Regional Food Hubs:

Understanding the scope and scale of food hubs and “public” markets

Preliminary findings from a national survey

A project of the Food Hub Collaboration

NAPMM Annual Conference
Columbia, SC – April 16th, 2011

Presentation Overview

Regional Food Hubs

- USDA’s “Know Your Farmer, Know Your Food” (KYF2) Initiative
- KYF2 Regional Food Hub Subcommittee
- Definitions and Example
- Food Hub Collaboration
- Findings from Food Hub and “Public” Market Survey
- Next Steps

- Open Discussion on the Potential Roles of “Public” Markets Supporting Food Hub Development

USDA's "Know Your Farmer, Know Your Food" Initiative

KNOW YOUR FARMER
KNOW YOUR FOOD

- Launched September 2009
- Designed to spur a **"national conversation"** on how to develop viable local and regional food systems and stimulate new economic opportunities
- Deputy Secretary Kathleen Merrigan oversees a "KYF2" task force with representatives from every USDA agency, which meets every 2 weeks. Designed to:
  - Eliminate organizational "silos" between existing USDA programs to support KYF2 mission through enhanced collaboration
  - Align existing Departmental activities/resources and "break down structural barriers" that inhibit local food system development

KYF2 Regional Food Hub Subcommittee

- **The Food Hub Subcommittee includes representation from the following agencies:**
  - Agricultural Marketing Service, *lead agency*
  - Rural Development
  - Food and Nutrition Service
  - National Institute of Food and Agriculture
  - Economic Research Service
  - Agricultural Research Service
- **Coordinating efforts with other Federal agencies**
- **Establishment of Food Hub Tactical Team to accomplish the work plan tasks**

KYF2 Food Hub Subcommittee

TWO MAJOR DELIVERABLES BY SEPTEMBER 2011

1) Create Regional Food Hubs Resource Guide

- An inventory and profile of existing food hubs
- A synthesis of lessons learned, challenges, opportunities, emerging best practices for the development of food hubs
- Identification of existing and potential resources (i.e., grants, loans, technical assistance) that can be used to support food hub development

2) Develop a prioritized list of existing USDA funding streams that could be used to target regional food hub development.

Regional Food Hub Definitions

Definitions vary from narrow market efficiency functions to those related to visions of building a more sustainable food system

Working Definition*

A centrally located facility with a business management structure facilitating the aggregation, storage, processing, distribution, and/or marketing of locally/regionally produced food products.

**USDA is working with its partners to refine this definition. This is NOT an official USDA definition.*

Core Components of Food Hub

1) Aggregation/Distribution-Wholesale

- Drop off point for multiple farmers and a pick up point for distribution firms and customers that want to buy **source-identified** local and regional food

2) Active Coordination

- Hub business management team that **actively coordinates supply chain logistics** , including seeking market for producers, and coordinating efforts with distributors, processors, and buyers

3) Permanent Facilities

- Provide the space and equipment for food to be stored, lightly processed, packed, palletized and possibly even sold under a Hub's regional label

Other Possible Services: Provide wholesale and retail vending space, offer space for health and social service programs, community kitchens, community meetings, etc.

Food Hub Benefits

Regional Food Hubs provide an integrated approach with many potential benefits, including:

- **Expanded market opportunities for agricultural producers**
- **Job creation in rural and urban areas**
- **Increased access of fresh healthy foods for consumers, with strong potentials to reach underserved areas and food deserts**

Local Food Hub

- Charlottesville, VA -

- **Started in 2009** by two women entrepreneurs, one with a background in retail and distribution and the other in non-profit work
- **Mission:** "To strengthen and secure our local food supply by supporting small, family farms, increasing the amount of fresh food available to our community, and inspiring the next generation of farmers"

Local Food Hub

- Charlottesville, VA-

Non-profit food hub model with two major programs:

- **Local Food Distributor**
- **Educational Farm with a variety of outreach programs**

Photos courtesy of the Local Food Hub

Food Aggregation

Local Food Hub purchases food from more than 40 local farmers, ensuring a fair price.

Food Distribution

Local Food Hub distributes food to schools, hospitals, institutions, markets and restaurants.

Farmer Services

Local Food Hub provides services to partner producers, including accounting, sales, marketing and education.

Local Food Campaign

Using a savvy marketing campaign, Local Food Hub promotes the value of buying and eating locally.

Distribution Warehouse

Production Planning

Local Food Hub works with farmers and buyers to coordinate growing and match supply with demand.

Food Donations

Local Food Hub donates more than 5% of warehouse sales to local food banks and community groups.

Local Food Hub

Food Production

The farm produces more than six acres of organically grown food for distribution and donation.

Food Donations

25% of the food grown at the farm is donated to local food banks, hunger organizations and community groups.

Educational Farm

Farmer Training

Local Food Hub hosts free workshops on organic and sustainable growing methods for participating farmers.

Community Engagement

Local Food Hub engages the community through volunteer programs, events, classes and creative partnerships.

Apprenticeships

An annual eight-month program enables young people to learn sustainable and organic growing methods.

Internships

An annual summer internship brings local high-school youth to the farm where they learn farm training and job skills.

Local Food Hub * localfoodhub.org * P.O. Box 4647, Charlottesville, VA 22905 * (434) 286-2176

Local Food Hub

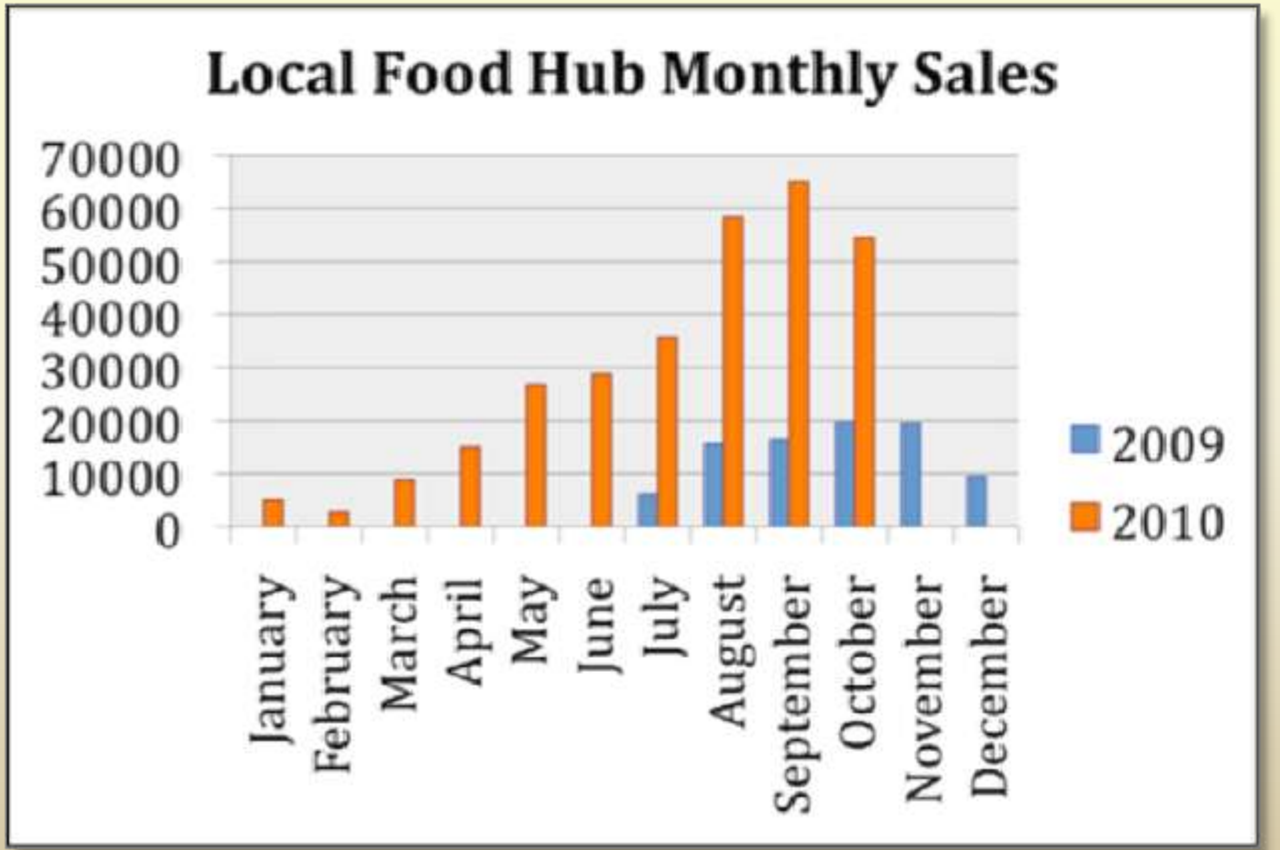
- Currently works with **50 small family farms** (annual sales under $2 million) within 100 miles from Charlottesville
- Produce farms from 1 to 30 acres and orchards from 20 to 1,000 acres
- Offers fresh produce and other food products to **100 customers**, which includes:
  - 45 public schools
  - 20 restaurants
  - 10 grocery stores
  - 4 senior centers
  - 3 college dining halls
  - 1 hospital (see video at http://vimeo.com/14964949)
  - Several distributors, processors, and caterers

