



Food Innovation Districts in Kalkaska:
An Implementation Study



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A food innovation district is a geographic concentration of food-oriented businesses, services, and community activities that local governments support through planning and economic development initiatives in order to promote a positive business environment, spur regional food system development, and increase access to local food. Either on a local or regional level, the businesses in a food innovation district collaborate, network, and share services, which works to create a positive business environment or “cluster,” that is, a grouping of similar businesses in a defined geographic area.

A food innovation district is a place where goods and services are traded between businesses and individuals. Farmers and food producers can bring their products for processing and storage, value-added products are created and sold in storefronts, individuals can create home-made products in community kitchens and sell them at farmers markets, and consumers can enjoy the ease of meeting their food needs in one central location. The difference between having multiple food businesses in a community and having a food innovation district is that a district will generally collect food businesses in a defined area, and will typically have some degree of coordination and community backing.

These districts and the food-related businesses within them are increasingly being recognized as important elements of state, regional, and local economies, with benefits including job creation, support for local agricultural producers, public health improvements, redevelopment opportunities, and placemaking:

- A 2006 report from the Michigan State University Product Center indicated that a committed and comprehensive support system for food and agriculture entrepreneurs could add 69,000 jobs to the state’s economy.
- Farms and producers need the types of small- and mid-scale market infrastructure available in food innovation districts, in order to participate in expanding markets for local, regional, and specialty food products.
- Food innovation districts help to strengthen networks for distributing healthy food from local farms to all residents.
- Because much of the infrastructure essential for industry and commercial activities is also needed for food innovation districts, they can provide opportunities for communities to redevelop historic industrial or commercial areas that have experienced disinvestment or decline, while allowing for re-invention and diversification of an area’s industry.
- Food innovation districts often include recreation, entertainment, retail, and other community-oriented activities that can enhance a community’s sense of place and quality of life.

To examine the potential for these benefits in the the Village of Kalkaska, and to identify potential implementation mechanisms, this document was prepared for the Kalkaska Village Planning Commission in 2012. To help their communities achieve these

Food System Planning in Kalkaska

The value of local food systems is recognized by the Village of Kalkaska. With three farmers markets, a renowned year-round fresh food market, and a strategic location in a diverse agricultural region, Village residents are supportive of efforts to enhance the community's role in the region's food system. As part of the 2011 Village Master Plan process, a public survey asked residents to select types of development that they would like to see in the Village. Food- or agricultural-related business attracted support from 70% of respondents. Further, food-related uses and activities were identified as high priority uses in surveys conducted as part of the 2011 Downtown Market Strategy.

Because of its wide mix of uses – and regulations – in and around the downtown area, along with community interest in reinventing and reusing vacant buildings in the Village, Kalkaska presents some opportunities to illustrate how a food innovation district might be implemented, and what challenges might exist. The following case study reviews some existing food-related assets, opportunities, and challenges to be considered in food innovation district implementation at a local or regional scale.

Background

Kalkaska is a village of about 2,000 people in northwest lower Michigan, located at the crossroads of two major state highways. Its location and surrounding natural resources have contributed to the development of strong manufacturing, wholesaling, distribution, transportation, and storage sectors, along with significant revenues and employment in mining and oil and gas exploration. However, as the state's economy contracted for several years, Kalkaska experienced the loss of a number of jobs and a decline in its manufacturing sector. The Village is now working to reposition itself for the new economy by attracting new business and population growth by building on existing assets, including:

