Regional Food Hubs:

Understanding the scope and scale of food hub operations

Preliminary findings from a national survey of regional food hubs

Jim Barham
USDA Agricultural Marketing Service
"Know Your Farmer, Know Your Food"
Regional Food Hub Subcommittee Team Lead

Presentation Overview

Regional Food Hubs

- USDA's "Know Your Farmer, Know Your Food" (KYF2) Initiative
- KYF2 Regional Food Hub Subcommittee
- Definition & Core Components
- Food Hub Collaboration
- Preliminary Findings from Food Hub Survey
- Next Steps

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

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

KYF2 Regional Food Hub Subcommittee

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

KYF2 Food Hub Work Plan

With assistance from the Subcommittee as needed, the Tactical Team is carrying 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

Regional Food Hub Definitions

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

<u>Working Definition*</u>

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

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

Core Components of Food Hub

1) Aggregation/Distribution-Wholesale

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

2) Active Coordination

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

3) Permanent Facilities

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

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

Food Hub Benefits

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

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

Local Food Hub

- Charlottesville, VA -

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

Local Food Hub

- Charlottesville, VA-

Non-profit food hub model with two major programs:

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

Photos courtesy of the Local Food Hub

Food Aggregation

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

Food Distribution

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

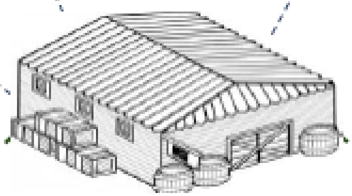
Farmer Services

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

Local Food Campaign

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

Distribution Warehouse



Production Planning

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

Food Donations

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

Local Food Hub

Food Production

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

Food Donations

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

Educational Farm

Farmer Training

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

Community Engagement

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

Apprenticeships

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

Internships

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

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

Local Food Hub

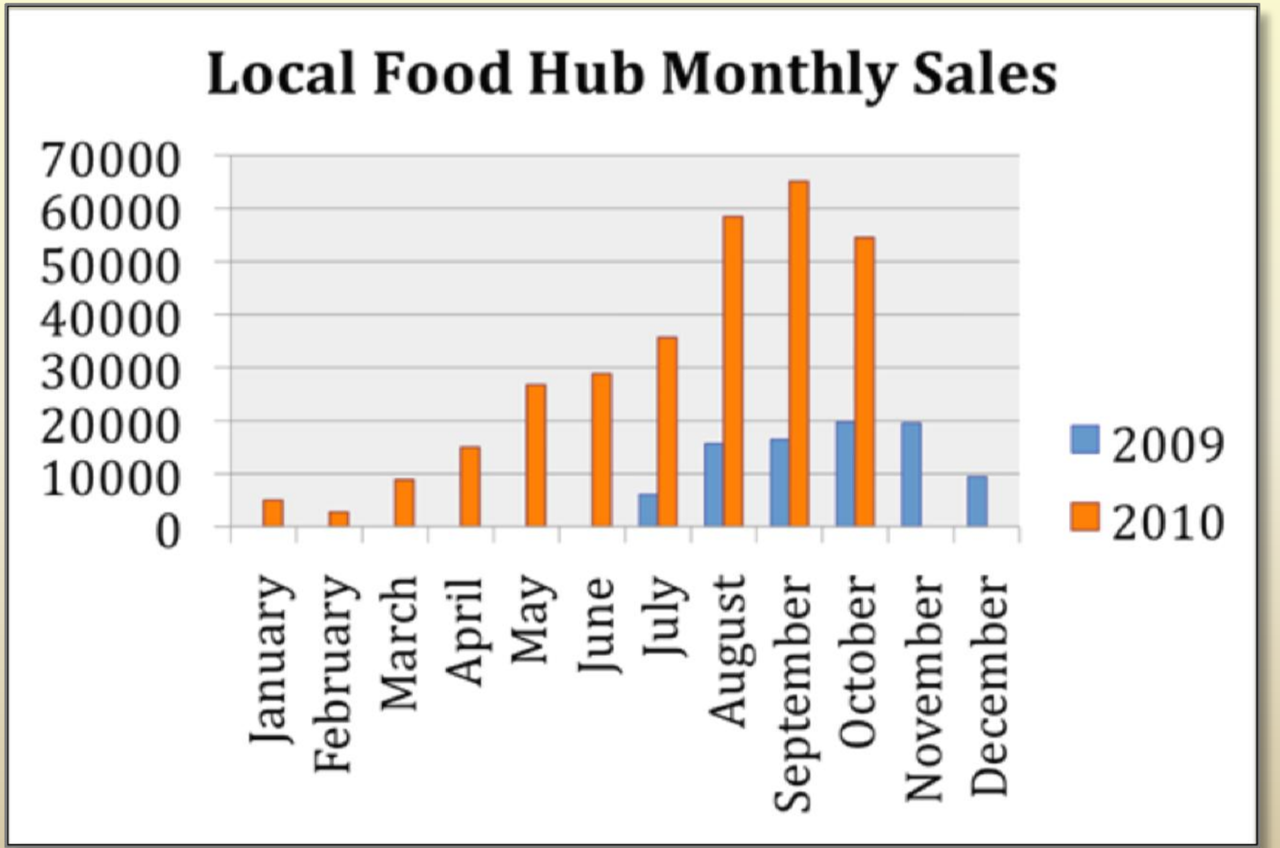
- Currently works with **50 small family farms** (annual sales under $2 million) within 100 miles from Charlottesville
- Produce farms from 1 to 30 acres and orchards from 20 to 1,000 acres
- Offers fresh produce and other food products to **100 customers**, which includes:
  - 45 public schools
  -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

Photos courtesy of the Local Food Hub

Local Food Hub

- Charlottesville, VA-

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



Other "Food Hub" Model Examples

- **Non-profit driven models:** Alba Organics (CA), Intervale Center (VT), Growers Collaborative (CA), Red Tomato (MA), Appalachian Sustainable Development (VA)…
- **Producer/Entrepreneur driven models:** Grasshopper (KY), Good Natured Family Farms (KS), Tuscarora Organic Growers (PA), New North Florida Cooperative, Eastern Carolina Organics (NC)…
- **Retail driven models:** La Montanita Food Coop (NM), Wedge's Coop Partners (MN)…
- **Consumer driven models (online buying clubs):** Oklahoma Food Coop, Nebraska Food Coop, Iowa Food Coop…
- **"Virtual" Food Hubs (online matchmaking platforms):** Ecotrust (OR), FarmsReach (CA); MarketMaker (multiple states)…

The Regional Food Hub Collaboration

Partners include:

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

The Regional Food Hub Collaboration

First phase of collaboration:

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

Preliminary Findings from Food Hub Survey*

Food Hub Survey

- Online survey was sent to 72 food hubs and 35 public markets in January 2011
- 45 completed food hub surveys by February 7, 2011
- The following results only include the food hubs, not the public markets, and do not include follow up phone interviews

