



Regional Food Hubs:

*Linking producers to
new markets*

Know Your Farmer, Know Your Food (KYF2)
Regional Food Hub Subcommittee



Presentation Overview

Regional Food Hubs

- Definition & Core Components
- Two Food Hub Examples (Urban and Rural)
- Lessons Learned So Far
- Maps of Existing and Potential Food Hubs
- Alternative Perspectives – “Healthy” Food Hubs
- USDA’s Role - KYF2 Subcommittee Work Plan



Regional Food Hub Definitions

Definitions vary from narrow market efficiency functions to those related to visions of building a diversified food culture

Working Definition

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



Core Components of Food Hub

1) Aggregation/Distribution-Wholesale

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

2) Active Coordination

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

3) Permanent Facilities

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

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



Core Components of Food Hub

1) Aggregation/Distribution-Wholesale

- Key mechanism to create large, consistent and reliable supplies of locally-produced foods from small to mid-sized farms.
- Drop off point for multiple farmers and a pick up point for distribution firms and customers that want to buy source-verified local food in palletized form.

2) Coordination

- Provide the business management systems that most farmers lack, which is key to accessing wholesale markets.
- Hub management oversee the local food supply coming into and going out to maintain an adequate supply of locally produced products.
- Work with farmers to coordinate farm planting schedules and manage product varieties in order to promote variety in local product supplies, and consistent year-round production.



Core Components of Food Hub

3) Permanent Facilities

- Provide the space and equipment for food to be stored, lightly processed, packed, palletized and possibly even sold under a Hub's regional label (while maintaining the farm identity).
- Serve as the terminus for wholesale and retail vending of regional foods.

Community Services

- The Hub can provide space for the provision of health and social services.
- Possible services may include community kitchens, pilot sites for EBT and WIC technologies, community event space and offices for health and human service providers.



Food Hub Benefits

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

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



USDA-AMS Current Research

Alternative Distribution Models for Small-Scale Producers



- **Seeks to identify best practices and the relative effectiveness** of various direct distribution models in improving the economic welfare of small-scale and limited-resource producers
- **Focuses on nine distribution models** at various stages of maturity with different management structures and organizational missions

Distribution Model Case Studies

Stages of Development Distribution Model	Start-up/Nascent	Developing/Emerging	Mature/Developed
Retail Driven		<i>La Montanita, NM</i>	<i>The Wedge/Coop Partners, MN</i>
Non-profit Driven	<i>MFA/Big River Foods, MN</i>	<i>CAFF/Growers Collaborative, CA</i>	<i>Red Tomato, MA</i> <i>Appalachian Sustainable Development, VA</i>
Producer Driven	<i>Browse & Grass Association, WI</i>		<i>New N. Florida Cooperative, FL</i>
Consumer Driven (e.g., Buying Clubs)		<i>Oklahoma Food Cooperative, OK</i>	



La Montanita Co-op Food Market

- Urban Food Hub Model -

- 15,000 member food co-op with four retail store locations in New Mexico - with locations in Albuquerque, Santa Fe, and Gallop
- In 2006, invested \$150,000 in a renovating a warehouse and leasing trucks to assist regional growers with distribution and wholesale market coordination





La Montanita Food Hub Services

- **Provide market outlet** for growers at their food coop stores, as well as actively link growers with other wholesale buyers/markets
- **Distribution services** with on farm or designated pick up spots for delivery to La Montanita store locations and other retail outlets
- **Bulk purchase inputs/farm supplies** for growers (including ingredients for value added producers, like organic sugar)
- **Provide storage space** for value added producers at warehouse
- **Provide business development services** to regional growers – increase their capacity to meet wholesale demand



La Montanita Food Hub Progress

- Co-op is **regional distributor for national brands** (e.g., Organic Valley) –crucial for covering overhead costs of maintaining warehouse, local distribution services
- In four years of operation, the Co-op has **increased the number of local producers served from about 300 to nearly 700**
- The Co-op currently stocks and sells over **1,100 products** purchased from **local growers and producers**, at a value of more than **\$2.7 million annually**



Appalachian Sustainable Development (ASD) - Rural Food Hub Model -

- Non-profit established in 1995, based in Abingdon, VA (SW part of state near Tennessee border)
- ASD helps farmers transition into organic specialty crop production through **training, technical assistance, mentoring** –many of the farmers in their network are former tobacco growers





