Indiana Farms, Indiana Foods, Indiana Success: Central Indiana Food Hub Feasibility Study





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Prepared by Sarah Aubrey, Principal

Prosperity Ag & Energy Resources

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Purdue Extension Knowledge to Go Hancock County

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I appreciate you,

Sarah Beth Aubrey

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Hancock Harvest Council, in particular members of the Food Hub Feasibility Study Committee

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Welcome

Thank you for taking time to pick up a copy of *Indiana Farms, Indiana Food, Indiana Success Story: Feasibility Study for the Central Indiana Food Hub*. Many Indiana farmers are currently blessed with bounty in the cross section of the two of the most highly sought after happenings in any farmer's life-relatively high prices for commodity goods and high values for farm land. It would seem that life is good for Indiana farm families and for many, it certainly is. Yet, not all farmers feel the bounty. Times are challenging for young farmers or 'non' farmers seeking entry into agriculture. It is universally acknowledged that costs are prohibitive to start farming. Women are increasingly engaging directly in agricultural communications which is certainly a great role yet many seek their own niche in actual ag production. Women want the opportunity to grow and sell food, too. Producers of specialty crops with a desire to distribute and sell locally know the market is growing but there are few emerging outlets beyond farmer's markets to sell direct in Indiana. Consumers are getting involved and wonder, 'Where does my food come from?' They often see our food system as confusing; there are many choices and yet prevalent misinformation and even competing agricultural interests. Adding to the conundrum is the little known fact that Indiana imports nearly 90 percent of the food we eat.

Farmer and consumer interests are not nearly as far apart as we sometimes worry. Both have concerns about Indiana food and agriculture and both seek intelligent solutions. The goal of both profitability and affordability is achievable. One possible solution is explored here; the possibility of a food hub in Central Indiana. Benefits to a food hub are many as this report shows. As the author of this feasibility assessment, it is my hope that the results are tangible, practical and useful as the Central Indiana Food Hub Committee considers bringing this project to reality. Thank you for your interest in Indiana agriculture.

Cordially,

Sarah Beth Aubrey, Principal, *Prosperity Ag and Energy Resources*

P.S. A note on 'word clouds', that is, the colorful groups of words arranged in shapes at the beginning of each major section. 'Word cloud' is the new media term for a shaped collage of words assembled into a group of like concepts or connected thoughts. Prosperity summer intern, Sarah Thomas, kindly created the word clouds to showcase the themes and ideas covered in each section in a visual format.

How to Use This Study

Give me the splendid, silent sun with all his beams full-dazzling,

Give me autumnal fruit ripe and red from the orchard,

Give me a field where the unmow'd grass grows,

Give me an arbor, give me the trellis'd grape,

Give me fresh corn and wheat, give me serene-moving animals teaching content…

- Walt Whitman, *Leaves of Grass*

The following report is organized in sections, categorized by major components. The study was designed to be used by a steering committee largely composed of ag producers in the areas around Hancock County, Indiana. The Committee also included a few members with local interest either in business or in municipal government that do not have an ag background. The study emphasized seeking answers to the question: 'Do we have enough farmers interested in raising products for a food hub and if so what are their interests and concerns?' Here are a few comments on each section of the study that describe the thought behind the organization and research.

The reader may note what is 'missing' from this study when compared to other studies out there. First of all, the author has not chosen to include a glossary. This was done for a couple of reasons. One, the report was commissioned by and especially for an interested, active group in the local food space. They are seeking more information on the concept of food hubs, but are also versed enough to be actively pursuing a food hub as a business model. So, the initial intended reader is educated on most terms and definitions. Secondly, many case studies and other resources such as the National Good Food Network www.ngfn.org and the USDA studies cited in Resources have fully developed glossaries.

This feasibility study is also devoid of case studies. This report is meant to be location specific rather than a reiteration of work that has already been done or a showcase of other successful projects. Because reviewing case studies is a good use of the reader's time, a variety of excellent case studies are included in the Resources section. In addition, as this feasibility study is being funded by a grant, the work truly needs to reflect the intention of the awarded application. That means the author has worked to assess the feasibility of a food hub in this time, in this place, with these interested people. The scope could certainly be larger, or smaller, and could include more agricultural goods (such as emphasis upon meats, dairy, or dry goods). However, due to the award of a USDA Specialty Crop grant, the focus is primarily around specialty crops either currently raised in Indiana or that are potential fits for Indiana farmers. The timeframe for the project was limited by the terms of the grant and the overall desire of the Committee to evaluate results and make informed choices moving forward in less than one calendar year. Finally, the study was conducted using an assessment of the Committee's needs (determined following initial planning session in March 2012).

Radishes growing in garden at *Prosperity Ag & Energy Resources,* Sarah Thomas.

The "What is a Food Hub" section discusses the material reviewed to arrive at some of the ultimate conclusions and establishes parameters around the food hub concept. The Methodology section reports how the study was conducted in detail, including who was contacted and how the information was analyzed. Results are summarized and tallied. Reoccurring themes gleaned during the three farmer meetings are presented in the Challenges and Benefits sections. Readers will likely be quite interested in the Market Analysis section which presents a snap shot of the current small farm and specialty crop industry in Indiana, discusses the potential gaps in production verses what is desired by the current marketplace and attempts to draw conclusions about how the CIFH could meet emerging demand. In the Suggested Actions section, the author produces a summary of steps for the Committee's consideration along with drawing conclusions on the overall feasibility of the project.

Executive Summary

A food hub in Central Indiana has been deemed feasible by this study. A variety of factors were evaluated to reach this conclusion:

- Trends in small farming show regular growth in the number of new small farms
- Most specialty crops for the food hub will come from farms under 200 acres
- The number of new farmers is also increasing, many will like the niche markets
- GIS mapping shows that Central Indiana is the best site in the state for a new food hub
- There are currently more specialty crops produced in Indiana than are sold through local food channels; product is out there now
- There are existing acres of specialty crops that could convert to selling in Indiana verses out of state
- The number of young, small farmers is growing while the number of young, large farmers is not
- Younger farmers reported lower direct farms sales income-they need valued added options to increase profitability

The food hub project has the potential to provide the economic impact of 12 jobs in the first year as well as farmer revenue increases. When good agricultural practices (GAP) are followed by producers selling to the hub, farm environmental health and sustainability improve.

The project expands the marketplace for Indiana-raised and Indiana-consumed food. The marketplace also expands as producers scale up to produce more goods.

The food hub as the unique opportunity to serve the greater community. When a growing marketplace is served by food located near the source of consumption, transportation costs and other food security concerns can be reduced. Food hubs offer a place to continue the dialog with consumers about where their meal really originated. While not advocating one type of agriculture over another but simply allowing the exploration of food culture, the hub preserves Indiana's agricultural heritage, showcases the success and ability of the farmer and allows the consumer to develop trust in their food producer.

What is a Food Hub?

Cultivators of the earth are the most valuable citizens. They are the most vigorous, the most independent, the most virtuous, and they are tied to their country, and wedded to its liberty and interests by the most lasting bonds.

- Thomas Jefferson

So, What *is* a Food Hub?

While this report has been prepared specifically for the Central Indiana Food Hub (CIFH), a group with a working understanding of the concept, there are so many various types of food hubs being employed that a short exploration of this issue is merited. For the purposes of this study we have used the following definition, taken from several combined USDA reports and modified for simplification and terminology:

The United States Department of Agriculture (USDA) describes food hubs by first defining them as value-based supply chains:

Values-Based Supply Chains (VBSCs)

(VBSCs) are supply chains, or wholesale, non-direct-market channels where consumers receive information about the social, environmental, or community values incorporated into the production of a product, or the farm or ranch producing it. This information is preserved with the product even though the product may change several hands between the producer and the consumer. Enterprises that participate in VBSCs (processors, distributers, packers, shippers, wholesalers, retailers, farmers and ranchers) have transparent, collaborative, equitable relationships based on trust, and work together to make sure everyone benefits, and in particular, the farmers and ranchers.

Characteristics of VBSCs include the following:

- *Growers are treated as strategic partners instead of input suppliers.*
- *VBSCs are able to provide increased volumes and reduced transaction costs through aggregation.*
- *Products are differentiated by values, local branding or the identity and story of the people producing them.*
- *Rewards and responsibilities are distributed equitably across the supply chain.*

Food hubs or VBSC enterprises

Food hubs also defined as VBSCs, facilitate the aggregation, storage, processing, distribution, or marketing of differentiated agricultural and food products, particularly from small and midsized farmers and ranchers.

*Definitions used courtesy of USDA, adapted from ***Food Hubs and Values-Based Aggregation and Distribution***, March 12, 2012."

This definition has been used repeatedly with the methodology and outreach portion of the study. It was sent out with questionnaires and used when explaining food hubs during the farmer meetings held in June 2012. It is not a perfect definition, so the author chose to elaborate in this section and cite examples to illustrate how food hubs fit into the current food system.

Many studies and reports showcase their own food hub models or those developed by professionals, consultants, or governmental agencies. Each lends an interesting perspective to the question 'what is a food hub' and forms a frame of reference. It is not the intent of the feasibility work to design a specific model for CIFH. In the Suggested Actions section the author does list possible next steps, but the Committee must evaluate those and decide upon their direction. Thus, the author recommends that as part of Phase II, Marketing and Business Plan, the Committee design their own unique model that fits their desired starting place and project goals.

In the next section, several common examples of food hub design are included. The following chart, developed by USDA AMS shows many common characteristics that differentiate food hubs from other local food marketing schemes such as farmer's markets and CSA's (Community Supported Agriculture).

Defining Characteristics of a Regional Food Hub

Regional food hubs are defined less by a particular business or legal structure and more by how their functions and outcomes affect producers and the wider communities they serve. Defining characteristics of a regional food hub include:

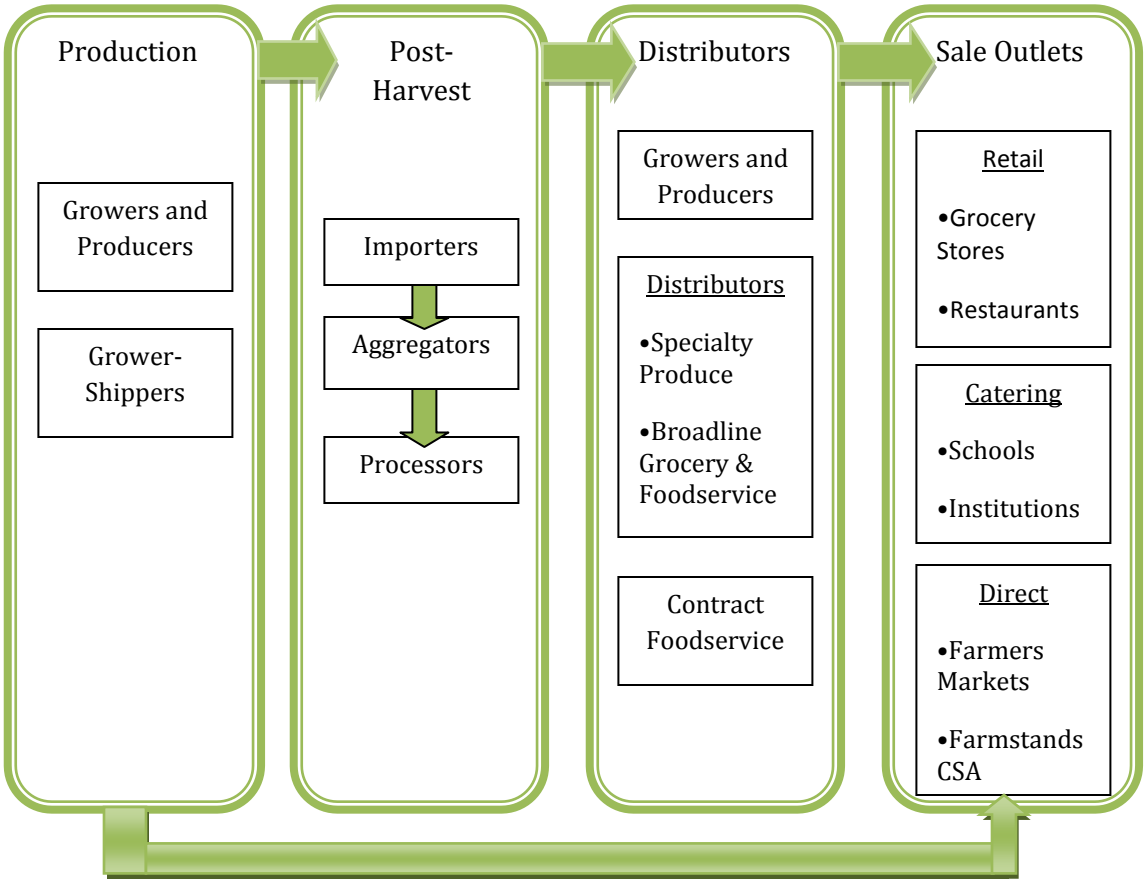
• Carries out or coordinates the aggregation, distribution and marketing of primarily locally/regionally produced foods from multiple producers to multiple markets.
• Considers producers valued business partners instead of interchangeable suppliers and is committed to buying from small to mid-sized local producers whenever possible.
• Works closely with producers, particularly small-scale operations, to ensure they can meet buyer requirements by either providing technical assistance or finding partners that can provide this technical assistance.
• Uses product differentiation strategies to ensure that producers get a good price for their products. Examples of product differentiation strategies include identity preservation (knowing who produced it and where it comes from), group branding, specialty product attributes (such as heirloom or unusual varieties), and sustainable production practices (such as certified organic, minimum pesticides, or naturally grown or raised).
• Aims to be financially viable while also having positive economic, social, and environmental impacts within their communities as demonstrated by carrying out certain production, community, or environmental services and activities.

Source: USDA Regional Food Hub Resource Guide (2012).

USDA recently published a well-done resource guide for those forming food hubs; a link can be found in the Resources section. This chart is adapted from that guide which provides a thorough discussion of food hubs. The reader should note that the common theme here is the word 'producer'. It appears that In USDA's view the producer is central to all food hub characteristics. The author certainly agrees. In the case of CIFH, or any producer group looking to form a food hub, having a clear understanding of what the hub will offer its suppliers-the farmers- is an essential piece. Other food hub models may argue that this definition is not broad enough in that it does not include involvement of distributors or the consumer to the level necessary to be all inclusive of the role food hubs play in the overall food system.

Other graphic depictions of food system styles can be found in the study **Building Successful Food Hubs: A Business Planning Guide for Aggregating and Processing Local Food in Illinois** conducted by Lindsey and Slama.

Example of Current Food System



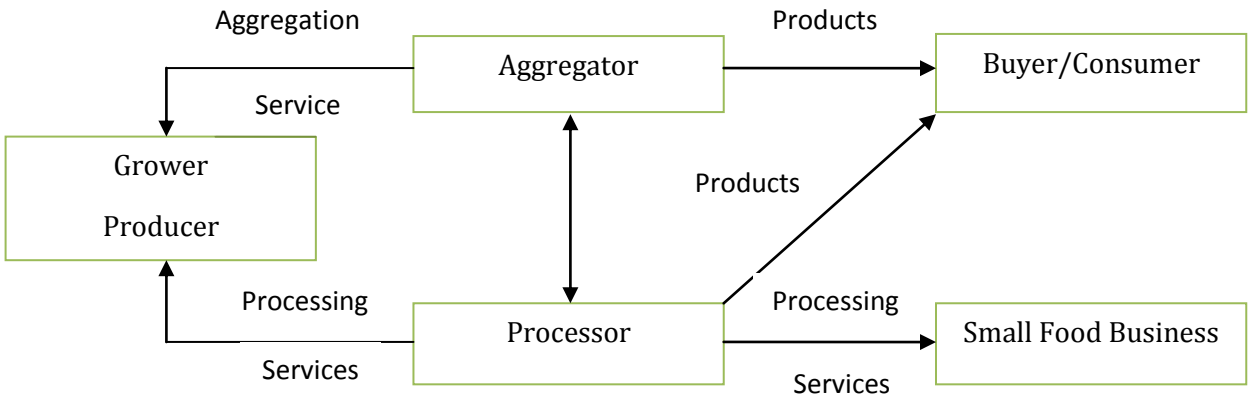
(Lindsey & Slama, 2012, 8).

This image is not necessarily a food hub, but does show how local foods are commonly distributed now. Lindsey and Slama report the following: "Sales outlets, wholesale channels, or traditional grocery, and foodservice outlets, constitute 99% of food sales, and the food-at-home sector (grocery stores and home delivery) and food-away-from-home sector (restaurants, schools, and institutions) are roughly equivalent. Direct-to-consumer channels, which include farm stands, farmers markets, and community supported agriculture (CSA) ventures, account for less than 1% of produce purchases in the United States, but are growing rapidly. " (Lindsey & Slama, 2012, 9).

In this model, the designer demonstrates a four-part system that begins with the grower, moves to various distribution options and concludes with various sales outlets, including local. Note that 'local' only implies farmers markets and CSA's. It is included here because it is a true representation of the type of typical food system from which food hub planners are faced with differentiating themselves. The food hub challenge is figuring out where to

fit and how to define their model as a value player in this established marketplace. The current model acknowledges local distribution but is not thorough.

Perhaps the next image, also from **the Building Successful Food Hubs: A Business Planning Guide for Aggregating and Processing Local Food in Illinois** by Lindsey and Slama, shows the place for a food hub to be part of the food system. Though the word 'food hub' is nowhere in this image, it seems clear that the food hub literally represents the center of the image. It shows the hub's various functions and interrelated pieces depicted as 'grower producer-aggregator' in a way much like spokes on a wheel or branches of a family tree.



