Regional Food Hubs:

Understanding the scope and scale of food hubs and “public” markets

Preliminary findings from a national survey

A project of the Food Hub Collaboration

NAPMM Annual Conference
Columbia, SC – April 16th, 2011
Regional Food Hubs

- USDA’s “Know Your Farmer, Know Your Food” (KYF2) Initiative
- KYF2 Regional Food Hub Subcommittee
- Regional Food Hub Definition and Components
- Background on Food Hub Collaboration
- Findings from NAPMM Stakeholder Meeting
- Findings from “Public” Market Portion of 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
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
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.
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
“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 (FL), Eastern Carolina Organics (NC)...

- **State driven models:** Many “State Farmers Markets” in the Southeast and Midwest, e.g., NC, SC, MI, FL...

- **“Hybrid” market models (wholesale/retail markets):** Central New York Regional Market Authority (NY), Eastern Market (MI), Hunts Point Wholesale Farmers Market (NYC), Santa Monica Farmers Market (CA)...

- **“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:
  - Carrying out focus groups with industry stakeholder groups
  - 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.
Members of the Food Hub Collaboration team conducted a **stakeholder focus group with approximately 30 members** of the National Association of Produce Market Managers (NAPMM) on November 3, 2010.

**Objective:** To understand what food hub-related activities these markets are currently engaged in and the opportunities and challenges they see for operating as food hubs.
Markets are involved in a wide range of activities, including:

- Finding new markets for producers
- Product processing/storage
- Community services
- Education programs
- Quality control
- Marketing/certification, and more

Services are implemented by:

- Market Managers
- Tenants: farmers, wholesalers, and value-added producers
- Market Partners: social service agencies, non-profit organizations, government agencies, health care groups, and community groups
Several opportunities and related challenges/needs were identified when discussing wholesale markets emerging role in food hub-related activities.

The most prominent opportunities included:

- Utilize “public” markets for increased aggregation and distribution of regional and local food products
- Raise visibility of and rehabilitate the image of “public” markets as key players in creating more robust regional food systems
- Utilize “public” markets as a way to increase healthy food access in neighborhoods of need
Opportunity

- Utilize “public” markets for increased aggregation and distribution of regional and local food products

Challenges

- Insufficient infrastructure
- Skepticism that buyers will not want to pay a higher price for local or regional product
- Concern among producers that wholesale markets have a reputation for not providing a fair price
- Concern that wholesale markets would be unable to offer a sufficient year-round supply of regional and local offerings due to seasonality constraints
- Lack of access of small farmers to aggregation and distribution channels
Opportunity

- Utilize “public” markets for increased aggregation and distribution of regional and local food products

Needs

- Closed loading docks, additional storage space, and temperature control systems
- Space and equipment for processing, packing, and packaging product
- Consumer data showing willingness of consumers to pay a premium for local/regional product
- Producer and market manager education and training on season extension techniques
- Education and support for producers to meet wholesalers packaging requirements and the demands of buyers
Opportunity

- Utilize “public” markets for increased aggregation and distribution of regional and local food products

Needs continued

- GAP certification assistance for producers to meet this growing requirement
- Sub-aggregation points for farmers to better access the aggregation points and distribution channels
Opportunity

- Raise visibility of and rehabilitate the image of “public” markets as key players in creating more robust regional food systems

Challenges

- Lack of awareness among consumers and producers of the value markets can play in linking local producers to market opportunities.
- Markets do not have the branding, marketing, or tracking systems in place to market or quantify locally/regionally identified product
Opportunity

➢ Raise visibility of and rehabilitate the image of “public” markets as key players in creating more robust regional food systems

Needs

▪ Social and economic impact assessments of markets to attract financial support

▪ Improved communications and messaging across the supply chain about what wholesale markets have to offer

▪ Systems to market, track, and verify local product

▪ Training for tenants for better marketing of product

▪ Increased product offerings such as fresh cut produce and packaged foods
Opportunity

- Utilize “public” markets as a way to increase healthy food access in neighborhoods of need

Challenges

- Lack of funding
- Creating infrastructure that is appropriate for the neighborhood
- Concern over higher price of local product and how to price in disadvantage markets
Opportunity

- Utilize “public” markets as a way to increase healthy food access in neighborhoods of need

Needs

- A retail component for markets that are currently strictly wholesale
- Providing a mobile market component to reach areas with low access as an alternative to creating additional stationary infrastructure
- Stakeholder involvement including government and neighborhood support
- Delivery and distribution systems so that producers can reach wholesale, food service and retail store markets in areas of low access.
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.
Preliminary Findings from “Public” Markets*

“Public” Market Survey

- Online survey was sent to 36 “public” markets in January 2011.
- Surveys completed by Feb. 7 were included in analysis.
- 25 “public” markets completed the survey (69% response rate).