Appalachian Harvest

- ASD's Main program: **Appalachian Harvest:** A network of **53 certified organic farmers** who collectively market and distribute produce under one identifiable, regional brand
- Established the brand name in 1999
“Healthy Food. Healthy Farms. Close to Home”
- Began to sell produce at White's Fresh Food, a local, family-owned, 18 store chain, followed by Food City, a 100 store chain headquartered in Abingdon





Appalachian Harvest Food Hub Activities

- The network's **sales and marketing manager** works with buyers to gauge product demand and volume needs
- **Preseason planning:** The network meets monthly beginning in October to decide what to grow, how much, when and who will grow it
- **Centralized facility** as aggregation point
- Produce is sorted, graded, packed and shipped to **over 500 supermarkets**





Results of Appalachian Harvest Food Hub

- Annual sales over \$500,000
- Estimated demand is 2 to 3 times the available supply
- Network offers new revenue sources for direct marketing farmers, and a viable livelihood alternative for former tobacco farmers



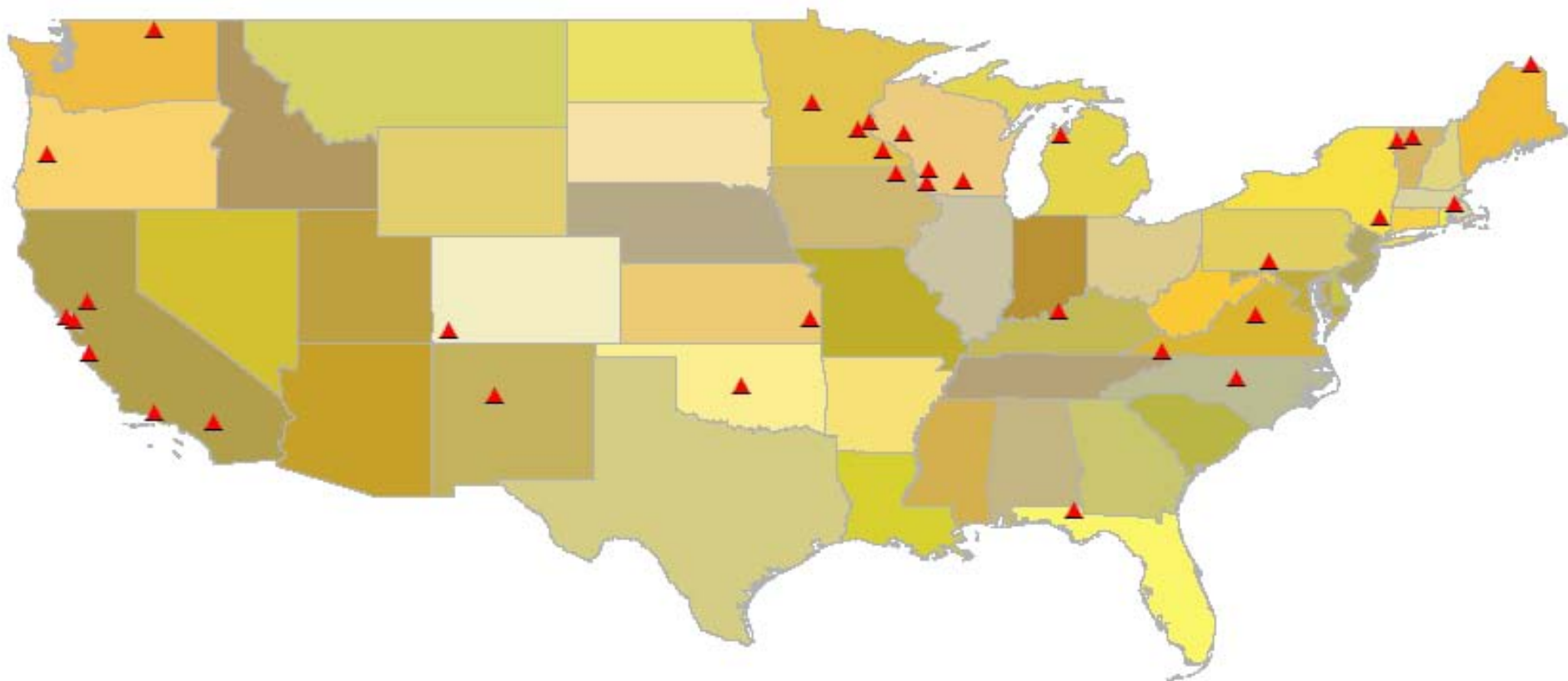


Other “Food Hub” Model Examples

- **Non-profit driven models:** Alba Organics (CA), Intervale Center (VT), Growers Collaborative (CA), Red Tomato (MA)...
- **Producer/Entrepreneur driven models:** Grasshopper (KY), Good Nutured Family Farms (KS), Tuscarora Organic Growers (PA), New North Florida Cooperative, Eastern Carolina Organics (NC)...
- **State driven models:** Many “State Farmers Markets” in the Southeast and Midwest, e.g., NC, SC, MI, FL...
- **Other “Hybrid” Models (wholesale/retail markets):** Syracuse Regional Farmers Market (NY), Eastern Market (MI), Hunts Point Wholesale Farmers Market (NYC), Marin County Farmers Market (CA)...
- **“Virtual” Food Hubs (online platforms):** Ecotrust (OR), FarmsReach (CA); MarketMaker (multiple states)...



Coordinated Food Hubs*



**This is not a comprehensive list – data are still be collected*



Recent Research

Food Hubs: The 'Missing Middle' of the Local Food Infrastructure?

- 2008 study from Cardiff University, Wales
- Food Hubs best defined by the agent that takes the organizing lead
- Carried out SWOT analysis of proposed models



Recent Research

SWOT Analysis of Food Hubs

	Retail-led	Public Sector-led	Producer Entrepreneur-led	Producer Cooperative-led	Wholesaler-led
