



Business Plan: Executive Summary

Written in partnership with the School District of Philadelphia (District) & Hygieia Consulting

OPPORTUNITY: Philly Cooks, rooted in equity, sustainability, and community-economic growth, will build a city-based central production kitchen and career empowerment center (Kitchen). The Kitchen is designed to produce and distribute up to 20 million annual meals. Localized production avails greater District control, improved meal quality, local and regional economic benefit, and new family-sustaining careers.

By The Numbers

- Scope: > 16 million USDA-reimbursed meals served to kids in Philadelphia annually
- Kitchen: 75K sq. ft. meal production facility, warehouse & career development center
- Built to grow: Up to 20 million annual meal production capacity
- Employment: ~340 **new** jobs (direct & indirect)
- Beyond pre-plate: 84 District schools have full kitchens & use prepackaged meal items

Programmatic Areas

Community Benefits:

- Versatile anchor institution: Afterschool & summer meal production, culinary & food system career development, nutrition education, & partnership-driven community inclusion
- Supports collaboration: Local workforce, culinary & technical education, & nutrition programs

School Meal Production & Modernization:

- What: Shift pre-plated meal production from New York to Philadelphia
- How: Partner with District via Letter of Intent (LOI)
- Phase 1: Replace 10.7 million annual pre-plated meals (36,000 daily)
- Future state: Year-over-year support District-wide scratch & semi-scratch cooking

Operational & Quality Improvements:

- Localization = Greater transparency, oversight, purchasing control, & compliance
- Accommodates cultural and nutritional needs, reduces food waste, and increases meal participation rates, especially at breakfast

Financial Findings

Feasibility & Scale:

- Initial modeling: 75,000 square-foot leased facility
- Capacity: Up to 20 million annual meals
- Space allocation: Production, storage, shipping/receiving, admin. & community space

Revenue & Expense Projections:

Version 1 (V1):

- Replace 10.7 million pre-plated meals, yielding ~ \$39.5M revenue
- Costs of goods sold (COGS) = \$25.5M & net operating surplus ~ \$1M (after indirect expenses)
- 140 full time equivalents (FTEs)

Version 2 (V2):

- 70% scratch cooking & higher local procurement
- Higher labor & food costs (COGS: \$29M)
 - Projects a net operating deficit of \$423K due to food costs & expanded staffing
- 170 FTEs

Increased participation rates at peer district levels project a net positive surplus following V2 indirect expenses.

Cost Structure:

- Average meal costs: \$2.06–\$2.70 (V1) to \$2.36–\$3.09 (V2) (meal pricing matches peer districts)
- Non-personnel: ~ \$4M annually (maintenance, insurance, waste, utilities, IT & transport)
- Financial viability needs: Maintaining/increasing meal participation + full reimbursement rate
 - Assumptions include positive return via expanded capacity, lower packaging & distribution costs, improved supply chain & USDA-commodity foods usage
 - Plan includes 5% liquidity fund & depreciation for resilience

How Do We Get There?

Facility Development:

- Philly Cooks is a registered 501(c)(3) public charity
- Locate, fund & develop the Kitchen by creating single member LLC or Special Purpose Entity (SPE)
- Total projected costs: \$44-59M ***Note: The Kitchen will be built without District funding.***

Funding & Needs:

- Capital stack funding: Primarily city, state & federal grants
- Funding security: District guaranteed meal production volume & no RFP
- Guarantee must be compliant with relevant regulatory agencies

District's Role:

- Sign a long-term operating agreement to use facility for meal production
- Why? Places District in compliance with federal and state meal production regulations
- School Food Authority central kitchens operate nationwide. Each produces their own meals.

Letter of Intent:

- Step 1: District signs a Letter of Intent (LOI) to operate the Kitchen
- Step 2: Site identification, developer participation, & funding security
- Ongoing steps: Subsequent agreements - District is not obligated to move ahead before each agreement's conditions are satisfied.

What's Next?

On-going stakeholder engagement, refining District integration, site identification & acquisition, capital campaign planning, & finalizing efficient & effective facility design