Photos courtesy of the Local Food Hub

Local Food Hub

- Charlottesville, VA-

- **Remarkable growth in a short period of time**
- **Annual Gross Sales for 2010: $375,000**



Other "Food Hub" Model Examples

- **Non-profit driven models:** Alba Organics (CA), Intervale Center (VT), Growers Collaborative (CA), Red Tomato (MA), Appalachian Sustainable Development (VA)…

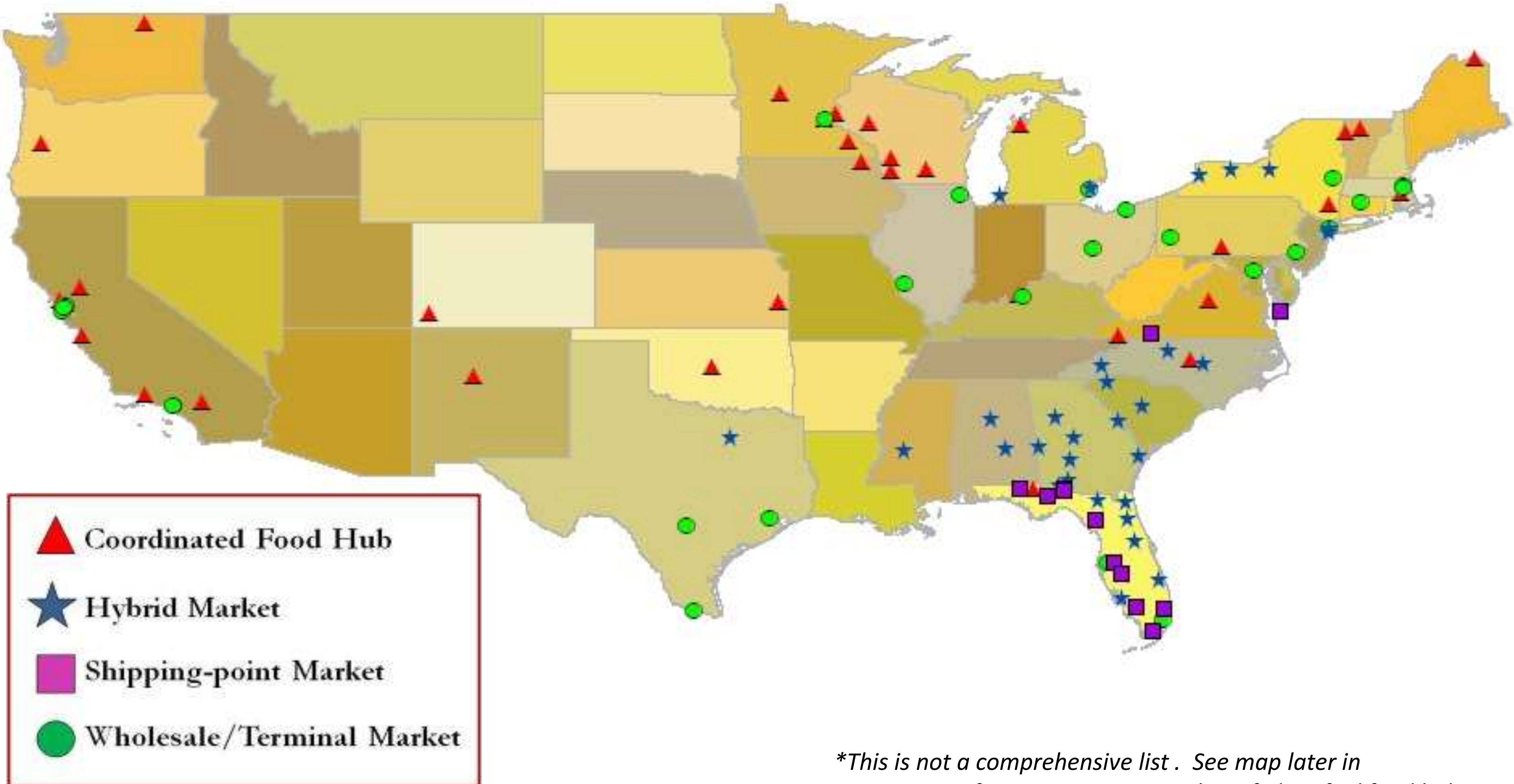
- **Producer/Entrepreneur driven models:** Grasshopper (KY), Good Natured Family Farms (KS), Tuscarora Organic Growers (PA), New North Florida Cooperative (FL), Eastern Carolina Organics (NC)…

- **State driven models:** Many "State Farmers Markets" in the Southeast and Midwest, e.g., NC, SC, MI, FL…

- **"Hybrid" market models (wholesale/retail markets):** Central New York Regional Market Authority (NY), Eastern Market (MI), Hunts Point Wholesale Farmers Market (NYC), Santa Monica Farmers Market (CA)…

- **"Virtual" Food Hubs (online matchmaking platforms):** Ecotrust (OR), FarmsReach (CA); MarketMaker (multiple states)…

Existing and Potential Food Hubs*



**This is not a comprehensive list . See map later in presentation for more current number of identified food hubs*

The Regional Food Hub Collaboration

Partners include:

- Wallace Center at Winrock International, *co-lead*
- USDA Agricultural Marketing Service, *co-lead*
- National Good Food Network
- National Association of Produce Market Managers
- Project for Public Spaces

National Good Food Network

Moving more good food to more people

John Fisk, PhD

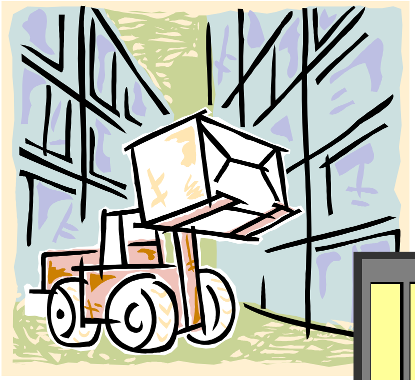
Director, Wallace Center at Winrock International

Marty Gerencer

Manager, National Good Food Network

March 3, 2010

NATIONAL GOOD FOOD NETWORK: VISION



NATIONAL GOOD FOOD NETWORK

NATIONAL GOOD FOOD NETWORK: VISION

CELEBRATING 25 YEARS
WALLACE CENTER
WINROCK INTERNATIONAL

WELLSPRING Management

LEOPOLD CENTER FOR SUSTAINABLE AGRICULTURE

AGRICULTURE AND LAND-BASED TRAINING ASSOCIATION
ALBA

FOOD ALLIANCE CERTIFIED

UEPI

Southwest Marketing Network

Good things come from Sysco

IATP

MICHAEL FIELDS AGRICULTURAL INSTITUTE

SUSTAINABLE FOOD LABORATORY

GOOD NATURED FAMILY FARMS
Good Earth • Good Food • Good Life

NATIONAL GOOD FOOD NETWORK: VISION

NATIONAL GOOD FOOD NETWORK: VISION

Increase small- and medium-sized grower viability

Add economic vitality to rural and urban areas

Reach children and families where they live

NATIONAL GOOD FOOD NETWORK: ACTIVITIES

Good things come from Sysco

ngfn.org/sysco2009

COMMUNITY FOOD SECURITY COALITION

SCHOOL FOOD FOCUS

National Sustainable Agriculture Coalition

ngfn.org

NATIONAL GOOD FOOD NETWORK: GOALS

Supply Meets Demand

- There is abundant good food (healthy, green, fair and affordable) to meet demands at the regional level.

Information Hub

- The National Good Food Network (NGFN) is the go to place for regional food systems stories, methods and outcomes.