Strengths	Retail provides expertise Hub has common goal	Public stakeholder support / expertise Open to funding	Individual commitment Simple management structures Entrepreneurial attitude	Broad expertise base Constituents able to do what they do best. Broad resource base	Strong experience and understanding of market Good reputation Well-developed infrastructure
Weaknesses	Producer may be over-reliant on retailer	'Imposed Solution' Liable to: inappropriate financing/lack of emphasis on financial viability; Inappropriate internal expertise; Lack flexibility to respond to market change	Narrow expertise base Can lack financial resources Business ambition often reflects personal ambition	Relies on true cooperation including shared priorities Can suffer from management 'by consensus'	May lack understanding of sustainability / production issues May 'cherry pick' range Usually not commodity focused
Distinguishing Opportunities		Public sector support acts as PR/advertising Set up to meet public sector needs (e.g. procurement)	Stakeholder respect for producer entrepreneurs		Able to engage in existing supply relationships
General Opportunities	Can tap into unmet demand for local food products from consumers Can provide environmental / social / economic benefits to localities Can assist food providers in developing positive PR				
Distinguishing Threats	Retailer can switch hub/withdraw from local range Market with retailer may be limited	Changing demand			
General Threats	The development of other forms of local supply arrangements Market / Consumer demand downturn Supply problems due to localised supply base				



What have we learned so far?

- In most cases, the physical and “virtual” infrastructure is already in place, with an unmet demand for locally and regionally grown products
- **What is needed?**
 - Start-up capital to renovate facilities for aggregation, storage, packing, light processing, and distribution
 - Working capital for business management systems to coordinate supply chain logistics (e.g., grower-buyer transactions, aggregation, distribution, and marketing)
 - Enterprise development training and technical assistance to increase grower capacity to meet wholesale buyer requirements (volume, quality, packaging, food safety, etc.)



Potential Food Hub Sites with existing infrastructure

- **“Hybrid” Markets** (combined wholesale/retail)
- **Shipping-point Markets**
- **Wholesale/Terminal Produce Markets**