- **Economic niche sectors.** Manufacturing, which makes up about 15% of the County's employment, is primarily located on the east side of US 131, as are a number of freight, packaging, warehousing, storage, and distribution related uses, which form an economic niche in Kalkaska, representing an important economic sector in the Village.
- **Downtown and retail.** Kalkaska's downtown provides a focal point for the Village. Historic buildings house a mix of uses, including service, entertainment, and retail. An active Downtown Development Authority has made and continues to make significant investments in the downtown, with recent and planned activities including a market study, streetscape improvements, and wayfinding. Additionally, a new farmers market was launched in the downtown this spring; and Cherry Street Market, located along M-72, north of downtown, is a favorite retail outlet for fresh produce and garden goods that draws visitors to the Village from surrounding communities.
- **Infrastructure.** Transportation infrastructure includes air, rail, and state highways, providing connections to regional, state, national, and global economies. Sewer and water facilities are available throughout the Village. High-tech infrastructure is also available – wireless Internet is provided throughout the downtown by the DDA, and access to broadband internet is available.
- **Agriculture.** Kalkaska has the highest crop revenues in the ten-county northwest Michigan region, with \$52 million in crop revenue in 2009. It is among the top ten counties in Michigan for rye, acres in potatoes, and acres in Christmas trees, and neighboring counties with agricultural economies focused on dairy and fruit. Projected growth through 2013 in agriculture, forestry, and fishing growth is 10%. In Kalkaska County, 10 farms currently market products including dairy, meat, eggs, wool, fruit, vegetables, nursery plants, maple syrup, and grain directly to consumers.
- **Hospital.** The Kalkaska Memorial Hospital, located within the Village, is the County's largest employer, and employment in health care is expected to grow substantially over the next several years.

- **Planning and Placemaking.** The Village’s Master Plan, adopted in 2012, outlines a number of strategies for the Village to pursue, with a focus on enhancing the downtown area and attracting new business. Since the plan was adopted, other initiatives, including Kalkaska Connects!, DDA initiatives, and local volunteer activities, have moved the Village towards implementation of these strategies.

Preliminary Food Innovation District Inventory

Several food innovation district components are already in place, with others having the potential to be implemented. Many of the Village’s assets have potential for food innovation-related activities. Primary food innovation assets include:

- **Retail opportunities** are available throughout the Village, including groceries, fresh food markets, and nursery/produce outlets.
- **Surrounding agricultural uses**, including potatoes, dairy, and fruit, could act as a “base” for an food innovation district.
- **Farmers markets** are held in two locations within the Village on three days per week during the growing season.
- **Infrastructure availability** is critical to establishment of a food innovation district.
- **Industrial property** is abundant within the Village limits. While these properties are not currently used for food or agricultural products, a significant amount of land in the Village is zoned and used for these activities on a more general level, and could accommodate these uses with a focus on food or agricultural products. Retrofitting vacant industrial buildings to provide for warehousing, processing, or other food-related activities could potentially play an important role in the region’s food system.
- **Business support services**, including marketing assistance, are available through Traverse City Area Chamber of Commerce, which is instrumental in promoting and attracting business to the region.
- **Placemaking initiatives**, including Kalkaska Connects!, downtown wayfinding efforts, and planned streetscape improvements, provide opportunities to enhance the Village’s image and sense of place.
- **Community festivals and other events**, such as the Trout Festival, Winterfest, Kalkaska County Fair, and the Iceman Cometh, draw visitors from throughout the region, the state, and the nation. New events and activities have arisen over the last year due to volunteer efforts, including summer outdoor movies and a street fair in August.

Recommendations

While the Village of Kalkaska is not currently considered a food business cluster, it does have a strong foundation to create a food innovation district. Many of the Village’s assets – its strategic location along state highways in an agricultural region, abundance of industrial property, historic downtown, and infrastructure availability – are components in the creation of food innovation district or a food sector, which in turn could provide important opportunities for reuse or reinvention of vacant industrial property near the downtown. Further, physical and regulatory features already in place give the community a “jump start” in the food innovation district creation process, which can be further enhanced through the use of a number of zoning, financial or economic strategies, and local and regional partnerships, that would incentivize the creation of a small-scale food business cluster with linkages to regional food initiatives. Following are several strategies that Village and its partners may consider in efforts to enhance its position in the regional food economy.

Strategy 1: Enhance and Link Existing Food-Related Uses and Activities

While a number of existing food-related uses and activities currently exist in the Village of Kalkaska, there may be opportunities to coordinate and link existing uses to enhance services or market reach. A first step towards building the Village's local food economy may be simply enhancing linkages among existing uses and activities. A number of such linkages are currently underway, such as the partnership between the Community Garden and the Commission on Aging Meals on Wheels program. Other potential linkages may include farm-to-institution programs, market masters, and community education programs.

