Regional Food Hubs:

Understanding the scope and scale of food hub operations

Preliminary findings from a national survey of regional food hubs

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“Know Your Farmer, Know Your Food”
Regional Food Hub Subcommittee Team Lead

4/19/2011
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
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
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
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
Definitions vary from narrow market efficiency functions to those related to visions of building a more sustainable food system

**Working Definition***

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

*USDA is working with its partners to refine this definition. This is NOT an official USDA definition.*
Core Components of Food Hub

1) **Aggregation/Distribution-Wholesale**
   - Drop off point for multiple farmers and a pick up point for distribution firms and customers that want to buy *source-identified* local and regional food.

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

3) **Permanent Facilities**
   - Provide the space and equipment for food to be stored, lightly processed, packed, palletized and possibly even sold under a Hub’s regional label.

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

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The Regional Food Hub Collaboration

First phase of collaboration:

- Identify existing food hubs
- Develop a greater understanding of the scope and scale of food hub operations, and their challenges and opportunities for growth, by:
  - 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.

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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

<table>
<thead>
<tr>
<th>Region</th>
<th>Count (Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>West</td>
<td>11 (15%)</td>
</tr>
<tr>
<td>Southwest</td>
<td>5 (7%)</td>
</tr>
<tr>
<td>Midwest</td>
<td>22 (31%)</td>
</tr>
<tr>
<td>South</td>
<td>15 (21%)</td>
</tr>
<tr>
<td>Northeast</td>
<td>19 (26%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>72</strong></td>
</tr>
</tbody>
</table>
# Food Hub Online Survey

**Sent Survey**
- West: 11 (15%)
- Southwest: 5 (7%)
- Midwest: 22 (31%)
- South: 15 (21%)
- Northeast: 19 (26%)
- TOTAL: 72

**Completed Survey**
- West: 7 (16%)
- Southwest: 2 (4%)
- Midwest: 13 (30%)
- South: 8 (17%)
- Northeast: 15 (33%)
- TOTAL: 45

*4/19/2011*
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.
Food Hub Maturity

<table>
<thead>
<tr>
<th>Number of Years in Operation</th>
<th>Average</th>
<th>Median</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 or more years</td>
<td></td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>15 to 20 years</td>
<td>16%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 to 10 years</td>
<td>15%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 years or less</td>
<td>60%</td>
<td></td>
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</tbody>
</table>

8 years

4/19/2011
60% of the food hubs received govt. funding to begin operations
30% of the food hubs currently receive govt. funding
Food Hub Suppliers

<table>
<thead>
<tr>
<th>Number of Food Hub Suppliers</th>
<th>Average</th>
<th>Median</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 120 Suppliers 16%</td>
<td>77</td>
<td>40</td>
<td>4 – 450</td>
</tr>
<tr>
<td>1 - 20 suppliers 29%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>81 - 120 Suppliers 16%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>41 - 80 Suppliers 15%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21 - 40 Suppliers 24%</td>
<td></td>
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</tr>
</tbody>
</table>

4/19/2011
Food Hub Workforce

<table>
<thead>
<tr>
<th>Food Hub Workforce</th>
<th>Average</th>
<th>Median</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time paid</td>
<td>7</td>
<td>3</td>
<td>0 – 112</td>
</tr>
<tr>
<td>Part-time paid</td>
<td>5</td>
<td>3</td>
<td>0 – 40</td>
</tr>
<tr>
<td>Regular Volunteers</td>
<td>5</td>
<td>1</td>
<td>0 – 30</td>
</tr>
</tbody>
</table>

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Operational Services/Activities

- Distribution
- Aggregation
- Product storage
- Selling retail to consumer
- Brokering
- Operating farm/ranch
- Packaging/Repacking
- Other services/activities
- Other processing
- Canning
- Cutting
- Shared use kitchen
- Freezing

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Producer Services/Activities

- Marketing and promotion
- Transportation/On-farm pickup
- Branding/Indicate product origin
- Find new markets for producers
- Production & post harvest handling
- Business management services/guidance
- Agricultural training and/or crop planning
- Value added product development
- Food safety and/or GAP Training
- Offer liability/insurance
- Other services/activities

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Environmental Services/Activities

- Recycling programs
- Composting programs
- Energy saving programs
- Other programs

Legend:
- Food Hub
- Partner

4/19/2011
Annual Gross Sales by Food Hub for 2010

<table>
<thead>
<tr>
<th>N</th>
<th>Ave. Sales</th>
<th>Median</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>35 Food Hubs</td>
<td>$3.7 million</td>
<td>$700,000</td>
<td>$46,000 to $40 million</td>
</tr>
</tbody>
</table>
### Annual Gross Sales by Food Hub for 2010

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

<table>
<thead>
<tr>
<th>N</th>
<th>Ave. Sales</th>
<th>Median</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>29 Food Hubs</td>
<td>$871,000</td>
<td>$580,000</td>
<td>$46,000 to $3 million</td>
</tr>
</tbody>
</table>
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 channels, 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

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**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.
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.
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.
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