A Tale of Three Cities: Sustainable Hub Models for Food Access

How can food hubs address urban community needs such as food access and job creation while maintaining solvency?

National Good Food Network Food Hub Collaboration Conference
March 28, 2014 Presentation

Sharon Cech, Urban Environmental Policy Institute at Occidental College
Carol Coren, Cornerstone Ventures LLC
Food Hubs Play Roles in Economic Development Strategies

- **NEIGHBORHOODS**: Philadelphia’s Greensgrow Farm’s $1.15 million food hub operation has been building community in a challenged neighborhood for 17 years.

- **CITIES**: St. Louis’ *Fields Foods $15 Million Local Food Focused Neighborhood Grocery* is creating a reliable metro market for local produce, meats, dairy, beverages and specialty items that are also sold to institutions.

- **REGIONS**: Los Angeles’ NELA Food Hub Alliance will be developing a $3 million + cluster of enterprises to stimulate expansion of artisan and high tech food industry cluster in neighborhoods lying along the city’s Glendale Narrows I-5 corridor.
Philadelphia: Greensgrow Farm
GREENSGROW FARM IS ON A REMEDIATED BROWNFIELD LEASED FROM A CDC FOR A HYDROPONIC GROWING VENTURE
FOOD HUB:
Urban Farm
Nursery
Farmstand
CSA
Community Kitchen
LIFE Program
Mobile Markets
GREENSGROW PARTICIPATES IN THE ECONOMIC REVITALIZATION OF KENSINGTON NEIGHBORHOOD AS FOOD HUB OPERATOR, FARMER/FOOD PRODUCER, EMPLOYER
Greensgrow Farm sets a standard for a 5 spoke Food Hub Model

- Packing/Grading Space
- Processing Facility/Kitchen
- Refrigerated Storage
- Multifarm- CSA Packing & Distribution Facility
- Community Sanctuary Linked to Food Production &/or Retailing

Greensgrow Farmhouse is on the Street facing the Farm in a neighborhood filled with vacant lots, old buildings, unemployed, and “stories.”
Greensgrow’s Primary Revenue is CSA Sales

550 Summer Customers (six month subscription – 2014)
• Full = 24 pick ups @ $800 ($33.33/week)
• Half = 13 pick ups @ $448 ($34.46/week)

400 Winter Customers (five month subscription – 2013)
• 10 pick ups every other week Dec to April @ $400
Greensgrow Farm
Self Supporting Licensed Food Processing Kitchen:
St. Michael’s Lutheran Church Community Hall – Kensington, Philadelphia, PA
LIFE Local Initiative for Food Education, linked to Greensgrow’s nonprofit Philadelphia Project to improve access to affordable, local food for Farm neighbors.

SNAP Box Program
5-8 produce items provided weekly during June to October for monthly EBT payments of $26 payment plus $10 in Philly Buck script. Program is supplemented by the LIFE program’s nutrition education initiatives. 71 families in Kensington and Camden participated in 2013.
## 2012 Budget

### REVENUE

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<tr>
<td>Produce Sales</td>
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<tr>
<td>• CSA</td>
<td>650,000</td>
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<tr>
<td>• Nursery</td>
<td>500,000</td>
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<tr>
<td>Grants</td>
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<td>In-Kind Gifts</td>
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### EXPENSES

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<td>Personnel *</td>
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<td>COGS</td>
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### SURPLUS

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<td><strong>$105,984</strong></td>
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* Personnel:
  8 Year Round FTE and 30 + Seasonal PTE
GREENSGROW OPENS WEST PHILLY NURSERY AND FOOD HUB APRIL 2014

2012 TEST:
50,000 IN REVENUES
30,000 IN GRANT SUBSIDY
GOAL: SELF SUFFICIENT IN 3 YEARS
The St. Louis Food Hub
St. Louis, MO: Designed As Vertically Integrated Urban Agriculture Center at Lafayette Square