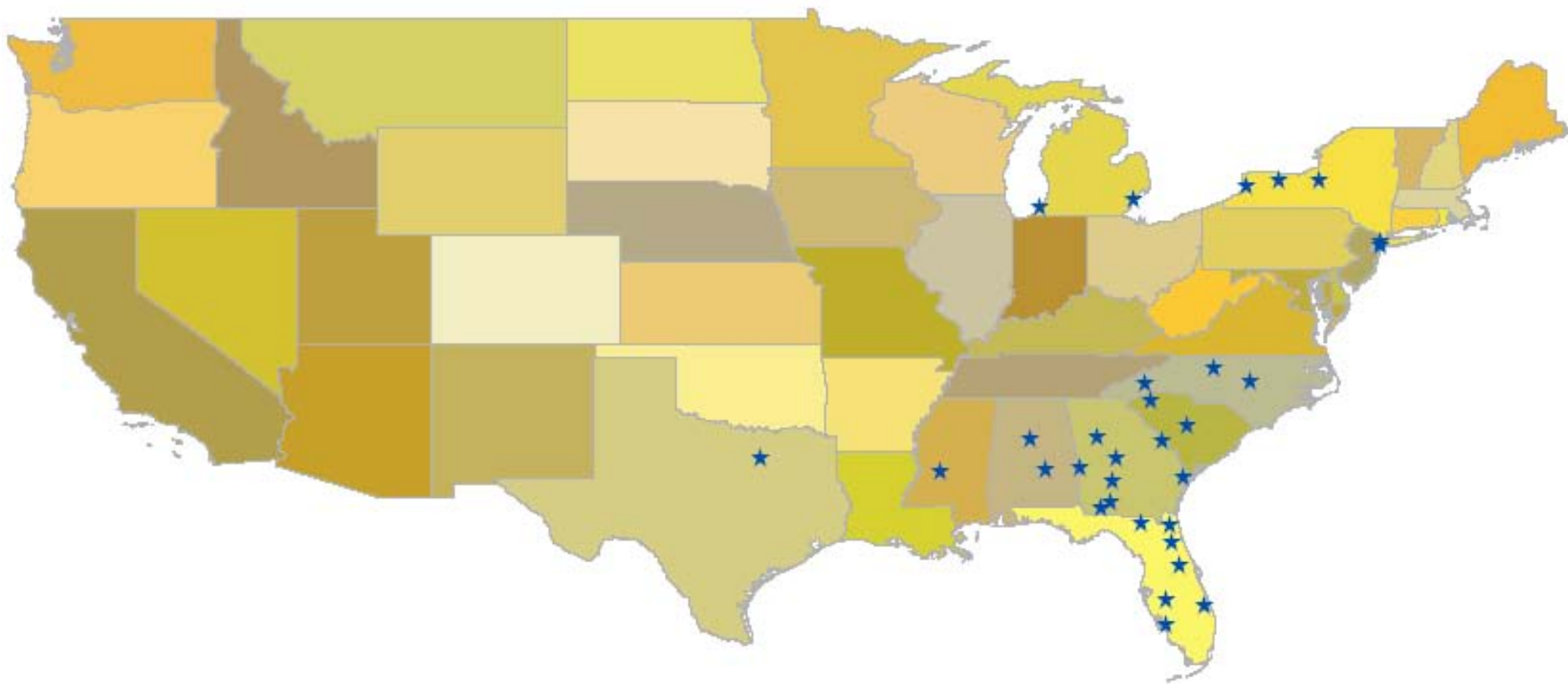
Hybrid Market

- **Definition:** A combined wholesale/retail market where growers and other merchants sell fresh products to businesses and individual customers.
- **Example:** Syracuse Regional Farmers Market