(Lindsey & Slama, 2012, 10).

Speaking of business models, the type of financial model used with food hubs is also varied. Below are examples of legal organizational structure and the type of marketing/selling model used as reported by the National Food Hub Collaboration in 2011 and in the USDA Food Hub Resource Guide.

Legal Organizational Structure Examples

Food Hub Legal Status	Number	Percentage
Privately held	67	40%
Nonprofit	54	32%
Cooperative	36	21%
Publicly held	8	5%
Informal	3	2%

Market Sales Model	Number	Percentage
Farm to Business/institution (F2B)	70	42%
Farm to Consumer (F2C)	60	36%
Hybrid (both F2B and F2C)	38	22%

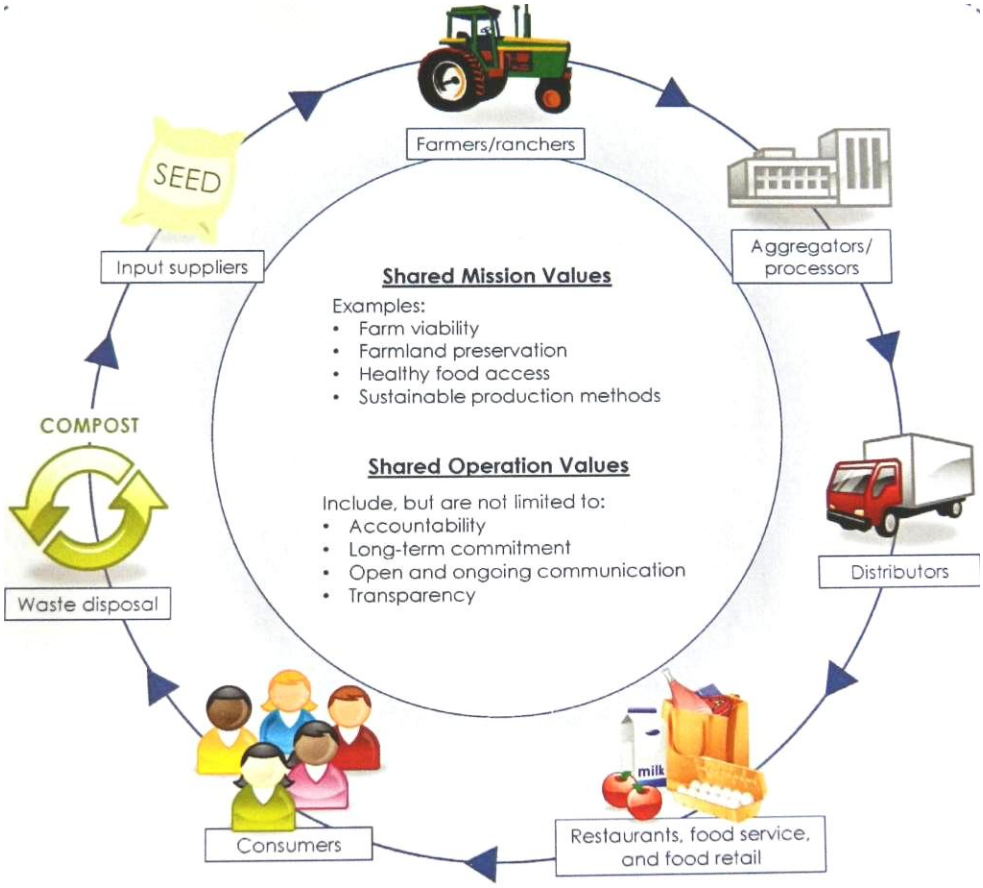
*Based on a working list of 168 regional food hubs identified by the National Food Hub Collaboration (last updated Dec. 1, 2011)
Source: USDA Regional Food Hub Resource Guide. (2012).

The above charts illustrate just how many choices are out there when it comes to business type. Food hubs, like any venture, can be structured literally any way the founders see fit. Reasons for business type selection are largely beyond the scope of this study and can be thoroughly addressed in the Phase II, Marketing and Business Plan. A short summary of considerations for selecting legal structure is discussed in the Suggested Actions Section. However, it is most important to point out here that the business model type and legal or tax structure is not part of the definition of a food hub. Hubs are defined by what they do, not how they are structured. It is also relevant to point out that most of those queried for this study did not have an opinion on the legal structure of the proposed food hub.

So, Again, What *is* a Food Hub?

Perhaps the most accurate depiction is also offered by USDA in the following graphic referred to as the Food Value Chain:

Food Value Chain



Factors Influencing the Food Value

Finance	Service Providers/Facilitators	Policy Environment
•Start-up capital	•Agriculture extension	•Food Safety
•Credit terms	•Consultants	•Subsides
•Working capital	•Non-profits	•Conservation programs
•Taxes	•Government agencies	•Labor regulation
•Insurance		•Taxation

Designed by the USDA's Agriculture Marketing Service and the Wallace Center at Winrock International for *Food Values Chains: Lesson Learned from Research and Practice* (forthcoming).

Source: USDA Regional Food Hub Resource Guide (2012).

Lindsey and Slama say the following, which explains the overall activity in this chart: "Food hubs can serve as aggregator, processor, and distributor, but not all food hubs play every role. Establishing the value chain through aggregation is often the first step in food hub development, and distribution and processing services may be added depending on local needs. " (Lindsey & Slama, 2012, 10).

Defining Characteristics for New Food Hub Ventures

All of the above examples are just that-examples of how food hubs can be structured and have either literally or hypothetically worked in other situations. CIFH will ultimately design a food hub model that fits their needs and presumably expand and change that model throughout the life of the concept. Having looked at many examples, it is clear that the food hub will need:

- Producer aggregation
- Quality product gathered on a consistent basis
- A system for purchasing and pay out
- A system for logistics management and transportation
- Strong movement toward documentation for GAP (good agricultural practices)
- Interaction with end-consumers (eaters)
- Interaction with distribution-level consumers (distribution companies, restaurants, institutions)

These bullet points are the building blocks of a solid hub whether it is virtual or facility based, structured as a cooperative or a loosely networked group of entrepreneurs. Finally, the definition of food hub might best be expressed in the following equation where the food hub equals all parts of the chain and sits in the center.

Methodology

To everything there is a season and a time to every purpose under the heaven…a time to be born and a time to die; a time to plant and a time to pluck up that which is planted.

- Ecclesiastics 3:1-2

Achieving the goal of creating specialty crop producer access to additional markets and increasing the Indiana consumer's local food choice will require planning, funding, and a team of dedicated people. In the initial grant application for study funding, seven counties were identified as the proposed starting point for CIFH including Hancock, Hamilton, Henry, Madison, Shelby, Rush, and Marion. There is certainly discussion among the group that the project could or should ultimately be larger than this original size or that it could grow to include more area becoming state-wide and even regional. Given the limitations for the grant funding, timing, and the author's view that the study needed focus to provide clear recommendations in the end, the emphasis for the methodology discussed in the sections remains with the original seven county idea. However, later in this section detail is provided on every interview; he locations of respondents indicate that many were outside of the area and yet had a distinct interest in providing agricultural goods to a central Indiana food hub. These were included because specialty crop producers are located throughout the state and because the Committee desired to understand how they would eventually meet the demand they plan to create.

The Committee discussed these and other goals during a planning session and kick off meeting on March 26, 2012. Goals identified by the group are included below.

CIFH Initial Goals:

- Enable producer access to additional markets besides farmers markets, farm stands, and on-farm sales
- Understand the desire of farmers to produce specialty crops in addition to or other than traditional row crops or to scale up an existing operation to supply a food hub
- Provide consumers with additional local food options
- Play a significant role in increasing Indiana-grown food consumed in Indiana

The following section covers the methodologies used to conduct this study and summarizes the results of various components of work. The author used qualitative analysis principals to conduct both phone and in person on interviews as well as in person farmer meetings. Numerous respondents also completed questionnaires either by mail, email, or via an online tool called "survey monkey". Individuals were both invited to participate via lists constructed by *Prosperity Ag and Energy Resources a*nd by invitation from the Committee members. A large media list was compiled to promote press releases throughout the state. A Facebook page was created to raise awareness for the project and provide another source for information. Numerous trade groups were contacted to share the opportunity with their members. The Outreach section details the above efforts.

The study focus was on ag producers and those planning to become ag producers. The Committee identified the need for enough specialty crops to fuel a hub as a major question and concern. However, other groups were considered important and were also involved in the study including other types of food hubs, traditional food distributors, local public officials (such as health departments and county council, etc), food pantries, and a wide variety of interested stakeholders. Stakeholders were mostly Indiana folks, but during a trip to the National Good Food Network Conference in April, many peers in other states were interviewed, as well.

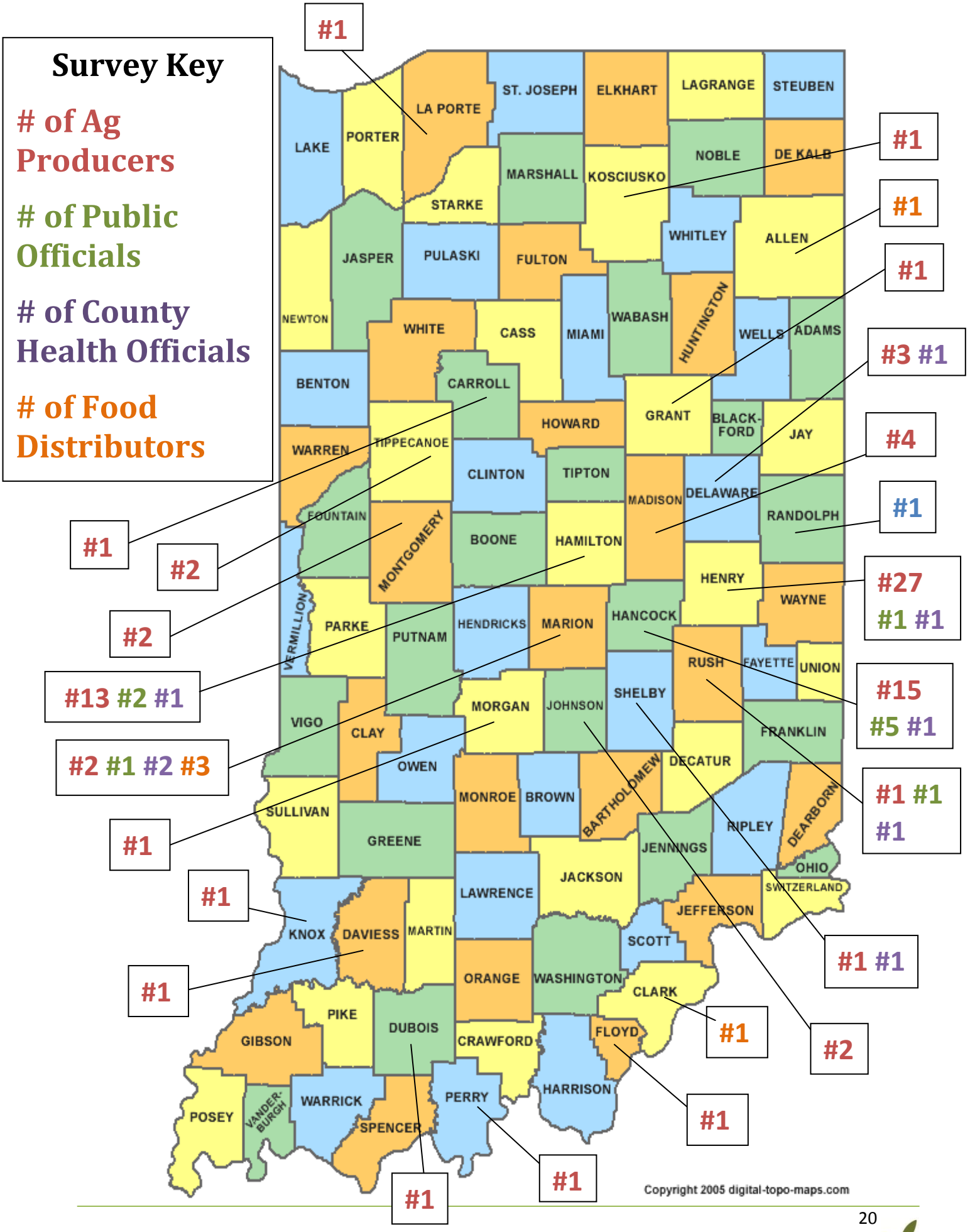
Various Groups Interviewed:
1. Food Distributors
2. County Health Departments
3. Farmers
4. County & City Public Officials
5. Other Stakeholders

Farmer meetings usually lasted two hours and were held at three sites. Individual producer interviews lasted 30-45 minutes and were done primarily over the phone.

The study took place between end of April and end of July 2012 when the first draft was offered to the Committee for review. Following first draft recommendations, additional interviews and meetings were held to broaden the study and hone in on key concepts. The final study was completed August 10, 2012. Formal live presentations to both the Committee and the public were conducted during August 2012.

Overall Respondents

The map on the next page provides a visual image of the physical location of all respondents to the study. A color key is provided that shows number of respondents in each category in each county.


Survey Key
# of Ag Producers
# of Public Officials
# of County Health Officials
# of Food Distributors
#1
#1
#1
#1
#3 #1
#4
#1
#27 #1 #1
#15 #5 #1
#1 #1 #1
#1 #1
#2
#1
#1
#1
#1
#1
#2
#2 #1 #2 #3
#13 #2 #1
#2
#1
LAKE
PORTER
LA PORTE
ST. JOSEPH
ELKHART
LAGRANGE
STEUBEN
NOBLE
DE KALB
MARSHALL
KOSCIUSKO
STARKE
WHITLEY
ALLEN
JASPER
PULASKI
FULTON
NEWTON
WHITE
CASS
MIAMI
WABASH
HUNTINGTON
WELLS
ADAMS
BENTON
CARROLL
GRANT
BLACK-FORD
JAY
HOWARD
WARREN
TIPPECANOE
CLINTON
TIPTON
MADISON
DELAWARE
RANDOLPH
FOUNTAIN
MONTGOMERY
BOONE
HAMILTON
HENRY
WAYNE
VERMILLION
PARKE
PUTNAM
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MARION
HANCOCK
RUSH
FAYETTE
UNION
VIGO
CLAY
MORGAN
JOHNSON
SHELBY
FRANKLIN
OWEN
DECATUR
SULLIVAN
MONROE
BROWN
BARTHOLOMEW
RIPLEY
DEARBORN
GREENE
JENNINGS
OHIO
SWITZERLAND
JACKSON
KNOX
DAVIESS
MARTIN
LAWRENCE
JEFFERSON
SCOTT
ORANGE
WASHINGTON
CLARK
PIKE
DUBOIS
CRAWFORD
FLOYD
GIBSON
HARRISON
WARRICK
PERRY
POSEY
VANDER-BURGH
SPENCER
Copyright 2005 digital-topo-maps.com

Distributor and Food Hub Respondents

The term 'distributor' was used to encompass a variety of food movers. Overall, this group was generous with time and ideas. One of the reasons for this willing engagement is that Indiana local food distributors need more products and want to work with more ag producers. Identifying these is seen as a key. The food hub's possible role in the marketplace is intriguing to this industry segment.

Food Distributor Questionnaire

The following questionnaire was used with food or distributor respondents. It should be noted that discussions were much more robust than just answering the questionnaire, but the reader can see the direction of the conversation.

1. What is the size of the local food market in your estimation, in Indiana and in your territory?
2. What is the potential for this market in size, volume, or dollars?
3. What is your perception of consumer interest in access to Indiana-grown produce, or meats, and other food items?
4. Are you familiar with the term "food hub"? If so, have you seen other food hubs in Indiana or elsewhere?

If you are not familiar with the term food hub, please see the attached 'definition of a food hub' and then proceed with the questionnaire.

5. How would you like to buy from local food producers? What is the best way for you?
6. For your trade area, what part of Indiana is ideal? Inside I-465 beltway or a pick up site outside of town on I-70 or I-65? Why or why not?
7. How would you envision working with a producer food hub? Partner, co-owner, investor?
7. What does seasonality do to your interest? Could/would you share an IQF machine if owned?
8. Additional comments and/or names and contacts of others we should speak with in your company or industry?

Below is a list of distributors that service the institutional, restaurant (including independent restaurants), home delivery and grocery markets. Several of these companies are owned or operated by one firm.

Produce Distributors in Indiana Today
Garden Cut
McCartney Produce
Caito Foods
Southern Produce Distributors, Inc.
Green Bean Delivery
Goose the Market
Piazza Produce
Indianapolis Fruit

In addition to traditional distributors of wholesale food for sale the food bank industry was contacted to discuss how they see CIFH fulfilling their client's needs. A list of food banks serving Indiana is noted below.

Food Banks in Indiana Today	
Name of food bank	**Location**
Food Bank of Northwest Indiana	Gary, IN
Community Harvest Food bank of Northeast Indiana, Inc.	Fort Wayne, IN
Food Finders Food Banks, Inc.	Lafayette, IN
Gleaners Food Bank of Indiana, Inc.	Indianapolis, IN
Hoosier Hills Food Bank	Bloomington, IN
Second Harvest Food Bank of East Central Indiana, Inc.	Muncie, IN
Food Bank of Northern Indiana	South Bend, IN
Terre Haute Catholic Charities Foodbank	Terre Haute, IN
Tri-State Food Bank, Inc.	Evansville, IN
Dare to Care Food Bank	Louisville, KY
Freestore FoodBank	Cincinnati, OH

Taken from Feeding Indiana's Hungry's website, http://feedingindianashungry.org/about-us/members/

Discussion of Distributor Responses

While individual food services institutions were not surveyed, the distributor buyers that responded represent institutional food service, restaurants and grocery stores. Independent restaurants also have some representation in the study as they are served in the Indianapolis metro area by the two of the distributors.