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

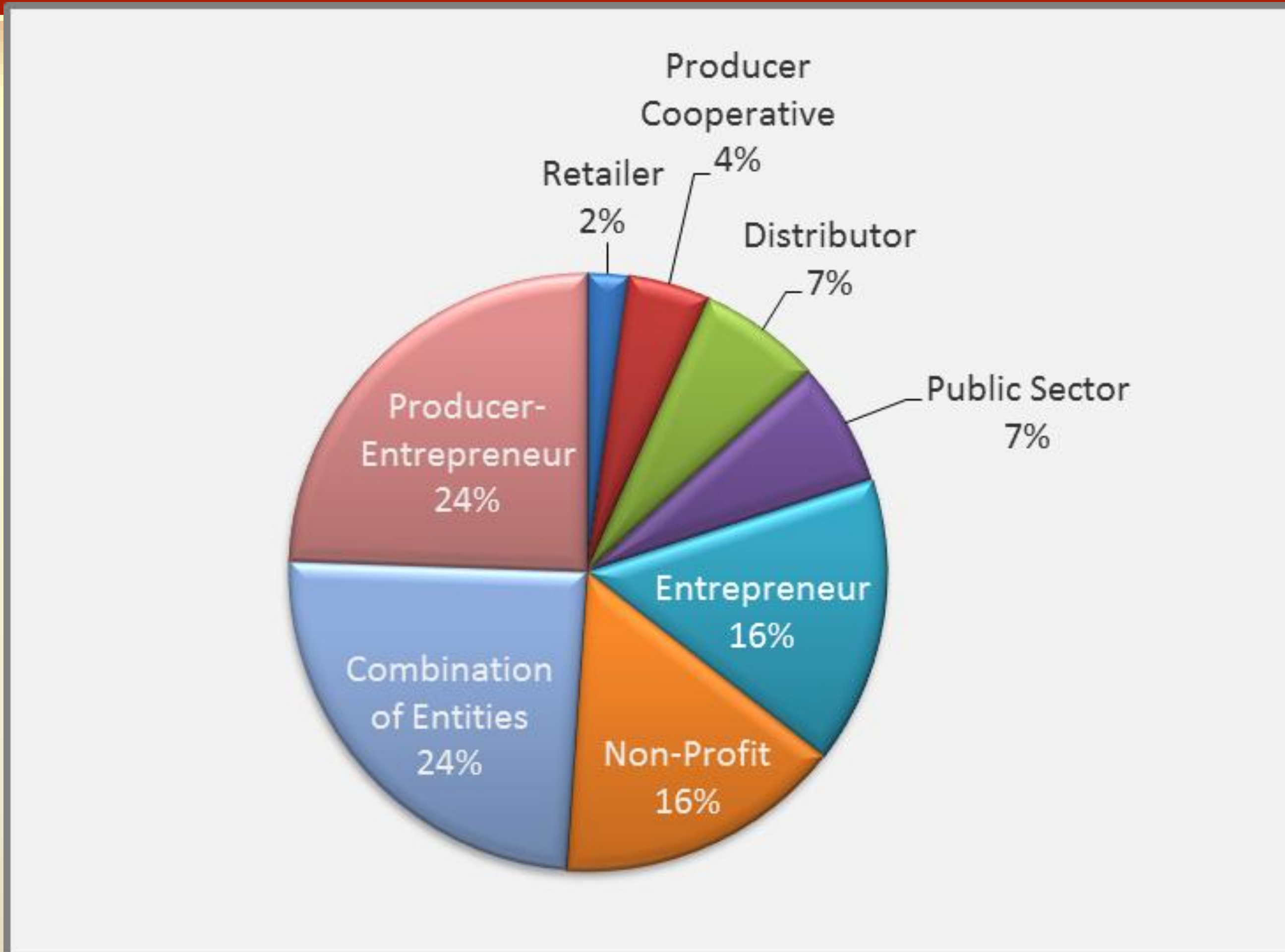
Food Hubs Identified for Survey

	West	Southwest	Midwest	South	Northeast	TOTAL
Food Hubs	11 (15%)	5 (7%)	22 (31%)	15 (21%)	19 (26%)	72

Food Hub Online Survey

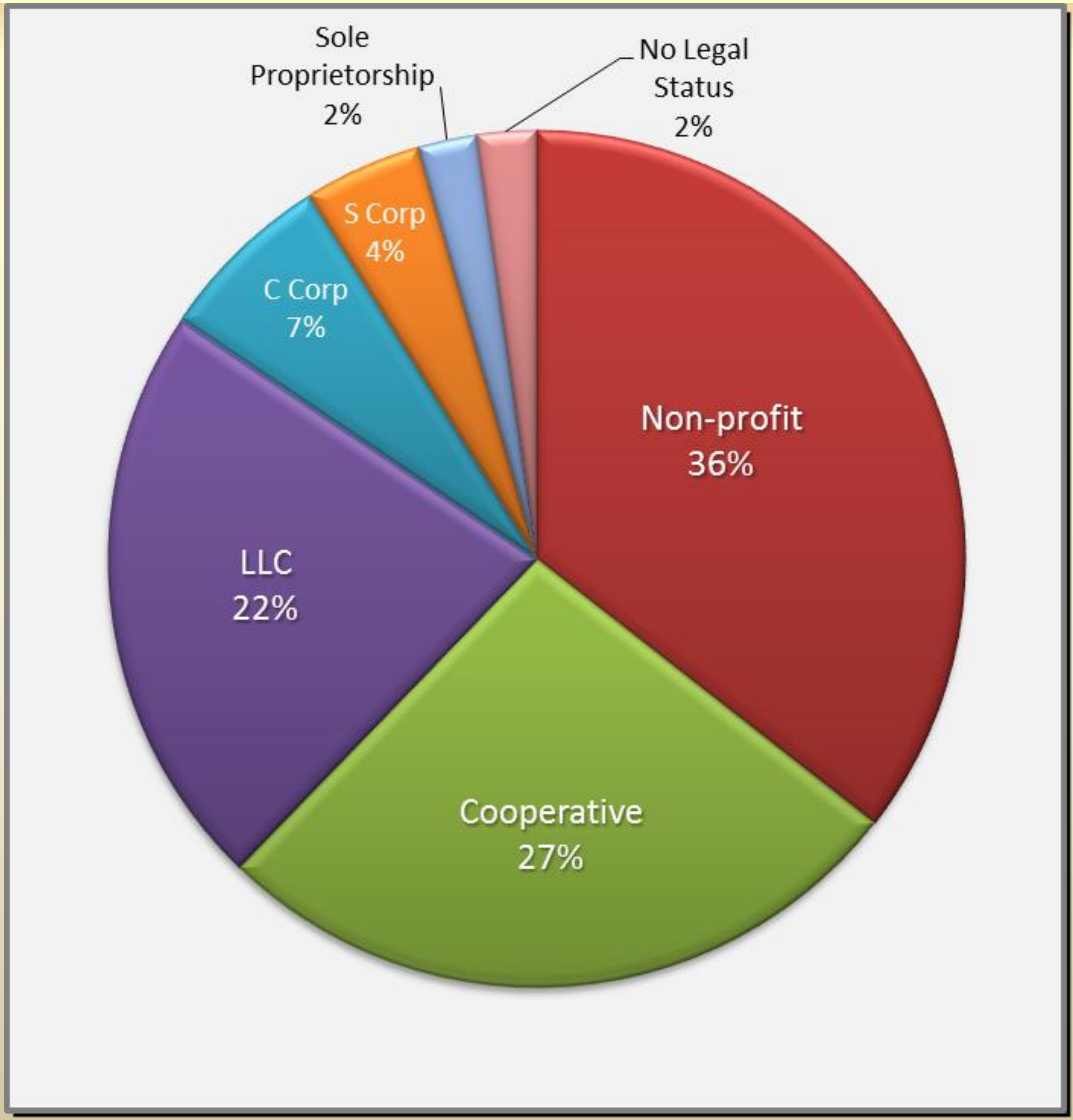
	West	Southwest	Midwest	South	Northeast	TOTAL
Sent Survey	11 (15%)	5 (7%)	22 (31%)	15 (21%)	19 (26%)	72
Completed Survey	7 (16%)	2 (4%)	13 (30%)	8 (17%)	15 (33%)	45