Hybrid Markets*

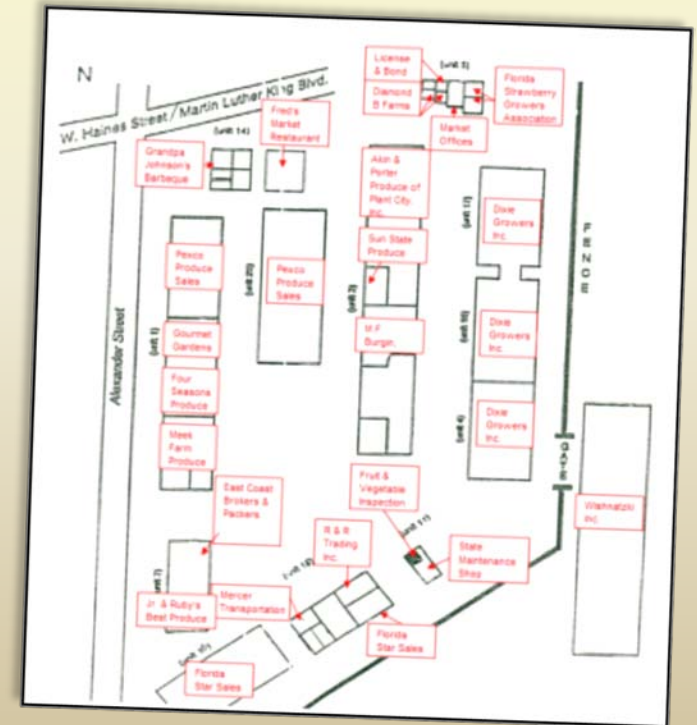


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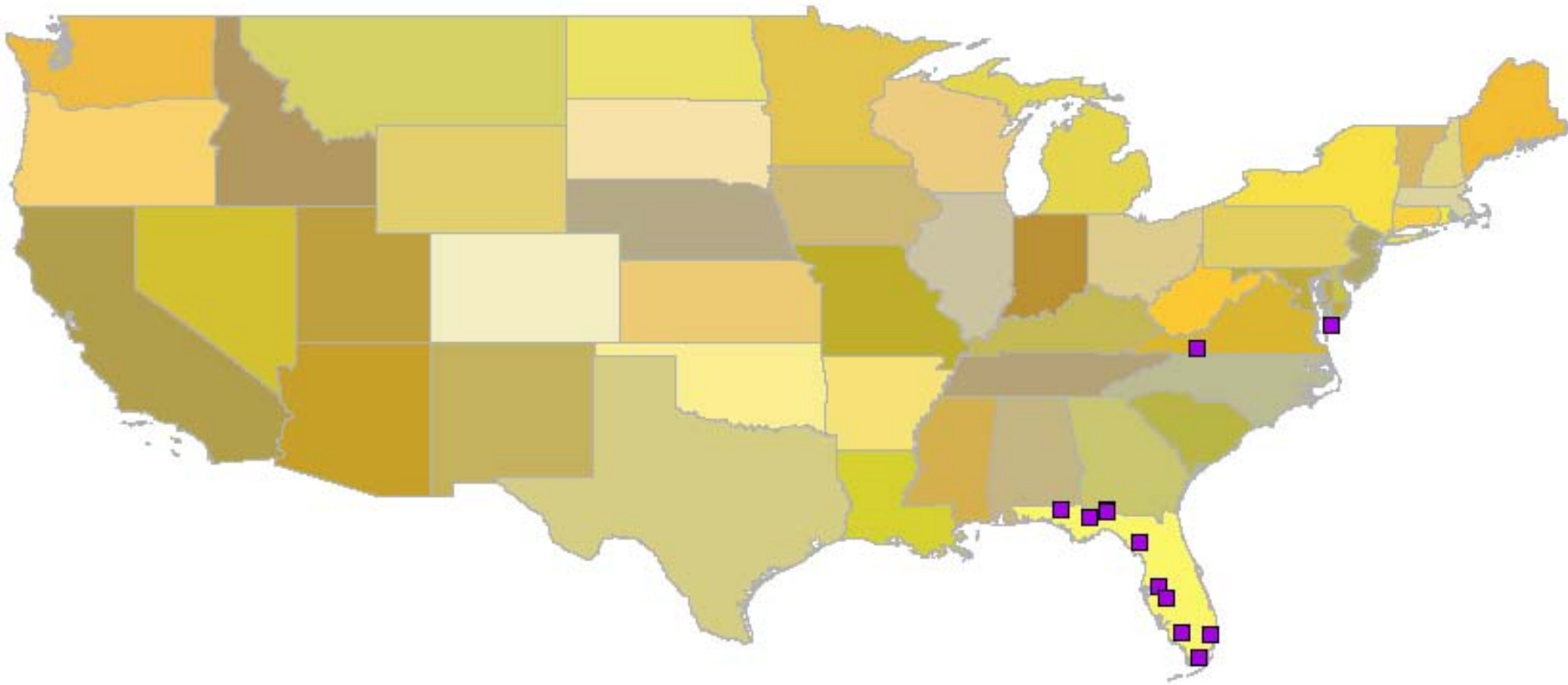
Shipping-point Market

- **Definition:** A facility where fresh horticultural products are cooled, graded, packaged and marketed to larger wholesale distribution centers and/or retail grocers.
- **Example:** Plant City, FL State Farmers Market





