



Regional Food Hubs:

*Linking producers to
new markets*

May 20, 2010

Presentation Overview



Regional Food Hubs

- Definition & Core Components
- Food Hub Example
- Lessons Learned
- Maps of Existing and Potential Food Hubs
- USDA's Role



Regional Food Hub Definitions

Definitions vary from narrow market efficiency functions to those related to visions of building a diversified food culture

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.



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-verified 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

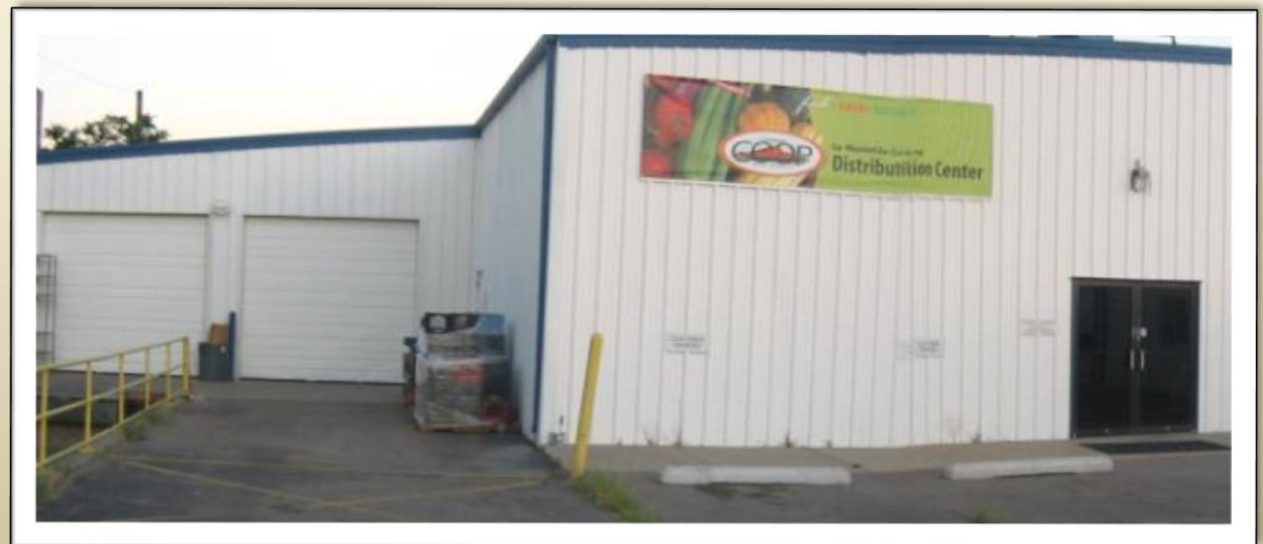
Regional Food Hubs provide an integrated approach with many potential benefits, including:

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



La Montanita Co-op Food Market - A Food Hub Example -

- 15,000 member food co-op with four retail store locations in New Mexico - with locations in Albuquerque, Santa Fe, and Gallop
- In 2006, invested \$150,000 in a renovating a warehouse and leasing trucks to assist regional growers with distribution and wholesale market coordination





La Montanita Food Hub Services

- **Provide market outlet** for growers at their food coop stores, as well as actively link growers with other wholesale buyers/markets
- **Distribution services** with on farm or designated pick up spots for delivery to La Montanita store locations and other retail outlets
- **Bulk purchase inputs/farm supplies** for growers (including ingredients for value added producers, like organic sugar)
- **Provide storage space** for value added producers at warehouse
- **Provide business development services** to regional growers – increase their capacity to meet wholesale demand

