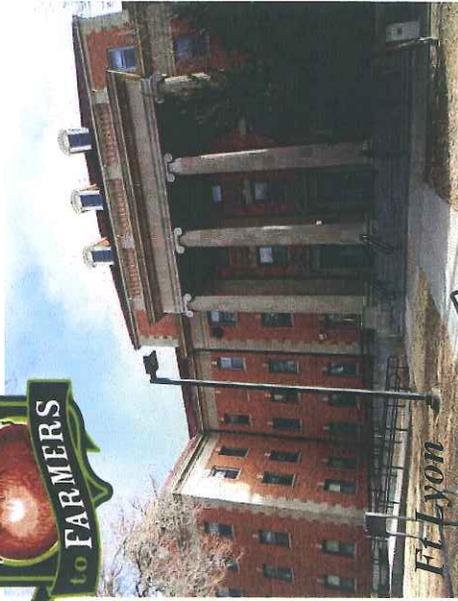
The work of the Task Force along with its partners has led to an increase in the number of school districts engaged in some type of FTS activity. FTS in Colorado has grown from 22 public school districts in 2010 to 64 public school districts in 2012. The continued work of the Task Force will expand existing FTS programs and help launch new programs across the state.



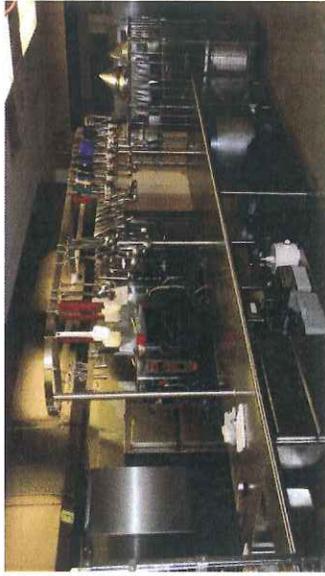
www.ColoradoFarmToSchool.org



CHP-10 acre Greenhouse Production At Fort Lyon

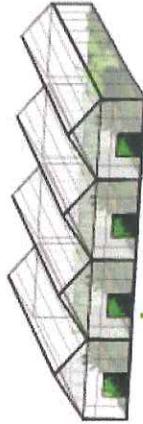
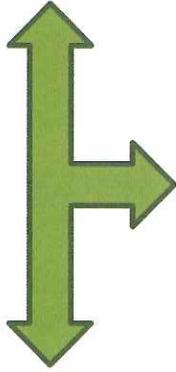


Packaging and Processing
Food Hub @ Fort Lyon

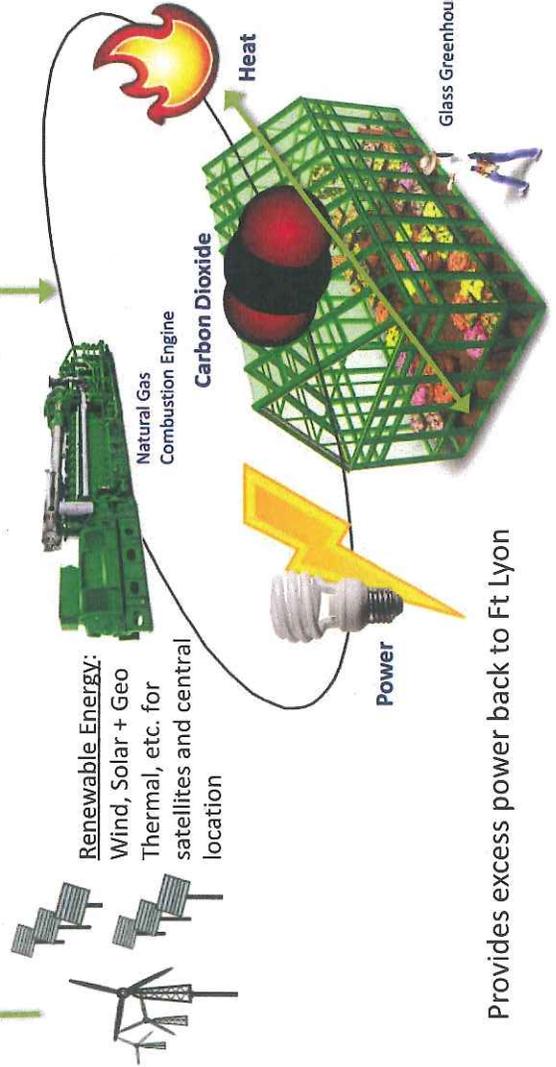


Provide value added processing services to neighboring SE CO counties and support local agriculture industry.