Implementation

- **Farm-to-institution linkages.** Existing farm-to-school programs within the region connect farmers and producers with schools. With three schools and a hospital located within the Village, opportunities may exist to connect area farmers to these institutions, thus creating new markets for their products and increasing their visibility and presence in the community. See www.farmtoschool.org for regional programs, involved organizations, and potential funding opportunities.
- **Market masters and farmer's market resources.** A farmers market master works to recruit farmers, collect fees, and supervise the market, while promoting the market through media activities, advertising, and local engagement. A market master could act as a link between the Village's farmers markets and other food-related businesses and initiatives. Currently, all farmers markets in the Village are managed on a volunteer basis, with some support from the DDA. Some additional financial resources and/or a paid staff position at the Village or DDA, funded through grants, may help to build participation rates, visibility, and recognition of the Kalkaska's farmers market. A market master could also help coordinate or link the three farmers markets to ensure synergy between the markets. Grant opportunities are available through a number of organizations, including USDA Rural Development, the Grand Vision Community Growth grant program, Rotary Planning grants, and others.
- **Health, Education, and Cooking Program.** Some hospitals and schools provide nutrition and cooking classes to educate the community about healthy food choices. Some organizations, restaurants, or wineries also offer cooking demos, with instruction on preparing a variety of unique or gourmet foods, that become popular community events. The Kalkaska Memorial Health and Kalkaska Public Schools, some of the Village's most important assets, could be engaged to provide cooking or nutrition classes to further engage the community in the local food system.

Implementation

One potential implementation step would be to convene an ad hoc group of local and regional businesses and stakeholders committed to enhancing access to local food access while building economic opportunities, to explore opportunities to collaborate and enhance on current products or services. A partial list of stakeholders includes:

- Agricultural producers/vendors (Cherry Street Market, Shetler's Dairy, Earth's Garden, etc.)
- Kalkaska Village
- Kalkaska Downtown Development Authority
- Kalkaska County Economic Development Corporation
- Kalkaska Memorial Hospital
- Kalkaska Public Schools
- Traverse City Area Chamber of Commerce
- Northwest Michigan Chamber of Commerce



- Michigan Land Use Institute

Challenges and Solutions

The Village currently has limited staff capacity to engage in additional programs or initiatives. Potential solutions include pursuing grant funding and/or work to enhance existing partnerships with local or regional organizations to implement food- or agricultural business enhancement goals. While grant funding requires local match and is often competitive, partnerships with related organizations can strengthen any initiatives or funding applications on the part of the Village.

Strategy 2: Food Innovation District Business Attraction

With the growing trend of local food production, needs for locally available food processing have the potential for expansion. A number of vacant industrial properties to the immediate east of Kalkaska’s downtown, meanwhile, have the strong potential for reuse or redevelopment. In addition to the east side, there is also room to grow in the new industrial park. With linkages between these industrial/wholesaling opportunities and agricultural producers and processors, Kalkaska could play an important role in the region’s food system.

Additionally, the Village’s historic downtown is home to a number of assets including historic character, high visibility, and an active DDA. The downtown struggles, however, with pedestrian safety issues, façade improvement needs, and retail vacancies. One major goal for the downtown has been the attraction of diverse and viable businesses to the downtown, along with redevelopment of vacant or underutilized buildings. The Downtown Market Strategy developed in 2011 provides recommendations relative to attracting and preserving viable businesses in the downtown. Among businesses recommended for recruitment to the downtown were specialty food shops; wine bottling, beer distilling, supplies; and culinary school, cooking demos, and meal preparation. The strategy also recommended relocation of some existing Kalkaska-area food-related businesses to the downtown. The downtown represents the Village’s focal point, and food-related enhancements in the downtown could also serve to build the community’s sense of place and overall economic vitality.

Implementation

Conducting feasibility studies or market studies could identify specific “niche” food processing, wholesaling, or distribution potential for the Village’s vacant industrial property. Facilitating partnerships or linkages between regional producers, processors, and other food-related organizations could move the Village to the forefront of discussions relative to food business needs and opportunities.