Shipping-point Markets*



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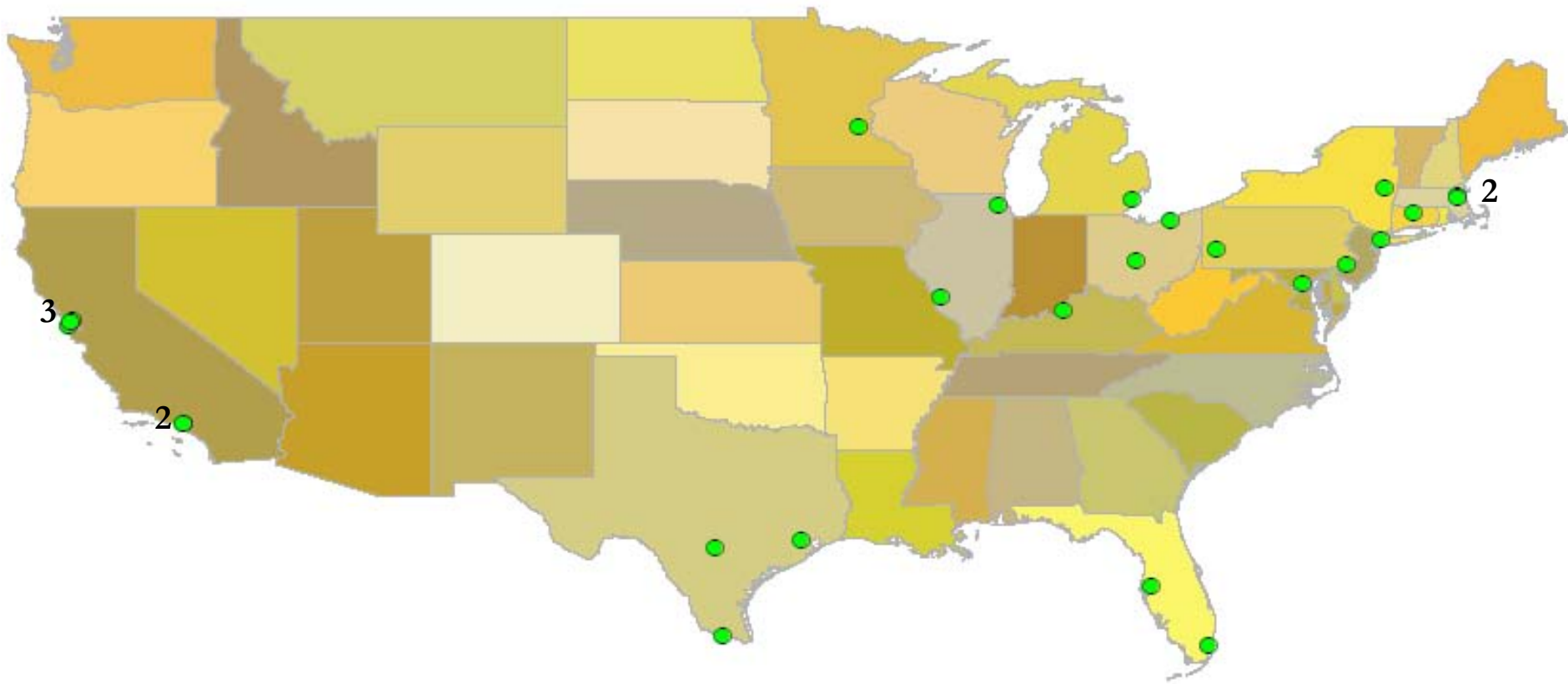
Wholesale/Terminal Market

- **Definition:** A facility where wholesalers receive large quantities of fresh fruit and vegetables by rail, truck and air from around the world for sale to grocers, restaurants, institutions, and other businesses.
- **Example:** San Francisco Wholesale Produce Market