Market Size

The current size of the local food market in Indiana, primarily the Indy-metro area, is $10-15 million for food sold. These numbers are for current sales based upon the amount of product distributors can currently obtain and sell in the marketplace. Marcus Agresta of Piazza Produce, cites their own market presently 'between $3 and $5 million'. This number is for wholesaled produce only bought by distributors direct from farmers. It does not include direct farm sales of local food to consumers; that number appears to be larger at $22 million, as reported by the USDA Ag Census data. However, the most recent census of agriculture was in 2007, over five years ago. Ken Meter, author of **Hoosier Farmer? Emergent Food Systems in Indiana**, reported in his January 2012 study that this market grows at least 5 percent a year and has for the last four years. Therefore, the number is likely higher for direct sales.

Agresta said he thinks they could support a market of $20 to $30 million, but "the sky's the limit." Right now they have more demand than supply. The present value of the Indiana specialty crop industry is reported at $129 million by the USDA Economic Research Service; these numbers are slightly newer being from 2009. There are two problems with this data set, however. First, sweet corn, tomatoes, cucumbers and snap beans in Indiana are more commonly grown for commercial use and processing rather than sold as fresh in the local food chain. These represent $70 million of the total reported specialty crops sales. All of these are currently purchased fresh for quick consumption by distributors, but numbers are not broken out this way as reported. Second, these data sets only list the top specialty crops sold, or those with at least $1 million in sales (and this data was reported over three fiscal years ago), these are (not including the aforementioned crops): mint, honey, blueberries, watermelon, other melons, and apples. So, what of the many of products we know distributors are currently buying such as spring mix, herbs, heirloom tomatoes and eggplant? They are not accounted for in any major marketplace reports according to present data in specialty crop sales.

So, as for market size there is at least $60 million or more in specialty crop value not accounted for in the fresh market sales side of things. This product is out there and is not being used for commercial processing; that means it is being grown in Indiana, but likely

not sold or consumed in Indiana. At least a portion of this market could be available to the CIFH to convert to locally or Indiana sold through the hub.

Market Gaps

As the Market Analysis section will further show, there is one main gap in the marketplace. It is not the volume of product to meet current demand, rather *it's the coordination of that product to a local buyer.* If we compare the distributor's sales numbers with the market's actual production value there is a gap of at least $40 million. So one market gap is in the aggregation of Indiana-grown product and the opportunity to convert much of it selling into Indiana instead of out of Indiana!

Aside from looking at the simple analysis above, determining what, exactly, is missing in the market is challenging as distributors acknowledge their local food sales are not even close to maxed out. Simply put, they'd like to buy more product. Some distributors, like Piazza Produce, rely on farmers to grow the product and need more connections with these growers to obtain certain products, such as spring mix, eggplant, or yellow squash which are top sellers and in high demand.

Others are looking to farmers and growing their own product. Green Bean Delivery has farms in Indiana under their own umbrella to supply the company in addition to independent grower buying. Though they call themselves 'the Mid West Local Food Network', they know this job is incomplete today. That may even be a good way to summarize the value they see in a food hub and how it would serve the overall market. "If someone took the farmer aggregation piece off of our plate-that would be great for us!" said Lincoln Sanders with Green Bean Delivery.

Food Hub Site

In terms of siting, distributors liked convenience to interstate access, but as to what interstate, the answer was not definitive. "There's not one great site. We need to work with farmers from all over," said Sanders. Piazza reps commented that their existing truck fleet and numerous regular state-wide delivery routes make site far less important than quality and quantity. They presently pick up much of the local produce at the farm and are willing to discuss that option with CIFH.

A discussion with Indiana's food banks also uncovers just who is out there moving food. Jane Avery, Executive Director of Community Harvest Food Back of Northeast Indiana, reports that the Feeding Indiana's Hungry Coalition (the organization that represents Indiana's food banks) is long on quality warehousing space in some areas and is seeking new relationships with farmers. Her location in Ft. Wayne, Indiana boasts 80,000 square feet and says food banks range in size from 300,000 square feet in Marion County to a

'small old farm' in one Northern Indiana location. If the CIFH 'headquarters' hub is not located near an Indiana food bank with space, she wishes to engage CIFH in discussions about some food bank sites serving as mini-hubs, or drop-off and pick up points for producers sending product onto the main hub. Avery says they have such a strong local presence in many communities that they can offer the chance to create networks, handle distribution, and possibly facilitate trucking; all of these help expand the food hub far beyond any initial site or virtual hub the Committee builds.

Because of their existing network of trucks and well rehearsed and scheduled routes, distributors maintain that it is producer aggregation that is key and not so much the site where that aggregation happens- as long as is it reachable by truck.

Opportunities

Distributors were also willing to consider partnerships to share sites or major capital equipment costs. "Put us down for being very interested in the freezing and blanching end of it," commented Sanders with Green Bean Delivery. Avery said her food bank site in Ft. Wayne is also presently looking into flash freezing equipment. With an IQF (individual quick frozen) set-up costing $500,000 or more, the distributors understand the costs and concerns of making large capital investments-even in an expanding market.

Besides transportation and cost-sharing, food distributors have a desire to purchase from a food hub. Even the food bank system is a possible customer for CIFH produce, though they also strongly need quality donations every day. Avery said: "I get better donors if I am somebody's customer first." Food banks do have budgets to buy food each year and Avery reports that they would like to buy fresh produce at certain sites. However, the budgets are fairly modest; hers in particular is $250-300,000 per year for all food buying.

Overall Perspective

When asked 'Is this project feasible?' distributors said yes. Specifically, they see a food hub in Central Indiana as feasible if high quality, traceable product is sourced from reliable growers and if growers have an interest in raising crops that the market demands. "I think we have a huge opportunity to feed ourselves; we just need to further educate each other up and down the supply chain," Agresta said.

Sanders knows there is a market need to expand specialty crop production and to better assess and capture acres out there that are presently grown and get them to the end consumer. "The whole thing about a food hub is bringing together all these resources from the farm. This takes a lot of herding to get everyone (farmers, distributors, consumers) on the same page!" he said.

Key Summary Points: Current Food Distribution System

- Number one desire of distributors is producer aggregation
- Current distributors are potential customers
- Current distributors are willing collaborators, partners, and interested in cost-sharing
- Current distributors are willing transporters of food
- Current distributors are willing educators of farmers, especially on food safety and quality control
- Siting of the hub is not as important as increased access to product from dedicated local growers-again aggregation

Local Public Official Respondents

Local public officials and local health departments were contacted for a variety of reasons. One of the primary aims was to avoid any potential pitfalls with siting or local ordinances. It is important to discuss projects as early as possible with local officials to determine any site barriers that could hinder a project. Ruling out a location at this point would be easier than later. However, no major hurdles or local zoning issues were identified by respondents or seemed be a concern to furthering the project.

The following questionnaires were used with local public officials and county health departments. It should be noted that discussions were much more robust than just answering the questionnaire, but the reader can see the direction of the conversation.

Local Public Official Questionnaire

1. What is your perception of consumer interest in access to Indiana-grown produce, meats, and food items?
2. Are you familiar with the term "food hub"? If so, have you seen other food hubs in Indiana or elsewhere?
3. What local benefits do you see from a food hub site located in your community or county?
4. In your county, is there an ideal location for a food hub? Why is it ideal?
5. What key economic drivers would aid a food hub in being successful in your community, such as grants, property tax incentives, low-cost leases, etc.?
6. What complimentary activities does your area have (i.e. farmer markets, current food distribution models)?
7. Are there zoning or permitting issues that would affect siting a food hub in your community or county?
8. Additional comments and/or names and contacts of others we should speak with in your community?

County Health Department Respondents

County Health Department Questionnaire

1. Are you familiar with the term "food hub"? If so, have you seen other food hubs in Indiana or elsewhere?
2. In your county, is there an ideal location for a food hub? Why is it ideal?
3. What complimentary activities does your area have (i.e. farmer markets, current food distribution models)
4. For selling fresh produce direct to consumers, what permits or licenses are required in your county? What are the costs?
5. If the site is a pick-up only location or a distribution-only location, are the permits and licenses required different?
6. Are permits and licenses different if products are sold to wholesalers verses directly to consumers?
7. Are there any health department restrictions or unique concerns with food hubs?
8. Additional comments and/or names and contacts of others we should speak with in your community?

The following individuals were contacted via phone or returned a questionnaire via email or regular mail. Thirteen individuals responded to requests for interviews or to requests for questionnaire completion. Though the number was small, responses were received from each of the seven key counties. The answers were markedly similar among all respondents and no major roadblocks or site concerns were identified.

Name	County Name	County Position
Barry McNulty	Hamilton	Health Director
Judy Johnson	Hamilton	County Economic Development Office
Jim Shelby	Hancock	County Councilman
Brad Armstrong	Hancock	County Commissioner
Skip Kuker	Hancock	County Economic Development Director
Kim Cronk	Henry	County Commissioner
Doug Mathis	Henry	County Health Department
Bob Grewe	Henry	County Economic Development Office
Sue Scott	Marion	County Economic Development Office
John Richwine	Madison	County Commissioner
Dorothy Boersma	Rush	County Health Officer
Jim Finan	Rush	County Economic Development Office
George Horning	Shelby	County Health Department Coordinator

Discussion of Public Official and Health Department Responses

The following is a summary of those public officials and health department officials who were interviewed via phone or returned surveys. A public official meeting was scheduled and promoted, but no one attended.

Public officials and health departments were interested in the work, but none were exceedingly verbose on the topic or detailed in their responses. While producers and distributors were quite forthcoming, this group was more reserved and more generic in the types of answers they could offer. Certainly this could easily be attributed to the fact that they were not familiar with the concept of a food hub; for most the survey was the first they had heard of the term.

The author believes interviewing this group was important from an outreach and awareness standpoint, though from an actual feasibility assessment point of view the responses do not appear sufficient to go on. Still, knowing their support is available to the Committee wherever they decide to locate (an it was universally offered), the author

believes it was worth the exercise in contacting this group. The interviews also show that education and awareness will be a major effort for the Committee. It could be assumed that that general lack of knowledge may have contributed to the lack of turn-out during the one scheduled pubic official meeting.

Familiarity with food hubs

A full 100 percent of respondents were not familiar with the concept of food hub, though all were familiar with complimentary activities such as farmer's markets and CSAs. There was in general much time spent during the conversations describing the role a food hub could play and how it differs from the other direct marketing schemes.

Site

Three respondents offered to assist with site location or marketing for the project. Each county official offered solutions as to why their community is a good site. In Central Indiana, all have interstate access and less than 45 minutes drives to the Indianapolis metro or are already part of the Indianapolis metro area.

Zoning or other restrictions

None known. No respondents interviewed felt there were significant zoning issues that would prevent the location of a food hub in their community.

Permitting requirements

Responses about permitting requirements, costs, and related questions were all across the board. It was reported that costs for permits ranged from $0-100. Some communities reported that retail permits (based on square footage), differed from permits to wholesale or to have pick-up only locations and ranged from $200 to $500. Still others felt that the food hub would be classified as a 'farm stand' or a 'home-prepared goods' venue and permits for those examples were not immediately clear to respondents. In some cases costs were not known by the official or they were believed to be handled at the state level. It appears that fresh distribution or pick-up only may not require permitting, or require a lower cost permit, however, if food is cut or processed, the Indiana State Department of Health must be involved. Most local officials felt that this question was beyond their expertise.

Economic Drivers

Six of the respondents mentioned that they hope one impact from CIFH is the accessibility of affordable pricing for locally raised specialty crops and improved access in the homes of lower income families. Several examples of economic factors discussed are:

- Enhancing convenience for consumers

- Improvement of local produce accessibly and price
- More Indiana products on store shelves

Respondents in the more rural counties such as Rush and Shelby consider agriculture in general to be a top economic performer and a leading indicator of progress. What is good for farmers is good for the county, some say. A few respondents felt that a food hub could be likened to agri-tourism and that appeared to be a good way to keep money and spending in the community where the CIFH is located. Finally, several inquired about job creation prospects at the hub, in transportation and at the farm level.

Incentives Available to CIFH

Local official were asked about incentives that could be offered to CIFH in their local area. One opportunity may be tax abatements for capital improvement projects. Officials caution that these are not available when a company is rehabbing an existing site-they are only for new construction. Also, these abatements have minimum job number requirements.

Key Summary Points: Public Officials and Health Departments

- Support for any local or rural economic development initiative is strong and interest is universally present
- This group is not familiar with the concept of a food hub, education will be required
- Answers and knowledge of questions asked varied widely and by county; calculating definitive results was difficult

Agricultural Producer Respondents

Agricultural producers represented the largest portion of survey respondents for the study. Nearly 100 were reached during the two month study and interview phase. This is a strong showing for a local project and the number is telling in terms to the feasibility and interest level among farmers.

The following questionnaire was used with ag producers. It should be noted that discussions were much more robust than just answering the questionnaire, but the reader can see the direction of the conversation.

Producer Questionnaire

1. Are you familiar with the term "food hub"? If so, have you seen other food hubs in Indiana or elsewhere?
2. What is your perception of consumer interest in Indiana-grown produce, meats, and other food items?
3. Do you presently raise specialty crops for sale direct to restaurants, consumers or wholesalers? Please describe.
4. Do you presently raise meats, dairy, or other goods for sale direct to restaurants, consumers, or wholesalers? Please describe.
5. If you raise primarily commodity-driven crops, do you feel diversifying into specialty crops, meats, or dairy is important? Why or why not?
6. Does someone in your operation have an interest in a diversified or small business, such as a spouse or child coming back into the operation?
7. Would your interest increase if you had a convenient one-stop drop off point?
8. If you are interested in producing specialty crops, meat or cheese? What volume would you supply?
9. What benefits do you see from a food hub, or farmer drop-off point, being located in your community?
10. If interested in participating in a food hub, what business model interests you and why?
    a. CO-OP
    b. Not-for-profit
    c. LLC – For-profit
    d. Loose alliance without formal legal structure
11. Are there drawbacks you see to selling via a food hub? If so, what specifically?
12. In your county, is there an ideal location for a food hub? Where and why?
13. Can you provide names and contacts of other producers that we should speak with?

Individuals interested in the Central Indiana Food Hub at the Henry County farmer meeting on June 7, 2012, *Sarah Aubrey*.

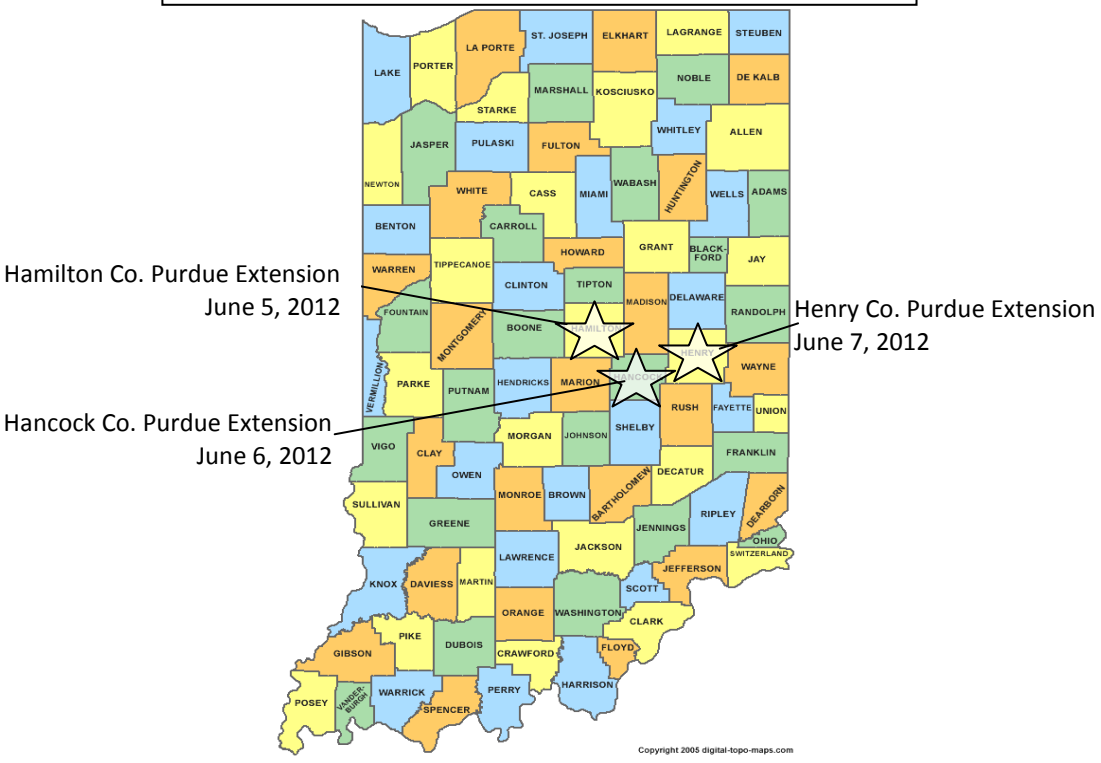
Ag Producers of all kinds responded to our interviews and meetings. Below is a list of the products and types of opertaions represented.