Lead Organizing Entity for Establishing Hub

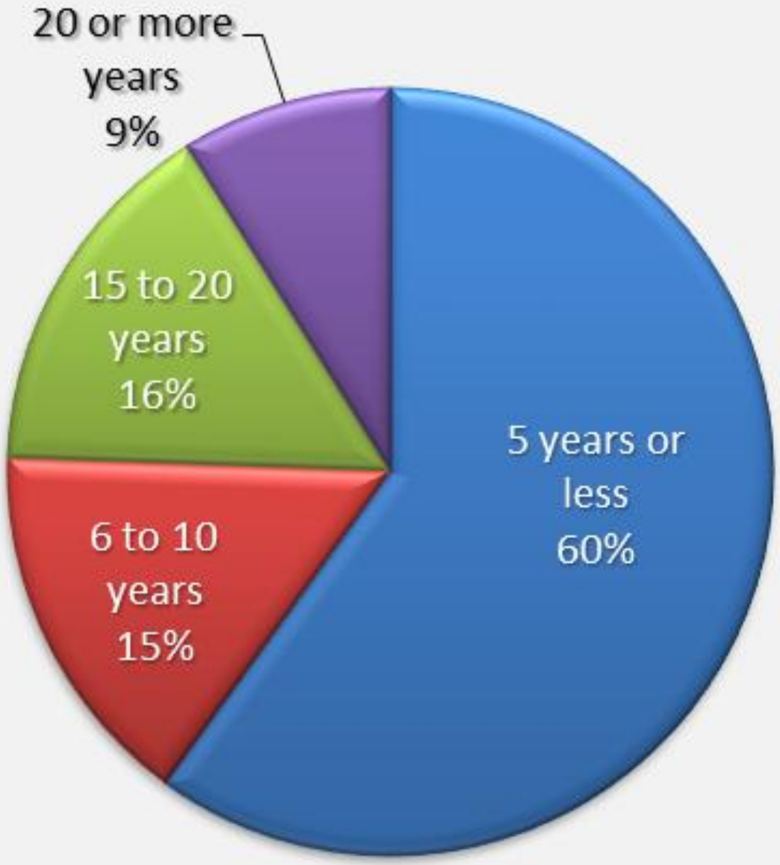


- **Entrepreneurs took the organizing lead in establishing 40% of the food hubs**
- **7 out of the 11 hubs in the “Combination” category included non-profit or public sector involvement**

