

APPALACHIAN COMMUNITY CAPITAL

IN PARTNERSHIP WITH PROGRAM SPONSORS



REQUEST FOR PROPOSAL (“RFP”) FOR OPPORTUNITY APPALACHIA PROJECT TECHNICAL ASSISTANCE

Project Sponsor: Real Good Kitchen, PBC

Project Name: Real Good Kitchen Food Entrepreneurship Hub (Project Summary provided in Attachment B.)

Release Date: January 13, 2023
Proposal Due Date: February 10, 2023
Selection Date: February 24, 2023
Contract Period: February 24, 2023 – September 30, 2023 (or later)

REQUEST FOR PROPOSALS

Technical Assistance for Opportunity Appalachia Projects

I. Overview of Request for Proposals

Appalachian Community Capital (ACC) seeks contractual support for specified Technical Assistance for real estate project development.

The Technical Assistance contractor will report to the Program Manager of Opportunity Appalachia. The requested Scope of Services is noted in Attachment A, and may involve:

- Architectural and engineering,
- Market research/demand assessment,
- Development of investment prospectus, preparation of pro forma financial projections, structuring of projecting financing,
- Feasibility assessment,
- Identification of project developers and/or business operators,
- Investor outreach for project finance/investment,
- And other types of support.

Entities interested in providing Technical Assistance must complete the Request for Qualifications RFQ, as noted on the [Opportunity Appalachia](#) webpage. Proposals will be evaluated on contractors' qualifications (per the RFQ), expertise, track record, Scope of Work, budget/timeline, and other project requests.

II. About Opportunity Appalachia

[Opportunity Appalachia](#) will provide technical assistance to develop and structure investable transactions, and it will create investment prospectuses and pitch decks that will be used to bring investment to rural and downtown communities. Investment priorities include projects focusing on downtown development, manufacturing, IT, healthcare, education, food systems, clean energy, heritage tourism, and recreation.

The program recently announced selection of 8 projects to participate in the program to bring jobs, business support, and investment to Central Appalachia. The selected projects propose to create over 280 jobs and attract over \$27M in financing to develop and expand food business hubs; outdoor recreation; childcare centers; regional airport facilities; and hotels; in downtown and rural areas across East Tennessee and Southwest Virginia.

These proposed projects are signals of the growing investment potential in our rural and downtown communities in Central Appalachia. Opportunity Appalachia will work closely with private investors, banks, Community Development Financial Institutions, New Markets Tax Credits investors, Historic Tax Credit Investors, and Federal agencies to highlight participating communities and access financing for transactions.

As project technical assistance is completed, investor connections will be made between projects and local and pre-vetted national investors, as well as federal and state funders. A curated web-based platform hosting prospectus / pitch decks will also be made available to facilitate investor due diligence.

The program is supported by the Appalachian Regional Commission, the US Department of Treasury CDFI Fund, Truist, Goldman Sachs, and the Dogwood Health Trust.

III. About the Appalachian Region

The Appalachian Region, as defined in ARC's authorizing legislation, is a 205,000 square-mile region that follows the spine of the Appalachian Mountains from southern New York to northern Mississippi. It includes all of West Virginia and parts of 12 other states: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia. Forty-two percent of the Region's population is rural, compared with 20 percent of the national population.

The Appalachian Region's economy, which was once highly dependent on extractive industries, has become more diversified in recent times and now includes larger shares of manufacturing and professional services, among other industries. Appalachia has made significant progress over the past five decades: its poverty rate, which was 31 percent in 1960, had fallen to 16.3 percent over the 2013– 2017 period. The number of high-poverty counties in the Region (those with poverty rates more than 1.5 times the U.S. average) declined from 295 in 1960 to 98 over the 2013–2017 period.

These gains have transformed the Region from one of widespread poverty to one of economic contrasts: some communities have successfully diversified their economies, while others still require basic infrastructure such as roads, clinics, and water and wastewater systems. The contrasts are not surprising considering the Region's size and diversity—the Region extends more than 1,000 miles from southern New York to northeastern Mississippi, and it is home to more than 25 million people.

Target geography

Central Appalachia – North Carolina, Ohio, Tennessee, Virginia, West Virginia



IV. Project Timeline

It is anticipated that the contractor will be selected by March 2023 for an estimated contract start date of March 15, 2023 through September 15, 2023.

V. Instructions to Submit a Proposal

Contractors seeking to provide the full suite of TA services should submit the items listed below. It is expected that one proposal should include all requested services, which may mean that multiple entities are providing services, with one identified lead contractor.