Crops Represented by Producers Present at Meetings
Tomatoes
Pumpkins/squashes
Strawberries
Eggplant
Sweet corn
Herbs, various
Orchard fruits
Christmas tress
Grapes, non-wine
Grapes, wine
Salad Greens, various
Small Dairy, cheese making
Peppers
Melons
Field corn
Soybeans
Wine

Types of Operations Represented at Farmer Meetings
Certified organic
Transitional to certified organic
Non-organic/traditional-not planning on organic ever
High tunnel operations
Greenhouse operations
Currently wholesaling
Currently selling at farmer's markets
Not currently farming, but plan to soon
Multi-generational operations (two or more generations farming)
Wine makers
Distributors/packers of oils and spices

Three meetings were held to discuss food hubs and to receive farmer input. They were held at the following locations in June.

Farmer Input Meetings in Central Indiana



The boxes below list the names of attendees at each meeting, broken down by County.

Hamilton County Attendees
Brenda Myers
Bob Rowland
Priscilla Strong
Ron Hof
David Burcham
Eric Lucas
Chris Cruzan
Britney Burton
Mari Briggs
Danielle Tolan
Bill Rice

Hancock County Attendees
Judy Swift
Gary Mithoefer
Barry McNulty
Earl & Barbara Smith
Dennis Hamilton
Steve Austin
Arika Herron
Drew Cleveland
Mike Dale
Tom Roney
Robert Mench
Cate & Erica Indiano

Henry County Attendees
Austin Farmer
Kathy Elliot
Cheryl Dawson
Bryan Tichenor
Joshua Gruver
Brian Lepore
Dave Ring
Kristy Kikly
Samantha Grover
Kelli Huth
Penny York
Larry Temple
Bob Brewer
Mike Modesitt
Kyle Hart
Samantha Jacobs
Clay Morgan
Bill King
Linda Ritchie
Roger Ritchie
Oakland Demoss
Jennifer Hale
Jason Saavedra
Bob Grewe

In addition to three successful meetings, more feedback was solicited via the Purdue website and the CIFH Facebook page. Using the Survey Monkey free online polling tool, interested persons could take the survey online. There were 3 completed grower questionnaires in the Survey Monkey account. Finally, over 30 producers were called directly by the author's team. Interviews of 30 to 45 minutes were conducted with this group which represented a broad spectrum of producers ranging from current specialty crop producers selling just via farmer's markets to those already working with distributors such as Piazza Produce or Green Bean Delivery. Row-crop farmers not currently in specialty crop production were also interviewed.

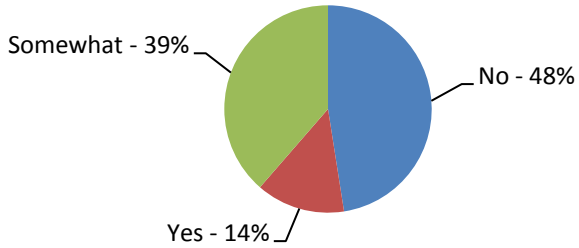
Roy Ballard conducting a farmer meeting in Henry County on June 7, 2012, *Sarah Aubrey*.

Producer's Interviewed Via Phone		
Producer Name	*Company*	*County*
Charlie Merriman	Merriman's Farm	Hamilton
Judy Shad	Capriole Dairy	Floyd
Darin Kelley	Good Life Farm	Morgan
Paul Peaper	Peaper Farms	Marion
Terry Knudson	Viking Lambs	Shelby
Brad Smith	Tell City Pretzels	Perry
Coy Robinson	Coy Robinson Farms	Daviess
Jennifer Van Meter	Blue Sky Berries	Knox
Norman Conde	Melon Acres	LaPorte
Marsha Welch	Wick's Pies	Randolph
Gordon Jones	Hickory Works	Johnson
Deb Hill	The Pork Shoppe	Hancock
Brian Creighton	Creighton Brothers	Kosciusko
George Kakasuleff	Kakasuleff Farms	Hamilton
Anna Chase	Artesian Farm	Hamilton
Levi Huffman	Huffman & Hawbaker Farms	Tippecanoe
Joe Paxton	Paxton Farms	Hancock
James Fair	Fair Farms	Hancock
Brett Middlesworth	Middlesworth Farms	Grant
Mike Rule	Rule's Golden Honey	Clinton
Rick McWhart	McWhart Farms	Clinton
Dave Rischer	Fischer Family Farms	Dubois
Dick Sochaski	Apple of His Eye	Madison
George Mears	George's Country Meats	Carroll
Stan Poe	Poe Lambs	Johnson
Neal & Jennifer Smith	Smith Family Farms	Madison
Gary Wilson	Rite Kind Farms	Madison
Jeremy Eaton	Russell Sheep Farm	Delaware
Martin Okos	Prairie View Farms Produce	Tippecanoe

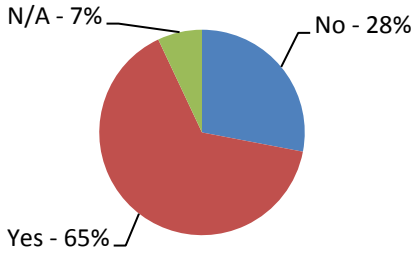
Grower Questionnaire Responses

Below the major questions in the survey are aggregated and the responses tabulated.

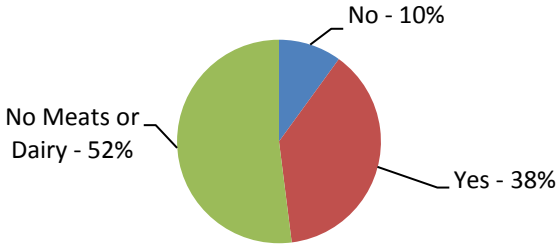
1. Are you familiar with the term "food hub"? If so, have you seen other food hubs in Indiana or elsewhere?



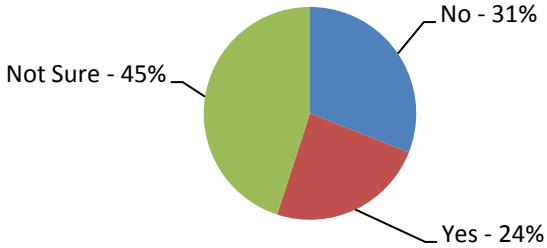
3. Do you presently raise specialty crops for sale direct to restaurants, consumers or wholesalers?



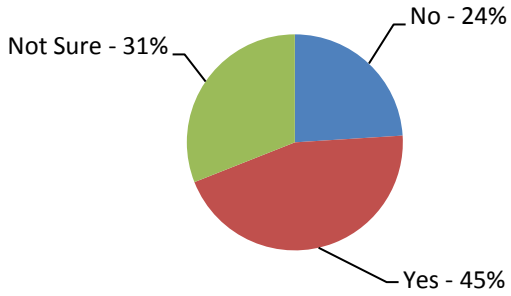
4. Do you presently raise meats, dairy, or other goods for sale direct to restaurants, consumers, or wholesalers?



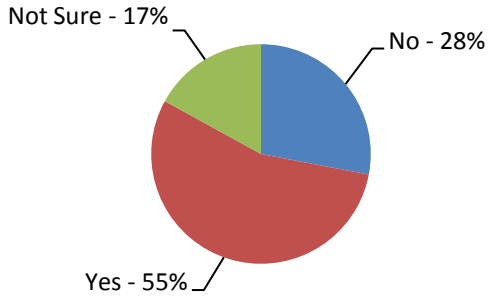
5. If you raise primarily commodity-driven crops, do you feel diversifying into specialty crops, meats, or dairy is important?



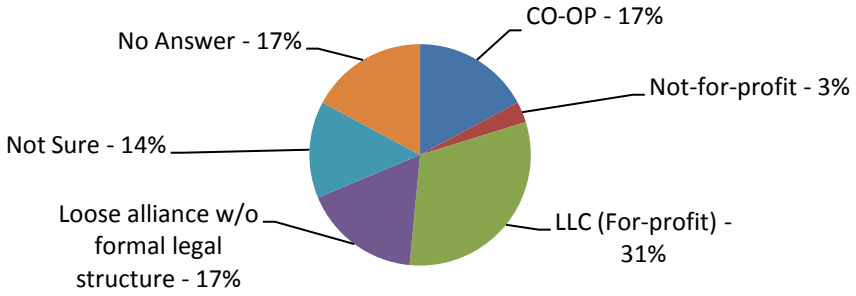
6. Does someone in your operation have an interest in a diversified or small business, such as a spouse or child coming back into the operation?



7. Would your interest increase if you had a convenient one-stop drop off point?



8. If interested in participating in a food hub, what business model interests you and why?



Discussion of Ag Producer Responses

Familiarity with Food Hub Concept

Most producers were not familiar with the concept of a food hub but when explained, they related it to operating like a wholesaler or produce auction. Other producers found the concept to be similar to a basic farm-to-school lunch program and still others assumed that food hub instantly meant CSA or grower cooperative. At least one-third of growers interviewed had no frame of reference with which to compare a food hub beyond their understanding of farmer's markets.

Perception of Consumer Interest in Local

Producers are optimistic about consumers' interest in locally grown food. The producers who sell their products to large distributors seemed to believe selling 'in the traditional market' is the only way to make money. Converting these producers to supply the CIFH with all or part of their production will require educating them on market demand for locally marketed food. Most producers currently selling direct through farmer's markets like acknowledged that eating Indiana-grown food is of great interest to consumers.

Diversification Interest

Many producers interviewed were already highly diversified in their operations, however, those tended to be the specialty crop grower that also had livestock. Farmers raising commodity crops and specialty crops 'on the side' were intrigued by the one-stop drop off location for product; time expense associated with farmer's markets appears to have kept them from expanding into additional produce up until now. Farmers are also naturally interested in harvesting, equipment, and production techniques and are often shy of areas where they do not possess solid experience born of self-teaching and years on the job. Still, the survey reports show very strong interest in adding value to the operation through diversification.

Family Members to Join Operations

Several operations were highly interested in increased opportunities and profit centers to accommodate family members coming back to the operation. There were many who already had several family members routed back into the farm business and were seeking additional income.

Convenience Factor

The convenience of a one-stop drop off point was unilaterally deemed to increase interest in participation in the food hub. Time to focus on growing crops verses distribution and sales was commonly cited as the need. Four producers currently sell to Piazza Produce; all like how the company picks up at several locations. Some specialty crop producers presently offer their own delivery, but find the decision to deliver/not deliver a constant battle with competing factors such as time and production needs not to mention cost verses benefit. It appears producer direct delivery is dependent upon distance and size of the order, too. One grower indicated he could not justify making a delivery unless it was a $500 order.

Business Model Discussion

Some producers have experience with multiple business models in other settings such a farm corporation or agricultural input member co-op. While a variety of models were

acceptable, co-ops seem to be the most controversial in nature. Organizational structure problems and lack of strong management were discussed with at least three respondents as the leading causes of perceived cooperative failures. Meanwhile, there were those growers that would not plan to participate in the CIFH unless it was farmer-owned and offered a return of dividends and possible producer benefits services similar to mutual companies (things like dividends and insurance were identified). Additional co-op benefits cited were equity returns to the producers and the perceived tax structure benefits of the cooperative business model. Finally, one producer wanted to see sales projections before settling on a business model and numerous respondents requested more information about the business model intentions before they'd decide to commit.

Ideal location

Producers tended to consider a centralized location in their home county as preferred, yet they acknowledged that the best initial distribution site needs to be where producers 'can reasonably deliver' or within the range of a truck that can pick up at the farm and then serve the food hub while preserving product quality.
Interstate access was considered a basic assumption, though three respondents preferred the notion that a hub would be "somewhat rural" rather than within the I-465 beltway, for example.

Interestingly, a handful of respondents with connections to Bloomington, Indiana, stated that it would be best to stay away from that market as it is already well established with local supply and the hub would be competing with several CSAs and other distribution channels. Indianapolis metro area or toward Lafayette exits were consensus locations.

> *'The opportunity here is to create agricultural businesses and jobs, make growers more viable and strengthen rural communities."*
>
> -Member of the Food Hub Collaboration, Marty Gerencer *Food hubs provide new business opportunities*, June 13, 2011

Discussion of Specific Challenges and Benefits Identified

This final section lists the major challenges and benefits commonly acknowledged by those surveyed. From nearly 100 unique challenge/benefit responses, common themes still emerged. It is important for the Committee to see these clearly as they will ultimately be required to address and dispel or seek solutions to each when attempting to gather acres for the hub. Likewise, the benefits noted can be clearly used in the marketing material and offered to stakeholders, funders, and ag producers to entice investment in the project.

Challenges Identified

Major concerns identified or barriers to the CIFH fit into five major categories below:

- Market Entry/Competition
- Regulations Compliance/Cost
- Management Costs/Concerns
- Production Practices and Crops
- Consumer Education/Acceptance

Within these, producers raised a variety of questions such as:

- Will brands like Marsh or Wal-Mart be customers or competitors?
- Will regulations/compliance make it too expensive to produce for the hub?
- Where will dollars come from to pay staff or a manager/director? How much of that is *my* cost?
- Do or will farmers want to raise enough unique varieties of food?
- How do we combat the notion that it is 'cheaper to eat poorly'?

Benefits Identified

Major benefits identified or pathways to the CIFH fit into major categories below:

- Local Economic Development
- Food Quality
- Positive Farmer-Consumer Interaction
- Opportunities for Production Agriculture

Within these, producers cited specific statements such as:

- Agriculture can create jobs and economic drivers for rural areas
- Short shipping times mean high quality, fresh product available affordably
- Hub offers a built-in educational opportunity for farmers to reach consumers
- The hub will coordinate what is grown and farmers can focus on growing

Key Summary Points: Ag Producers

- Farmers overwhelmingly are not familiar with the concept of a food hub (48% were not)
- A large number of farmers are seeking to 'make room' for family members in the operation and need more income
- A one-stop drop off or sales point increases interest from farmers
- Diversification in the farm operation's output is gaining steam with some growers

Outreach

The soil new gets a rumpling soft and damp,

And small regard to the future of any weed.

The final flat of the hoe's approval stamp

Is reserved for the bed of a few selected seed.

- *Robert Frost, "The Strong Are Saying Nothing"*

While outreach and marketing are not focus themes of the feasibility study assessment, the Committee and the Author both believe that education and awareness of this initiative are paramount to making a worthwhile effort at a building CIFH. Education was almost always required in order to help those queried have a strong enough interest in the topic to respond to questionnaires, requests for phone calls or to attend in-person meetings. While a core sector of interested parties interviewed understood, at least in a very basic sense, the concept of a food hub, most did not or were at least new to the concept and wanted clarification. Thus, it became apparent that education would enable the study and allow for improved thoughtfulness in responses. To that end, the following were the specific aims included in the Outreach portion of the study.

One of the first outreach activities that the Author engaged in was attending the National Good Food Network Conference held in Chicago in April 2012. The conference was filled with organizations and people passionate about supplying and growing local, fresh food. Interactions with this group were heartening and showed that the industry is supportive and growing.

NGFN FOOD HUB COLLABORATION

SPRING 2012 FOOD HUB CONFERENCE
CONNECTING THE SPOKES OF THE NEW FOOD HUB NETWORK APRIL 19-20 | CHICAGO

A Facebook Fan Page was also created so that the project would have a free web presence and the opportunity to connect with people. In particular younger people and women are considered core audiences of the food hub grower demographic.

Snapshot of the Central Indiana Food Hub Facebook Fan Page

Number of Individuals invited	Number of Individuals that "like" the page as of August 10, 2012
114	47

Above is a snapshot of the page. This page was used to provide information, updates, surveys, event and meeting information, announcements, videos and pictures for the feasibility study. People on Facebook "Liked" the page to access this information in their own Facebook newsfeed. Below is a list of Facebook fan page groups that the Author invited to the Committee's page. CIFH announcements were also posted on their pages and viewers of these pages could see the Committee's updates, videos and survey posts.

Facebook Fan Groups	
Indiana Family of Farmers	IN 4-H Foundation
Indiana State Fair	Hancock County Farm Bureau, Inc.
Indiana Farm Bureau News	Indiana Farm Bureau Ag in the Classroom
Indiana Farm Bureau Women's Leadership	Purdue Extension
My Indiana Home	Indiana State Department of Agriculture
Indiana FFA Organization	Indiana Farmers Feed U.S.
Agri-News Publications	Indiana Wine Grape Council
Farm World	Indiana Beef
Indiana's IN Crowd	Purdue University
AgrIInstitute	Marion County Farm Bureau
Purdue Extension-Hancock County	Hancock Harvest Council
The Real Farmwives of America and Friends	

Several articles were picked up by media in response to press releases sent out by both Purdue Extension and Prosperity Ag and Energy Resources. Roy Ballard was also interviewed on several occasions and a few media were present during the farmer meetings and subsequently wrote follow up stories. The following is a description of published material with title and date.

May 24, 2012 – Announcement featured in the Indiana Farm Bureau Leader eNews

May 12, 2012 – Announcement featured in the Marion County Young Farmer Update

May 29, 2012 – Press release from Inside Indiana Business
http://www.insideindianabusiness.com

May 31, 2012 – Article featured on www.farmworldonline.com by Sarah Aubrey – Article can also be found in the June 6, 2012 publication of FarmWorld

June 4, 2012 – Article in the Indianapolis Star at www.indystar.com

June 8, 2012 - Article from the Greenfield Daily Reporter

June 5, 2012 – Article in the Indianapolis Business Journal

June 18, 2012 – Article on Indianapolis Monthly's website
http://www.indianapolismonthly.com/dish/blogentry.aspx?BlogEntryID=10395871

July 11, 2012 – Blog post featured on the Dig IN – A Taste of Indiana by Scott Blanton
http://digindiana.org

Market Analysis and Summary

We come and go, but the land is always here. And the people who live it and understand it are the people who own it – for a little while.

