



# *Regional Food Hubs:*

*Understanding the scope and  
scale of food hub operations*

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# Presentation Overview

## Regional Food Hubs

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



## 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 Subcommittee

## TWO MAJOR DELIVERABLES BY SEPTEMBER 2011

### **1) Create Regional Food Hubs Resource Guide**

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

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



# Regional Food Hub Definitions

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

## **Working Definition\***

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

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



# Core Components of Food Hub

## 1) Aggregation/Distribution-Wholesale

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

## 2) Active Coordination

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

## 3) Permanent Facilities

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

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



## Food Hub Benefits

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

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





# Local Food Hub

- Charlottesville, VA -

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





# Local Food Hub

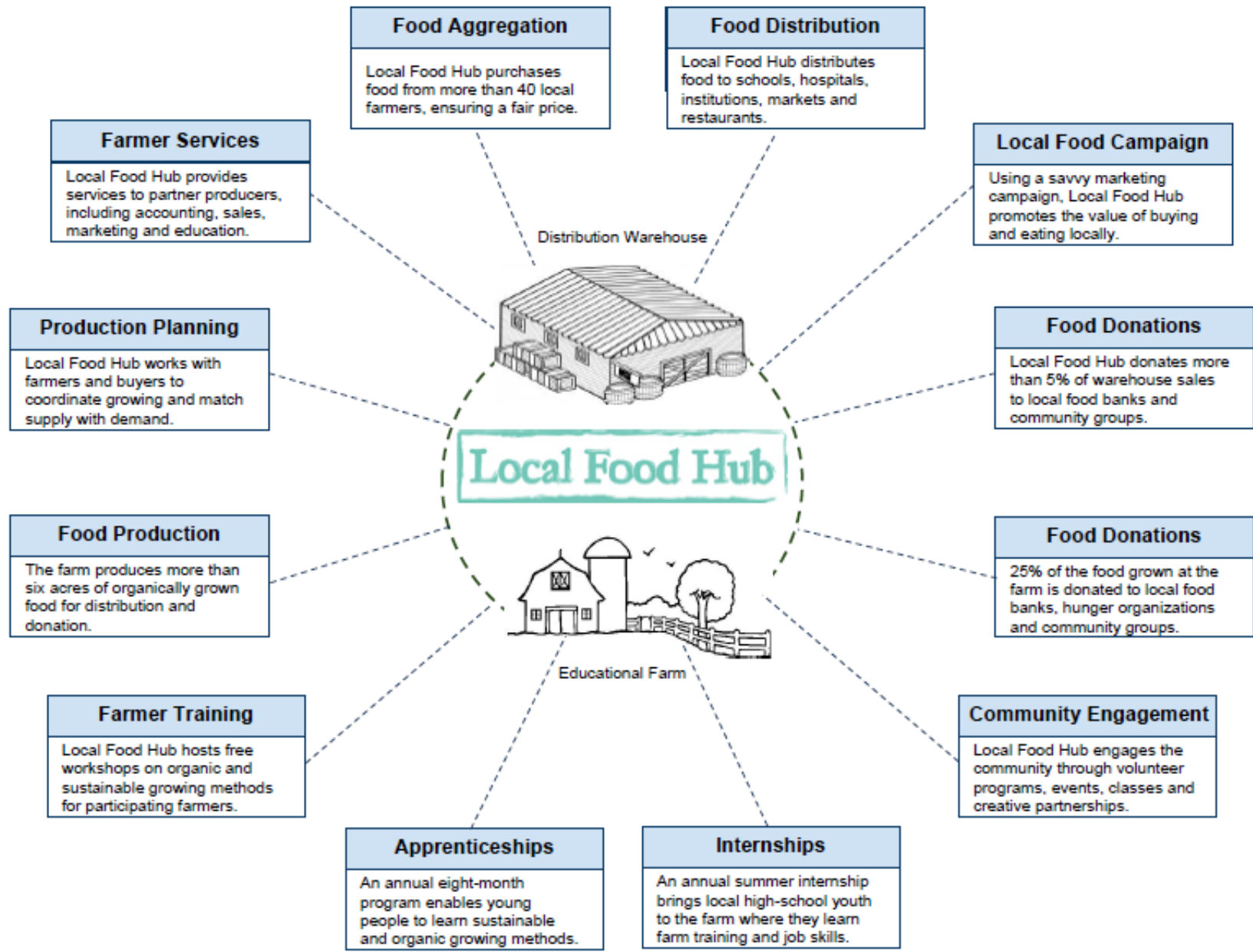
- Charlottesville, VA-

**Non-profit food hub model with two major programs:**

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



*Photos courtesy of the Local Food Hub*





# 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



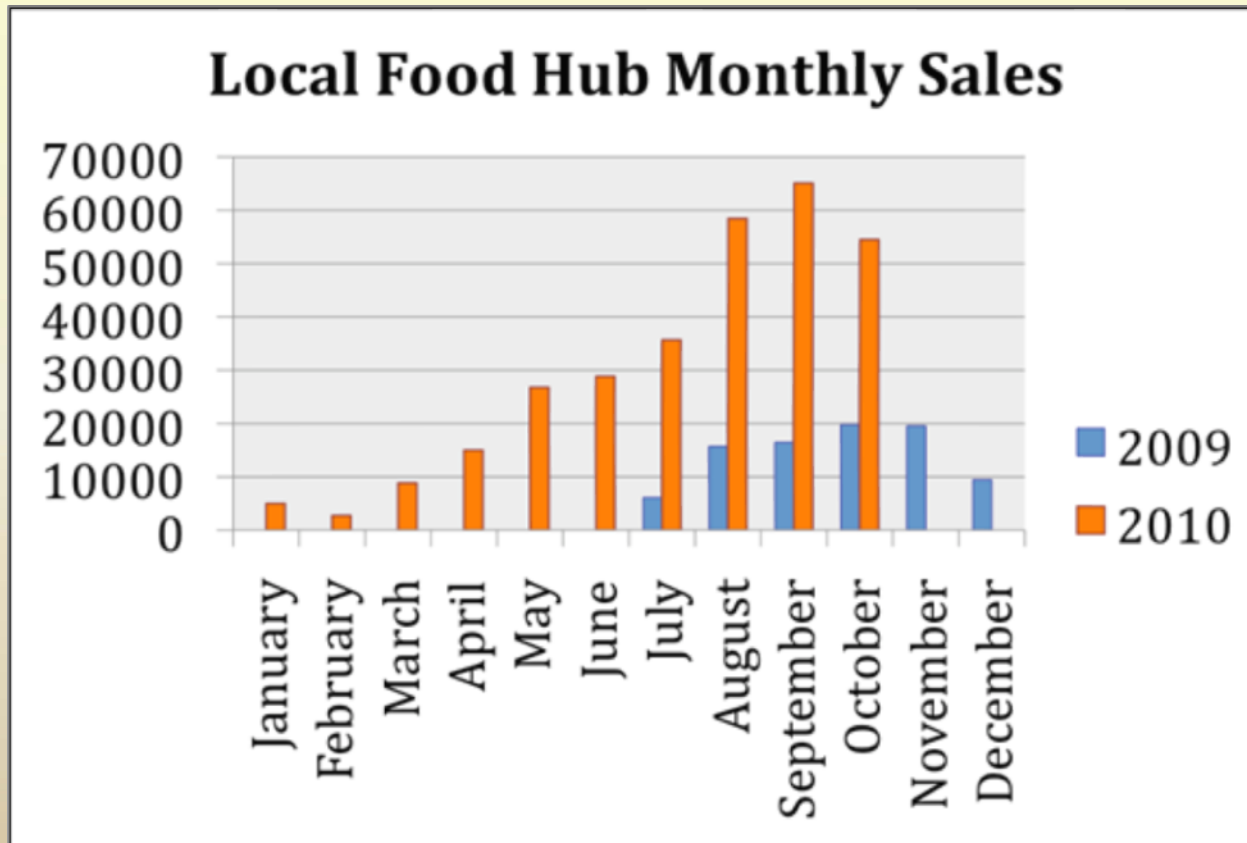
*Photos courtesy of the Local Food Hub*



# Local Food Hub

- Charlottesville, VA-

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





# “Food Hub” Model Examples

- **Non-profit driven model:** Alba Organics (CA), Intervale Center (VT), Common Market (PA), Red Tomato (MA), Appalachian Sustainable Development (VA)...
- **Producer/Entrepreneur driven model:** Grasshopper (KY), Good Natured Family Farms (KS), Tuscarora Organic Growers (PA), New North Florida Cooperative (FL), Eastern Carolina Organics (NC)...