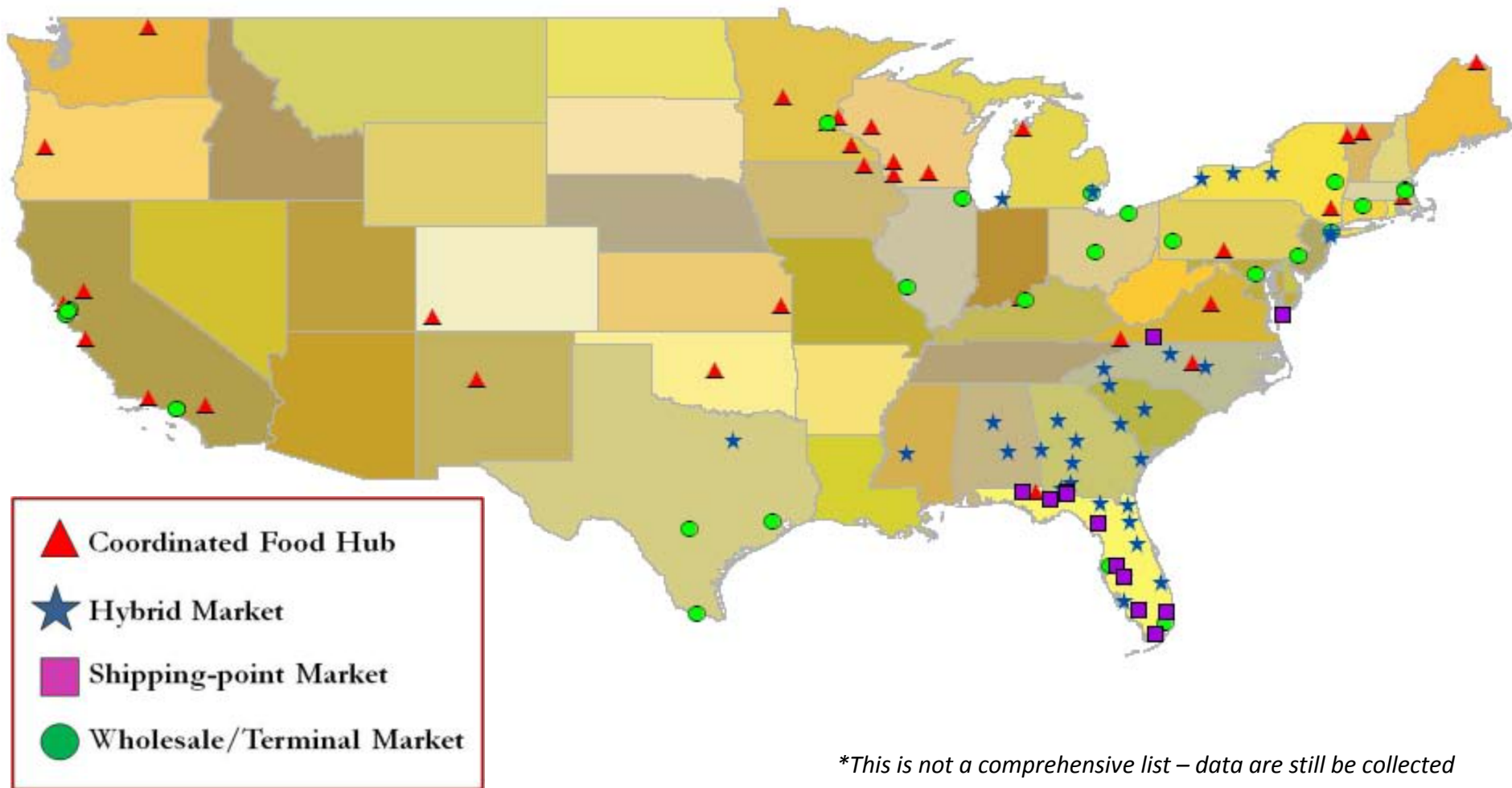
Wholesale/Terminal Produce Markets*



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Existing and Potential Food Hubs*