- Willa Cather, *O Pioneers!*

In broad terms, there is feasibility in this market for the creation of food hubs. Most case studies reviewed demonstrated a need for a food hub in areas where consumer demand was strong, farmer diversification needs were identified and food deserts were observed. Consider the following group of statics reported by Bregendahl and Pirog from the National Farm to School Network:

"Local and regional food sales in the United States have grown dramatically in the past two decades. In a recent report released by the USDA, the sale of local foods in the U.S. grossed nearly $5 billion in 2008 (Low and Vogel, 2011). According to the report, farms marketing food through intermediated channels such as grocery stores, restaurants, and institutions reported $2.7 billion in local food sales in 2008. However, growth also is occurring in direct-to-consumer channels, otherwise known as direct markets. The Iowa Department of Agriculture and Land Stewardship reports that direct market sales increased 92 percent from 2004 to 2009 for a total of $38.4 million in direct sales in 2009 (Otto, 2011). The number of farmers' markets in the United States has increased from 340 in 1970 to more than 7,000 in 2011 (USDA-AMS, 2011). In 1990, there were approximately 60 community supported agriculture (CSA) enterprises in the United States (Groh and McFadden, 1990). CSAs increased 66 times to more than 4,000 outlets by 2007, with a total of 12,500 participating farms (USDA Ag Census, 2007). The number of farm to school programs, which use local farms as food suppliers for school meal programs, increased to

2,095 in 2009, up from 400 in 2004" (National Farm to School Network, 2010) (Bregendahl & Pirog, 2012, 3).

This information is exceeding useful to form an overall opinion on the marketplace. However, to reiterate, this study was to show feasibility of establishing some form of food hub in Central Indiana. Yes, the market is growing, but what is growing in Indiana to support it?

Typical agriculture in Indiana tends to be a direct reflection of agricultural crop percentages throughout the nation. Lindsey and Slama report in **Building Successful Food Hubs: A Business Planning Guide for Aggregating and Processing Local Food in Illinois** that specialty crop production, including fruits and vegetables, amounts to around three (3) percent of the country's farmland. Most farmland in the nation, including Indiana, goes into what are commonly called commodity crops, that is corn (29%), soybeans (29%) and wheat (22%) (*Lindsey & Slama, 2012, 9).*

Knowing the current system of agriculture as they do and realizing the truth in the above statistics, the Committee desired to understand where their project and the opportunity to increase specialty crop production in Indiana's rural landscape. A discussion and report on the current Indiana specialty crop marketplace follows.

Farming Statistics and Analysis

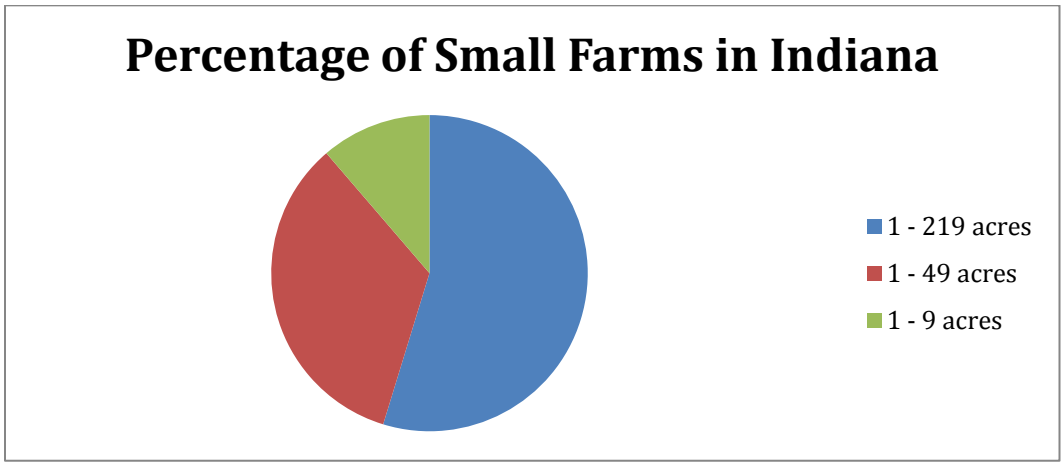
Two of the factors that continually emerge when discussing the acres needed for local food production are farm size and number of farms available to produce specialty crops. The data shows what most people close to the industry already know-the number of small farms is increasing in Indiana. This trend is a positive for the CIFH.

"The number of Indiana farms of fewer than 10 acres soared from 5,436 in 2002 to 9,730 in 2008 – a 79 percent increase," said Greg Preston, Director of the Indiana Agricultural Statistics Service. This was reported in the Indy Star on February 9, 2009. Another fact: *Small Farm Today* defines a small farm as a farm that is 179 acres or less in size or earns $50,000 or less in gross income per year.

Take a look at the summary of farms in Indiana by size provided by the most recent US Census of Agriculture. Three-quarters of these farms are sized in the 'sweet spot' for raising produce and specialty goods.

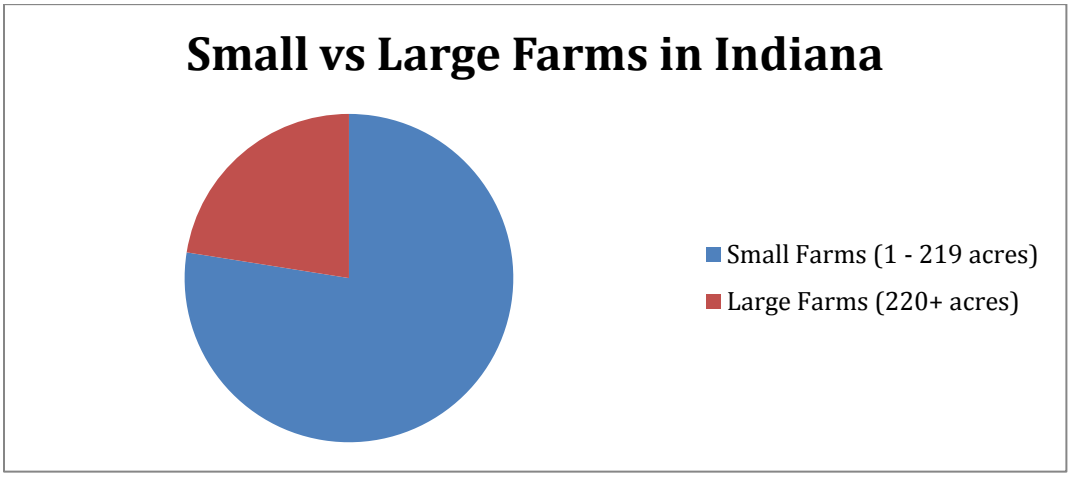
Summary by Size of Farms in Indiana		
Number of Acres	**Percentage of Farms**	**Number of Farms**
1 – 9	16%	9,720
1 – 49	48.1%	29,253
1 – 219	77.5%	47,124
220 – 2,000	22%	13,814

Source: 2007 Census of Agriculture – State Data



Source: 2007 Census of Agriculture – State Data

The above pie chart provides a visual image of Indiana's farm size breakout. Most Indiana traditional row-crop producers would not consider a farm of 220 acres to be 'large', as shown in the chart below. However, for the food hub, the size of 220 acres would be very good and would be a 'large' producer. There are more of these 220 acre farms today than the 'large' farm counterparts. Distributors surveyed also identified the 'average' farm size that supplies to them in Indiana at 200 acres or less.



Source: 2007 Census of Agriculture – State Data

According to the U.S. Census Bureau, Statistical Abstract of the United States 2012, there are 63,000 farms, 15 million farm acres, and an average 239 acres per farm in Indiana.

New farms in the U.S. and Indiana

New farmers, especially small and new farmers, tend to begin and stay in 'niche' production or direct to consumer sales. According to the 2007 Census of Agriculture, beginning farm operators are younger on average than farm operators overall. A target market for the CIGH includes younger farmers and women. This number of young, small farmers is growing while the number of young, large farmers is not. Additionally, these young and small farmers often work off the farm. US ag census statistics report that nearly 80 percent do not farm full time. Since they work off the farm, time becomes an extreme premium. A CIFH may offer these new producers what they most desire-the opportunity to farm and the ability to conveniently sell their goods while maintaining a strong emphasis on growing and a balanced lifestyle.

Beginning Farmers and Their Operations

Average	All Farms	2003-07	1998-2002	Prior to 1998
Size	418 acres	201 acres	285 acres	490 acres
Value of Ag Products Sold	$134,807	$70,816	$94,487	$156,210
Gov. Payments Received	$9,523	$5,989	$6,498	$10,385
Production Expenses	$109,359	$65,656	$81,365	$124,083
Net Income	$29,117	$6,864	$15,077	$36,565
Operators Reporting Positive Income	47%	33%	37%	52%

Source: U.S. Department of Agricutlure, National Agricultural Statistics Service, 2007 Census of Agriculture, *New Farms, New Farm Operators*, 2007.
http://www.agcensus.usda.gov/Publications/2007/Online_Highlights/Fact_Sheets/Farm_Numbers/new_farms.pdf

	Year Started		
Operations (% of total U.S)	2003 – 07	1998-2002	Prior to 1998
All Farms	13%	16%	70%
Land in Farms	6%	11%	83%
Sales	7%	11%	82%
Government Payments	6%	8%	86%
Value of Land & Buildings	8%	11%	81%
Cropland Harvested	4%	7%	88%
Organic Sales	12%	15%	75%
Direct to Consumer Sales	10%	14%	76%

Source: U.S. Department of Agricutlure, National Agricultural Statistics Service, 2007 Census of Agriculture, *New Farms, New Farm Operators*, 2007.
http://www.agcensus.usda.gov/Publications/2007/Online_Highlights/Fact_Sheets/Farm_Numbers/new_farms.pdf

The charts above also show an alarming statistic-beginning small farmers made less in recent years than was reported in the previous ag census when looking at direct farm sales. So, could it be that new, small farmer's incomes are shrinking even as more and more clamor to enter the market? What would be the reasons for this trend? Perhaps it is due to other commitments-including that off-farm job most have, or maybe it is a lack of sustainability when marketing only in the time consuming farmer's markets model. Family commitments are also often more present for young farmers versus older growers. Is that an issue? The answer to these questions was not covered in the study, but CIFH can see that there is a need to bring value-added income to this group.

Specialty Crops Grown Today in Indiana

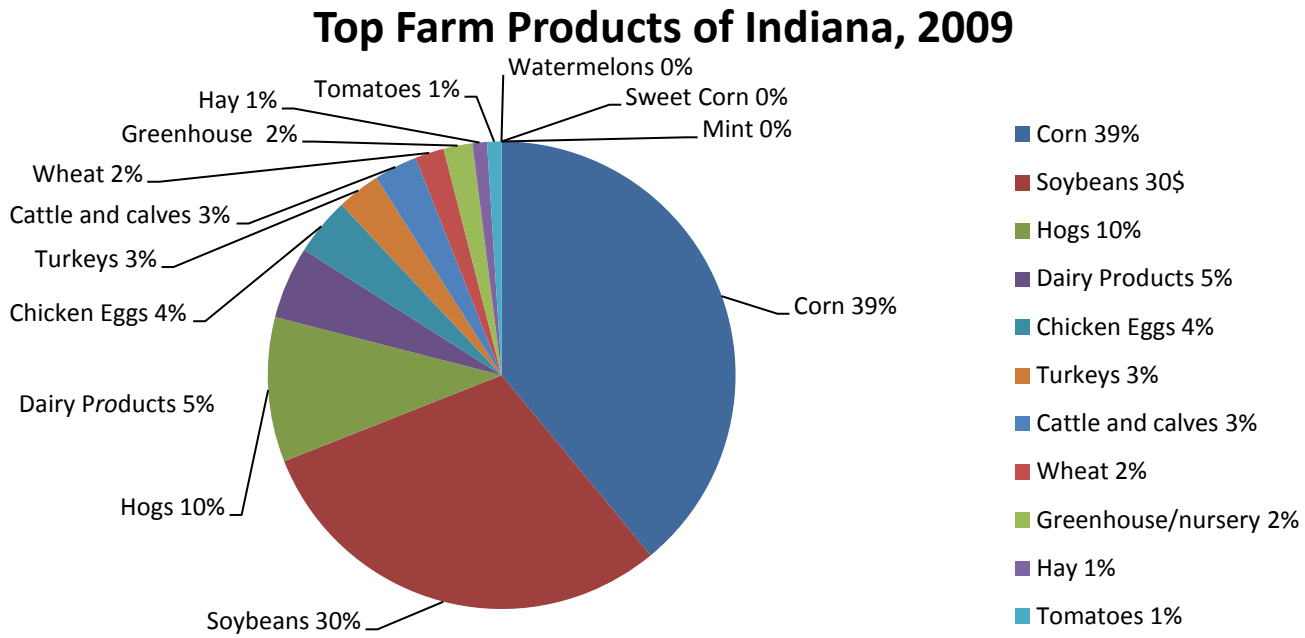
Indiana is a great state for the growth of specialty crops. Rich soils, long warm summers and ever increasing interest in season-extension equipment and technologies is driving desire from producers. Data from 2005 shows Indiana's rank in specialty crops as follows:

Statistics for Volume and Value of Specialty Crops, Grain, and Locally Grown Food in Indiana

Indiana's Rank for Specialty Crops in 2005	
Commodity	**Rank**
Apples	13
Blueberries	9
Cantaloupe for fresh market	5
Cucumbers for pickles	9
Peppermint	4
Snap beans for processing	7
Spearmint	5
Tomatoes for processing	2
Watermelon for fresh market	6

Source: USDA, NASS - 2005

A more recent depiction from the 2009 USDA Economic Research Service presents the following chart. Most specialty crops do not 'register' on this chart-a factor commonly cited as a making it difficult to access the production today.



Source: USDA Economic Research Service, 2009

Hoosier Farmer? Emergent Food Systems in Indiana recently investigated the Indiana local food marketplace on assignment from the Indiana Department of Health. A quote from the study's author, Ken Meter, is below:

"Six percent (3,576) of Indiana's farms sold $22 million of food directly to consumers in 2007. This represents an increase of 24% over the past four years, or five percent per year. Direct sales in Indiana make up 0.3% of total farm sales, slightly less than the national average of 0.4%. Moreover, Indiana lags behind national growth in direct sales. Nationally, direct-to-consumer sales rose 10% per year from 2002 to 2007."

So, Indiana appears to be growing in direct farm sales of locally grown food, though not at a rate as high as peer states or the national average. The problem is, these figures don't include local food sales to distributors, which has already been identified as an additional $10-15 million market in Central Indiana today. Why are there crops out there going mostly out of state when the market demands them here? Could some of that be caused by lack of time, access to or awareness of these markets or the fact that many growers are new growers need resources and technical assistance to scale up? A food hub could provide these solutions.

The table below shows the top farm products sold by Indiana farmers.

Top Farm Products in Indiana

Ranked by value of sales

Source: USDA Economic Research Service, 2009

	$ millions
1. Corn	3,288
2. Soybeans	2,516
3. Hogs	834
4. Dairy Products	450
5. Chicken eggs	353
6. Turkeys	272
7. Cattle and calves	224
8. Wheat	144
9. Greenhouse/Nursery	132
10. Hay	64
11. Tomatoes*	46
12. Watermelons	24
13. Sweet Corn*	17
14. Mint	13
15. Apples	8
16. Muskmelons	7
17. Blueberries	6
18. Cucumbers*	4
19. Snap Beans*	3
20. Sheep and Lambs	3
21. Aquaculture	2
22. Honey	1
23. Farm Chickens	0

**Tomatoes, sweet corn, cucumbers, and snap beans listed here are largely grown at commercial scale for processing, not for direct consumption.*

What Can be Made of This Chart?

The present value of the Indiana specialty crop industry is reported at $ 129 million by the USDA Economic Research Service in the table above. There are two problems with this data set, however. First, sweet corn, tomatoes, cucumbers, and snap beans in Indiana are more commonly grown for commercial use and processing, rather than sold as fresh in the local food chain. These represent $70 million of the total reported specialty crops sales. Distributors do currently purchase each of these fresh for quick consumption by consumers and market them as locally grown, but the numbers are not broken out this way

and don't differentiate. So, some of the above could be locally consumed; it's not known from this material. Second, these data sets only list the top specialty crops with at least $1 million in sales (and this data was reported over three fiscal years ago), these are (not including the aforementioned crops): mint, honey, blueberries, watermelon, other melons, and apples. So, what of the many of products we know distributors are currently buying such as spring mix, herbs, and eggplant? They are not accounted for in any major marketplace reports presented here.

As for market size, there is *at least* $60 million not tabulated in terms of dollars of specialty crops grown in Indiana now. Much of what is currently grown is being sold somewhere-likely of it out of state.

What Else Grows in Indiana?

Producers that express interest in selling to the CIFH represent the following crops. Note that many of these crops are not accounted for in census statics, but are either currently being sold or could be sold within one season.