Vocational Training,
Homelessness Prevention,
Veteran Suicide Prevention
Treatment



Tomatoes, Cucumber, Peppers,
Lettuce, Culinary Herbs,
Strawberries



Provides excess power back to Ft Lyon

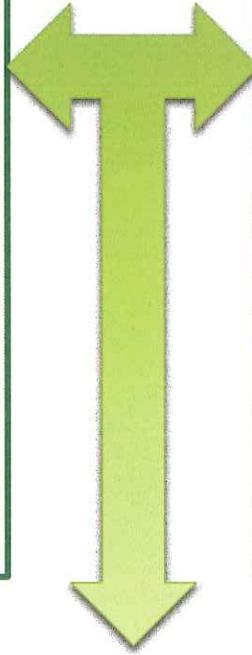
INVESTMENT ANALYSIS	Year 5
Project Cost	\$15,800,000
Total Debt	\$11,800,000
Total Equity	\$4,000,000
Total Annual Revenue	\$10,681,707
Return on Investment	170%



GROWING LOCAL FOOD BUILDING INDUSTRY AT FORT LYONS

Veterans to Farmers Program at Fort Lyon

- Employ, train, and give Veterans an opportunity to become self-sustaining professionals in the controlled environment agriculture business.
- Become an industry leader in providing local food through local food production.
- Provide skilled labor and service that can grow food.
- Cultivate agriculture production at Fort Lyon.
- Generate new agriculture business to support Fort Lyon and its community.
- Product grown will feed residents as well as other Coloradans.



Fort Lyon as a Food Hub

- Centralized location could service multiple counties within Southeast Colorado.
- Preexisting infrastructure provides ample cold and dry storage.
- Existing full service kitchen and processing equipment support processing for local agriculture products.
- Existing agriculture land and water rights support both in-ground and greenhouse production to support seasonal and year round product needs.
- Create new job opportunities.
- Increase access to more locally grown food.
- Support Southeast CO Communities.

Fort Lyon Local Food Product

- Veterans to Farmers and Fort Lyon Food Hub present ***Liberty Lettuce & Spinach:***
 - Grown by Veterans to Farmers at Fort Lyon
 - Processed and Packaged by Fort Lyon Food Hub
 - Marketed and Sold by Fort Lyon year round
- Two new business ventures supporting Fort Lyon and its communities:
 - Jobs & Revenue



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Additional Programs and Industry to be built off Ft Lyons using the Evergreen Coop Business Model- Worker Ownership evergreencooperatives.com

Additional Programs and Industries:

- Chickens – Organic, Pasture Raised- Currently Colorado has no Organic chicken processing capabilities and great demand.
- Small Scale Dairy – Specialty yogurt, e.g.: Noosa yogurt in Weld County. noosayoghurt.com
- Specialty Field Cropping – Value –added at the Fort Lyon Food Hub
- Aquaculture , e.g.: premierprawn.com
- [Kiri Trees](#) – Biomass, Carbon Sequestration
- [Kenaf- Fiber, Feed, Seed](#) – Biomass, Carbon Sequestration

Each of these would require a feasibility and business study. Partners include [Real Food Colorado](#), New Crops and Seeds, [Spark Policy Institute](#).