- **Retail driven model:** La Montanita Food Coop (NM), Wedge’s Coop Partners (MN)...
- **Consumer driven model (online buying clubs):** Oklahoma Food Coop, Nebraska Food Coop, Iowa Food Coop...
- **“Hybrid” market model (wholesale/retail food markets):** Central New York Regional Market Authority (NY), Eastern Market (MI), Hunts Point Wholesale Farmers Market (NYC), Santa Monica Farmers Market (CA), “State Farmers Markets” in the Southeast and Midwest, e.g., NC, SC, MI, FL...
- **“Virtual” Food Hubs (online matchmaking platforms):** Ecotrust’s FoodHub ([www.food-hub.org](http://www.food-hub.org)), Locally Grown ([www.locallygrown.net](http://www.locallygrown.net)), Local Dirt ([www.localdirt.com](http://www.localdirt.com)), Local Orbit ([www.localorb.it](http://www.localorb.it)), Market Maker (<http://national.marketmaker.uiuc.edu>)...



# The Regional Food Hub Collaboration

## Partners include:

- Wallace Center at Winrock International, *co-lead*
- USDA Agricultural Marketing Service, *co-lead*
- USDA's "Know Your Farmer, Know Your Food" Initiative
- 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 36 “public” markets in January 2011.
- Surveys completed by Feb. 7 were included in analysis.
- 45 food hubs completed the survey (63% response rate).
- 25 “public” markets completed the survey (69% response rate).



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



# Food Hub Online Survey



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



# Food Hub Survey Key Findings

- **More than 100 food hubs are in operation** around the country, with large clusters in the Midwest and Northeast
- **Entrepreneurs took the organizing lead** in establishing 40 percent of the food hubs
- **A nascent industry:** 60 percent of the food hubs have been in operation for five years or less
- Average food hub sales are nearly **\$1 million annually**
- Food hubs employ on average **7 full-time and 5 part-time employees** with an average of **5 regular volunteers**
- **The median number of suppliers to a food hub is 40**, many of whom are small and mid-sized farmers and ranchers