Meat & Dairy Products	**Produce**	**Fruit**	**Specialty Items**
Pork	Lettuce	Blueberries	Syrup
Goat cheese	Basil	Strawberries	Smoked hickory salt
Lamb	Arugula	Black raspberries	Vinaigrettes
Eggs	Tomatoes	Red raspberries	Honey pies
Liquid eggs	Turnips		Pie shells
Freezer beef	Cabbage		Pie glaze
Turkey	Kale		
	Sweet corn		
	Peppers		
	Zucchini		
	Squash		
	Green beans		
	Asparagus		
	Gourds		

Sweet corn growing in Central Indiana, *Sarah Thomas.*

Market Analysis

For an idea of the amount of product needed for a CIFH, the current market's buying habits need to be reviewed. In the Methodology Section, the Author reported the following:

"The current size of the local food market in Indiana, primarily the Indy-metro area, as sold through food distributors, is in the neighborhood of $10-15 million. These numbers are for current sales based upon the amount of product they can currently obtain. Piazza Produce cites their market presently 'between $ 3 and 5 million'."

If distributors today believe the market size is $10-15 million, what of that could a food hub capture? Take the example of a $1 million sales first year, just 10 percent or less of the current area markets:

First year CIFH sales of $ 1 million
Capture 1/10th market = $1 million.
Available produce in Indiana not being sold for commercial processing = $60 million.

How many acres are needed?

Analysis of acres needed to achieve a certain sales volume is often localized, but it does have a formula of sorts. Using figures and financial analysis adapted from study presented in Wisconsin called **Southern Wisconsin Food Hub Feasibility Study,** the author estimates that to sell about $1 million the first year, it would take 486 acres of land in specialty crops.

The Southetn Wisconsin study authors used formula of $22 million in sales derived from 30 million tons. To further figure the number of acres needed, the $22 million in sales is divided by the 30 million tons of product. That is a factor of 73. In the Wisconsin case, the group planned to need 1,800 acres for that sales volume desired. Relying on similar logic in this case with the factor of 73, if that project required 1,800 acres for that volume, a volume of $1 million in sales would require 486 acres annually.

The calculation for the number of acres needed to supply a certain volume in sales is widely debated in food hub circles today and is a known topic of question and concern. In speaking with Jim Barham at USDA, he indicated that, at present, there is not a commonly used or universally accepted model for calculating number of acres needed. Barham sees this as a need and there is ongoing work to help more food hub planners better determine this number.

There are that many acres of specialty crops grown the seven county area at present, however, not all are presently aggregated to sending product through local distribution.

The Committee knows, in part from their own products grown and desire to change their own selling and distribution methods, that identifying these initial farmers will be time consuiming, but not impossible.

The issue may be the number of farms required to make up the rough estimate of 486 acres of specialty crops needed. We know that 179 is the average size of small farms and that most producers for this market will come from small farmers. However, most specialty crops producers are much, much smaller than 179 acres. Actually, the number is closer to an average of only five acres per farm in specialtiy crops. At that number, it is calculated that 97 individual farms would be needed. Obviously with larger production could come the need for fewer individual farmers. There are examples of larger farmers that can be participants in the food hub.

At least early in the CIFH's life, the market analysis shows that the main gap, up to a certain market size, is not the volume of product to meet current demand. If we compare the distributor's sales numbers with the market's actual production value, there is a gap of $40 million. So the gap today is the aggregation of producers and the possibility of converting some product to Indiana consumption or moving some producers from direct farm markets.

Feasibility Assessment Overall

Following the interviews, meetings, and data analysis, the Author concludes, that indeed yes, there is feasibility in this project, depending on the form, especially initially, that the project takes. The Suggested Actions Section provides a break out of key areas based upon the feasibility assessment and provides detailed reasons for the author's recommendation of each. These are listed in order of priority and feasibility.

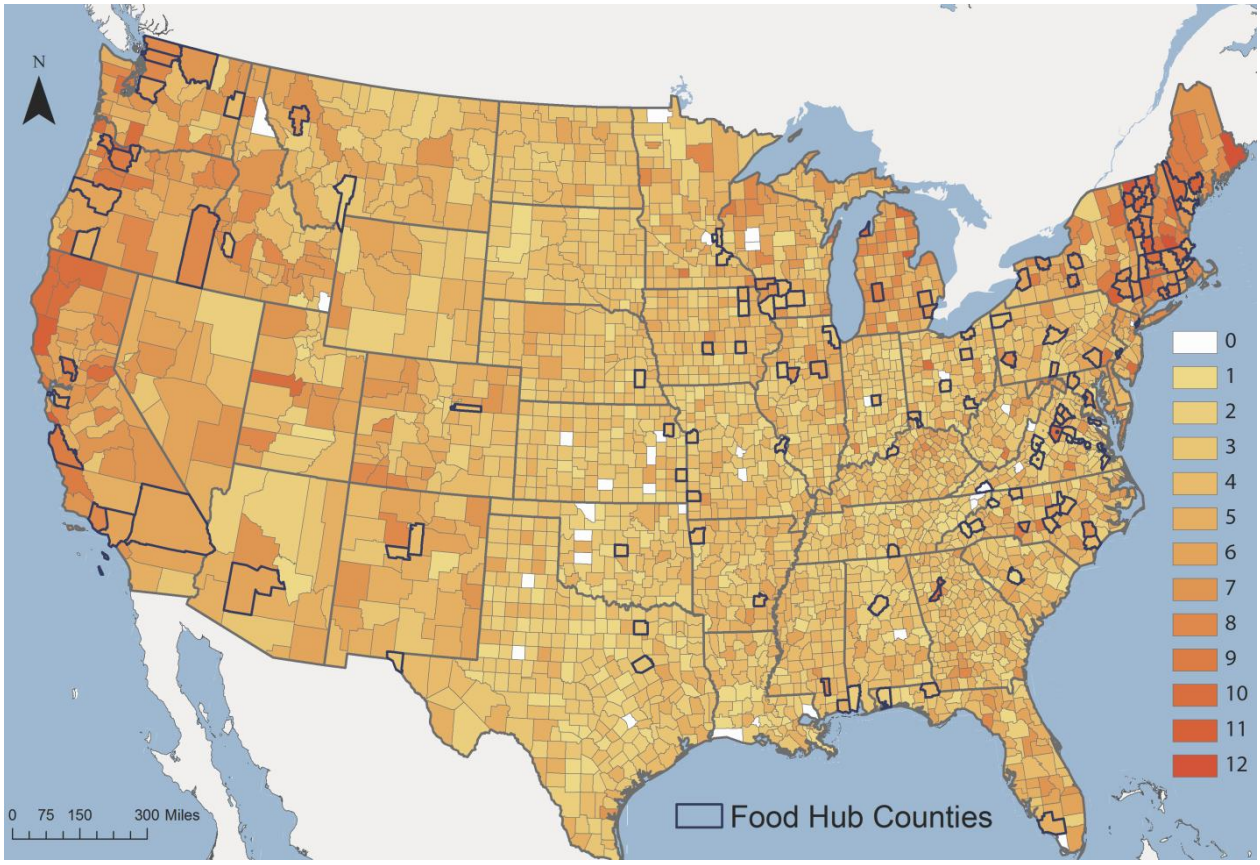
One additional unique way to view feasibility is to look at the picture of the marketplace geographically. Using GIS, feasibility is shown in the form of a map. This map was sourced through Jim Barham from USDA who provided the contact information for Tufts University student, Joanna Hamilton. Ms. Hamilton presented a paper on May 9, 2012 discussing how certain characteristics can help show food hub feasibility. She utilized known data and a series of factors from 175 current food hubs around the country. Then the researcher took more local factors in regions and assigned values. Factors that were examined include:

- Population Density
- Opportunities for New Farmers
- Current local food market
- Currently grown foods

Finally, when viewed on a map, it is exciting to see Central Indiana squarely in the center of the image. The researcher considers the boxed areas the most feasible locations in each state.

The resulting work was a poster which demonstrated in map form the feasibility of certain areas of the country for food hubs based upon each of the above. The map below taken from the work shows that Central Indiana is the 'ideal' site for a food hub in the state.

Overall Food Hub Suitability Image



Cartography: Joanna Hamilton, Tufts University, Urban & Environment Policy & Planning, May 2012.
Projected Coordinate System: U.S. Contiguous Albers Equal Area Conic
Food System Graphic: Meaghan Overton, Tufts University
Data Sources: Atlas of Rural and Small Towns America; Food Environment Atlas; Agricultural Marketing Service (USDA). (1) Kaufman, Jerome L. 2004. "Introduction." *Journal of Planning Education and Research* 23(4): 335-340. (2) WCWI (Wallace Center at Winrock International). 2012. "What is a Food Hub?" *Food Hub Collaboration.* Accessed April 10, 2012. http://wallacecenter.org/our-work/current-initiatives/food-hub-collaboration

More can be done with this work and will be presented, if possible, during the second phase of the project. The Committee can also research some of these factors on their own using the Market Maker market research census data available for free.

Feasibility Indicators for CIFH Summarized

Specific to the CIFH study overall project feasibility is based on the following indicators reported in this study:

- Trends in small farming show regular growth in the number of new small farms
- Most specialty crops for the food hub will come from farms under 200 acres
- The number of new farmers is also increasing, many will like the niche markets
- GIS mapping shows that Central Indiana is the best site in the state for a new food hub
- There are currently more specialty crops produced in Indiana than are sold through local food channels; product is out there now
- There are existing acres of specialty crops that could convert to selling in Indiana verses out of state
- The number of young, small farmers is growing while the number of young, large farmers is not
- Younger farmers reported lower direct farms sales income-they need valued added options to increase profitability

Potential Project Impacts

Central Indiana Food Hub's Potential Role

The CIFH will play a role in increasing volume grown and supplied to the market, especially as a stage two of operation. In an early phase and ongoing through the project, the role will be to help keep the product that is already being grown in the state if it is now leaving and not being sold as local. Or, it will allow specialty crops being wasted or thrown away to get in the hands of those that need it because the grower has a new network to work with such as the food banks. This could mean social benefits such as getting product to lower income people. It will allow current specialty crop producers to increase acreage, reports range from a 15-50 percent increase in production, if they do not have to sell only a farmers market.

Producer coordination is the key function of the food hub to ensure the feasibility. Technically, there is product out there to supply the present Indiana local foods market.

Much of it is leaving the state and not being marketed as local or sold in the local region. There appear to be 'enough' acres in specialty crop production to meet the present demand, though all indicators show the growth in demand is profound. And, distributors indicate that they could sell more local if they had access to it, meaning the demand really is bigger than supply today and there is plenty of room for market entry.

Product mix desired by the market verses what is being grown is possibly the second biggest issue. This is also an area where CIFH's coordinator, working closely with buyers can change the market look and offering. One example is that of salad greens or 'spring mix'. At the current time the amount of salad greens grown in Indiana does not even register on the volume or sales list reported by ag census (most recent was 2007). As a product with an extended growing season and strong adaptability to greenhouse cultivation, salad greens are a good option for some producers. If known specialty crop producers could convert some acres of other crops presently headed out of state to the desired salad greens everyone wins. The food hub and its coordinator can facilitate that role to ensure both that the product is grown and that the right quantity is grown as the market grows or changes.

The local food market is confusing even for some long time farmers because accessing the system is seen as either time consuming or even 'elitist' by growers. Indiana farmers commonly understand and use the commodity system of producing a crop and trucking it to the sale point which handles the rest of the distribution. To convert to an entirely new system without a known channel is not easy for many farmers of this common, tried and true mindset. A food hub and especially the producer aggregation allows farmers to understand not only who the market is but also what to grow for this market, how they can be paid, and how their product will get to the customer.

The CIFH's role also includes providing resources and technical assistance to help current farmers stay current in the business and also to educate the abundance of new farmers that are entering the marketplace. Many new farmers are not experienced in agricultural production at any level and can benefit from basic to advanced training.

Economic Impact

The food hub project has the potential to greatly impact a variety of communities through its formation and growth potential. Using US Department of Labor formulas commonly employed for calculating the number of jobs created (2.2 jobs for every $100,000 in investment), the hub could provide up to 12 new full or part time roles in the first year with a $537,000 investment.

Revenue increase potential for farmers has widely been discussed in the study already and represents a key area of interest for the food hub committee and their farmer members and stakeholders.

Potential collaborations with other players in the existing food chain have an impact, too, including possible satellite locations and jobs in transportation and on-site sorting, packing and coordination.

Environmental

The potential for positive environmental impact cannot be overlooked with the creation of a food hub. In particular, when producers endeavor to incorporate good agricultural practices, the farm's health and longevity wins just as food quality and potential food safety issues are mitigated. Because many farmers for the hub may be new farmers, if the hub provides education to them about solid land management practices, the environmental positives continue to increase.

Marketplace

The project expands the marketplace for Indiana-raised and Indiana-consumed food. This can be due to redirecting products that go out of state to be served on the plates of consumers closer to home. The marketplace can also expand as producers scale up to produce more products when they know the value they can achieve for their goods and understand the distribution model for selling them.

Branding and differentiation of product are important features of the marketplace impacts for the food hub. Whether the group decides to offer all products under one new brand, or whether the hub simply acts as an aggregator of numerous individual farm brands, the story of how Indiana food is grown is still told to the consumer one morsel at a time. The hub's access to consumers gives each farmer involved the opportunity to expand their reach off the farm, if desired, and to educate the marketplace about Indiana-raised food.

Social/Societal

Food hubs have a unique responsibility and opportunity to serve the community. Many see food hubs as a way to diversify agricultural interests to benefit farmers, provide more choices to consumers, and to help with food security issues. When 90 percent of food is exported from the state, the case can be made that Indiana has some degree of food security risk. If a growing portion of the marketplace is served by food located in state and near the source of consumption, transportation costs and other security concerns can be reduced.

Food hubs offer a place to continue the dialog with consumers about where their next meal really originated. While not advocating one type of agriculture over another but simply allowing the exploration of food culture, the hub preserves Indiana's agricultural heritage, showcases the success and ability of the farmer and allows the consumer to develop trust in their producer.

The notion that it is cheaper to eat poorly is discouraging and has become intolerable to many members of the food chain. Quality and wholesomeness must be present in the meal no matter the source. The food hub can also help dispel the myth that local food is elitist food. Affordable food from fresh sources can be found and distributed to those in need. The food hub, especially through forming relationships with those already getting food to the hungry can offer a powerful, long lasting impact.

Sample Cost Analysis

Buy land, they're not making it anymore…

-Mark Twain

During meetings held in Hancock, Henry and Hamilton counties, participants brought relevant points to the table about siting options including discussion of the I-465 beltway and access to I-65 and I-70. Traffic congestion, siting and rental costs vary by area even as these counties are all technically Central Indiana and are all in the 'sweet spot' indentified by the GIS map and key factors discussed in the Analysis Section.

Below is a short list of common themes identified in terms on site options and ideas from participants at meetings:

- Use of an underutilized facility to leverage costs
- Cost sharing with other organizations in community
- Location should largely be based on the hub's primary function

Budget Modeling

In this section, the author presents some frame work for the discussion of sites by showing styles, costs, and needs.

The budget model below includes both a small site of 25,000 square feet and the set up of a virtual food hub or online system. This is an annual budget for one proposed start up year and cannot be considered all inclusive. It may also be on the high side for some costs if the Committee does not opt to include certain things like delivery or a virtual food hub. A more

specific budget will be created by the Committee with start-up decisions; this one should be used for discussion purposes.

Sample cost for each category was created by a collaboration. Roy Ballard identified coordinator costs and virtual hub start up costs, Jim Barham, USDA AMS Economist kindly assisted with some of the costs for trucking and aggregation of product, other costs were researched by the author and local data was used via popular internet search engines.

Sample Costs to CIFH

Sample 25,000 Sq.Ft. Facility Budget	
Category	**Cost**
Warehouse rental	$127,500
Part Time Coordinator	$18,000
Virtual Food Hub Start Up	$62,000
Hub Site Development	$4,800
Producer Training/Education	$35,000
Food Aggregation	$150,000
Delivery and 2 Fleet Trucks	$22,550
Systems	$100,000
Supplies	$14,500
GAP Auditing	$3,234
Other-website URL	$150
Total	**$537,734**

**Please note: insurance costs will be in addition and were not included.*

Budget Justification Descriptions

Warehouse rental: This was calculated by taking average rental rate per sq. ft. of five currently available warehouses in central Indiana. Cost Estimate: 25,000 sq ft @ $5.10/sq ft.

Part Time Coordinator: *Virtual Hub Manager* – $18,000 Roy Ballard wrote a description and presented the following cost justification:
Role: Oversees training of farmers on use of market site. Coordinates farmer orders, deliveries, product aggregation and pick-up/delivery to consumers. Manager is responsible for data management and payment to farmers and handling consumer questions or

concerns in a prompt and courteous manner. Cost Estimate: used $20 per hour for a March through November time frame.

Virtual Food Hub Start Up: A web service to facilitate aggregation and sales costs were provided by an actual vendor at www.localfoodmarketplace.com. Used gross sales estimate of $1 million for first season. Cost Estimate: $2,000 initiation fee and 3% x $1million =$30,000 gross sales monthly subscription fee with a monthly minimum of $50. Other costs related to technology include graphic design. Credit card transaction fees at 3% of total sales $1 million are in addition to this number, if cards are used.

Hub Site Development: Hub site development, initial training in its use and ongoing remote technical service. Cost Estimate: provided by website developer.

Producer Training/Education: Food safety, traceability, packaging requirements, pre-production planning (how to identify market demand and plan to meet demand). Cost estimate was provided: According to James Barham, USDA Agricultural Marketing Service

Food Aggregation: Product storage (dry, refrigerated, frozen, and extended product storage – sorting, grading, and packaging). Cost Estimate: According to James Barham, USDA Agricultural Marketing Service.