Legal Status of Food Hubs

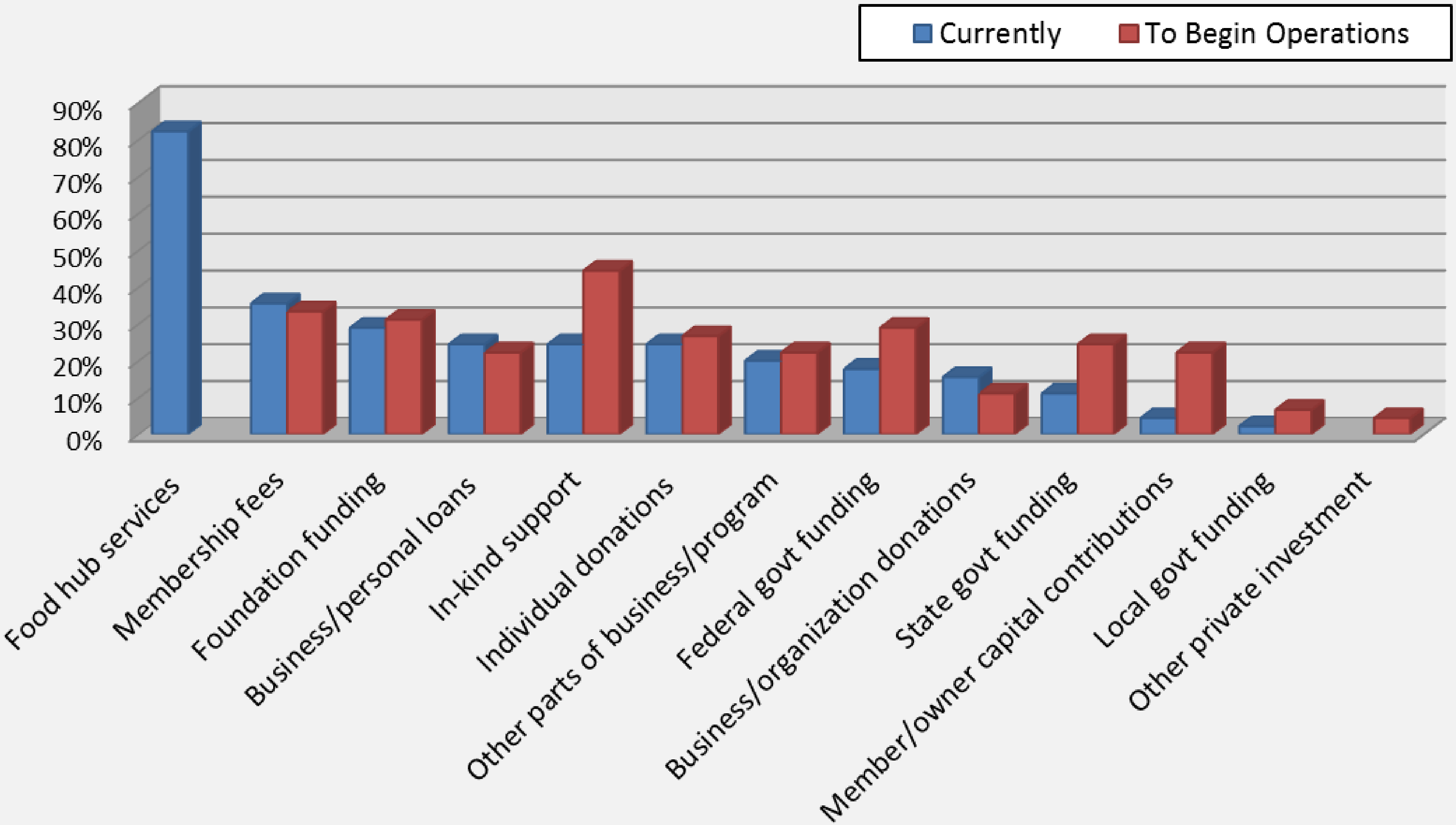


Food Hub Maturity



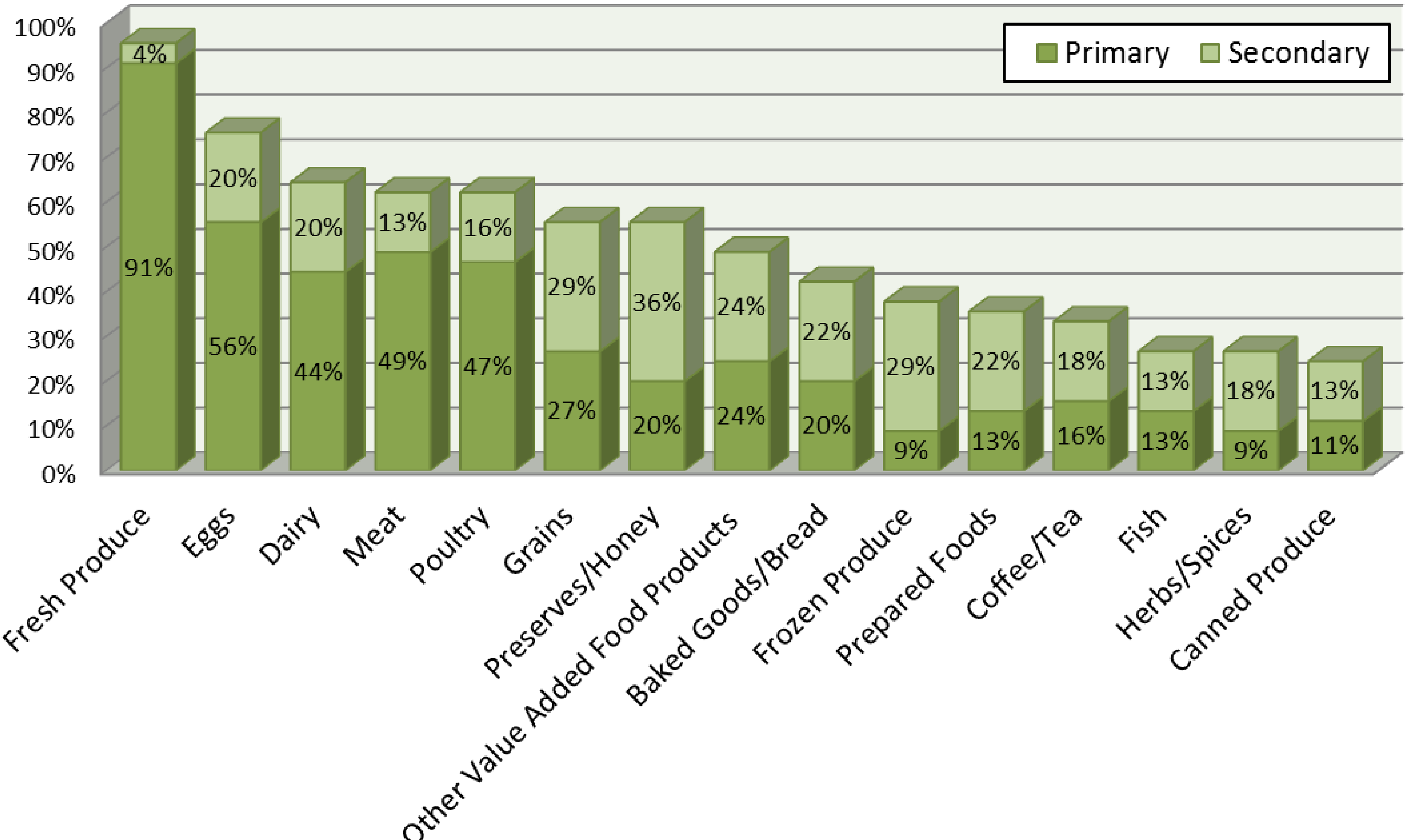
Number of Years in Operation		
Average	Median	Range
8 years	5 years	1 – 37 years