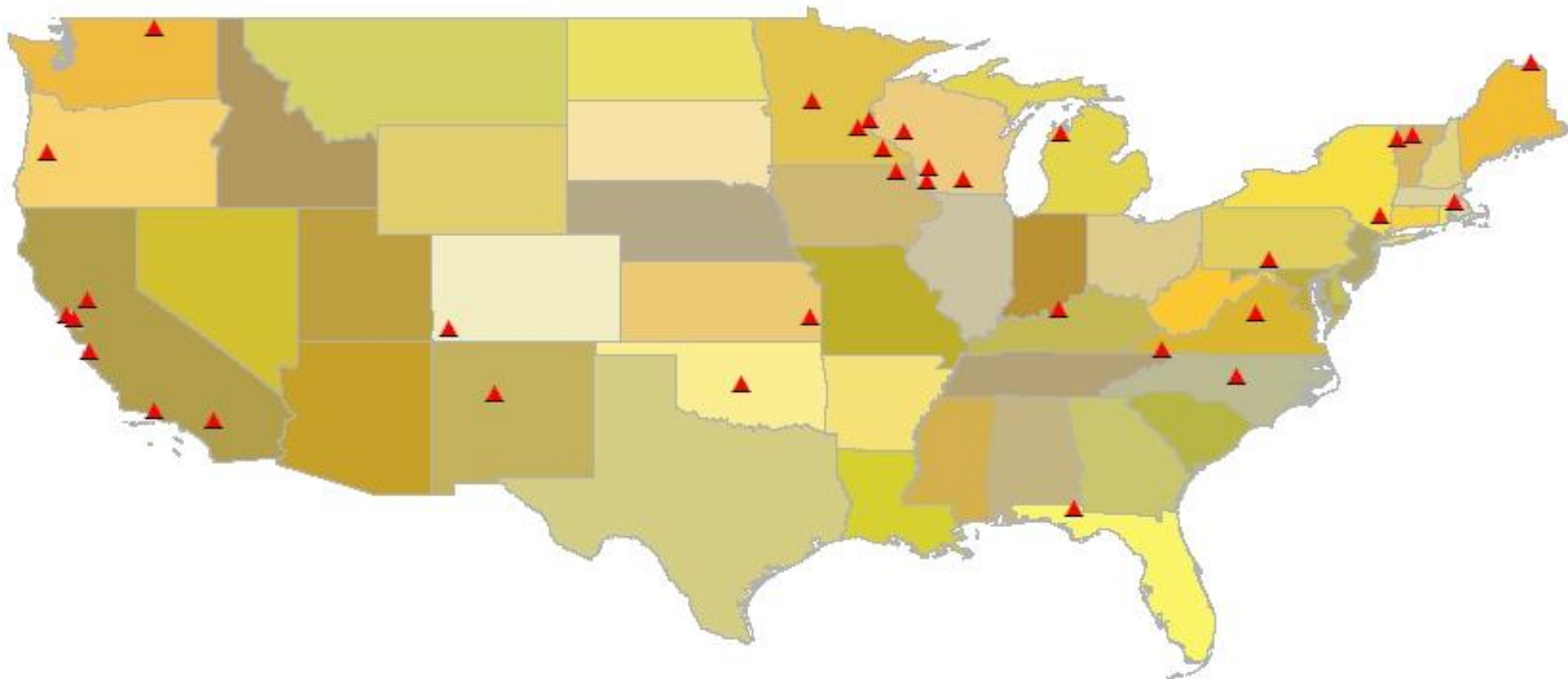


La Montanita Food Hub Progress

- The Co-op currently stocks and sells over **1,100 products** purchased from **nearly 500 local growers and producers**, at a value of more than **\$2.7 million** annually
- Co-op is also **regional distributor for national brands** (e.g., Organic Valley) –crucial for covering overhead costs of maintaining warehouse, local distribution
- By the end of the 2008 produce season, the Food Hub had already **reached its break-even point** (projected at 150K/mo)
- The **warehouse has exceeded its capacity** and they are now looking for a larger facility. Currently identifying **“satellite” food hubs** in rural areas to serve as aggregation points



Coordinated Food Hubs





What have we learned so far?