Policy Change

- Policy makers are informed by the results and outcomes of the NGFN and have enacted laws or regulation which further the Network goals.

NATIONAL GOOD FOOD NETWORK: LOCATIONS

Includes RLTs, Advisory Council, P4 Grantees, contractors etc.

NATIONAL GOOD FOOD NETWORK: STRUCTURE

Advisory Council:

- Institute for Agriculture and Trade Policy
- American Friends Service Committee
- Michael Fields Agricultural Institute
- Good Natured Family Farms
- Food Alliance
- Appalachian Sustainable Development
- Sustainable Food Lab
- SCALE, Inc.
- SYSCO-Grand Rapids
- Karp Resources
- WellSpring Management
- Agriculture and Land-Based Training Association
- Leopold Center for Sustainable Agriculture
- Farm to Table / Southwest Marketing Group
- NE Sustainable Agriculture Working Group
- Center for Food and Justice at Occidental College

NATIONAL GOOD FOOD NETWORK: STRUCTURE

Regional Lead Teams (11 regions):

West
- Agriculture and Land-Based Training Association, Salinas, CA
- Center for Food and Justice at Occidental College, Los Angeles, CA

Southwest
- Farm to Table / Southwest Marketing Network, Santa Fe, NM
- American Friends Service Committee, Albuquerque, NM

Southeast
- Appalachian Sustainable Development, Abingdon, VA

Northeast
- Northeast Sustainable Agriculture Working Group, Belchertown, MA
- Sustainable Food Lab at The Sustainability Institute, Hartland, VT

Midwest
- Leopold Center for Sustainable Agriculture, Ames, IA
- Sysco and NGFN Partnership Regions: in Grand Rapids, Kansas City and Chicago

National Good Food Network

John Fisk

Director, Wallace Center at Winrock International

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The Regional Food Hub Collaboration

First phase of collaboration:

- Identify existing food hubs
- Develop a greater understanding of the scope and scale of food hub operations, and their challenges and opportunities for growth, by:
    - Carrying out focus groups with industry stakeholder groups
    - Conducting an online survey with food hubs and "public" markets, and
    - Carrying out phone interviews with a survey sub-sample of food hubs and public markets.

Findings: NAPMM Philadelphia Meeting – Nov. 3, 2010 –

- Members of the Food Hub Collaboration team conducted a **stakeholder focus group with approximately 30 members** of the National Association of Produce Market Managers (NAPMM) on November 3, 2010.
- **Objective:** To understand what food hub-related activities these markets are currently engaged in and the opportunities and challenges they see for operating as food hubs.

Findings: NAPMM Philadelphia Meeting – Nov. 3, 2010 –

Markets are involved in a wide range of activities, including:

- Finding new markets for producers
- Product processing/storage
- Community services
- Education programs
- Quality control
- Marketing/certification, and more

Services are implemented by:

- Market Managers
- Tenants: farmers, wholesalers, and value-added producers
- Market Partners: social service agencies, non-profit organizations, government agencies, health care groups, and community groups

Findings: NAPMM Philadelphia Meeting – Nov. 3, 2010 –

Several opportunities and related challenges/needs were identified when discussing wholesale markets emerging role in food hub-related activities.

The most prominent opportunities included:

- Utilize "public" markets for increased aggregation and distribution of regional and local food products
- Raise visibility of and rehabilitate the image of "public" markets as key players in creating more robust regional food systems
- Utilize "public" markets as a way to increase healthy food access in neighborhoods of need

Findings: NAPMM Philadelphia Meeting – Nov. 3, 2010 –

Opportunity

- Utilize “public” markets for increased aggregation and distribution of regional and local food products

Challenges

- Insufficient infrastructure
- Skepticism that buyers will not want to pay a higher price for local or regional product
- Concern among producers that wholesale markets have a reputation for not providing a fair price
- Concern that wholesale markets would be unable to offer a sufficient year-round supply of regional and local offerings due to seasonality constraints
- Lack of access of small farmers to aggregation and distribution channels

Findings: NAPMM Philadelphia Meeting – Nov. 3, 2010 –

Opportunity

- Utilize “public” markets for increased aggregation and distribution of regional and local food products

Needs

- Closed loading docks, additional storage space, and temperature control systems
- Space and equipment for processing, packing, and packaging product
- Consumer data showing willingness of consumers to pay a premium for local/regional product
- Producer and market manager education and training on season extension techniques
- Education and support for producers to meet wholesalers packaging requirements and the demands of buyers

Findings: NAPMM Philadelphia Meeting – Nov. 3, 2010 –

Opportunity

- Utilize “public” markets for increased aggregation and distribution of regional and local food products

Needs continued

- GAP certification assistance for producers to meet this growing requirement
- Sub-aggregation points for farmers to better access the aggregation points and distribution channels

Findings: NAPMM Philadelphia Meeting – Nov. 3, 2010 –

Opportunity

- Raise visibility of and rehabilitate the image of “public” markets as key players in creating more robust regional food systems

Challenges

- Lack of awareness among consumers and producers of the value markets can play in linking local producers to market opportunities.
- Markets do not have the branding, marketing, or tracking systems in place to market or quantify locally/regionally identified product

Findings: NAPMM Philadelphia Meeting – Nov. 3, 2010 –

Opportunity

- Raise visibility of and rehabilitate the image of “public” markets as key players in creating more robust regional food systems

Needs

- Social and economic impact assessments of markets to attract financial support
- Improved communications and messaging across the supply chain about what wholesale markets have to offer
- Systems to market, track, and verify local product
- Training for tenants for better marketing of product
- Increased product offerings such as fresh cut produce and packaged foods

Findings: NAPMM Philadelphia Meeting – Nov. 3, 2010 –

Opportunity

- Utilize “public” markets as a way to increase healthy food access in neighborhoods of need

Challenges

- Lack of funding
- Creating infrastructure that is appropriate for the neighborhood
- Concern over higher price of local product and how to price in disadvantage markets

Findings: NAPMM Philadelphia Meeting – Nov. 3, 2010 –

Opportunity

- Utilize "public" markets as a way to increase healthy food access in neighborhoods of need

Needs

- A retail component for markets that are currently strictly wholesale
- Providing a mobile market component to reach areas with low access as an alternative to creating additional stationary infrastructure
- Stakeholder involvement including government and neighborhood support
- Delivery and distribution systems so that producers can reach wholesale, food service and retail store markets in areas of low access.

Preliminary Findings from Food Hub Survey*

Food Hub Survey

- Online survey was sent to 72 food hubs and 36 “public” markets in January 2011.
- Surveys completed by Feb. 7 were included in analysis.
- 45 food hubs completed the survey (63% response rate).
- 25 “public” markets completed the survey (69% response rate).

* This presentation of preliminary findings is subject to revision as further analysis is completed

Food Hub Online Survey

	West	Southwest	Midwest	South	Northeast	TOTAL
Sent Survey	11 (15%)	5 (7%)	22 (31%)	15 (21%)	19 (26%)	72
Completed Survey	7 (16%)	2 (4%)	13 (30%)	8 (17%)	15 (33%)	45

Summary of Findings

- The Archetypal Food Hub -

- **Operating for five years** with strong producer engagement and participation in both the establishment and operations of the food hub services/activities
- **A socially driven business enterprise** with a strong emphasis on “good prices” for producers and “good food” for consumers
- **Employs 6 full-time or part-time staff** and uses volunteers regularly
- **Works with 40 regular food suppliers**, many of whom are small and mid-sized farmers and ranchers

Summary of Findings

- The Archetypal Food Hub -

- **Offers a wide range of food products**, with fresh produce being its major product category, and **sells through multiple market channel**s, with restaurants being an important entry market

- **Actively involved in their community**, offering a wide range of services to both producers and consumers

- Even with **gross annual sales around $700,000**, not completely financially solvent – **relies on some external support** to cover parts of their food hub services/activities

"The goal is to make a penny and make sure anything else goes back to the growers"
– food hub survey respondent

Food Hub Potentials
- from one food hub survey respondent -

THEN (1989)

"I had been an organic farmer from 1979 to 1989…. [and] I realized what was needed was a food distributor focused on helping farmers get access to larger urban markets than they already had."

"We started with $20,000 in savings, bought 1 refrigerated truck and a computer, used a spare bedroom as an office and our garage as our initial warehouse."