Food Hub Funding

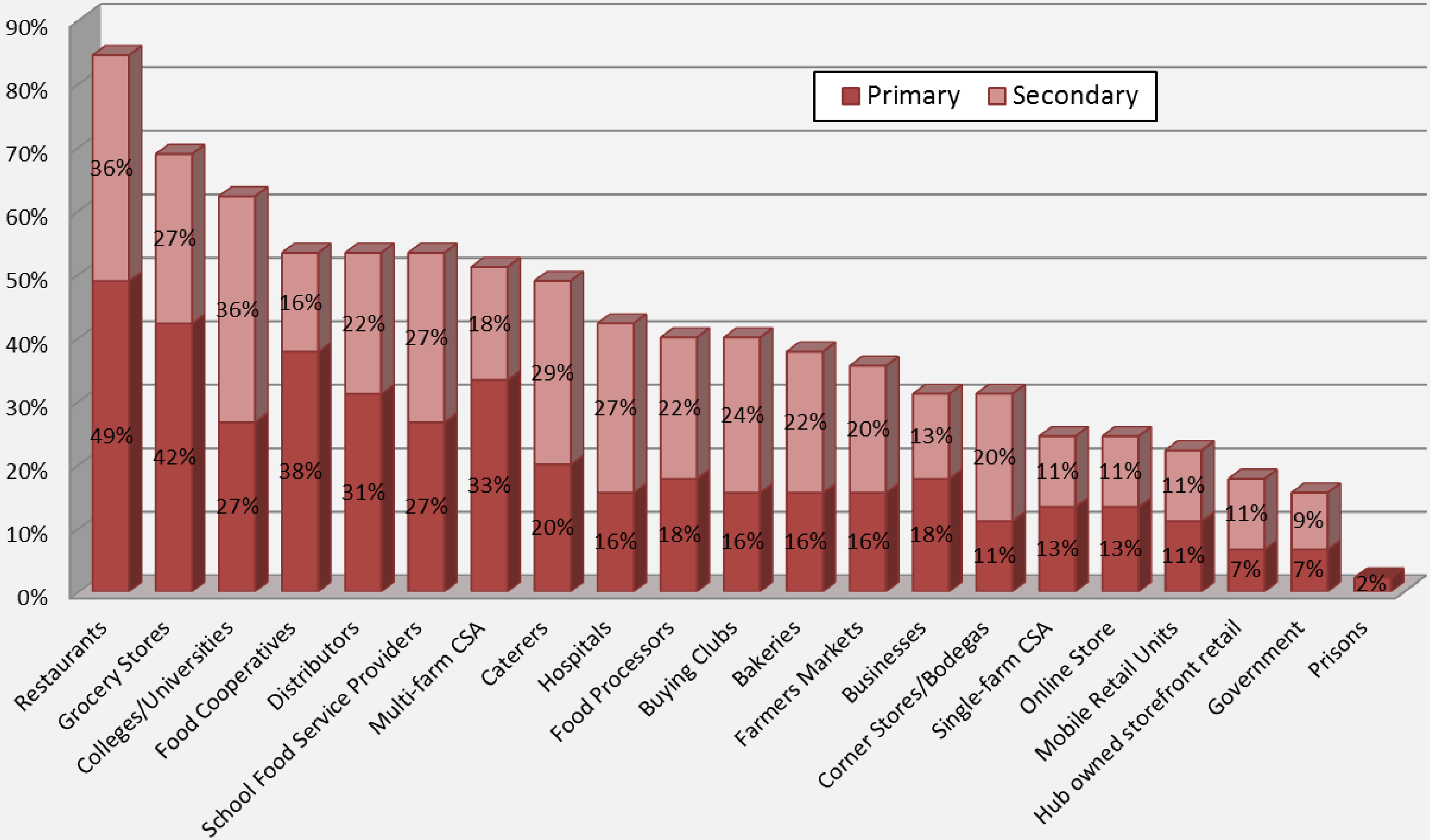


- **60% of the food hubs received govt. funding to begin operations**
- **30% of the food hubs currently receive govt. funding**