* This presentation of preliminary findings is subject to revision as further analysis is completed.
“Public” Market Online Survey

<table>
<thead>
<tr>
<th>Region</th>
<th>Sent Survey</th>
<th>Completed Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>West</td>
<td>5 (14%)</td>
<td>5 (20%)</td>
</tr>
<tr>
<td>Southwest</td>
<td>3 (8%)</td>
<td>3 (12%)</td>
</tr>
<tr>
<td>Midwest</td>
<td>8 (22%)</td>
<td>5 (20%)</td>
</tr>
<tr>
<td>South</td>
<td>8 (22%)</td>
<td>5 (20%)</td>
</tr>
<tr>
<td>Northeast</td>
<td>12 (33%)</td>
<td>7 (28%)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>36</td>
<td>25</td>
</tr>
</tbody>
</table>
“Public” Market Types

- Wholesale (Retail): 20% (5)
- Retail (Outdoor): 32% (8)
- Retail (Indoor): 20% (5)
- Wholesale /Retail: 28% (7)
“Public” Market Maturity

- < 5 yrs (3) 12%
- 6-11 yrs (6) 24%
- 12-29 yrs (0) 0%
- 30-50 yrs (4) 16%
- 51-90 yrs (5) 20%
- 91+ yrs (7) 28%
## Maturity by Market Type

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Wholesale</th>
<th>Wholesale/Retail</th>
<th>Retail/Indoor</th>
<th>Retail/Outdoor</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 5</td>
<td>14%</td>
<td>0%</td>
<td>0%</td>
<td>67%</td>
<td>100%</td>
</tr>
<tr>
<td>6-11 yrs</td>
<td>0%</td>
<td>33%</td>
<td>17%</td>
<td>50%</td>
<td>100%</td>
</tr>
<tr>
<td>30-50 yrs</td>
<td>14%</td>
<td>25%</td>
<td>0%</td>
<td>50%</td>
<td>100%</td>
</tr>
<tr>
<td>51-90 yrs</td>
<td>43%</td>
<td>40%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>&gt;91</td>
<td>0%</td>
<td>29%</td>
<td>57%</td>
<td>14%</td>
<td>100%</td>
</tr>
</tbody>
</table>
Legal Status

- **Non-profit** (14) 56%
- **City/State Agency** (8) 32%
- **C-Corp** (1) 4%
- **Partnership** (2) 8%
# Legal Status by Market Type

<table>
<thead>
<tr>
<th>Legal Status</th>
<th>Wholesale</th>
<th>Wholesale /Retail</th>
<th>Retail /Indoor</th>
<th>Retail /Outdoor</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Profit</td>
<td>7%</td>
<td>21%</td>
<td>50%</td>
<td>21%</td>
<td>100%</td>
</tr>
<tr>
<td>City/State</td>
<td>13%</td>
<td>50%</td>
<td>13%</td>
<td>25%</td>
<td>100%</td>
</tr>
<tr>
<td>C-Corp</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Partnership</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
</tbody>
</table>
The government agencies are running these more mature markets.

Non-profits have long lasting presence and are the preferred legal status of emerging markets.

The period that enterprise and partnerships emerged mark changing economic trends of the U.S. food systems from public to private ownership.

<table>
<thead>
<tr>
<th></th>
<th>&lt; 5</th>
<th>6-11 yrs</th>
<th>30-50 yrs</th>
<th>51-90 yrs</th>
<th>&gt;91</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Profit</td>
<td>12%</td>
<td>24%</td>
<td>4%</td>
<td>0%</td>
<td>16%</td>
<td>56%</td>
</tr>
<tr>
<td>City/State</td>
<td>0%</td>
<td>0%</td>
<td>8%</td>
<td>12%</td>
<td>12%</td>
<td>32%</td>
</tr>
<tr>
<td>C-Corp</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>4%</td>
<td>0%</td>
<td>4%</td>
</tr>
<tr>
<td>Partners</td>
<td>0%</td>
<td>0%</td>
<td>4%</td>
<td>4%</td>
<td>0%</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td>12%</td>
<td>24%</td>
<td>16%</td>
<td>20%</td>
<td>28%</td>
<td>100%</td>
</tr>
</tbody>
</table>
Operational Services & Activities

- Packaging/Repacking
- Product Storage
- Cutting
- Other Processing
- Canning
- Freezing
- Shared Use Kitchen
- None of the Above

- Managers
- Tenants
- Partners
Producers Services & Activities

- Managers
- Tenants
- Partners

Bar chart showing distribution of services and activities among different categories.
Community Services & Activities

- Nutrition/Cooking edu.
- Community awareness
- Accepting SNAP/FMNP
- Employ Youth/community
- Distribution to food deserts
- Matching SNAP/FMNP
- Health screenings
- Consumer transportation
- SNAP/FMNP sign-up
- None of the Above
Environmental Services

- Recycling programs
- Composting programs
- Energy saving programs
- None of the Above
Funding Sources

- Tenant Rents: 100%
- Grants: 52%
- Local Gov't Funding: 28%
- State Gov't Funding: 36%
- Fed Gov't Funding: 20%
- Org. Donations: 32%
- Ind. Donations: 36%
- Other: 28%
Market Income