NOW (2010)

- A regional distributor with over **100 suppliers**, many of whom are small and mid-sized producers, offering **over 7000 products** to a wide range of market channels, including food cooperatives, grocery stores, institutions, corners stores, and food banks.
- Own a 30,000 sq. ft. warehouse and 11 trucks, with **34 full-time paid employees** and **over $6 million in gross sales** for 2010.

Preliminary Findings from "Public" Markets*

"Public" Market Survey

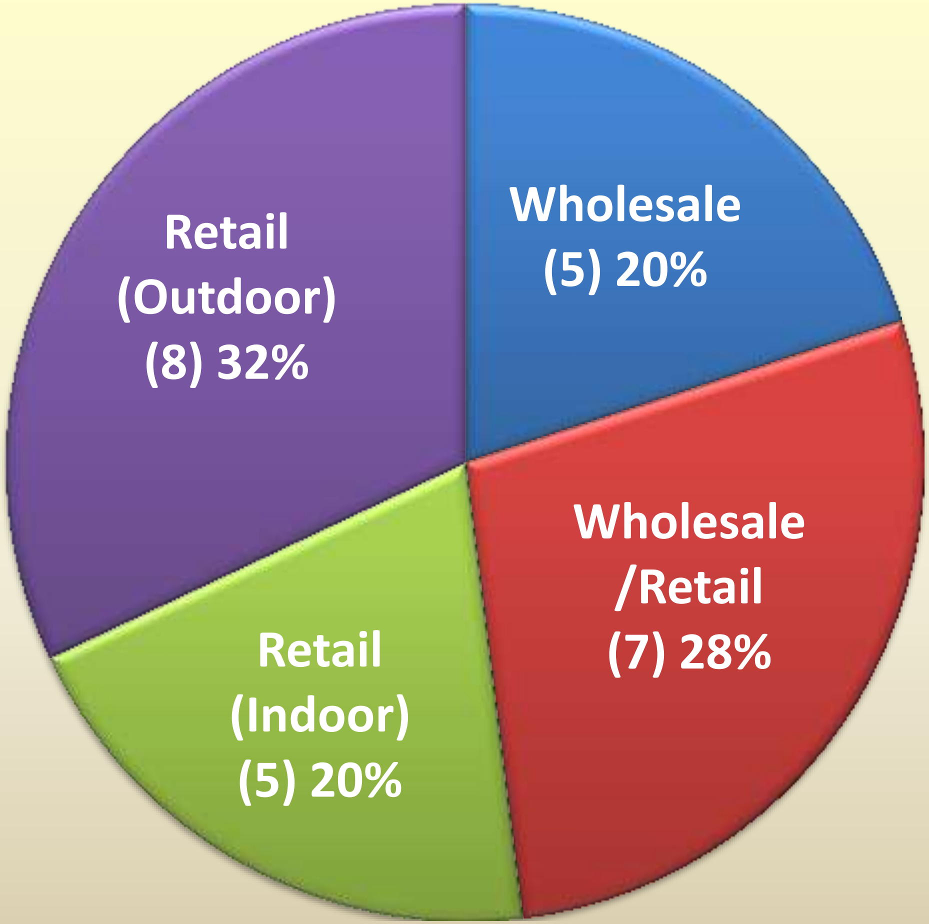
- Online survey was sent to 36 "public" markets in January 2011.
- Surveys completed by Feb. 7 were included in analysis.
- 25 "public" markets completed the survey (69% response rate).

* This presentation of preliminary findings is subject to revision as further analysis is completed

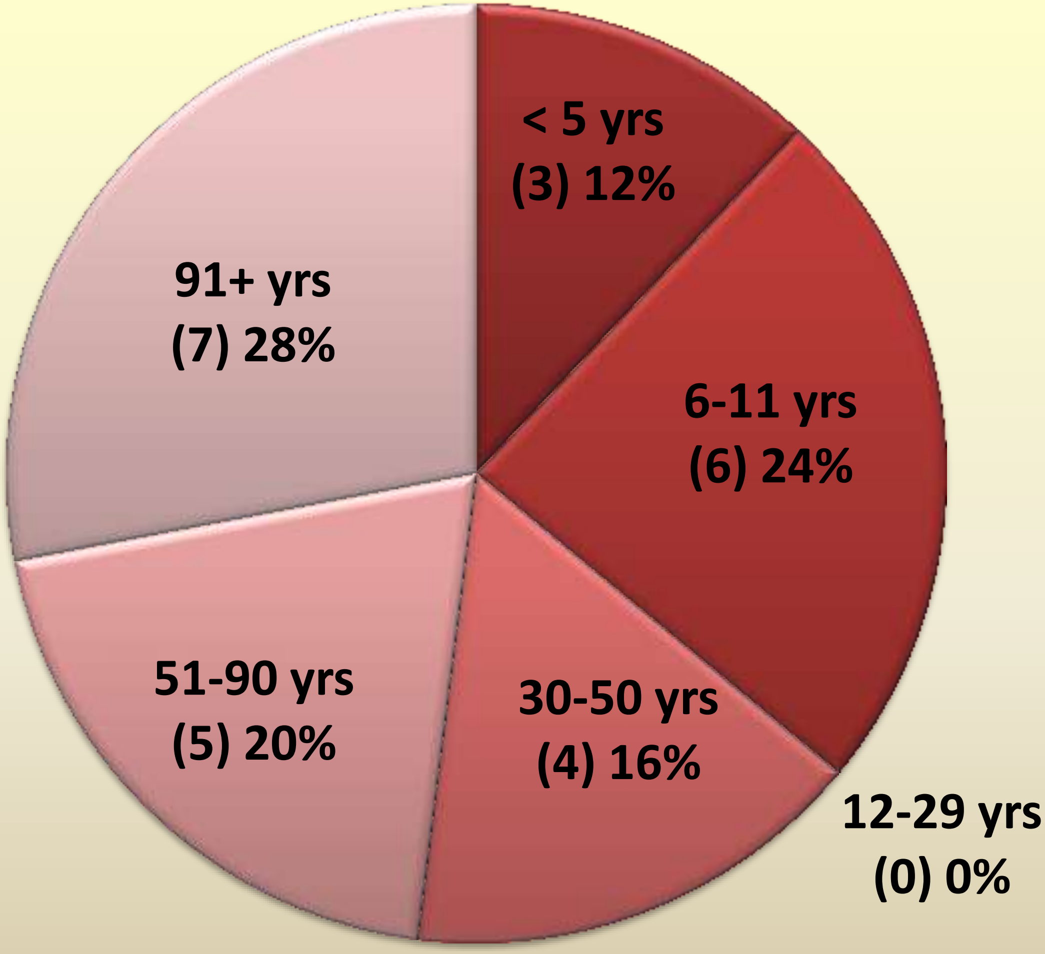
"Public" Market Online Survey

	West	Southwest	Midwest	South	Northeast	TOTAL
Sent Survey	5 (14%)	3 (8%)	8 (22%)	8 (22%)	12 (33%)	36
Completed Survey	5 (20%)	3 (12%)	5 (20%)	5 (20%)	7 (28%)	25