Food Product Categories Offered by Hubs



Food Hub Buyers/Customers



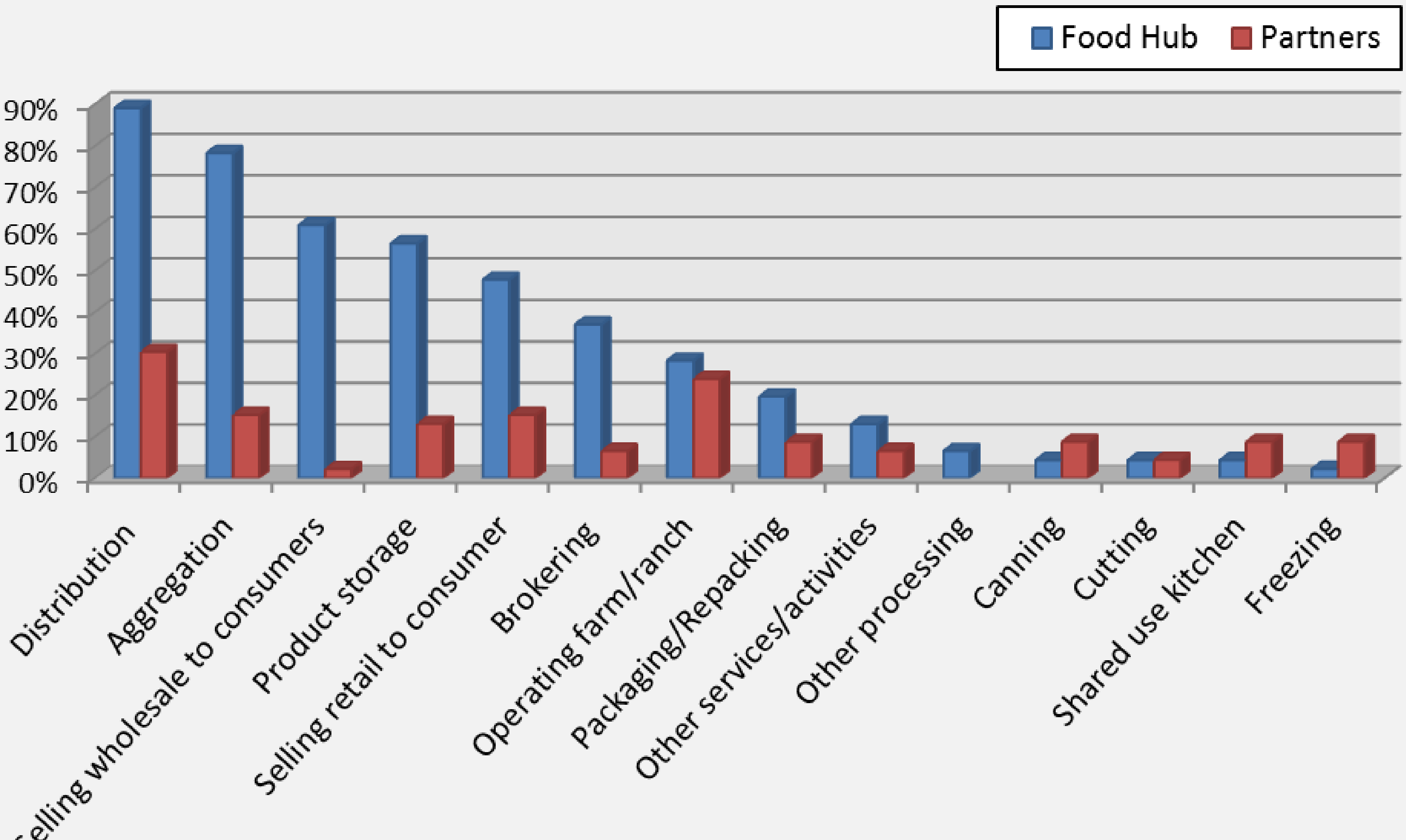
Food Hub Suppliers

Number of Food Hub Suppliers		
Average	Median	Range
77	40	4 – 450

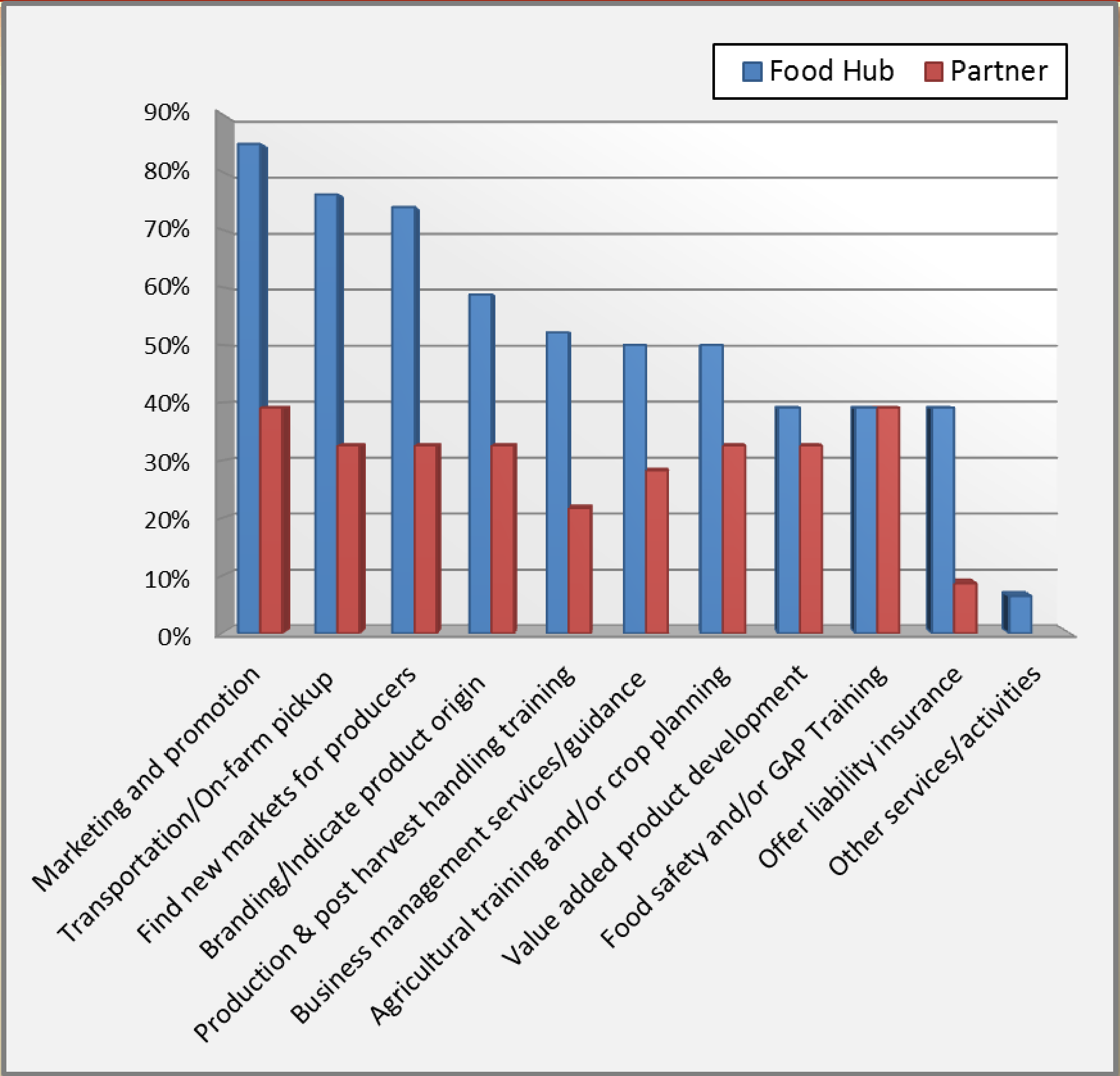
Food Hub Workforce

Food Hub Workforce	Average	Median	Range
Full-time paid	7	3	0 – 112
Part-time paid	5	3	0 – 40
Regular Volunteers	5	1	0 – 30