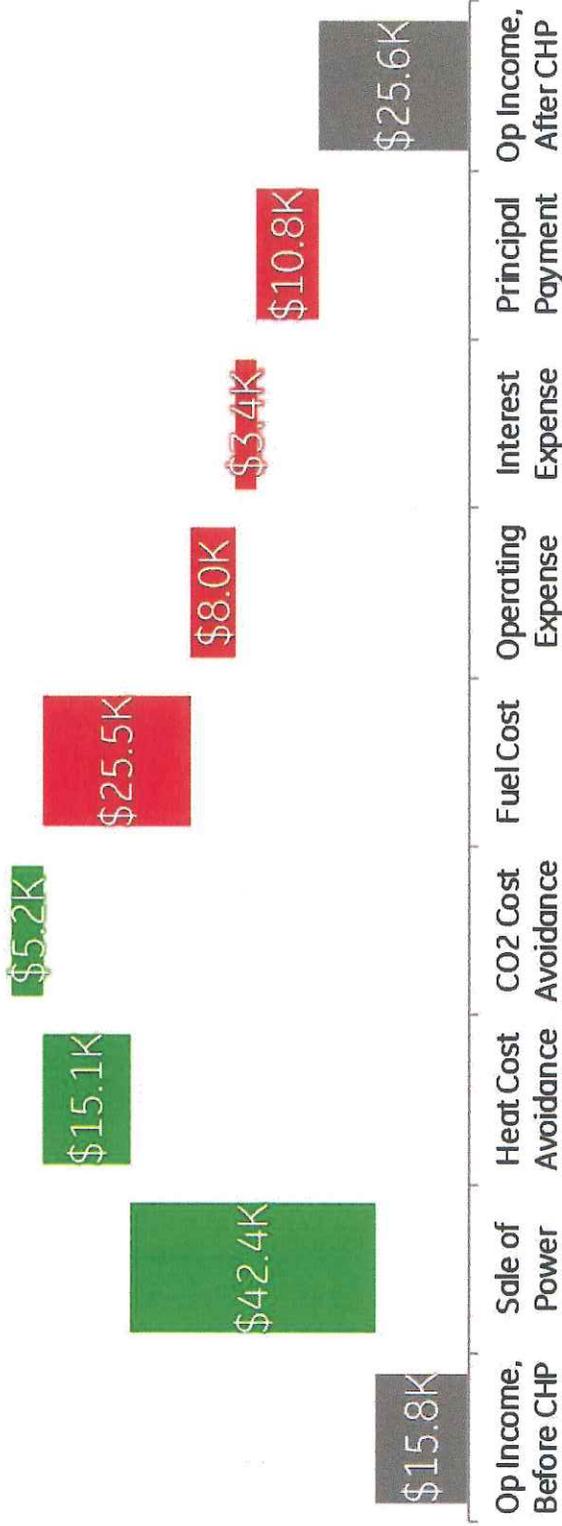
Each of these businesses would be set up as a worker coop model and will help support the surrounding 7 counties with new industry. Bringing in 10's of millions of dollars and stable jobs while supporting our veterans with new opportunities.



A SCALABLE CEA – CHP MODEL

Financial performance per hectare (2.5 acres)

- \$7MM complete installed capital cost (includes building, switchgear, interconnection, ITC cash grant, state sales tax, permitting, site construction)
- 10 year project life, 80% debt-financed at 6% for 10 years, 40% tax rate



- Sale of excess power will increase operating income by +62%
- 4.7 year pre-tax project payback (1.4 year on equity basis)
- 16% IRR