“Public” Market Types



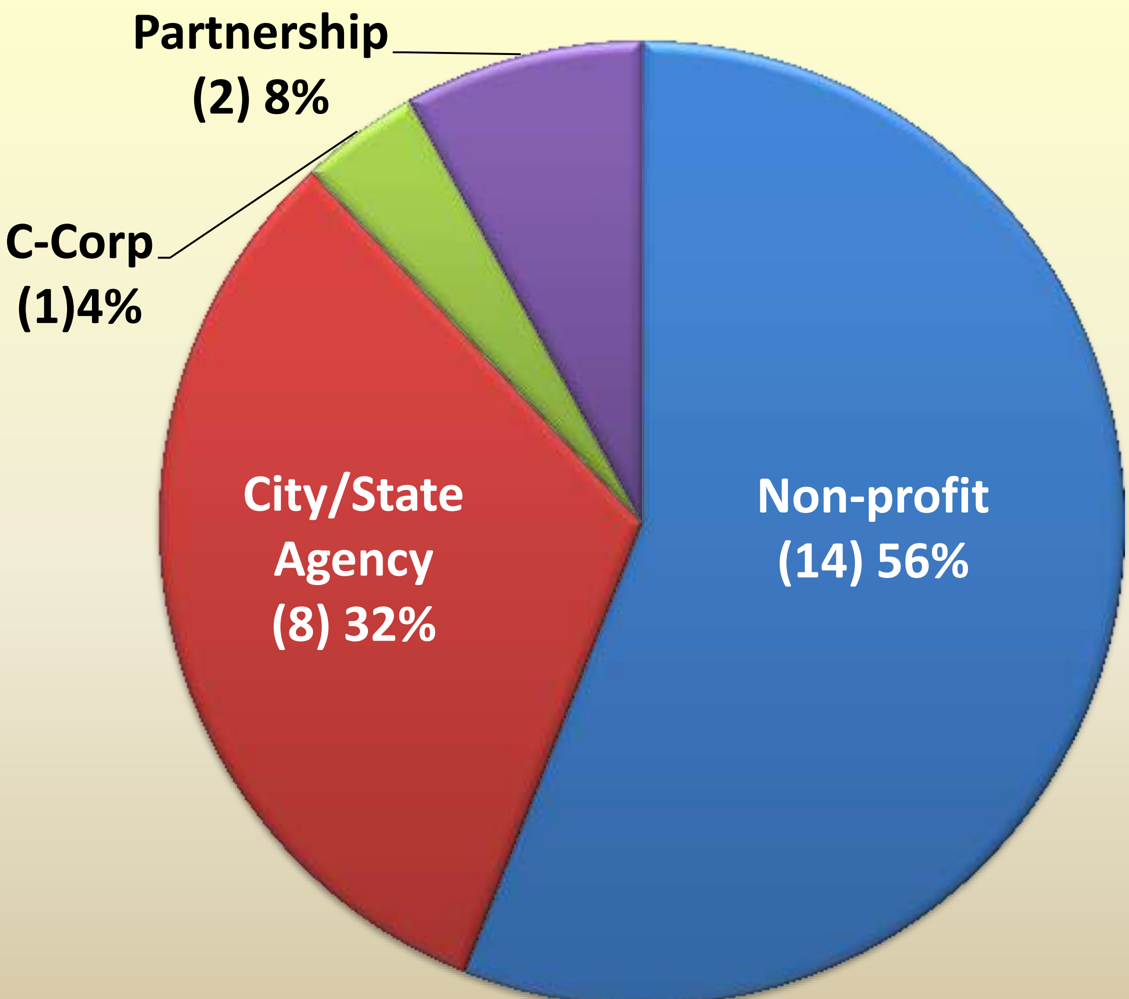
"Public" Market Maturity



Maturity by Market Type

	Wholesale	Wholesale /Retail	Retail /Indoor	Retail /Outdoor	Total
< 5	14%	0%	0%	67%	100%
6-11 yrs	0%	33%	17%	50%	100%
30-50 yrs	14%	25%	0%	50%	100%
51-90 yrs	43%	40%	0%	0%	100%
>91	0%	29%	57%	14%	100%

Legal Status



Legal Status by Market Type

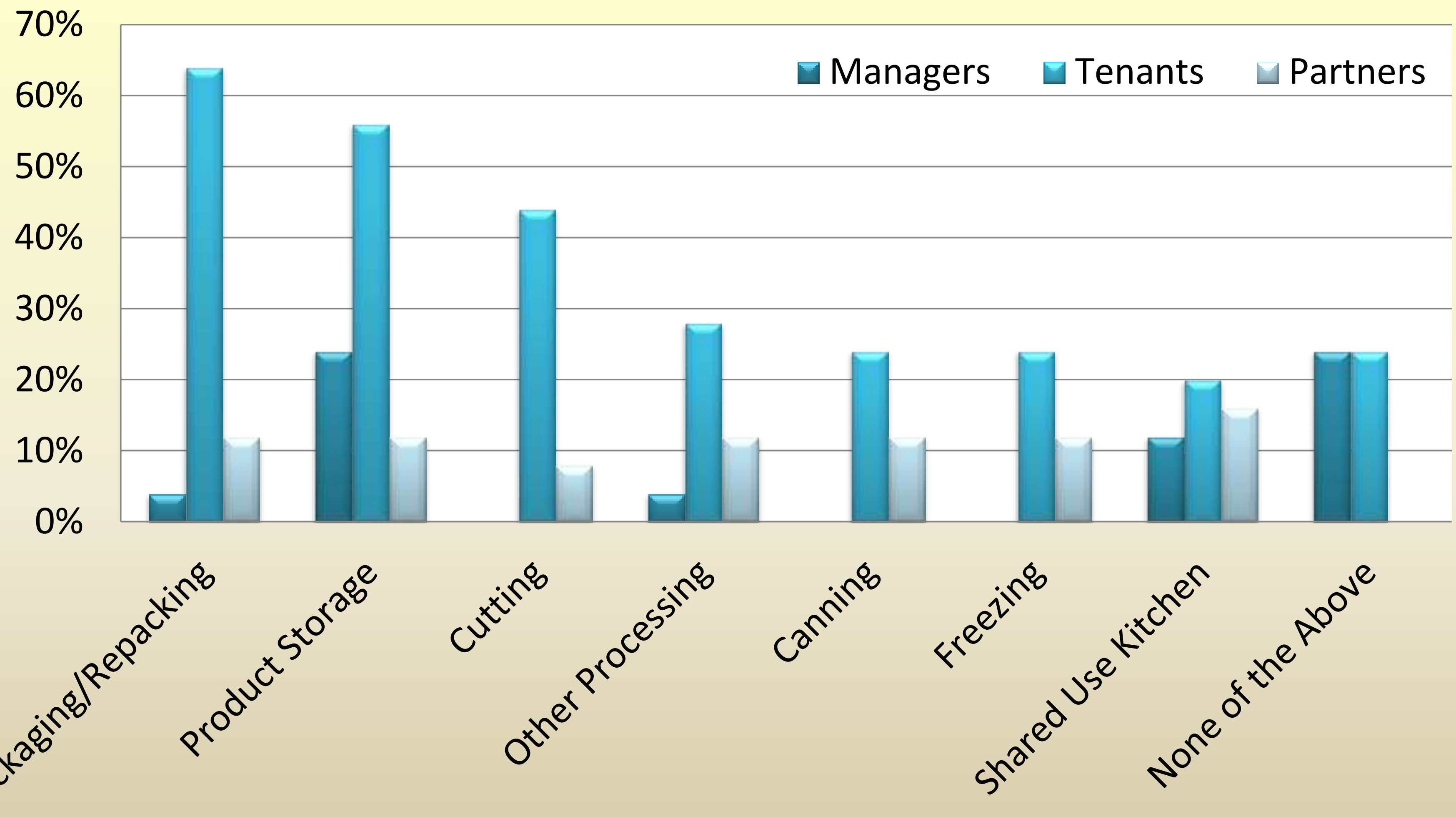
	Wholesale	Wholesale /Retail	Retail /Indoor	Retail /Outdoor	Total
Non-Profit	7%	21%	50%	21%	100%
City/State	13%	50%	13%	25%	100%
C-Corp	100%	0%	0%	0%	100%
Partnership	100%	0%	0%	0%	100%