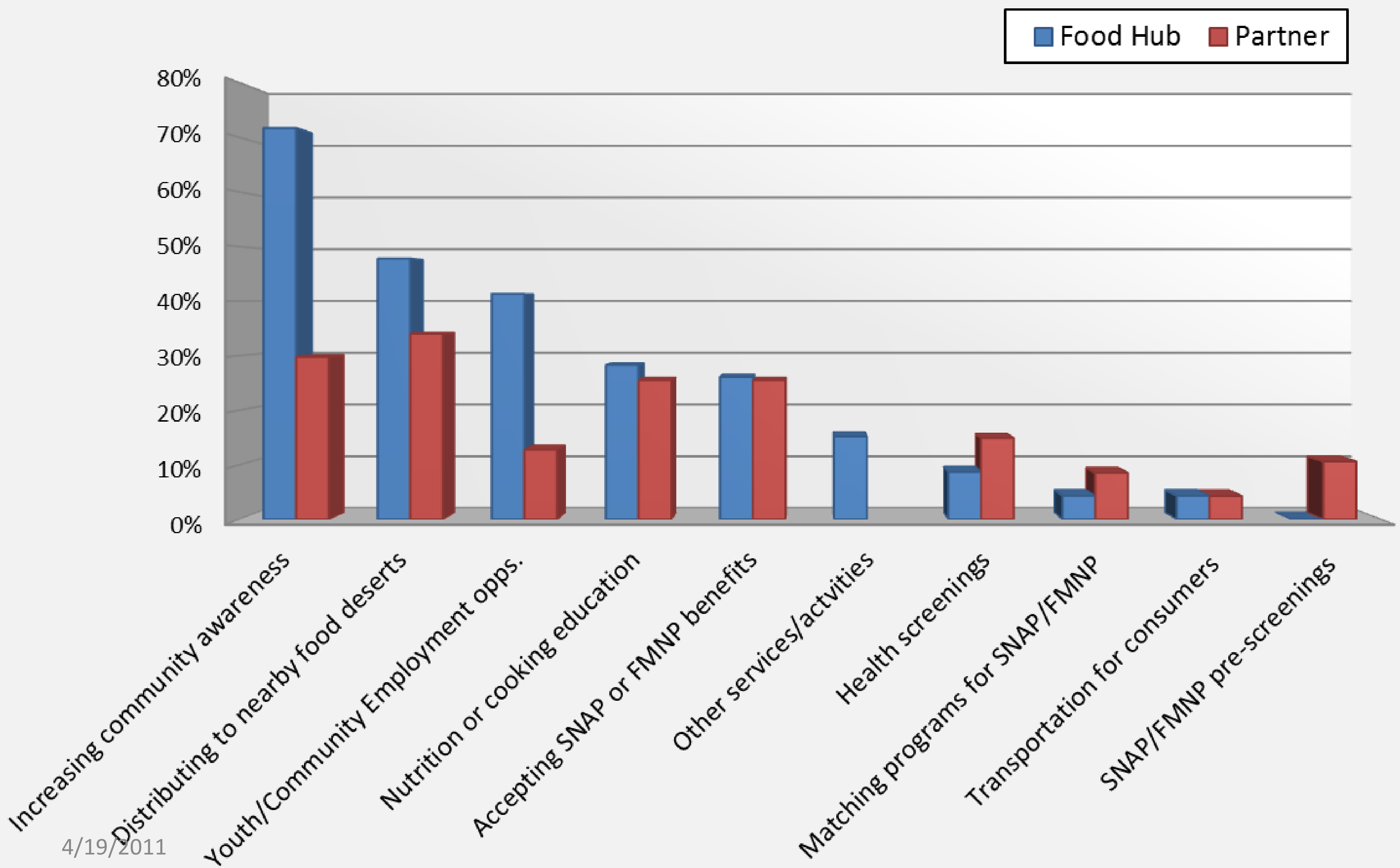
Operational Services/Activities



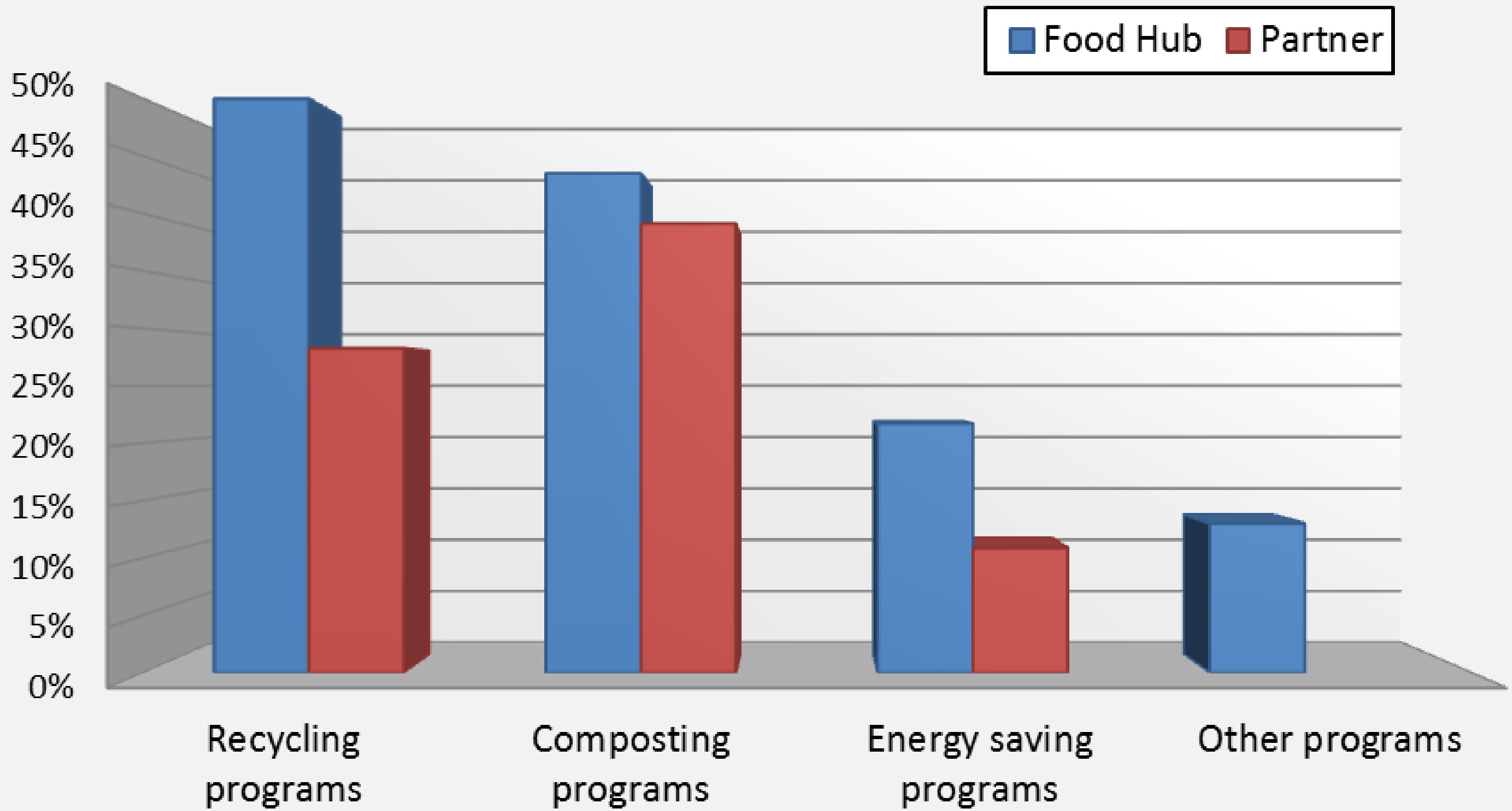
Producer Services/Activities



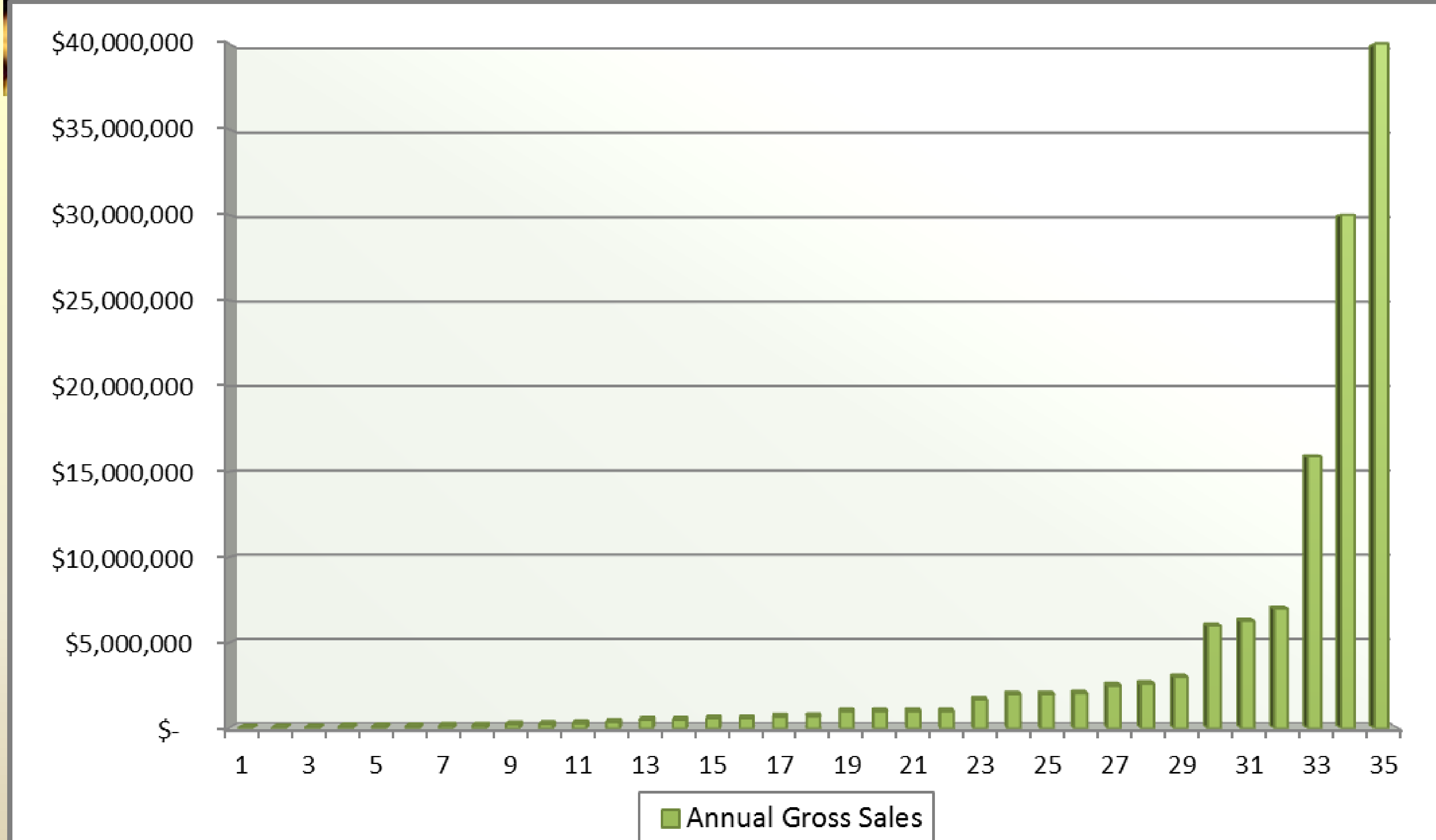
Community Services/Activities



Environmental Services/Activities



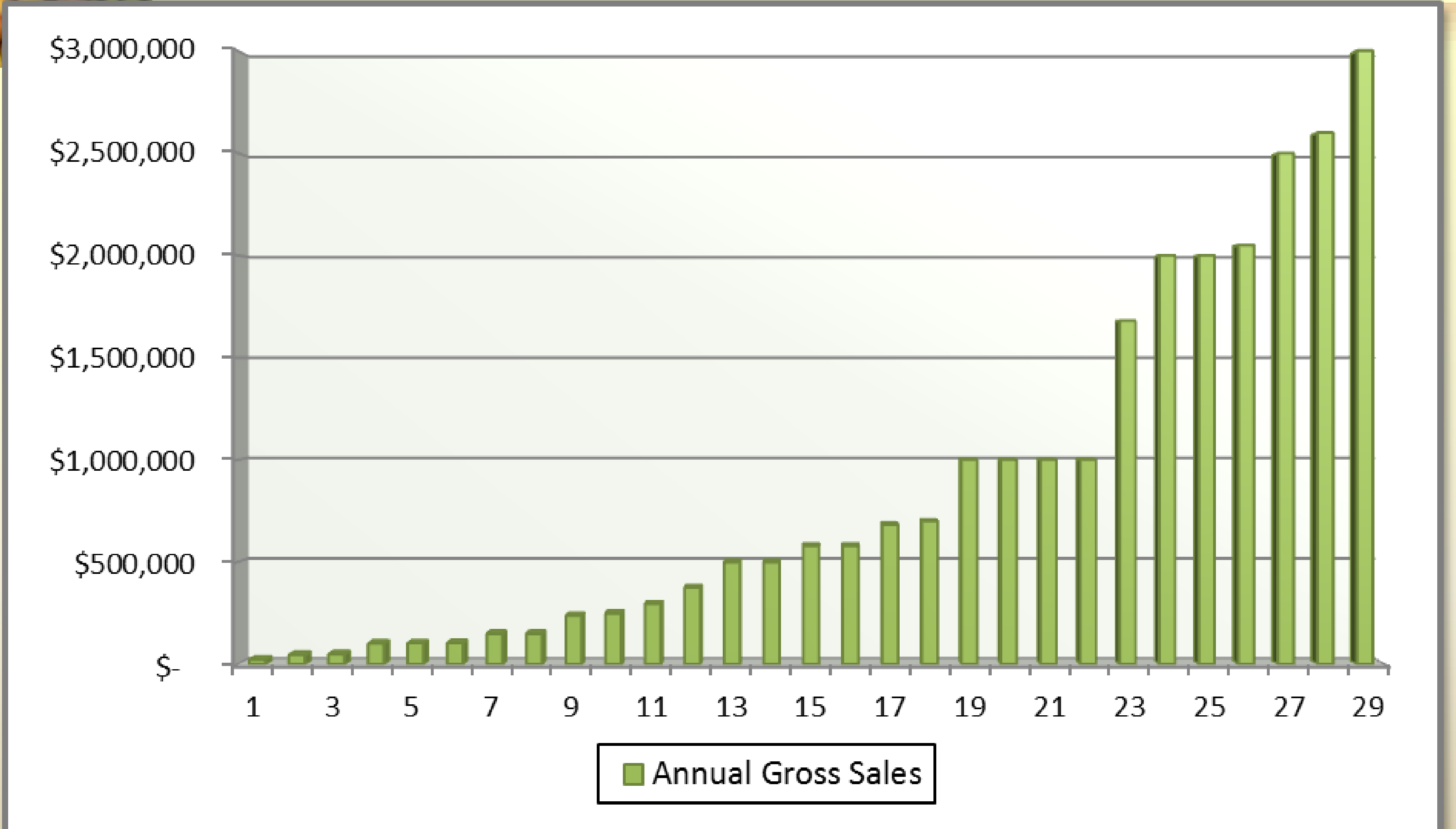
Annual Gross Sales by Food Hub for 2010



N	Ave. Sales	Median	Range
35 Food Hubs	$3.7 million	$700,000	$46,000 to $40 million

Annual Gross Sales by Food Hub for 2010

- sample of 29 food hubs grossing 3 million or less -



N	Ave. Sales	Median	Range
29 Food Hubs	$871,000	$580,000	$46,000 to $3 million

Summary of Findings
- The Archetypal Food Hub -

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

Summary of Findings
- The Archetypal Food Hub -

- **Offers a wide range of food products**, with fresh produce being its major product category, and **sells through multiple market channel**s, with restaurants being an important entry market
- **Actively involved in their community**, offering a wide range of services to both producers and consumers
- Even with **gross annual sales around $700,000**, not completely financially solvent – **relies on some external support** to cover parts of their food hub services/activities

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

Food Hub Potentials
- from one food hub survey respondent -

THEN (1989)

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

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

NOW (2010)

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

Upcoming Food Hub Findings

- **Further findings from the food hub online survey data**, such as comparing nascent food hubs to more mature operations along a number of the variables