Delivery: This includes market related travel that is not delivery. Cost Estimate: $1,550. Distribution cost for delivering of produce to the various market venues calculated at 4 markets per month, 28 market days, 125 miles to delivery sites and return. Total = 3,522 miles @ $.44/mile**.** It also includes fleet trucks and an estimate for maintenance, tires, repairs, fuel for two trucks at 1,800 miles/month.

Systems: Transaction and traceability/food safety; staffing and program**;** development/customization**;** sales, marketing, and packaging. Cost Estimate for start up: According to James Barham, USDA Agricultural Marketing Services.

Supplies: *Boxes and related supplies:* $5,000; *Bags, insulation, icepacks, etc.* $25 per unit (reusable plastic) x 200 units. *Marketing/survey materials* $7,000 – labels (branding and related QR codes), copy costs, printing, paper, envelopes, etc. Supplies include marketing pieces, signs, brochures, tear-offs, consumer surveys, etc. *Media/Promotion* efforts are valued at $2,500. Cost Estimates provided by Roy Ballard.

GAP Auditing: Independent GAP auditing is $75/hr @ a minimum of 3 hours and a mileage rate of $.445/mile. Cost Estimate: 3 hrs x $75 x 12 = $2,700 + mileage (100 mi x 12 = 1200

x $.445). This is for annual audit, one time per month. Provided by: Food Quality Assurance Program

Other: Web site URL fee of $150 to secure. Cost estimate found by www.google.com search.

Note: Insurance is not included in the total budget

Insurance for the potential hub will be an additional major cost, but is difficult to measure as coverage costs vary by what is needed, required by law or requested by the insured. The Committee needs to decide on a space, if using, then obtain quote options to get more exact pricing. A search did provide that liability insurance can be calculated based upon per article, per item, or value per unit of weight. Costs were also shown for inventory insurance in the neighborhood of $5.00 per case to $5.00 per hundred pounds stored.

Costs to Farmers

For those farmers already producing specialty crops the following costs are possible if participating in a food hub. Additional start up costs would certainly be necessary for newer farmers.

Sample Farmer Costs for Food Hub Selling		
Category	**Description**	**Cost**
Insurance	General Liability $1 million	$500/year
Supplies	Boxes or crates for delivery	$1,000/year
GAP Certification (for 2 people at one site, $125 each)	According to Washington State University course offering	$250/year
GAP Auditing on farm	On-farm monthly auditing	$2,700 per year
Total		**$4,450**

Site Set up Ideas

Below is an example of the needed amenities for a possible site in Hancock County, Indiana. It details basic facility requirements and describes a current site available for partial year lease (March 15 to September 15). This was provided by Tom Roney, Tuttle Orchards, an active member in the Hancock Harvest Council and supporter of the CIFH. It provides an example of a collaborative idea to get the Committee started with a site in an affordable way.

Site with Cold Storage for Lease
Facility Size: 32'x50'x16'
Separate office space available: 12' X12'
Dry storage space available: 200 to 300 square feet
Equipment available: forklift
Services available: phone, internet connection, electricity, water
Possible staff available-forklift operator
Limitations: security, semi truck access

Food Hub Models Compared

The above costs and samples are basically for an ideal hub with everything. The Committee may prefer to select certain key services and options and build their own custom hub and grow it organically. The Suggested Actions provides guidance on this process.

The table below, adapted from Lindsey and Slama's study **Building Successful Food Hubs: A Business Planning Guide for Aggregating and Processing Local Food in Illinois,** offers a simple diagram showing the capabilities of three types of food hubs. The Committee can use the chart to help determine what services they want to offer and then what structure will be needed to facilitate them.

Service/ Function	Aggregation Facility	Packing House	Web-Based Aggregator
Aggregation	Yes	Yes	Yes
Washing		Yes	
Cooling	Yes	Yes	
Grading. Sorting &Packing		Yes	
Re-packing		Yes	
Sales and marketing	Yes	Yes	Yes
Distribution	Yes	Yes	Yes

(Lindsey & Slama, 2012, 14).

Summary

Ultimately, if the Committee decides to opt for a site, it must be:

- Affordable
- Have minimum services and amenities needed to carryout desired operations
- Have interstate access
- Have room to grow/expand
- Be located on existing distributor truck routes

Additional siting options and selection discussion will be covered in the marketing phase.

Suggested Actions

Why the land is the only thing in world worth workin' for, worth fightin' for, worth dyin' for, because it is the only thing that lasts.

-Margaret Mitchell, *Gone with the Wind*

So, the project has been shown to have feasibility and is ready to proceed!

That's the great news for the Committee. However, at the risk of throwing cold water on fresh enthusiasm, the author offers this final section as a way to provide sound decision points for the Committee's next steps. Specifically, in talking with Jim Barham, economist with USDA AMS and recognized expert and advocate for developing food hubs, he cautions not to go out too fast or too large when doing so might not allow completion of the project. One specific caution is not to 'over grant' and then be unable to realize the grant funds for planned activities due to lack of real matching funds to put down first. The project will also need adequate operating capital after start up costs, too. Certainly, the Author is not suggesting avoidance of soundly researched projects, rather to consider how to begin so the project can sustain beyond the initial funds-especially gifted or borrowed funds. For example, if it is difficult to financially support a bricks and mortar site with the present product volume ready to come in and out the door, then beginning the project with a coordinator for producer aggregation makes the best recommendation. The project will also need adequate operating capital after start up.

Based on the Analysis Section, the author recommends beginning with producer aggregation and selling known product to existing channels that are actively seeking

additional specialty crops. That is the top recommendation and finding and the overall message of this study.

How to Use This Section

The end of the study is the put-it-all-together section where the analysis and findings are placed in perspective. This section is meant to aid the Committee in answering the following questions:

- "What does all this analysis mean?"
- "Where do we go from here?"
- "What are some reasonable ways to begin our project?"

This section includes what the author calls 'suggested actions'. These are basically actions recommended to start the project. Each is accompanied by a Go or No Go statement to help guide the Committee in deciding when that action is prudent or not.

Producer Aggregation

Product aggregation, producer coordination and meeting with existing distributors to form a network is an essential task and is directly requested by all existing infrastructure members surveyed. Farmers also repeatedly discussed a need to better understand their product mix options and growth areas from a consumer standpoint. The food hub will need supply and regular growth in supply. All of these come from gathering ag producers.

To begin aggregating producers in preparation and for outreach and coordinating those producers to sell direct to existing local food distributors could begin immediately with producers already growing specialty crops and further occur within a growing season for those producers interested in beginning and looking for direction and sales outlets. Obtaining the needed producer network is key and that portion of the process cannot begin soon enough.

Go/ No Go Points

- Begin with this step following the study recommendation that the project has feasibility
- Work as Committee to identify parameters for recruiting producers
- Begin coordination of current producers

Find Funding for Coordinator on Site

Start up work will be intensive during the next phase of the project and require a concentrated effort with fairly quick decision making authority. The author recommends identifying a paid person to take a lead in a dedicated role to move the project forward. Working capital grants may assist with this person's salary and expenses associated with the Action Steps. A cost for a part time coordinator has been built into the sample budget model.

This role is seen as key because without a focused individual to lead efforts, time, business, and life will get in the way of even the most dedicated Committee.

The coordinator requires a few unique skills. One of them is familiarity with both agriculture and food distribution-if possible. The agricultural experience may well be the trump card here as all distributors identified producer aggregation as their major need and the primary role where the food hub could immediately impact the market. Knowing how to work with farmers and being able to relate to their concerns while remaining focused on the food hub goals is necessary. Logistics experience in routing vehicles and scheduling deliveries would make the job much smoother. Experience in managing people is important.

Go/ No Go Points:

- Funding will have to be available to make this hire possible.
- Will Committee members rely on grants or outside investment in a possible project or put up funds as a group to get the ball rolling?

Creation of Plan for Working in Existing System

The existing specialty crop product distribution system (consisting of a variety of avenues including distributors, home delivery and food banks) wants more Indiana-grown product *right now*. That means producers have opportunities instantly with fairly low group investment. If a hub or a coordinator can work with the existing system to help deliver more product from more producers, producers benefit. Multiple avenues can be considered including creating customer arrangements for sales to distributors or determining how existing infrastructure can help producers move product, manage storage and improve packing and sorting.

This plan can also include listing the newly formed CIFH on existing online portals such as Indiana Market Maker and other known marketing, trading, and selling venues. Ensuring the CIFH has strong exposure to help it grow and attract the needed ag producers is certainly part of using the existing system to the group's advantage. See discussion of web-based systems in the next section.

Beginning to sell and network within the existing specialty crop distribution system provides an immediate customer for those dedicated early CIFH participants.

Go/ No Go Points

- If distributors are interested in buying, discuss immediate volumes, terms, and crops desired
- Costs for this option are low making it an easy area for 'go'

Web-Based Aggregator

The author does not necessarily recommend the expense at this time of a wholly new customized web-based aggregator when such tools can be accessed at a low cost and are already built. The immediate example is the Indiana Market Maker (www.in.marketmaker.uiuc.edu), a tool developed by the University of Illinois and now serving 19 states and the District of Columbia. Future opportunities to purchase customized or expanded tools will always exist and companies such as www.igrowertrade.com and www.localfoodmarketplace.com are serving the food hub market now and constantly enhancing their capability.

All online tools have limitations since none can facilitate packaging, storage, sorting, or in-person customer interaction.

Pros for using existing systems such as Market Maker include use of the system's market research capability to reach existing ag producers of all kinds and discuss the opportunity to garner those acres for CIFH. Easy searches using the parameters of a 100-mile radius around Hancock County, Indiana, yielded immediate access to producer names and crop mix of the following:

- Specialty crop producers-57 farms
- Vegetable producers-103 farms
- Fruit and nut producers-77 farms

Additionally, if those producers on Market Maker now have the chance to network with the CIFH or see them actively sourcing product and selling to vendors, they may be enticed to join CIFH with little solicitation.

Cons to the Indiana Market Maker could include the lack of customization and issues with awareness from a buyer standpoint-it's true that not everyone is using this system actively. Ag producers can sell direct to consumers with market maker-one could make the case that this is competition with CIFH's efforts or a possible cause of confusion among buyers. Other reasons to opt for pricier solutions include real time inventory management, the ability to accept payment online, and the ability to source directly from producers. In that regard, the customized solutions could help CIFH create an actual virtual market coordinator.

All of the above said, CIFH will still need their own website and online presence. The question is whether that online site is a customized ordering system with immediate costs or an informational website and the use of free and low cost tools.

Go/ No Go Points

- Committee could start with free tools and if receive grant funding opt into the customized virtual food hub tools
- Committee could use existing tools until they begin to out-grow the capabilities and require more amenities and services in the virtual format

Address GAP and Food Safety from Start

Producers and distributors are both abuzz about traceability from farm to plate. There is uncertainty in the marketplace about what is required and even more about what will be required and how soon. Producers both appreciate the ability to distinguish their quality product from another producer's and fear the regulations and cost of set up and compliance. It is universally acknowledged that GAP (Good Agricultural Practices) and data collection from farm field to consumer is here for the long haul.

The author recommends enforcing compliance with the strictest standards presently affordable right from the start. Further, the author recommends investing in resources and assistance for producers as early as possible to enable them to become educated on needed food safety and allow them to plan for impending costs.

Go/ No Go Points

- Consider requiring that new ag producers implement minimum practices identified by the CIFH (if no customers immediately require documented GAP)
- If key buyers required documented GAP practices, CIFH will be required to comply and implement or lose essential business
- If funding can be obtained to provide offsets for certification or GAP auditing, CIFH could use to implement

Small, Low-Cost Aggregation Facility

A bricks and mortar site is considered a Phase II effort by the author following the successful aggregation of producers and product sales to existing and possibly new customers. Spending the dollars to lease, buy, or arrange a site could prove costly for the CIFH if initial anticipated volume falls off. If much of the product volume available is presently seasonal (and indicators say that it is), then having a site that sits idle with equipment not yet paid for will quickly become a problem. An initial aggregation site could be set up as pick up and drop off only with limited storage and limited add-on services.

The second tier would be an expanded packing house with more equipment and amenities. The different between a packing house and an initial aggregation site is in the services offered by the facility. Packing houses receive unpacked fruits and vegetables from local growers to be packed and sold to wholesale customers. With a larger investment, the site could also include an IQF set-up to immediately expand the season and of sales of Indiana specialty crops. The author does not consider the packing facility feasible until more product can be committed to the CIFH.

Go/ No Go Points

- Leverage shared sites as much as possible to begin
- If set up costs are low for equipment, services, and facilities even with the aggregation-only site, proceeding is safer
- Consider move to expanded packing house with outside investment or long term partnerships on major equipment and higher volume
- As product volume grows, continually evaluate real site needs

Evaluation Guidelines for Financial/Operational Structures

The author recommends commencing the marketing phase initially as an informal network of growers. Of producers surveyed, 17 percent specifically preferred the loose alliance structure to any formal business type. An additional 31 percent were not certain what structure would make sense. With the early suggested actions of producer aggregation and existing channel marketing, a loose alliance may work very well as the role of the food hub, the management, the costs (and who will cover those costs) becomes more clear. A loose association of producers can get the project started and rolling rather than locking the Committee in deliberations for years.

There are definitely pros to forming up a structure immediately, however, including certain tax and liability protections for the participants. The author strongly recommends seeking counsel from a qualified business attorney and accountant to provide accurate, current-year legal and tax code recommendations.

Socially and philosophically there may need to be discussion among the committee as it relates to structure. If the CIFH is strictly a revenue-centered approach to selling food, a for-profit model makes sense. However, if the Committee feels the CIFH has a greater mission, including ultimately giving back by offering funds to needy groups or by offering dividends to members, other structures such as non-profit and cooperative must be considered.

Go/ No Go Points

- What are the aims for the project? Is it for-profit-only or socially minded, too?
- Would the Committee be satisfied to begin some functions without a formal structure and take time to evaluate, including seeking professional assistance before deciding?
- What cost benefits are there to deciding on business structure?
- Will the Committee miss out on any opportunities such as grants if they are not formally organized?

Ongoing Suggested Actions

Funding Search and Success – Concentrated Basis

Identification of funding will be essential for growth. The author does caution against over-applying for funding that cannot be used if the project does not go forward. Plan ahead and create a specific funding strategy with a whole plan using debt, grants, loan guarantees,

private equity, partner/investors, donors and other arrangements. A specialized consultant can assist with this at later stage after and during the marketing phase.

Plan for Continued Learning

Operating a distribution facility, no matter how small, handling new and emerging food safety trends, aggregating producers and supply and applying for funding are all unique full time jobs. Encouraging continuing education and making it accessible to producers and to food hub staff is essential to keeping the project on an upward path.

Legislation and Lobbying

Involvement with law makers is a key way to facilitate continued industry growth and prevent business crippling regulations. The Committee should seek to make local and state lawmakers aware of the benefits of a food hub. This could be done by hiring a lobbyist, of course, but that cost may not be of interest to the Committee in early budgets. Letters, State House visits and awareness campaigns can all help with little cost.

Specialty Crop Definition

Below is a short list of eligible specialty crops which fall under the USDA definition and are eligible for grant funding in that program. The Central Indiana Food Hub feasibility study project was funded from this program in 2011.

Algae
Chickpeas
Christmas tress
Cocoa
Coffee
Cut flowers
Dry edible beans
Dry peas
Foliage
Fruit grapes for wine
Garlic
Ginger root
Ginseng
Herbs
Honey
Hops
Kava
Lavender
Lentils
Maple syrup
Mushrooms
Organic fruits and vegetables
Peppermint
Potatoes
Seaweed
Spearmint
Sweet Corn
Vanilla
Vegetable seeds

Red raspberries in an Indiana garden, Erin Smith.

Commonly recognized fruits, vegetables, tree nuts, dried fruits and nursery crops/floriculture

Grant Opportunities

The following grant programs are offered here as a quick reference to indicate the type of programs that may fit the Committee's project. The grants are not listed in any particular order and their appearance in this study is neither a guarantee of funding nor a guarantee that such programs are still available.

USDA Agriculture and Food Research Initiative

For more information: www.nfia.usda.gov/funding/afri/afri_synopsis.html

The Agriculture and Food Research Initiative (AFRI) is the National Institute of Food and Agriculture (NIFA) flagship competitive grant program and was established under section 7406 of the Food, Conservation, and Energy Act of 2008 (the 2008 Farm Bill). AFRI supports work in six priority areas: plant health and production and plant products; animal health and production and animal products; food safety, nutrition, and health; renewable energy, natural resources, and environment; agriculture systems and technology; and agriculture economics and rural communities.

In FY 2013, AFRI is soliciting applications through seven Requests for Applications (RFA). One RFA calls for research projects addressing the above six priority areas. Additional RFAs further address AFRI priority areas in five societal challenge areas. The five challenge area RFAs are: Childhood Obesity Prevention; Climate Change; Food Safety; Global Food Security; and Sustainable Bioenergy. These RFAs will support research, education, and extension to achieve significant, measurable outcomes. RFAs for FY 2013 will be released in September and October of 2012.

USDA Integrated Research, Education, and Extension Competitive Grants Program - National Integrated Food Safety Initiative

For more information: www.csrees.usda.gov/fo/foodsafetyicgp.cfm

The purpose of the National Integrated Food Safety Initiative is to support food safety projects that demonstrate an integrated approach to solving problems in applied food safety research, education, or extension. Various models for integration of applied research, education, and extension will be considered for funding. Applications describing multi-state, multi-institutional, multidisciplinary, and multifunctional activities (and combinations thereof) are encouraged. Applicants are strongly encouraged to address at

least two of the three functional areas of research, education, and extension (i.e., research and extension, research and education, or extension and education).