- Scope of Work (max 3 pages) describing proposed activities to be undertaken as requested in Attachment A, with identified staffing (lead and support) for each work element.
- Budget that defines deliverables, rates and proposed payment schedule including indirect costs. A Not to Exceed cost for the full engagement must be provided; costs not to exceed \$75,000. Payment Schedule to be based on deliverables / outcome milestones.
- Timeline for Scope of Work, with deliverable milestones.
- Biography/resume for all staff noted in proposal (or provided in RFQ response).
- References from current or prior clients, including name, title, organization, contact information, and a brief description of the relevant work performed (or provided in RFQ response).

Please submit responses via email in one pdf attachment by Proposal Due Date to Kathryn Coulter Rhodes oa@acc1.org.

VI. Proposal Evaluation

ACC will select contractors through a competitive process based on the following criteria.

- Qualifications (per those provided in the RFQ), expertise, track record, and staff bios.
- Scope of Work and Timeline
- Budget
- Requests from project sponsors

Attachment A

Requested Scope of Services

Project Sponsor: Real Good Kitchen, PBC

Project Name: Real Good Kitchen Food Entrepreneurship Hub

Project Summary provided in Attachment B.

TA Requested

- Architectural and engineering design
- Development of investment prospectus including pro formas and financial structuring of the deal, expertise in Opportunity Zones preferred.
- Capital raise support
- General Contractor / Project Manager identification

Attachment B

Summary Information

Lead Contact:

Applicant Organization: Real Good Kitchen, PBC

Address: 2004 E Magnolia Avenue
Knoxville, TN 37917

Phone: (865) 249-7237

Email: bailey@therealgoodkitchen.com

Community Information

1. Communities targeted by this application (municipality(ies), county(ies), and census tract(s):

Note: See Appendix I for a list of eligible counties.

City of Knoxville, Knox County, and surrounding counties

2. Service area of applicant (note if different than above, or note same):

Same

3. Community Development Strategy(ies):

Knoxville was the last major Tennessee city to get a food business incubator with the opening of Real Good Kitchen (RGK) in January 2021 in a Federal Opportunity Zone in East Knoxville. <https://therealgoodkitchen.com> To date, RGK has fostered 67 businesses, with 43 current members and 24 alumni. 7 businesses have graduated to their own facilities.

RGK has generated over \$390k in revenue and, with its member businesses, has created an estimated 42 part-time jobs and 20 full-time jobs. Anecdotal evidence shows that businesses realize significant production efficiencies, increases in capacity and sales growth within a short time after joining RGK.

RGK's entrepreneurship and business development focus, along with the mission to support underserved and under-represented entrepreneurs, places it squarely within the region's community-identified priorities. In addition, Real Good Kitchen is a woman-owned public benefit company (PBC) that seeks to balance profit with purpose. PBCs or B Corps are a growing worldwide community of businesses committed to doing good while doing business.

City of Knoxville (See attached letter of support from Knoxville Mayor, Indya Kincannon) RGK's mission and vision align with the City of Knoxville's focus on small business development and entrepreneurship. With its location on Magnolia Avenue, RGK is a key part of the infrastructure that directly supports the development and expansion of food businesses in East Knoxville and across the City, while contributing to the revitalization of the Magnolia Corridor.

Knoxville Community Development Corporation (See attached letter of support from KCDC Vice President for Strategic Partnerships and Policies, Marisa Moazen) RGK's mission and vision align with Knoxville Community Development Corporation's mission to improve and transform neighborhoods and communities. Toward that mission, KCDC chose RGK as one of the 95 community partners in the Transforming Western project which just won a \$40M Choice Neighborhoods grant from the U.S. Department of Housing and Urban development.

Knoxville Chamber of Commerce (See attached letter of support from Knoxville Chamber President and CEO, Mike Odom) RGK's mission and vision align with the Knoxville Chamber's 5-year Path to Prosperity strategic vision focused on driving economic prosperity. RGK is a key part of the infrastructure that directly supports the development and expansion of local food businesses.

Project Information

4. Proposed Projects (list up to 3):

I. **Name of Project, address:**

Real Good Kitchen Food Entrepreneurship Hub
2002-2004 E Magnolia Avenue, Knoxville, TN 37917

- **Size in Sq Ft.:** Approx 4700 interior sq ft to be developed and site. 7200 sq ft total (2500 sq ft already by RGK)
- **Total anticipated financing need \$:** \$2M
- **Financing identified/anticipated, list source and dollar amount or note 'None':** Current commercial financing through First Bank. Investment opportunity through Magnolia Partners Opportunity Zone Fund
- **Project description (include url link if available):** Real Good Kitchen Food Entrepreneurship Hub is an expansion of Real Good Kitchen (<https://therealgoodkitchen.com>), the first full-service shared commercial kitchen and food business incubator in the Knoxville area. The building where RGK is located is owned by Magnolia Partners, LLC, a project partner. Bailey Foster, majority owner of RGK, is a member of Magnolia Partners, LLC.