Legal Status by Market Maturity

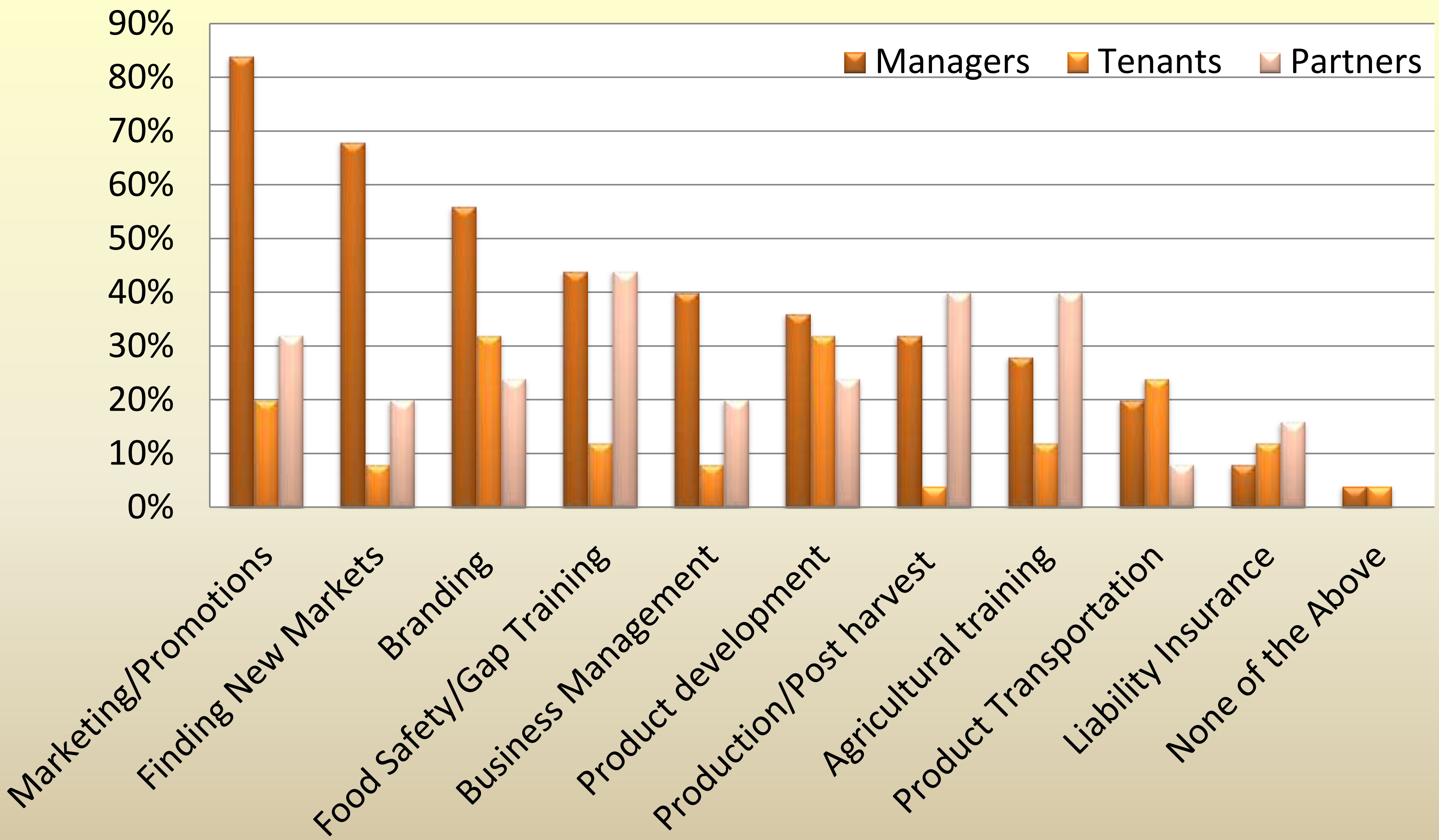
	< 5	6-11 yrs	30-50 yrs	51-90 yrs	>91	Total
Non-Profit	12%	24%	4%	0%	16%	56%
City/State	0%	0%	8%	12%	12%	32%
C-Corp	0%	0%	0%	4%	0%	4%
Partners	0%	0%	4%	4%	0%	8%
Total	12%	24%	16%	20%	28%	100%

- The government agencies are running these more mature markets
- Non-profits have long lasting presence and are the preferred legal status of emerging markets
- The period that enterprise and partnerships emerged mark changing economic trends of the U.S. food systems from public to private ownership