- Local & Farm Food Hub
- Initial Design had a 20,000 sf Rooftop Greenhouse ($ cut)
- Market Channels for Earnings Today:
  - Fields Food Store
  - 50 Schools & Restaurants

- 120 jobs
- 150 local suppliers of meats, produce, dairy, baked goods, beverages, specialty items, etc.
A Vertically Integrated Urban Agriculture Center
St. Louis Food Hub Model

- Partners with 150 local farmers, food producers and brands to deliver an inspirational shopping experience.
- Sells large selection of nutritious, locally sourced foods and delicious culinary creations to customers that care about what they eat and who grows it.
- Highlights LOCAL products with Local brand tags.
- Provides a gathering place for avid foodies and families looking for healthier more sustainable food options to experience and share their love of food.
Local Food Producers Face Market Access Challenges

• Supply
  – Do not grow enough to consistently or adequately supply larger distribution channels
  – Unable to compete with agri-business

• Insurance
  – Cannot afford to meet costly liability requirements of food merchandising and food service purchasers

• Packaging
  – Requirements often too costly and sometimes too difficult to meet on a small farm or at a small enterprise

• Logistics
  – Shipping to many customers is not efficient or economical
Urban Populations Face Ongoing Food Security Problems

• Difficult to access local, healthy, and affordable foods from farms, local food processors and regional distributors

• Hunger, malnutrition continue to increase in Food Deserts
  – 17.5% of people in St. Louis Metro area are coping with food security and hunger issues daily*

• Lack of nutrition and costs for healthy, whole foods contributes to obesity and diabetes
  – 2006 St. Louis University Study demonstrated links between the absence of supermarkets, high incidence of fast food restaurants, poverty and poor health in St. Louis neighborhoods.
Economically Challenged Urban Markets Suit Food Hubs

- Large, underserved, and sometimes subsidized consumer base
- Incentivized shoppers with and without cars
- Distressed properties
- Financial incentives
- Distribution channels
- Human Resources
- Supportive government
Food Hubs Support Economic Development Agendas

- Job creation and retention
- Increased tax base
- Improved real estate values
- Repurposing distressed properties and brownfields
- Providing programs and support to disadvantaged populations
- Improving peoples lives, financially, environmentally and physically
Win-Win

- Retail Store allows Hub to leverage the purchasing power of urban markets
  - Retailer provides needed pull for products
  - Retailer mitigates food security & justify tax credits
- Retailer educates consumers about supplier issues and educates suppliers about consumers’ preferences
- Retailers connect markets by establishing regional food hubs and providing suppliers and customers with services they need and demand
Fields Foods
Our vision is to create a store that inspires creativity and culinary adventure while providing access to a range of unique products that are healthy and affordable.
Our Aggregation and Distribution goal is to make our communities healthier, happier and more prosperous by providing the best homegrown, most nutritious foods possible.
Our Kitchen is full of creative chefs who incorporate locally grown products into flavorful meals for our retail consumers and wholesale customers.
We Are A Social Enterprise

- We are a business with Sustainable Social and Financial Performance Goals
- We combine non-profit and for-profit values in order to do good and make a difference in our communities.
- We operate in ways that help cities, towns and neighborhoods by
  - serving people,
  - sustaining the environment
  - assuring continued operations through profits
- We are Committed to Stakeholder Value as opposed to Shareholder Value
St. Louis Food Hub Social Impact

INVESTMENT: $14.25 million
- NMTC $ 4,356,500
- TIF $ 5,000,000
- Cash Equity $ 1,400,000
- Lender $ 3,500,000

RETURN = $15 million level operation by 2015
Earnings are supporting
- 120 jobs
- $2.5 M payroll
- $7.5 M economic impact on St. Louis
- $12+ M benefits small to medium size food producers’ as payments for wholesale product purchases
- Food Access within Food Deserts
- Improved Supply Chain for local farmers and food producers
120 Employees Earning Between $9 and $23 Per Hour
New Employees/ New Market for Local Suppliers and Food Producers