Further, the 2011 Downtown Market Strategy includes a number of strategies relative to recruitment of new investment, including promotional services, computer access, low-interest loans, tax rebates or other incentives, and façade improvement



programs, and implementation of Michigan Main Street Program Four-Point Approach. The Michigan MainStreet Program helps train communities, recruit volunteers, conduct visioning and marketing studies, and coordinate and promote downtown businesses.

Challenges and Solutions

As noted, there is limited staff and financial capacity to engage in business support. However, the Traverse Area Chamber of Commerce provides business support to Kalkaska, and the DDA has engaged in many activities with the potential to enhance downtown businesses.

Strategy 3: Zone for Food Innovation

Based on existing assets and opportunities, the most logical place for food innovation districts or related uses may be within and surrounding the downtown. As noted, the historic downtown includes a mix of uses, and ongoing placemaking efforts in this area are intended to attract additional investment. Further, to the east of the historic downtown is a variety of commercial, industrial, and residential uses. This area includes a number of vacant buildings, warehousing/storage opportunities, and single-family housing, along with undeveloped lots. Zoning in this area is a mix of commercial, residential, and industrial. The Village’s master plan calls for greater integration of this area into the traditional downtown. Food-related uses or businesses may provide a buffer between residential and industrial uses, while acting as a draw to greater investment in the downtown. Boundaries of a possible food innovation district are illustrated in Figure 1.

Zoning will play a crucial role in which uses are allowed to locate to the district. A proposed district, as indicated in Figure 1, contains commercial, industrial, and multi-family residential zoning. Collectively, these zoning districts provide for many food innovation uses and related, compatible uses such as residential development. However, some food innovation uses are not permitted in any of the applicable zoning districts, and others are only permitted under certain conditions (see Appendix A). Providing for a greater mix of uses, or greater flexibility in uses, may aid in encouraging new food innovation-related development.

One way to provide added flexibility within a specified district is through the use of overlay zoning – that is, a zone that is laid over certain underlying zoning districts, with regulations or provisions that apply to each of the zoning districts it “covers.” An overlay can be used over multiple districts without needing to amend each underlying zone or rezone properties. An overlay zone also provides a means with which to “collect” desired uses in a particular area.

What is an Overlay Zone?

An overlay zone is a “transparent” zone that lies on top of existing zoning districts. It is typically used to added additional standards or restrictions beyond those required by existing zoning; but can also be used to add additional uses or flexibility to a given area within a zoning district, in order to encourage certain types of development while unifying a neighborhood or area.

An overlay zone is often used when there is a special public interest to be served that does not coincide with already mapped traditional zones. An overlay district may cover parts of several zones or only a portion of an underlying zone. Generally, the underlying zone determines the permitted land uses, while the overlay district changes setbacks or other design requirements. In some cases, overlay districts will modify the permitted uses of a district in order to promote the character of the district.

A model food innovation district overlay zone developed in 2012 by the MSU Practicum Team provides some guidance for communities that would like to encourage food innovation-related development through zoning. The model ordinance defines many of the food-related uses which would be found within a food innovation district. The uses are organized based on intensity, with higher-impact uses being defined as special use. More common uses, such as community kitchens or urban agriculture, are recommended to be permitted “by right” uses with specified design standards, which provide extra direction and regulation to better control the impacts of uses. For example, the ordinance allows minor agricultural processing as a permitted use, provided that the activity is carried-out within an enclosed building, with an adequate setback and screening. Without these development standards, minor agricultural processing may not be compatible with retail uses. However, with appropriate standards, processing impacts are minimized and both processing and retail can be considered permitted uses within the same zoning district.

The Village may borrow and adapt standards to fit their individual needs. The ordinance could be written as an overlay; or uses identified within the model overlay zone could be added to one or more of the Village’s zoning districts. For reference, the ordinance has been included in Appendix B.