- In most cases, the physical and “virtual” infrastructure is already in place, with an unmet demand for locally and regionally grown products

- **What is needed?**
 - Start-up capital to renovate facilities for aggregation, storage, packing, light processing, and distribution

 - Working capital for business management systems to coordinate supply chain logistics (e.g., grower-buyer transactions, aggregation, distribution, and marketing)

 - Enterprise development training and technical assistance to increase grower capacity to meet wholesale buyer requirements (volume, quality, packaging, food safety, etc.)



Potential Food Hub Sites with existing infrastructure

- **“Hybrid” Markets** (combined wholesale/retail)
- **Shipping-point Markets**
- **Wholesale/Terminal Produce Markets**



Hybrid Market

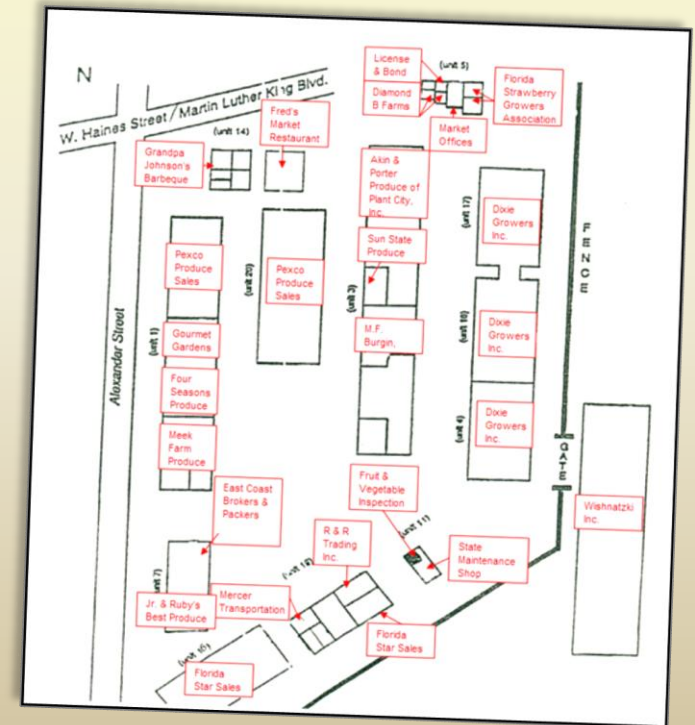
- **Definition:** A combined wholesale/retail market where growers and other merchants sell fresh products to businesses and individual customers.
- **Example:** Syracuse Regional Farmers Market





Shipping-point Market

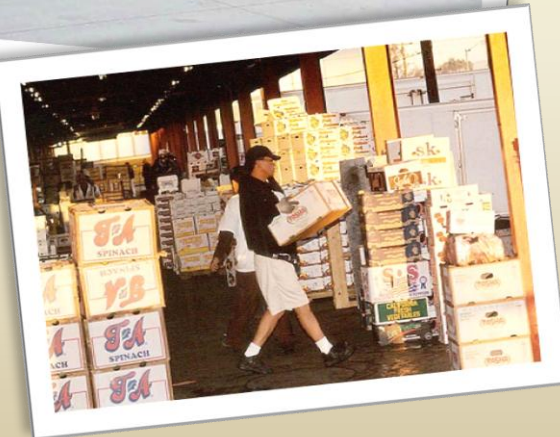
- **Definition:** A facility where fresh horticultural products are cooled, graded, packaged and marketed to larger wholesale distribution centers and/or retail grocers.
- **Example:** Plant City, FL State Farmers Market