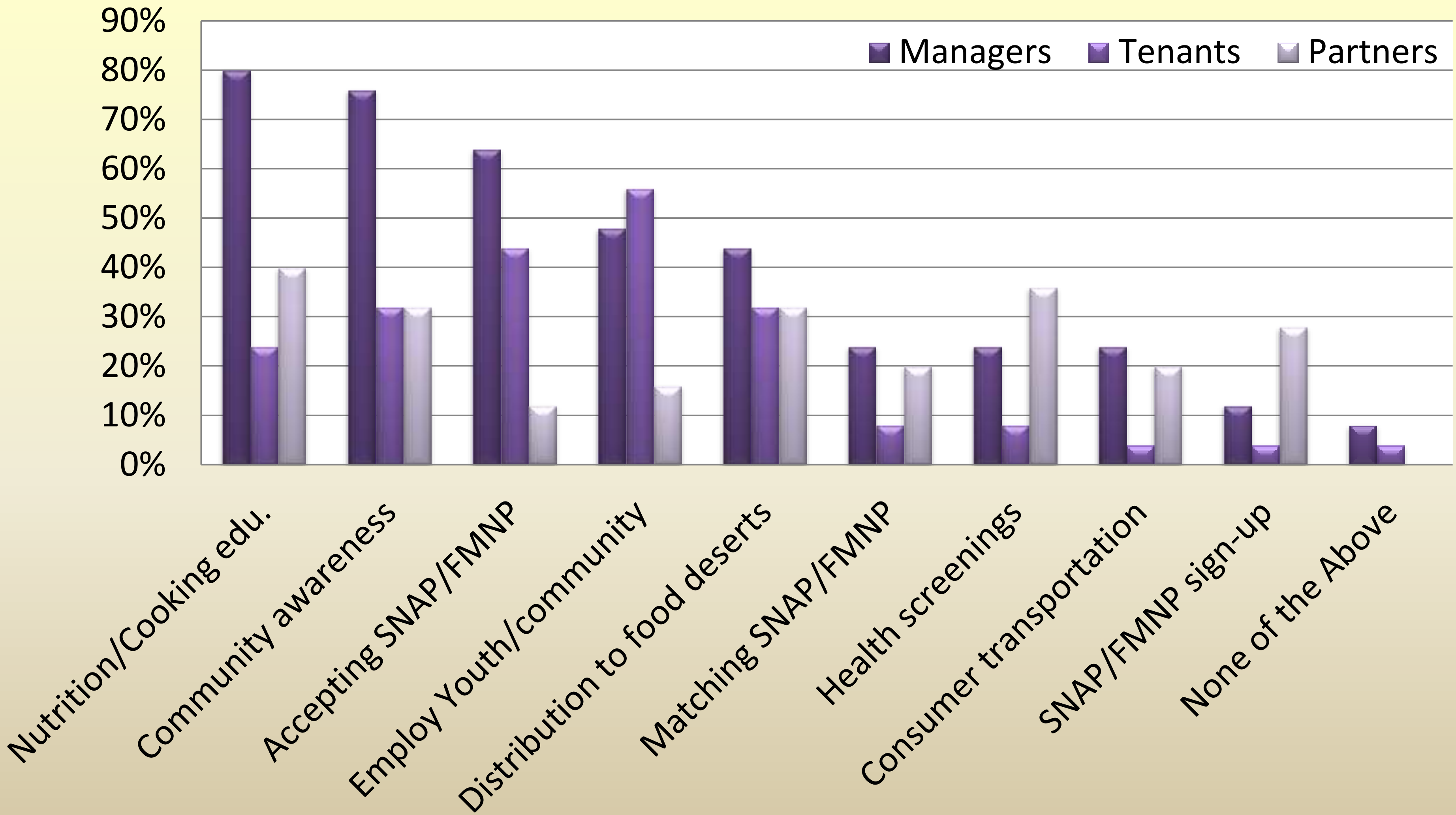
Operational Services & Activities



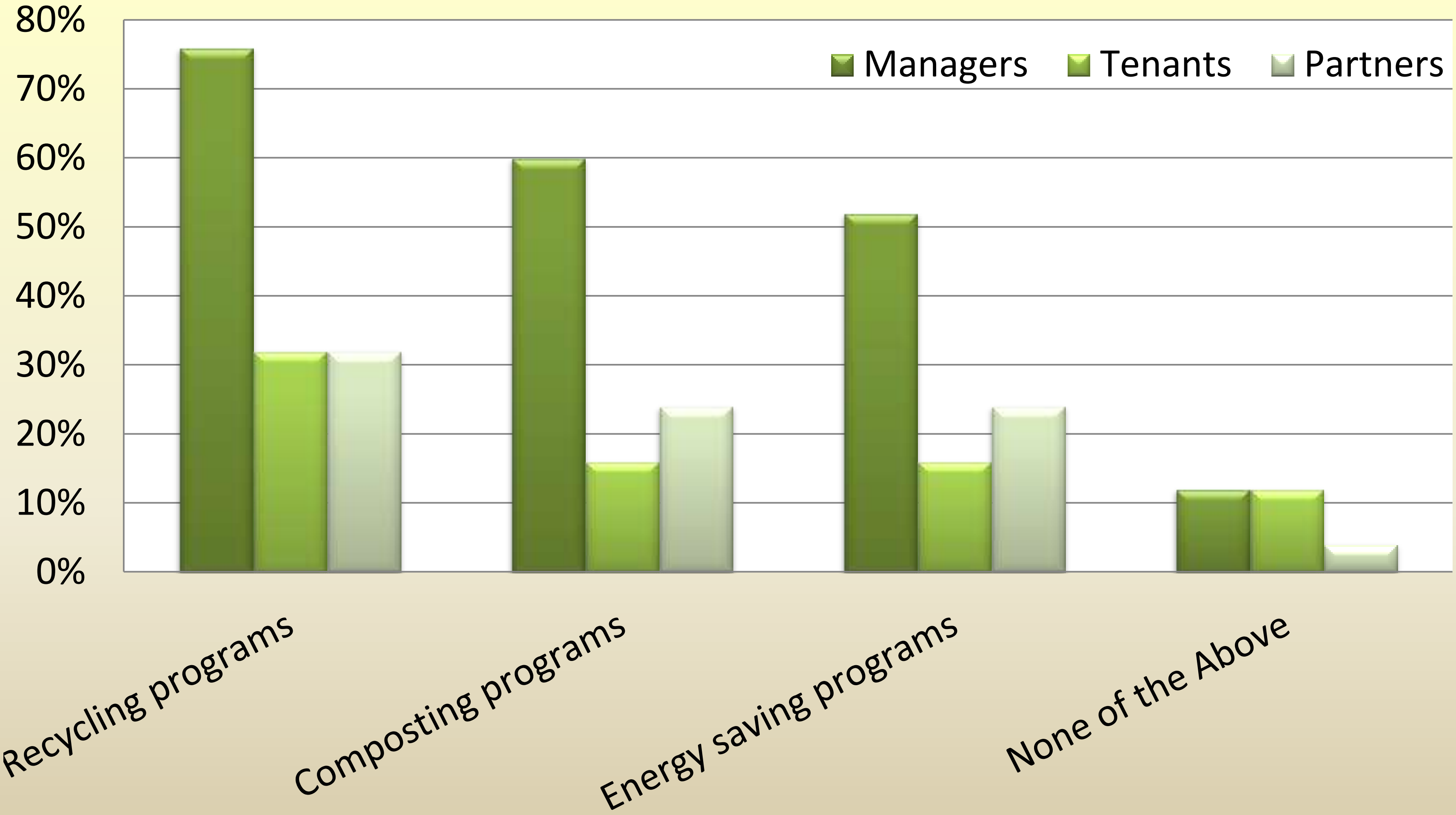
Producers Services & Activities



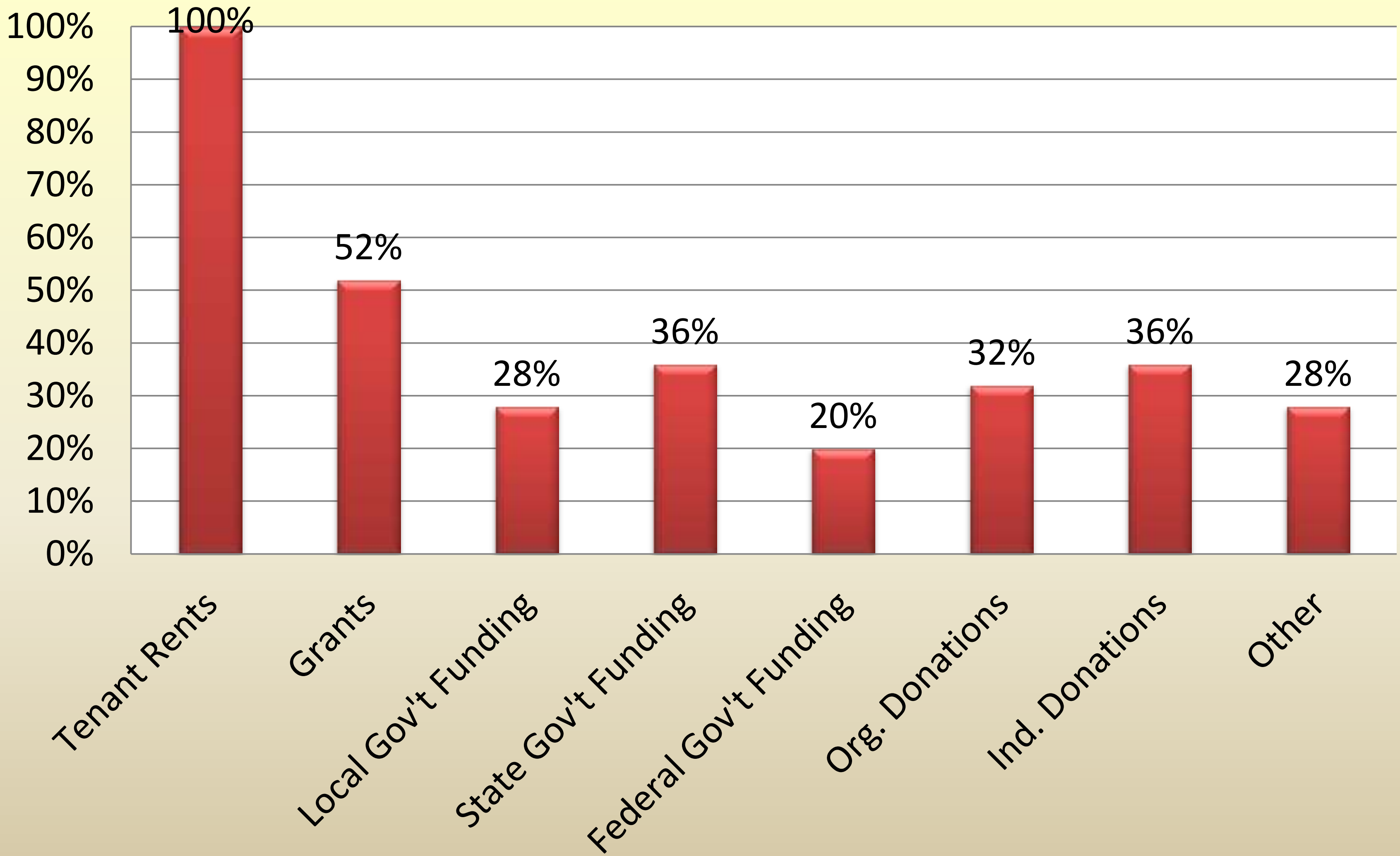
Community Services & Activities



Environmental Services



Funding Sources



Market Income

TENANT RENTS

- Flat fee
- Percent sales

OTHER INCOME

- Merchandise
- Parking
- Gate Fees
- Special Events
- Service Fees (e.g. packaging)

Market Size*

	Wholesale	Wholesale /Retail	Retail /Indoor	Retail /Outdoor
Tenants (ex. crafts)	15 - 35	92 - 300	60 - 150	29 - 175
Indoor (sq ft)	175,000 - 500,000	3,800 - 200,000	10,000 - 78,000	
Outdoor (# stalls)		83 - 400		4 - 80

- **Retail/Outdoor:** Space sometimes described using city blocks as unit.