- 70 FTE; 50 PTE: 34 were chronically underemployed; 25 were veterans from Gulf Wars
- 4 FTEs focus on Food Hub: Manager/Sales, Driver, Stock Person, Receiver
- 150 Local Suppliers (40 Produce Growers in Winter/More in Season) in all categories
- **ALL AIM TO OFFER CUSTOMERS THE BEST IN LOCAL FOOD SHOPPING EXPERIENCES**
NORTHEAST LOS ANGELES FOOD HUB

Sharon Cech
UEPI - Occidental College
March 28, 2014
Overview

Background
- NELA Riverfront
- Collaborative
- About Los Angeles

NELA Food Hub Model
- Details of model
- Food Access
The NELA Riverfront Collaborative (NELA RC) is:

- Multi-stakeholder group
  (government/nonprofit/for-profit)

- Vision for a “NELA Riverfront District”
  - Placemaking
  - Community Economic Development – Job creation

- UEPI/Occidental’s role:
  - Feasibility study for a food hub focused on **Job Creation** & **Food Access** in the project area
WHAT MAKES LOS ANGELES UNIQUE?

1. Existing produce Industry
2. Year-round growing season
3. Size and geography
NELA Food Hub Alliance Model

- NELA Food Hub Alliance (nonprofit)
  - Regional Farmer Warehouse (Cooperative)
  - Controlled Environment Agriculture (LLC)
  - Toll Processing Facility (LLC)

**Food Hub is part owner of businesses**

**Businesses receive support and services from food hub**

**Food Hub has revenue for Food Access Programs**
**Regional Farmer Warehouse**

**Demand**
- *Regional Farmers* lack warehouse space for:
  - CSA Assembly
  - Overnight storage between LA markets

**Services**
- Looking into warehouse space:
  - Cold Storage
  - CSA Assembly
  - Truck plug-in
  - Can be shared by multiple users

**Food Hub Role**
- The food hub will support with:
  - Securing site & developing facility
  - Marketing & Technical Assistance
CONTROLLED ENVIRONMENT AGRICULTURE (CEA)

Demand
Institutions & Restaurants want product that is:
- Local
- Consistent
- High-volume
- Organic

Services
On a one-acre site, the CEA will provide:
- 350,000 lbs/yr organic
- 500,000 lbs/yr conventional
- Onsite farm stand

Food Hub Role
The food hub will support with:
- Securing site & developing facility
- Marketing & Customer Relationships
Toll Processing

Demand

*Farmers & Food Artisans* want:
- small batch
- source-verified
- access to hi-tech equipment

Services

Looking into:
- High Pressure Packaging (HPP)
- Modified Atmospheric Packaging (MAP)
- Other services

Food Hub Role

The food hub will support with:
- Securing site & developing facility
- Marketing & Customer Relationships
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Sharon Cech: Urban & Environmental Policy Institute at Occidental College, cech@oxy.edu
3 Cities - Group Exercise

1. Form Discussion Circles:
   - Urban Food Hub Operators
   - Rural Food Hub Operators

2. Intro/Presentations: Elevator Speech about your Food Hub or Planned Hub (30 Second Pitch)

3. Briefly Review/Discuss TBL Tool and Aspects of Categories its Metrics Measure

4. Choose one Food Hub Proponent in Group

5. Discuss Selected Food Hub’s Development and Business Plan in terms of:
   - Investment Dollars and Effort Needed
   - ROI in terms of
     - Industry, Jobs, Wages
     - Construction and Operations
     - Place-making and Accessibility
     - Governance

www.tbltool.org
Triple Bottom Line Accounting, is being used by corporations to give weight and value to business decisions’ economic costs and advantages, as well as to their environmental and social effects. Economic/Social/Governance – ESG Factors have been shown to impact performance and profit. The TBL Tool provides similar metrics for Economic Development Professionals.

* The Triple Bottom Line Tool was Developed by a team led by Dr. Janet Hammer. It was tested at Portland State University with EDA grant support in 2012 and is available for review at [www.tbltool.org](http://www.tbltool.org). Logo is a registered brandmark for TBL Tool