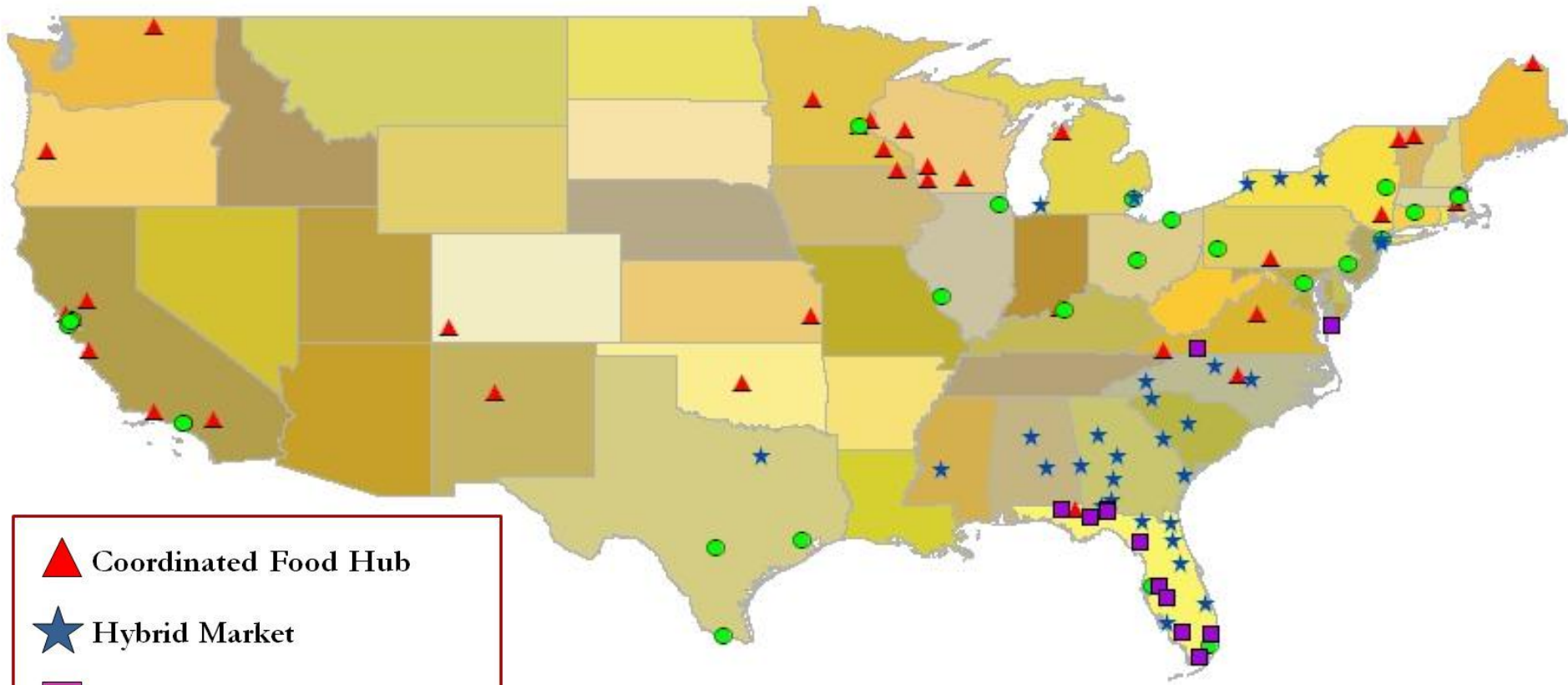
Wholesale/Terminal Market

- **Definition:** A facility where wholesalers receive large quantities of fresh fruit and vegetables by rail, truck and air from around the world for sale to grocers, restaurants, institutions, and other businesses.
- **Example:** San Francisco Wholesale Produce Market





Existing and Potential Food Hubs



- ▲ Coordinated Food Hub
- ★ Hybrid Market
- Shipping-point Market
- Wholesale/Terminal Market



USDA's Role and Progress to Date

USDA has established a Food Hub Interagency Taskforce to carry 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



USDA's Role and Progress to Date

- **The Food Hub Interagency Taskforce 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
 - Grain Inspection, Packers and Stockyards Administration

- **Taskforce is also coordinating efforts with the Centers for Disease Control and Prevention – CDC representative on Taskforce**