A single university may apply for a grant, but the university must demonstrate significant collaboration with various agencies or organizations within the host state. Applicants are also strongly encouraged to assemble project teams that include those with expertise in research, education, extension, and evaluation. All members of the project team should be involved in the development and writing of the application.

Scope of Projects

(a) Research. The research component will focus on applied food safety research. The outcome of the applied research should enable extension and/or education personnel in applying the results of the research to solving food safety problems and/or enhancing educational curricula in food safety. Basic research will be considered for funding only under special circumstances for which adequate justification has been provided. In addition to traditional laboratory and field research, applied research may include educational research, behavioral or social research, and/or research focused on defining the behavioral determinants of food safety practices.

(b) Education. The education component will address food safety education and training implemented in a formal classroom setting. This may include elementary, secondary, undergraduate, or graduate education.

(c) Extension. The extension component will address food safety education and training implemented in a non-formal setting. Where there is no extension program, outreach activities that deliver science-based knowledge and informational education to people in a variety of non-formal settings are an acceptable substitute. In addition to education and training, extension components may include the development and distribution of educational materials such as pamphlets, fliers, fact sheets, training curricula, videotapes, audiotapes, CD ROMS, interactive software, website development, and a variety of other audiovisual and print media.

USDA Farmers Market Promotion Program (FMPP)

For more information: http://www.ams.usda.gov/AMSv1.0/FMPP

The Farmers Market Promotion Program (FMPP) was created through an amendment of the Farmer-to-Consumer Direct Marketing Act of 1976. The grants, administered by the FMPP, are targeted to help improve and expand domestic farmers' markets, roadside stands, community-supported agriculture programs, agri-tourism activities, and other direct producer-to-consumer market opportunities. Approximately $5 million is allocated for FMPP for Fiscal Year 2010 and $10 million for Fiscal Years 2011 and 2012. The

maximum amount awarded for any one proposal cannot exceed $100,000. Entities eligible to apply include agricultural cooperatives, producer networks, producer associations, local governments, nonprofit corporations, public benefit corporations, economic development corporations, regional farmers' market authorities and Tribal governments.

Over $14.5 million in grant funds were awarded for FMPP from 2006-2009. AMS awarded 20 grants in 2006; 23 grants in 2007; 85 grants in 2008, 86 grants in 2009, and 81 grants in 2010. In FY 2011 and FY 2012, approximately $10 million in grant funds will be available each year. The minimum award per grant is $5,000 and the maximum is $100,000. An applicant is limited to no more than one grant in a grant-funding year. As of May 21, 2012, the FY 2012 FMPP grant application period is closed.

USDA Rural Economic Development Loan and Grant (REDLG)

For more information**:** www.gpo.gov/fdsys/pkg/FR-2012-03-02/pdf/2012-5043.pdf

The REDLG program provides funding to rural projects through local utility organizations. Under the REDLoan program, USDA provides zero interest loans to local utilities which they, in turn, pass through to local businesses (ultimate recipients) for projects that will create and retain employment in rural areas. The ultimate recipients repay the lending utility directly. The utility is responsible for repayment to the Agency. Under the REDLG program, USDA provides grant funds to local utility organizations which use the funding to establish revolving loan funds. Loans are made from the revolving loan fund to projects that will create or retain rural jobs. When the revolving loan fund is terminated, the grant is repaid to the Agency.

To receive funding under the REDLG program (which will be forwarded to selected eligible projects) an entity must: have borrowed and repaid or pre-paid an insured, direct, or guaranteed loan received under the Rural Electrification Act; Be a not-for-profit utility that is eligible to receive assistance from the Rural Development Electric or Telecommunication Program; or be a current Rural Development Electric or Telecommunication Programs Borrower.

Examples of eligible projects include: Capitalization of revolving loan funds; technical assistance in conjunction with projects funded under a zero interest REDLoan; Business Incubators; Community Development Assistance to non-profits and public bodies (particularly job creation or enhancement); facilities and equipment for education and training for rural residents to facilitate economic development; facilities and equipment for medical care to rural residents; telecommunications/computer networks for distance learning or long distance medical care. Maximum amount of funding for any one project is

$1 million for loans and $300,000 for grants. The deadline for submitting applications is the last business day of each month through September 30, 2012.

USDA Beginning Farmer and Rancher Grant

For more information: www.nifa.usda.gov/funding/bfrdp/bfrdp_synopsis.html

Beginning farmer education for adult and young audiences in the United States can be generally traced back to the advent of the 1862 and the 1890 Morrill Land Grant Acts. But for the first time, the Food, Conservation, and Energy Act of 2008 (Pub .L. No. 110-234, Section 7410), appropriated $75 million for FY 2009 to FY 2012 to develop and offer education, training, outreach and mentoring programs to enhance the sustainability of the next generation of farmers. The reasons for the renewed interest in beginning farmer and rancher programs are: the rising average age of U.S. farmers; the 8% projected decrease in the number of farmers and ranchers between 2008 and 2018; and the growing recognition that new programs are needed to address the needs of the next generation of beginning farmers and ranchers. According to the Farm Bill, a beginning farm is considered to be one that is operated by one or more operators who have 10 years or less of experience operating a farm or ranch. In 2007, approximately 21 percent of family farms met that definition.

The recipient must be a collaborative, State, tribal, local, or regionally-based network or partnership of public or private entities, which may include: state cooperative extension service; community-based and nongovernmental organization; college or university (including institutions awarding associate degrees); or any other appropriate partner. Others may be eligible to apply.

USDA Business and Industry Guaranteed Loan Program

For More Information: http://www.rurdev.usda.gov/rbs/busp/b&i_gar.htm

Administered by the U.S. Department of Agriculture (USDA) Rural Development, the Business and Industry Guaranteed Loan Program is designed to help develop or finance business, industry, and employment and improve the economic and environmental climate in rural communities. This program provides guarantees up to 80 percent of a loan made by a commercial lender. Loan proceeds may be used for a number of items, including working capital, machinery and equipment, buildings, and real estate.

A borrower must be engaged or proposes to engage in a business that will (1) provide employment; (2) improve the economic or environment climate; (3) promote the

conservation, development, and use of water for aquaculture; or (4) reduce reliance on nonrenewable energy sources.

The entity must first find a bank or lending institution willing to extend a loan subject to a guarantee. The bank then makes a joint application with the borrower to the USDA state or district office of Rural Development.

USDA Value Added Producer Program (VAPG) Program

For More Information: http://www.rurdev.usda.gov/BCP_VAPG.html

Value Added Producer Grants (VAPGs) provide grant funding to agricultural producers to enable economic planning and working capital activities directly related to the processing and/or marketing of value-added agricultural products, including farm-based renewable energy generated from an agricultural commodity or by-product such as an anaerobic digester. Applicants may not request funds for both planning activities and working capital expenses in one application. Eligible applicants include independent producers, farmer and rancher cooperatives, and agricultural producer groups. Based on past year solicitations, planning grants of up to $100,000 per project were available, while working capital grants were capped at $300,000 per project. Cost share of at least 50 percent is required. Working capital applicants need to have completed both a business plan and an independent feasibility study on their project to be eligible. Cost-share matching funds must equal or exceed the grant amount requested.

Eligible Organizations: Livestock Producer, Farmer and Rancher Cooperatives, Agricultural Producer Groups

USDA annually publishes a Notice of Solicitation of Applications in the Federal Register requesting applications for the current funding cycle. The FY 2012 application deadline is October 15, 2012.

HUD Community Development Block Grant Program – CDBG

For more information:
http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs

The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs. Beginning in 1974, the CDBG program is one of the longest

continuously run programs at HUD. The CDBG program provides annual grants on a formula basis to 1209 general units of local government and States.
The CDBG program works to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses. CDBG is an important tool for helping local governments tackle serious challenges facing their communities. The CDBG program has made a difference in the lives of millions of people and their communities across the Nation.

Indiana Office of Community and Rural Affairs (OCRA) Community Focus Funds

For more information: http://www.in.gov/ocra/2374.htm

The Community Focus Fund is a grant program administered by the Indiana Office of Community and Rural Affairs and funded with federal Community Development Block Grant (CDBG) dollars. These grants support a variety of construction projects that either benefit low to moderate income persons or eliminate blight in communities.
Eligible projects typically include infrastructure improvements, fire protection, downtown revitalization, community centers, day care centers, senior centers, historic preservation, and infrastructure in support of housing. The project must meet one of the national objectives and be an eligible activity under the Community Development Block Grant program, and it must comply with applicable state and federal laws and regulations.
Eligible applicants include:

- Small cities which do not receive a CDBG entitlement directly from U.S. Housing and Urban Development
- Incorporated towns
- Counties

There is approximately $26,000,000 available each year through this program. The maximum award amount cannot exceed $600,000. A local match of at least 10% of the total project cost is required. In-kind contributions can be counted as local match up to 5% of the total project cost, with a maximum of $25,000.

There are two competitive funding rounds per year. Each round consists of the submittal of a proposal to the Indiana Office of Community and Rural Affairs, a site visit, and submittal of a final application. Visit the website above for deadlines. An interested applicant should also meet with a Community Development field representative to discuss the project prior to submitting a proposal. At the time of application, a city or town cannot have more than one open Community Focus Fund (CFF) or Planning Grant, and a county cannot have more

than two open CFFs and/or Planning Grants. Any open CFFs must be under construction by the time another CFF application is submitted.

Indiana Office of Community and Rural Affairs (OCRA) Main Street Revitalization Program

For more information: http://www.in.gov/ocra/2583.htm

The Indiana Office of Community and Rural Affairs assists Indiana's rural residents in their endeavors to create successful, sustainable communities and improve local quality of life. MSRP grants are funded with federal Community Development Block Grant (CDBG) dollars from the U.S. Department of Housing and Urban Development (HUD).

The goal of the Main Street Revitalization Program is to encourage communities with eligible populations to focus on long-term community development efforts within the downtown area. This program will work in conjunction with the Indiana Main Street Program and the overall goals and strategies for the Main Street revitalization efforts across the state.

ISDA Specialty Crop Block Grant

For more information: http://www.in.gov/isda/2474.htm

The Indiana State Department of Agriculture (ISDA) offers approximately $55 million in grant funds annually, to enhance the competitiveness of specialty crops. The funds announced under the Specialty Crop Block Grant Program (SCBGP) are authorized by the Food, Conservation and Energy Act of 2008. The application process to apply for the SCBGP-FB funds can be found in 7 CFR part 1290. State departments of agriculture are eligible to apply and are encouraged to involve industry groups, academia, and community-based organizations in the development of applications.

Therefore, the Indiana State Department of Agriculture (ISDA) seeks project proposals from the specialty crop industry in the state to present for funding from USDA. The proposals must solely enhance specialty crops throughout the state of Indiana.

Commissions, public entities, associations, and/or nonprofit organizations that represent specialty crops as defined by USDA in Indiana agriculture are eligible to apply (as specified in the criteria section of this program guidance on page 3). Applicants must be a legal entity and have the legal capacity to contract. Grant funds will not be awarded for projects that solely benefit a particular commercial product or provide a profit to a single organization, institution, or individual.

Grants can be used for solely enhancing the competitiveness of specialty crops through the following issues affecting the specialty crop industry: increasing child and adult nutrition knowledge and consumption of specialty crops; improving efficiency and reducing costs of distribution systems; assisting all entities in the specialty crop distribution chain in developing "Good Agricultural Practices:, "Good Handling Practices", "Good Manufacturing Practices", investing in specialty crop research, including organic research to focus on conservation and environmental outcomes; enhancing food safety; developing new and improved seed varieties and specialty crops; pest and disease control; and sustainability. Also, Market promotion; domestic or international promotion of qualified Indiana food and agricultural products, or distribution to mitigate trade barriers that prevent or slow entry of qualified Indiana food and agricultural products into foreign markets. Please note that funds cannot be used for any capital expenditures such as buildings, land, equipment (tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds $5000), grant administrative or indirect costs or staffing. Grant funding requests range from $2,000 to $50,000.

North Central Region Sustainable Agriculture Research & Education (NCR-SARE)

For more information: http://www.northcentralsare.org/Grants/Our-Grant-Programs/Research-and-Education

Since 1988, SARE has funded more than 4,800 projects through its regions, including research and education grants, professional development grants and producer grants. Depending on the region, applicants also can propose projects under special grant programs for graduate students, community development practitioners and ag educators conducting on-farm research.

North Central Region Sustainable Agriculture Research & Education (NCR – SARE) seeks pre-proposals for research, education, and on-farm demonstration projects that explore and promote environmentally sound, profitable, and socially responsible food and/or fiber systems. The emphasis is on outcome-based projects that benefit farmers and explore new sustainable farm practices. Projects should be directed toward research results that will translate quickly into farmer benefit, and the farmers, extension staff, and other stakeholders should be involved in planning project content. Pre-proposals are due November 9, 2012.

Anyone can apply, but applicants should have a firm grasp of current barriers and issues in sustainable agriculture and experience doing ag research, preferably in cooperation with commercial farmers and applied research. Producers must be key participants in grant activities. Awards are typically $10,000 to $200,000 and approximately 8-12 projects are

awarded per year. Projects must take place within the North Central SARE region, which is made up of IL, IN, IA, KS, MI, MO, NE, ND, OH, SD, and WI. The SARE program is a decentralized competitive grants and education program run by four regions North Central, Northeast, South, and West.

Selected Resources

These resources have been reviewed or studied by the author in preparation of this report. Thus, the list may not be a comprehensive guide of all potentially valuable food hub information. The author chose only to present material used for this study to maintain the focused nature of the work as a specific guide for the CIFH's project.

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http://www.facebook.com/pages/Central-Indiana-Food-Hub.

Community Food Enterprise. http://www.communityfoodenterprise.org/.

Feeding America. http://feedingamerica.org.

Feeding Indiana's Hungry. http://feedingindianashungry.org/.

Four Season Produce Cooperative. http://4seasonsproducecoop.org/.

Green Bean Delivery. http://www.greenbeandelivery.com.

Indiana Department of Agriculture. http://www.in.gov/isda/.

Market Mobile. http://www.farmfresh.org/hub/.

National Good Food Network. www.ngfn.org.

Nebraska Food Cooperative. http://www.nebraskafood.org/.

Prosperity Agriculture and Energy Resources. http://www.prosperityagenergy.com/

Purdue Extension – Hancock County.
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U.S. Department of Agriculture. www.usda.gov.

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Virtual Farmers Market. http://www.vfmuk.com/about-the-virtual-farmers-market.html.

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About Prosperity Ag & Energy Resources

Prosperity Ag and Energy Resources, owned by Sarah Beth Aubrey, is a writing, speaking and consulting practice focusing on rural development and growth in the areas of value-added agriculture, renewable energy and energy efficiency. Prosperity works with and federal agencies across the U.S. in the areas of grant writing, guaranteed loans and networking investors. We aid with applications of all kinds and work with USDA, EPA and USDOE. At Prosperity we know where to find the funds, how to apply for them, and how to produce quality proposals that get the dollars needed through diligence, experience, and networking.

Our mission is to be the best in the business at seeking funding for clients. We endeavor to strengthen communities, empower entrepreneurs and foster growth for farms and businesses by providing resources, knowledge and by writing successful proposals that enhance cash flow, create jobs, and nurture the rural environment.

Prosperity Ag & Energy Resources

Funding and networking communities and businesses in agriculture, energy, and environment.

About the Author, Sarah Beth Aubrey
Principal, Prosperity Ag and Energy Resources

Sarah Beth Aubrey is the owner of Prosperity Ag and Energy Resources, a Prosperity Ag, LLC, company and a Certified Women's Business Enterprise. Ms. Aubrey's company is a full-service funding opportunities firm assisting entrepreneurs, communities, universities, trade associations, and cooperatives in obtaining funds through the use of government or foundation programs in the areas of agriculture, energy, environment and food manufacturing. As a Certified Grant Administrator, she aids clients in networking with state and federal agencies and trade groups to foster all areas of project development. Since 2007, Ms. Aubrey has written over 400 successful grants in 36 states; funding for these awards has yielded nearly $60 million.

A member of the National Speakers Association (NSA), Ms. Aubrey provides professional speaking services focusing on entrepreneurship, small business development strategies, and securing funds for businesses, communities, and higher education. She offers workshops, keynote presentations, customized conference calls and meeting facilitation. Recent clients include Indiana Farm Bureau, Public Policy of Virginia, Midwest Women in Ag, Ohio State University and other trade groups and associations. Ms. Aubrey also hosts an annual conference call series on key grants open to a large majority of her client list.

Always interested in gaining broader perspectives, she is actively involved in various leadership organizations. Ms. Aubrey is 2011 alumna of the Richard G. Lugar Excellence in Public Service Series, a member of the National Speakers Association (NSA) and the Indiana Chapter. On a quarterly basis, Ms. Aubrey facilitates discussion among a personally selected board of advisors who volunteer their time sharing expertise in agriculture, energy and environment. Ms. Aubrey is also a 2010 graduate of the prestigious Indiana Agricultural Leadership Institute (IALI) where she now volunteers on the curriculum development committee and coordinates alumni networking events. She is also a member of the Writer's Center of Indiana.

Ms. Aubrey holds a Bachelor of Science in Agricultural Communications from the University of Illinois. A full time entrepreneur since 2004, she created and sold a direct marketing business and is the author of two non-fiction books with over 50,000 copies sold worldwide.

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Purdue Extension
Knowledge to Go
Hancock County