# Food Hub Survey Key Findings

- **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
- **A socially driven business enterprise** with a strong emphasis on “good prices” for producers and “good food” for consumers
- **Actively involved in their community**, offering a wide range of services to both producers and consumers
- **More than 40 percent of existing food hubs are working in "food deserts"** to increase access to fresh, healthful and local products in communities underserved by full-service food retail outlets



# Food Hub Survey Key Findings

## – Economic Viability of Food Hubs –

*From follow-up phone interviews with 20 regional food hubs on their economic viability:*

- **10 Food Hubs identified themselves as economically viable, i.e., presently covering their operating costs (breaking even) or turning a profit**
- **7 Food Hubs projected they will break even in the next 1 to 3 years**

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



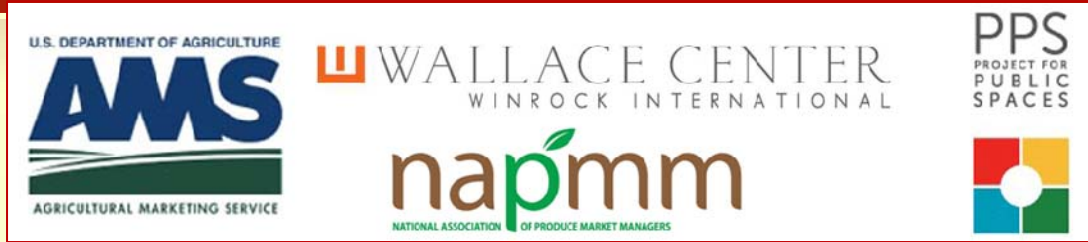
# Food Hub Survey Key Findings

## – Current Food Hub Needs –

- Volunteer labor prevalent in nascent hubs (and not sustainable)
- Hub managers want to run organization as a market-based **business** (not dependent on grants, donations, etc.)
- *How?*
  - ü **Build**  
Start-up capital and seed funding
    - Fund hubs directly
  - **Innovate**  
Pilot programs strategically grow understanding
    - Fund hub pilots with assistance from support organizations
  - ü **Communicate**  
Create illustrative business models and case studies
    - Fund support organizations to develop and disseminate these



# 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.



# Resources to Support Food Systems Work



USDA's "Know Your Farmer, Know Your Food" Website  
[www.usda.gov/knowyourfarmer](http://www.usda.gov/knowyourfarmer)

*Note: Make sure to check out the Deputy Secretary's Memos*



Resources from the "Making Good Food Work" conference in Detroit  
[www.makinggoodfoodwork.com](http://www.makinggoodfoodwork.com)

*Click on the "Conference Resources" tab and check out the "Team Dropboxes"*





# Regional Food Hub Collaboration Contacts

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