Implementation

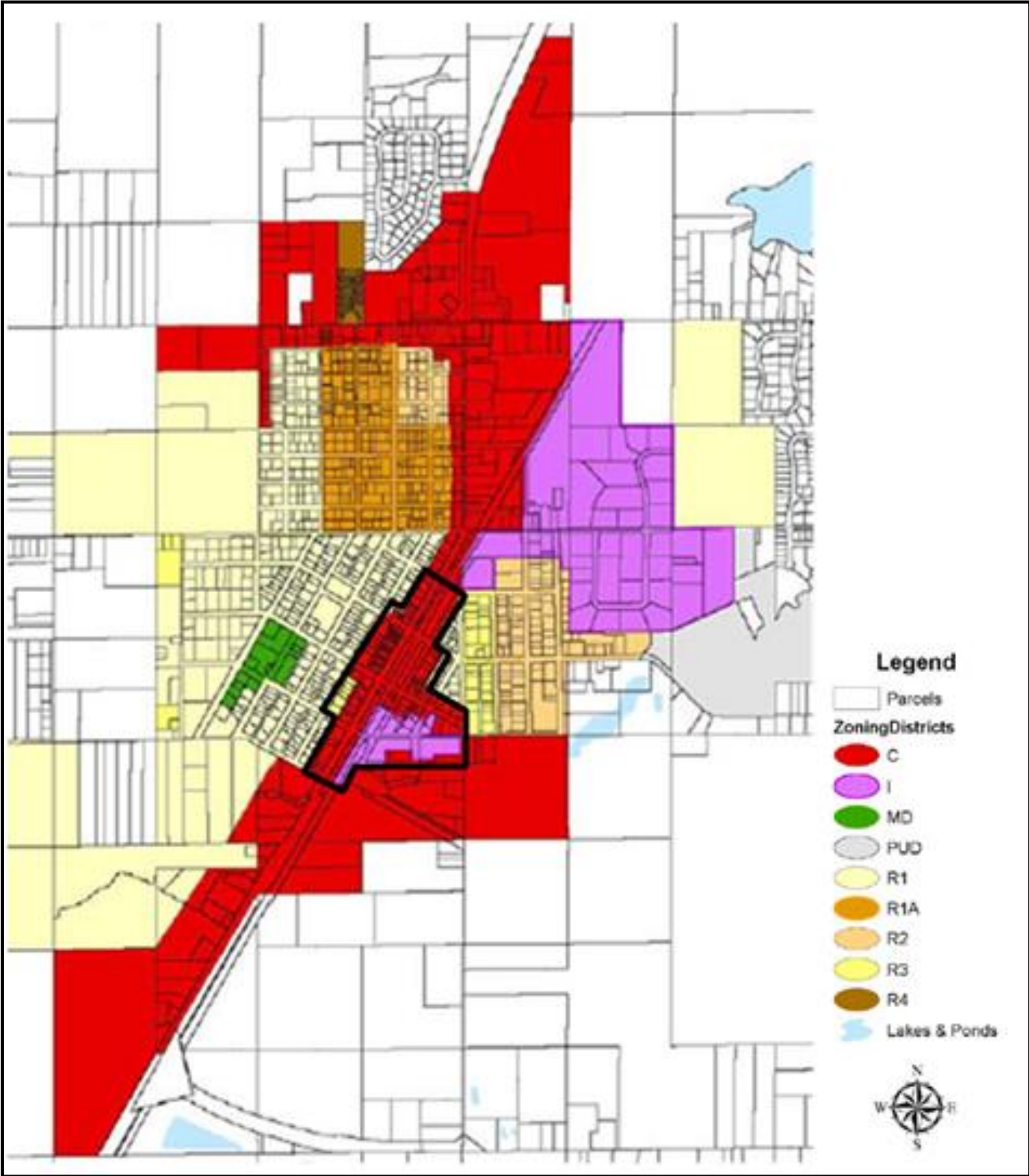
Overlay zones are adopted the same as any other zoning amendment. When the text amendment is made creating the regulations for the overlay zone, a map amendment should also be adopted to establish the boundaries for the overlay zone. When an applicant seeks to vary from the requirements of the overlay district, the appeals process is the same as if they were varying from the requirements of the base district. Implementation steps are as follows:

1. Community identifies need/interest in establishing overlay or zone
2. Community and Planning Commission develop boundaries of proposed food innovation district; draft text for zoning ordinance
3. Public review and comment
4. Planning Commission makes a recommendation on the ordinance changes
5. Village Council acts on ordinance changes

Challenges and Solutions

If the Village pursues zoning changes, it will be important to work with existing businesses – particularly those focused on food or agriculture – and residents to ensure the overlay meets the needs of the community. Additionally, implementation of a food innovation district overlay zone will not guarantee that new businesses will locate within the boundaries of the district. Any zoning changes adopted to encourage food innovation district-related uses must be accompanied with other efforts to attract or recruit food businesses to the community.