Colorado Produce Company: Greenhouse Production
Summary of Financial Projections

INCOME STATEMENT	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue					
Tomatoes Revenue	\$ 7,492,320	\$ 7,866,936	\$ 8,260,283	\$ 8,673,297	\$ 9,106,962
Cucumbers Revenue	\$ 1,295,547	\$ 1,360,324	\$ 1,428,341	\$ 1,499,758	\$ 1,574,745
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Total Sales	\$ 8,787,867	\$ 9,227,260	\$ 9,688,623	\$ 10,173,055	\$ 10,681,707
Variable Expenses					
Total Labor	\$ 1,521,000	\$ 1,566,630	\$ 1,613,629	\$ 1,662,038	\$ 1,711,899
Direct Variable Expenses	2,813,367	2,954,035	3,101,737	3,256,823	3,419,665
Ending COGS	\$ 4,334,367	\$ 4,520,665	\$ 4,715,366	\$ 4,918,861	\$ 5,131,564
Gross margin	\$ 4,453,500	\$ 4,706,595	\$ 4,973,258	\$ 5,254,193	\$ 5,550,144
Operating expenses					
Other Operating Expenses	\$ 1,488,396	\$ 1,562,816	\$ 1,640,957	\$ 1,723,004	\$ 1,809,155
Depreciation	\$ 1,195,887	\$ 1,195,887	\$ 1,195,887	\$ 1,195,887	\$ 1,195,887
Non-Operating Expenses	\$ 288,197	\$ 250,107	\$ 262,612	\$ 275,742	\$ 289,530
Total operating expenses	\$ 2,972,480	\$ 3,008,810	\$ 3,099,456	\$ 3,194,634	\$ 3,294,572
EBIT	\$ 1,481,020	\$ 1,697,786	\$ 1,873,802	\$ 2,059,559	\$ 2,255,572
Debt Interest Expense	\$ 843,509	\$ 744,314	\$ 680,362	\$ 583,682	\$ 512,856
Preferred Investor Return	\$ 280,000	\$ 280,000	\$ 280,000	\$ 280,000	\$ 280,000
EBT	\$ 357,512	\$ 673,471	\$ 913,440	\$ 1,195,877	\$ 1,462,716
Taxes (30%)	107,253	202,041	274,032	358,763	438,815
Net income	\$ 250,258	\$ 471,430	\$ 639,408	\$ 837,114	\$ 1,023,901
Dividends	\$ -	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000
Addition to retained earnings	\$ 250,258	\$ 471,430	\$ 639,408	\$ (162,886)	\$ 23,901

BALANCE SHEET	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Cash	\$ 1,343,399	\$ 2,297,745	\$ 3,348,712	\$ 3,704,722	\$ 4,174,673
Inventory	\$ 79,569	\$ 83,548	\$ 87,725	\$ 92,112	\$ 96,717
Receivables	\$ 874,104	\$ 917,809	\$ 963,700	\$ 1,011,885	\$ 1,062,479
Total non fixed assets:	\$ 2,297,072	\$ 3,299,102	\$ 4,400,137	\$ 4,808,718	\$ 5,333,869
Buildings + Land	\$ 13,150,000	\$ 13,150,000	\$ 13,150,000	\$ 13,150,000	\$ 13,150,000
Other Equipment	\$ 1,050,000	\$ 1,050,000	\$ 1,050,000	\$ 1,050,000	\$ 1,050,000
Accumulated Depreciation	\$ 1,195,887	\$ 2,391,775	\$ 3,587,662	\$ 4,783,550	\$ 5,979,437
Total fixed assets:	\$ 13,004,113	\$ 11,808,225	\$ 10,612,338	\$ 9,416,450	\$ 8,220,563
Total assets:	\$ 15,301,185	\$ 15,107,327	\$ 15,012,474	\$ 14,225,168	\$ 13,554,432
Liabilities & Equity					
Accounts payable	\$ 303,571	\$ 316,214	\$ 329,414	\$ 343,195	\$ 357,585
Note Payable	\$ 341,543	\$ 175,013	\$ -	\$ -	\$ -
Bank Debt	\$ 10,125,813	\$ 9,334,411	\$ 8,481,964	\$ 7,563,763	\$ 6,574,735
Total liabilities:	\$ 10,770,927	\$ 9,825,639	\$ 8,811,378	\$ 7,906,958	\$ 6,932,320
Shareholder Equity	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
Retained earnings	\$ 530,258	\$ 1,281,688	\$ 2,201,096	\$ 2,318,210	\$ 2,622,111
Total equity:	\$ 4,530,258	\$ 5,281,688	\$ 6,201,096	\$ 6,318,210	\$ 6,622,111
Total liabilities & equity:	\$ 15,301,185	\$ 15,107,327	\$ 15,012,474	\$ 14,225,168	\$ 13,554,432
Reconciliation	\$ -				