- **Summary findings from the public market data and their role as food hubs**
- **Summary findings from the phone interviews**, which includes information on challenges and opportunities for growth, financial viability of operation, and triple bottom line impacts within their communities

The Regional Food Hub Collaboration

Second phase of collaboration:

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

KYF2 Food Hub Subcommittee

TWO MAJOR DELIVERABLES BY SEPTEMBER 2011

1) Create Regional Food Hubs Resource Guide

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

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

USDA Contact Information

Errol Bragg, KYF2 Food Hub Subcommittee Lead
Division Director – Marketing Services Division
USDA Agricultural Marketing Service
Errol.Bragg@ams.usda.gov

Jim Barham, KYF2 Food Hub Tactical Team Lead
Agricultural Economist – Marketing Services Division
USDA Agricultural Marketing Service
James.Barham@ams.usda.gov

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www.usda.gov/knowyourfarmer

Regional Food Hub Collaboration Contacts

- **Wallace Center at Winrock International**

  John Fisk, Director

  Jfisk@winrock.org
- **National Good Food Network**

  contact@ngfn.org
- **National Association of Produce Market Managers**

  Ben Vitale, President

  bvitale@cnyrma.com
- **Project for Public Spaces**

  Steve Davies, Senior Vice President

  sdavies@pps.org
- **USDA Agricultural Marketing Service**

  Jim Barham, Agricultural Economist – Marketing Services Division

  james.barham@ams.usda.gov