**TENANT RENTS**
- Flat fee
- Percent sales

**OTHER INCOME**
- Merchandise
- Parking
- Gate Fees
- Special Events
- Service Fees (e.g. packaging)
### Market Size*

<table>
<thead>
<tr>
<th></th>
<th>Wholesale</th>
<th>Wholesale /Retail</th>
<th>Retail /Indoor</th>
<th>Retail /Outdoor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tenants</strong> (ex. crafts)</td>
<td>15 - 35</td>
<td>92 - 300</td>
<td>60 - 150</td>
<td>29 - 175</td>
</tr>
<tr>
<td><strong>Indoor</strong> (sq ft)</td>
<td>175,000 - 500,000</td>
<td>3,800 - 200,000</td>
<td>10,000 - 78,000</td>
<td></td>
</tr>
<tr>
<td><strong>Outdoor</strong> (# stalls)</td>
<td>83 - 400</td>
<td></td>
<td></td>
<td>4 - 80</td>
</tr>
</tbody>
</table>

- **Retail/Outdoor**: Space sometimes described using city blocks as unit.

*Variable responses, rough approximation
Vendor Income

<table>
<thead>
<tr>
<th></th>
<th>Wholesale</th>
<th>Wholesale /Retail</th>
<th>Retail /Indoor</th>
<th>Retail /Outdoor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unknown</td>
<td>3</td>
<td>5</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Estimated</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Known</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

- **Strategies:**
  - Annual application
  - At market: weekly or monthly
  - Wholesale: report packages sold, calculate market price
  - Estimate: Customer & vendor surveys

- **Range:** $185,000 – $100,000,000
## Funding by Legal Status

<table>
<thead>
<tr>
<th>Legal Status</th>
<th>Tenant Rents</th>
<th>Grants</th>
<th>Local Gov’t</th>
<th>State Gov’t</th>
<th>Federal Gov’t</th>
<th>Org. Donations</th>
<th>Ind. Donations</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Profit</td>
<td>100%</td>
<td>79%</td>
<td>36%</td>
<td>43%</td>
<td>36%</td>
<td>57%</td>
<td>57%</td>
<td>29%</td>
</tr>
<tr>
<td>City /State</td>
<td>100%</td>
<td>25%</td>
<td>25%</td>
<td>38%</td>
<td>0%</td>
<td>0%</td>
<td>13%</td>
<td>25%</td>
</tr>
<tr>
<td>C-Corp</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Partners</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>50%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>52%</strong></td>
<td><strong>28%</strong></td>
<td><strong>36%</strong></td>
<td><strong>20%</strong></td>
<td><strong>32%</strong></td>
<td><strong>36%</strong></td>
<td><strong>28%</strong></td>
</tr>
</tbody>
</table>
### Full-time Market Workforce

#### Distribution

- **None** (14%)
- **1-5** (41%)
- **6-10** (18%)
- **11-20** (18%)
- **21-100** (9%)

#### Workforce Levels

<table>
<thead>
<tr>
<th></th>
<th>Full-time</th>
<th>Part-time/seasonal</th>
<th>Regular Volunteers</th>
<th>One/two-time Volunteers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AVERAGE</strong></td>
<td>11</td>
<td>3</td>
<td>17</td>
<td>22</td>
</tr>
<tr>
<td><strong>MEDIAN</strong></td>
<td>5</td>
<td>3</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td><strong>RANGE (MIN)</strong></td>
<td>0-94</td>
<td>0-7</td>
<td>0-100</td>
<td>0-100</td>
</tr>
</tbody>
</table>
Successes

- Partnerships: City, Colleges, Health centers
- Favorable rezoning
- Customer transportation solutions
- Dedicated staff
- Community volunteers
- Attractive improvements
- Media attention
- Interest from the public
Future Development Goals

- Expansion & Renovation: “Green” and handicap accessible improvements
- Processing Facility
- Kitchen
- Agro-tourism
- Increase outreach and education activities
- Season extension/winter market
- Farms for training farmers
Challenges

- Competition/deceit from non-farmers
- Funding for capital improvements
- Succession planning of leadership
- Space: to expand, ownership, safety
- Lack of data
- Fear of reporting sales
- Well intentioned regulators w/o farm knowledge
- Transportation
- Underage of available produce
The Role of “Public” Markets
– A Mission Map –

For Market & Managers
- Be a leading center for accessing quality food
- Strengthen link between urban to rural mutual dependency
- Preserve financial viability of the markets
- Provide needed services to improve business opps.

For Vendors
- Safe space
- Affordable space
- Conduct business efficiently & effectively

For Farmers
- Preserve land by supporting local products
- Be a resource to farmers for expanding agriculture
- Supporting small farmers

For Community
- Safe, attractive space for building community
- Preserve community character and celebrate culture
- Provide practical education for a healthy community
- Improve accessibility to market and its products
Providing services

Receiving funding and in-kind support

Market size and capacity vary widely

**Clarity needed:** Local sourcing, manager-vendor climate, local policy impacts, management activities

**Next steps:**
- Sharing wisdom and experience
- Explore collaboration as regional food hubs => elevate regional agriculture/community/economy
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, convennings, webinars, online communities, hub-to-hub mentoring, etc.
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