Figure 1: Proposed Kalkaska Food Innovation District Boundaries



Strategy 4: Economic Incentives

Within the boundaries of the potential district shown in map 1, food business growth could be supported by its location within a tax increment financing (TIF) district. As part of a TIF district, infrastructure or other physical improvements necessary to the success of the food innovation district could potentially be financed through a TIF. TIF, through the Village DDA, could also be used for marketing and promotion of the district.

Other economic incentives that may support food business development include a variety of loans or grants available through economic development and other organizations. The Kalkaska County Economic Development Corporation, Traverse Bay EDC, and USDA Rural Development provide loans and grants to qualifying communities to build and enhance job opportunities.

Implementation

Implementation of economic incentives would be project specific, dependent on specific needs for infrastructure, promotion, or other services. Once food innovation uses are active within the Village, Village staff, partners, or stakeholders could work with business owners to identify potential needs and projects.

Challenges and Solutions

Grant funds have become increasingly competitive, and can require significant staff commitment to submit applications and administer funding. Resources or assistance from partner organizations such as Rotary/NorthSky, NWMCOG, and the Traverse City Area Chamber of Commerce may be available to aid in obtaining or administering funding resources.

Strategy 5: Regional Food Innovation Integration

A number of efforts within the region are focused on enhancing the region's food system. From developing a local food hub to enhancing farm-to-table sales, many communities and organizations are working to build access to local food while enhancing our agricultural economy. One such effort is exploring the possibility of the creation of a "food hub" within the Grand Traverse Commons, located on the grounds of the old State Hospital in Traverse City. The food hub would be centered in Building 58, a structure historically used for food processing and distribution. Project partners are exploring the potential for a year-round farmers market, an incubator kitchen, a teaching kitchen, and a leased kitchen. Other possibilities include a mobile slaughterhouse, with processing conducted off-site. A feasibility study has been conducted, and grants have been awarded to initiate the project.

One proposed model of a food innovation district suggests that in some areas, particularly rural areas, these districts may need to be implemented on a regional scale through a "hub and spoke" approach. Under this approach, a centralized food innovation district or food hub would connect with producers, processors, wholesaling, storage, and distributors throughout the region. These connected businesses may be located in a separate village in a smaller food innovation district, or they may be disbursed throughout the region. There may be opportunities to build on Kalkaska's strong potential and capacity for processing, wholesaling, storage, and distribution through connecting with regional food hub or food innovation district initiatives.

Implementation

As communities throughout the region – including Kalkaska – work to build their local food economies, coordination will be essential in creating synergies within the region's food system. The Northwest Michigan Food and Farming Network provides one venue for continuing coordination between producers, communities, and agricultural-related organizations. Participation in this network or continued dialogue with engaged agricultural partners can create

partnerships, build additional business opportunities, and help the Village stay informed of changing trends and new opportunities.

Challenges and Solutions

Kaskaska currently is not recognized as a food “center.” Working to attract food-related businesses or connect with ongoing food hub or food innovation district initiatives will require efforts to enhance existing local food business while engaging in recruitment and coordination activities with local and regional partners.

Conclusion

With an abundance of retail space, vacant industrial land, sewer and water, high-tech infrastructure, and a surrounding agricultural community, there is an important opportunity for the Village to enhance and expand its role in the region’s food system, while connecting its residents with fresh food, creating jobs, and becoming a regional destination for food-related needs. Implementation of these strategies will be complex, and results are not likely to be immediate; but with community commitment, the Village has an important opportunity to be one of the first communities to proactively plan for a food innovation niche.