*Variable responses, rough approximation

Vendor Income

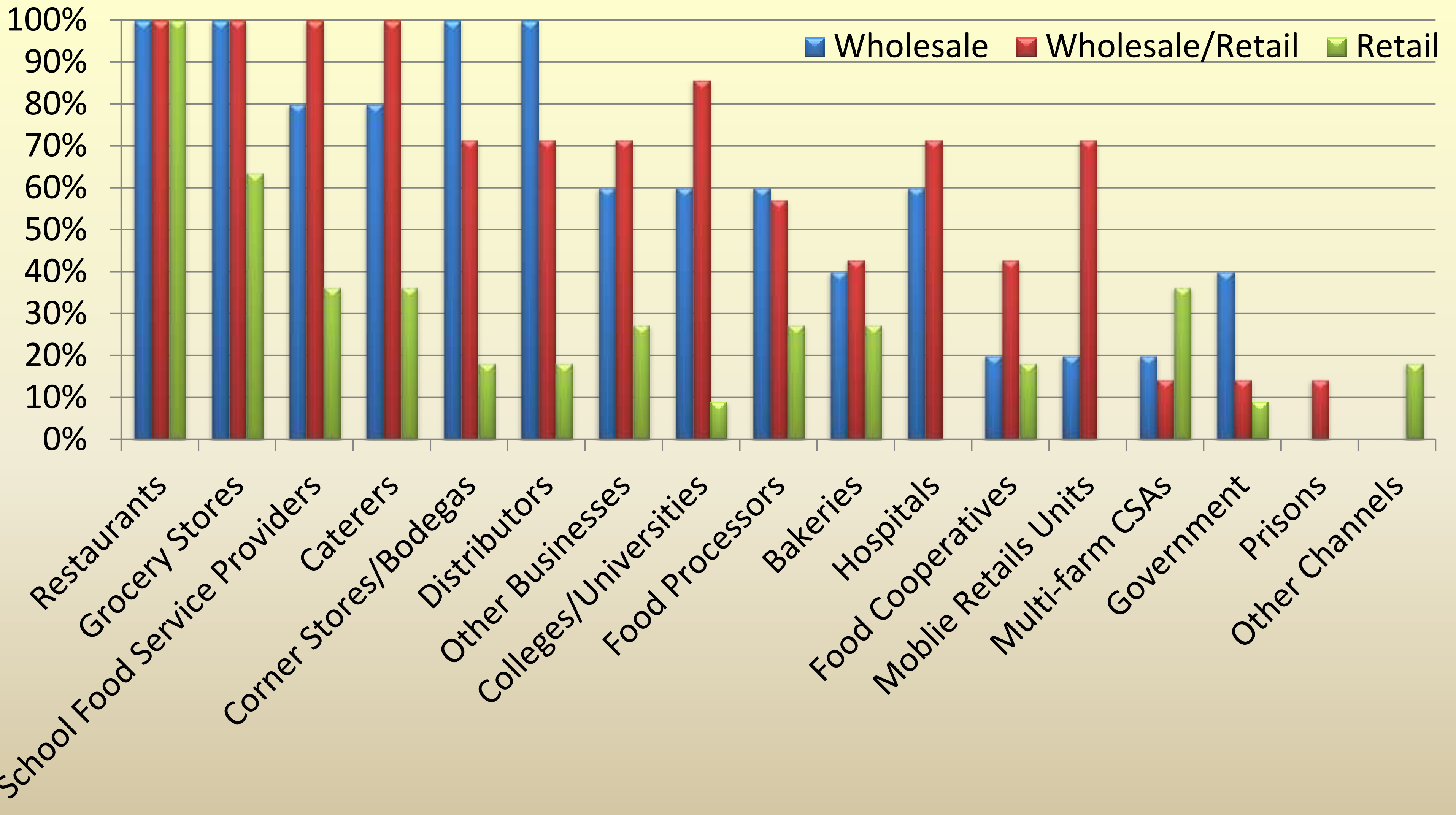
	Wholesale	Wholesale /Retail	Retail /Indoor	Retail /Outdoor
Unknown	3	5	1	4
Estimated	0	1	1	1
Known	2	1	3	3

- **Strategies:**
  - Annual application
  - At market: weekly or monthly
  - Wholesale: report packages sold, calculate market price
  - Estimate: Customer & vendor surveys
- **Range:** $185,000 – $100,000,000

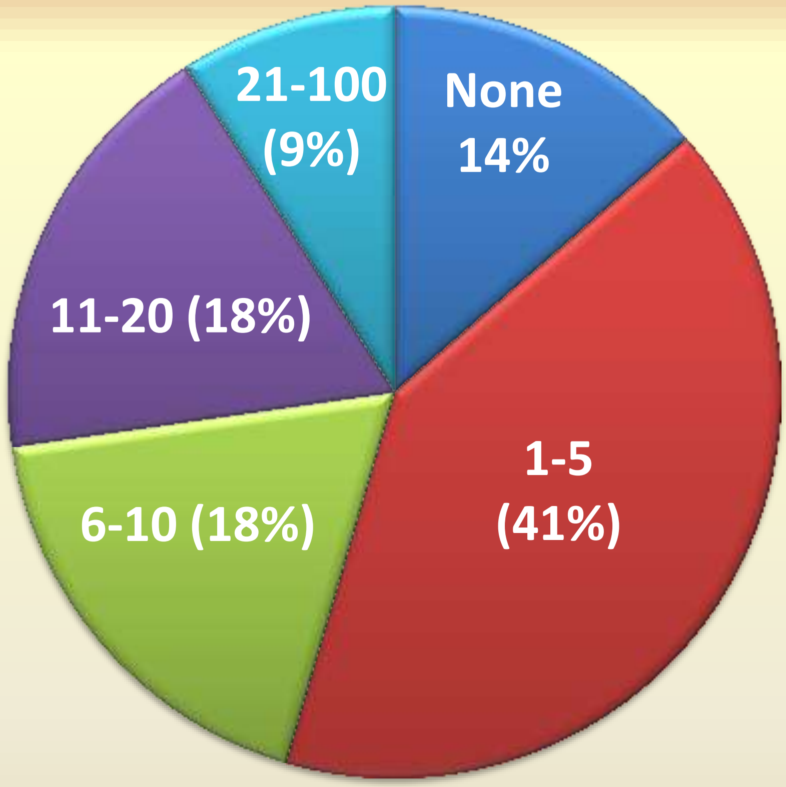
Funding by Legal Status

	Tenant Rents	Grants	Local Gov't	State Gov't	Federal Gov't	Org. Donations	Ind. Donations	Other
Non-Profit	100%	79%	36%	43%	36%	57%	57%	29%
City /State	100%	25%	25%	38%	0%	0%	13%	25%
C-Corp	100%	0%	0%	0%	0%	0%	0%	0%
Partners	100%	0%	0%	0%	0%	0%	0%	50%
Total	100%	52%	28%	36%	20%	32%	36%	28%

Wholesale Supply Channels



Full-time Market Workforce



	Full-time	Part-time /seasonal	Regular Volunteers	One/two-time Volunteers
AVERAGE	11	3	17	22
MEDIAN	5	3	8	5
RANGE (MIN)	0-94	0-7	0-100	0-100

Successes

- Partnerships: City, Colleges, Health centers
- Favorable rezoning
- Customer transportation solutions
- Dedicated staff
- Community volunteers
- Attractive improvements
- Media attention
- Interest from the public

Future Development Goals

- Expansion & Renovation: “Green” and handicap accessible improvements
- Processing Facility
- Kitchen
- Agro-tourism
- Increase outreach and education activities
- Season extension/winter market
- Farms for training farmers

Challenges

- Competition/deceit from non-farmers
- Funding for capital improvements
- Succession planning of leadership
- Space: to expand, ownership, safety
- Lack of data
- Fear of reporting sales
- Well intentioned regulators w/o farm knowledge
- Transportation
- Underage of available produce

The Role of "Public" Markets – A Mission Map –

For Market & Managers	Be a leading center for accessing quality food	Strengthen link between urban to rural mutual dependency	Preserve financial viability of the markets	Provide needed services to improve business opps.
For Vendors	Safe space	Affordable space	Conduct business efficiently & effectively	
For Farmers	Preserve land by supporting local products	Be a resource to farmers for expanding agriculture	Supporting small farmers	
For Community	Safe, attractive space for building community	Preserve community character and celebrate culture	Provide practical education for a healthy community	Improve accessibility to market and its products

Summary

- Providing services
- Receiving funding and in-kind support
- Market size and capacity vary widely
- **Clarity needed:** Local sourcing, manager-vendor climate, local policy impacts, management activities
- **Next steps:**
  - Sharing wisdom and experience
  - Explore collaboration as regional food hubs => elevate regional agriculture/community/economy

The Regional Food Hub Collaboration

Second phase of collaboration:

- **Broaden involvement** in the collaboration and establish a Food Hub Advisory Group of diverse stakeholder groups (e.g., national and regional non-profits, Federal agencies, foundations, private sector industry groups)
- **Help launch Food Hub Communities of Practice**
  - Regional and national networks for sharing resources and knowledge on established and emerging "good practices"
  - Accelerate process through training programs, convenings, webinars, online communities, hub-to-hub mentoring, etc.

Regional Food Hub Collaboration Contacts

- **Wallace Center at Winrock International**

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- **National Good Food Network**

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- **National Association of Produce Market Managers**

  Ben Vitale, President

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- **Project for Public Spaces**

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- **USDA Agricultural Marketing Service**

  Jim Barham, Agricultural Economist – Marketing Services Division

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OPEN DISCUSSION – Food for thought…

Several opportunities and related challenges/needs were identified when discussing wholesale markets emerging role in food hub-related activities.

The most prominent opportunities included:

- Utilize “public” markets for increased aggregation and distribution of regional and local food products
- Raise visibility of and rehabilitate the image of “public” markets as key players in creating more robust regional food systems
- Utilize “public” markets as a way to increase healthy food access in neighborhoods of need