Development Plans include:

- Facade upgrades on 3 sides of building
 - Build out storefront space of approx 1600 sq ft in front of RGK as multi-purpose community/classroom/event/dining space
 - Upgrade additional 1400 sq ft storefront space for short-term lease and future micro-food hall
 - Site improvements for environmental impact mitigation (stormwater retention) and use for dining and recreation space
 - Green improvements to trestle and solar panels on the roof
-
- **Community Impact (quantify / provide estimates):**
About Real Good Kitchen:
 - 2,500 sq ft of commercial kitchen space, equipment and storage space, as well as business support and technical assistance to early- and mid-stage food entrepreneurs
 - The only Knox County Health Department- and Tennessee Department of Ag-permitted facility in the Knoxville area that provides these services
 - Creates a lower-cost on-ramp that makes launching and growing a profitable food business possible for more people
 - To date, RGK has fostered 67 businesses, with 43 current members and 24 alumni
 - Of 67 businesses served,
 - 25 (37%) are BIPOC-owned or co-owned
 - 49 (73%) are women-owned or co

RGK was conceived as a facility and a community that would provide the space, staff support and resources to make it possible for more people to start and grow food businesses in the Knoxville area. RGK Members purchase monthly packages, starting as low as \$200 per month, that provide production time in the kitchen; use of commercial kitchen equipment; and storage. This shared equipment and infrastructure, which food businesses need to optimize production and operate legally, enables food entrepreneurs and manufacturers to start their businesses at much lower risk and cost.

For a food business to be successful, however, access to commercial equipment and production of a delicious product are not enough. Budding food entrepreneurs also need to have access to business education, technical assistance with product development, packaging and scaling, assistance with brand development and marketing, access to market, mentorship, a supportive team, and community and financial capital. The Real Good Kitchen Food Entrepreneurship Hub will make all of this assistance possible in one location and magnify RGK's reach and impact.

In addition to the work being done inside RGK and the RGK Food Entrepreneurship Hub to build businesses and create jobs, the location of the building and the business along the Magnolia Avenue Corridor in East Knoxville, a federally designated Opportunity Zone, creates an opportunity to contribute to the equitable redevelopment of the neighborhood.

As it is conceived, the RGK Food Entrepreneurship Hub would not only increase RGK's ability to provide services, but also increase engagement with the community through public-facing event spaces and a shared marketplace. Indoor dining and gathering spaces would further enhance RGK's ability to help address food access and insecurity in their neighborhood.

- **Name(s) of project sponsors, developer, and/or business owner, if identified:**
 1. Real Good Kitchen, Inc
 2. Magnolia Partners, LLC
 3. Magnolia Partners Opportunity Zone Fund

- **Technical Assistance Needed:**
 - *Development of investment prospectus, pro forma and structuring of project financing
 - *Architectural and engineering
 - *Investor outreach for project finance/investment
 - *A development partner for the project has not been identified

5. Clean Energy Focus:

Current plans include:

- *upgrade of site to remove asphalt
- *increase green and water- permeable surfaces,
- *addition of shade trees and plants,
- *solar power generating system, to be sized based on current costs, that will be smart-metered and grid-integrated, with micro-inverters, to be installed on the roof of the building

6. Applicant Capacity: What is the relationship of the applicant to the community? How has the community demonstrated its support of the project(s)? Describe the applicant's role and capacity for completing or overseeing project activities:

Real Good Kitchen, PBC and Magnolia Partners, LLC, under the leadership of Bailey Foster, successfully purchased, financed and developed 2002-2004 E Magnolia Ave during the past 3 years at a cost of \$750,000. Real Good Kitchen was designed and built during this time. It opened 22 months ago and has proven to be a viable and growing business, projected to generate over \$250k in revenue in 2022, with impact as already outlined. Bailey and her partners are familiar with the construction and development landscape in Knoxville and have a strong network of community and business connections. Real Good Kitchen is known and supported, and we feel confident that we can leverage this experience and these connections to successfully develop the Real Good Kitchen Food Entrepreneurship Hub.