Alternative Perspectives “Healthy” Food Hubs

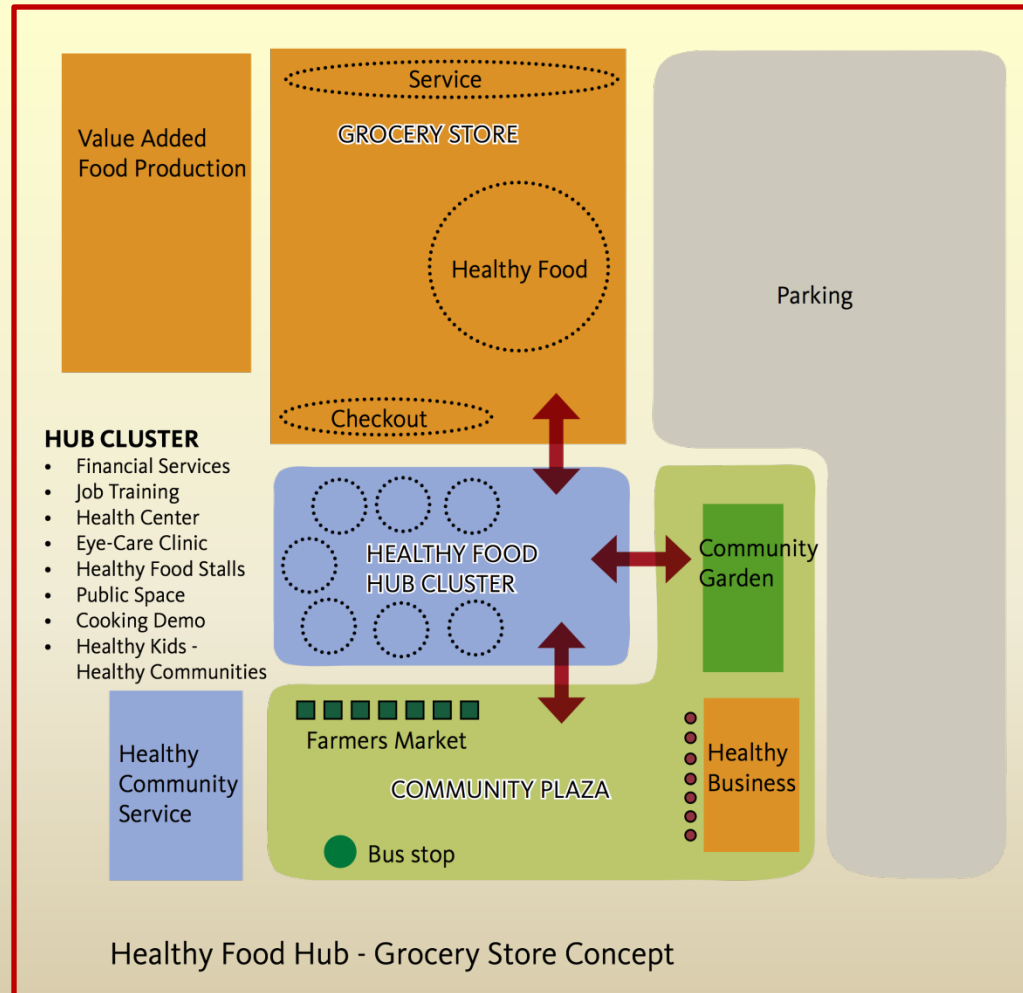
- The Wholesome Wave Foundation is a leading proponent for establishing healthy food hubs. <http://wholesomewave.org>
- **Definition/Parameters:** A healthy food hub consists of a variety of fully integrated businesses, social services, and safe public spaces that mutually support each other in ways that leverage profitability and long-term sustainability in innovative ways.
- The anchor for the proposed **Healthy Food Hub** models is a significant food provider, whether a grocery store or public market, presented in a scale appropriate for the surrounding community.

Alternative Perspectives “Healthy” Food Hubs



Food Hub services may include:

- Community Gathering Place
- Accessible Health Care Services
- SNAP and WIC Benefit Sign-up
- Business Incubators
- Community Healthy Playgrounds to Encourage Physical Activity For At-risk Children
- Fitness Centers
- Healthy Cooking and Eating Classes and Demonstrations
- Community Garden and Agricultural Micro-enterprise Project Planning
- Education and Incentive Programs in Elementary and Middle Schools





KYF2 Subcommittee Work Plan

TWO MAJOR DELIVERABLES

1) Create Regional Food Hubs Resource Guide

- Use lessons learned from literature review and from other regional food hub examples to prepare a resource guide on establishing regional food hubs.
- Carry out outreach (webinars, workshops, etc.) about using USDA programs and resource guide.

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



KYF2 Regional Food Hub Subcommittee

- **The Food Hub Subcommittee includes representation from the following agencies:**
 - Agricultural Marketing Service, *lead agency*
 - Rural Development
 - Food and Nutrition Service
 - National Institute of Food and Agriculture
 - Economic Research Service
 - Grain Inspection, Packers and Stockyards Administration
- **Coordinating efforts with the Centers for Disease Control and Prevention – CDC representative on Subcommittee**
- **Establishment of Food Hub Tactical Team to accomplish the work plan tasks**



KYF2 Work Plan - Progress to Date

With assistance from the Subcommittee as needed, the Tactical Team will carry out the following activities:

- **Identify USDA programs** that have been used to study or develop food hubs
- **Identify examples of food hubs** in existence, development, planning, or under consideration (with or without USDA support) – *Example: San Diego “Healthy” Food Hub, supported by CDC stimulus money*
- **Engage Food Hub stakeholders** to identify opportunities, challenges, best practices, lessons learned
- Based on literature review, current research, and stakeholder perspectives, **create Regional Food Hub Resource Guide** and carry out outreach/technical assistance to support food hub development
- **Develop a prioritized list of existing USDA funding streams** that could be used to target regional food hub development



Contact Information

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