CASH FLOW STATEMENT	Year 1	Year 2	Year 3	Year 4	Year 5
Cash flow from operations					
Net income	\$ 250,258	\$ 471,430	\$ 639,408	\$ 837,114	\$ 1,023,901
(+) Depreciation	\$ 1,195,887	\$ 1,195,887	\$ 1,195,887	\$ 1,195,887	\$ 1,195,887
(-) Increase/(+) Decrease of A/P	\$ 303,571	\$ 12,644	\$ 13,200	\$ 13,781	\$ 14,390
(-) Increase/(+) Decrease of inventory	\$ (79,569)	\$ (3,978)	\$ (4,177)	\$ (4,386)	\$ (4,606)
(+) Increase/(-) Decrease of A/R	\$ (874,104)	\$ (43,705)	\$ (45,890)	\$ (48,185)	\$ (50,594)
Total cash flow from operations	\$ 796,043	\$ 1,632,277	\$ 1,798,427	\$ 1,994,211	\$ 2,178,979
Cash flow from investing					
(-) Building, Materials, etc	\$ (12,150,000)	\$ -	\$ -	\$ -	\$ -
(-) Purchase of Cooling equipment	\$ (1,000,000)	\$ -	\$ -	\$ -	\$ -
(-) Purchase of Vehicles	\$ (150,000)	\$ -	\$ -	\$ -	\$ -
(-) Office/Other Equipment	\$ (900,000)	\$ -	\$ -	\$ -	\$ -
(+) Disposal of equipment	\$ -	\$ -	\$ -	\$ -	\$ -
Total cash flow from investing	\$ (14,200,000)	\$ -	\$ -	\$ -	\$ -
Cash flow from financing					
(+) Bank Loan	\$ 10,500,000	\$ -	\$ -	\$ -	\$ -
(+) Investment	\$ 4,000,000	\$ -	\$ -	\$ -	\$ -
(+) Owner's Note	\$ 500,000	\$ -	\$ -	\$ -	\$ -
(-) Payment of Loan Principal	\$ (1,332,644)	\$ (957,931)	\$ (1,027,461)	\$ (918,201)	\$ (989,028)
(-) Cash withdrawal by the owners/payment of dividends	\$ -	\$ -	\$ -	\$ (1,000,000)	\$ (1,000,000)
Total cash flow from financing	\$ 13,667,356	\$ (957,931)	\$ (1,027,461)	\$ (1,918,201)	\$ (1,989,028)
Net cash flow	\$ 263,399	\$ 674,346	\$ 770,967	\$ 76,010	\$ 189,951
Beginning cash	\$ 800,000	\$ 1,063,399	\$ 1,737,745	\$ 2,508,712	\$ 2,584,722
Ending cash	\$ 1,063,399	\$ 1,737,745	\$ 2,508,712	\$ 2,584,722	\$ 2,774,673

RATIO ANALYSIS	Year 1	Year 2	Year 3	Year 4	Year 5
Current Ratio	7.57	10.43	13.36	14.01	14.92
Acid Test Ratio	4.16	7.00	9.90	10.53	11.40
Quick Ratio	7.30	10.17	13.09	13.74	14.65
Op Expense to Sales	33.8%	32.6%	32.0%	31.4%	30.8%
Gross Margin	50.7%	51.0%	51.3%	51.6%	52.0%
Net Margin (EBIT)	16.9%	18.4%	19.3%	20.2%	21.1%
Net Margin (all)	2.8%	5.1%	6.6%	-1.6%	0.2%
Leverage Multiplier	337.8%	286.0%	242.1%	225.1%	204.7%
Assets Utilization	57.4%	61.1%	64.5%	71.5%	78.8%
Total Debt to Assets	70.4%	65.0%	58.7%	55.6%	51.1%
Debt Service Coverage Ratio (DSCR)	1.05	1.42	1.47	1.74	1.82
Interest Coverage	175.6%	228.1%	275.4%	352.9%	439.8%
Interest Expense to Sales	9.6%	8.1%	7.0%	5.7%	4.8%
Return on Assets Ratio	1.6%	3.1%	4.2%	5.7%	7.4%
Return on Equity Ratio	5.5%	9.6%	11.1%	13.4%	15.8%

INVESTMENT ANALYSIS	Year 5
Project Cost	\$ 15,800,000
Total Debt	\$ 11,800,000
Total Equity	\$ 4,000,000
Total Annual Revenue	\$ 10,681,707
Return on Investment	170%

