Food Hubs and Healthy Food Distribution: Sustaining Profits for Farmers while Providing More Accessible Healthy Foods for All Consumers

Food Systems Toolbox Webinar Series
Thursday November 14, 2013
1-2p.m.
WELCOME!

Lisa Walvoord

lisawalvoord@livewellcolorado.org
Objectives

- Become more familiar with the food hub concept and the strengths and challenges of food hubs in relation to local economic development and healthy food access

- Hear about various models in Colorado to aggregate Colorado food and value-added products and reach a wider audience of consumers and institutions

- Hear about lessons learned from those developing food hubs to inform your efforts
Agenda

Presentations:

- *Food Hubs and Food Access*, Darien Cabral, Cota Holdings, LLC

- *Food Hubs and Farmer Owned and Operated Distribution Systems*, Dan Hobbs, Excelsior Farms Exchange

- *Local Food as an Economic Driver*, Elizabeth Mozer, LoCo Food Distribution

Closing Thoughts

Open Q&A
Today’s Presenters

Lisa Walvoord  
LiveWell Colorado

Dan Hobbs  
Excelsior Farms Exchange

Darien Cabral  
Cota Holdings, LLC

Elizabeth Mozer  
LoCo Food Distribution
Food Hubs and Food Access

Darien Cabral, Cota Holdings LLC
The *New Food Movement*:

- Local production for local consumption;
- Taste of place;
- Patronization of farms and food products that focus on sustainable growing practices.
During the last ten years there have been a proliferation independent restaurants and food businesses specializing in seasonal and local cuisine throughout the United States.
At the same time that commodity agricultural production is increasingly concentrated, the market for organic, local and natural farm products is growing at a rate unlike any other market in history, opening up the market for small specialty operations.
New business structures that cater to demand for local food include CSA’s (Community Supported Agriculture), Agricultural Buying Clubs and Food Hubs. Food Hubs are often key. There are now over 200 Food Hubs in the US.
A regional food hub is a business or organization that actively manages the aggregation, distribution, and marketing of source identified food products primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail, and institutional demand.
From 2013 – Wallace Center and Michigan State University Food Hub Survey

- The average food hub's 2012 sales exceeded $3.7 million.
- The average food hub houses 19 paid positions.
- Food hubs' three most commonly reported customer types were restaurants, small grocery stores and school food service.
- Over 95% of food hubs are experiencing an increasing demand for their products and services.
- Sixty-two percent of food hubs began operations within the last five years.
- Seventy-six percent of food hubs indicated that all or most of their producers were either small or midsized.
Food hubs function by fulfilling a variety of tasks, including:

1. Market access for local producers;
2. Information sharing on food production and marketing practices;
3. Product transportation and distribution;
4. Brokerage services;
5. Product bundling, aggregation, branding, packaging
6. Maintaining a consumer/producer connection;
7. Season extension for local product sales;
8. Production management
Food hubs work on the supply side with producers in areas such as sustainable production practices, production planning, season extension, packaging, branding, certification and food safety to enable these producers to access wholesale customers,
Food hubs also work on the demand side by coordinating efforts with other distributors, processors, wholesale buyers, and even consumers to ensure they can meet the growing market demand for source identified, sustainably produced locally or regionally grown products.
Generally, food hubs -

- Carry out or coordinate the aggregation, distribution, and marketing of primarily locally/regionally produced foods from multiple producers to multiple markets.

- Consider producers as valued business partners instead of interchangeable suppliers and are committed to buying from small to mid-sized producers whenever possible.
Generally, food hubs -

- Use product differentiation strategies (e.g. identity preservation, group branding, sustainable production practices, etc.) to ensure that producers get a good price for their products.

- Work closely with producers to ensure they can meet buyer requirements by either providing direct technical assistance or finding partners that can provide this technical assistance.

- Aim to be financially viable while also having positive economic, social, and/or environmental impacts within their communities.
Potential Customers

- School cafeterias
- College and university cafeterias
- Hospital cafeterias.
- Senior homes
- Pre-school programs
- Charitable food banks
- Federal cafeterias
- Natural groceries
- Restaurants

- Food buying clubs
- Food Co-ops
- CSA’s
- Wholesale distributors
- Farmers’ markets
- Major employers
- Buying clubs
- Jails and prisons
- Government offices
A food desert is made up of low-income communities without ready access to healthy and affordable food. Food deserts are associated with supermarket shortages and food insecurity.
Food deserts are associated with supermarket shortages and food insecurity. Researchers link food deserts to diet-related health problems. The main factor used to classify a community as a food desert is distance from nutritional food retailers.
A Food Hub Cooperative Board a not-for-profit Board can be interlocking. A non-profit can even be structured to own the for-profit. A not-for-profit can not only provide educational services to growers and consumers, but can also purchase food from the Food Hub to provide partially subsidized food to under-served populations.
FOOD HUBS & FARMER OWNED & OPERATED DISTRIBUTION COOPERATIVES

DAN HOBBS, EXCELSIOR FARMERS EXCHANGE
Types of Cooperatives

Purposes:
Marketing
Distribution
Services
Purchasing

Ownership Models:
Producer-owned
Consumer-owned
Worker-owned
Multi-stakeholder

Sectors: Cooperatives are present in virtually every business industry including agriculture, retail/wholesale food, health care, child care, housing, utilities, and manufacturing.
Farmer Cooperation in Colorado

- Mutual Ditch Companies (1890’s)
- Farmer’s Marketing Cooperatives
  - Colorado Cooperative Lettuce Growers in BV
    (lettuce, peas, cauliflower 1921)
  - Farmer Exchanges
- New Generation Cooperatives
  - Central Colorado Foodshed Alliance
Excelsior Farmers Exchange
Arkansas Valley Organic Growers
Excelsior Food Hub Functions

- Product aggregation, marketing & distribution
- Cold & frozen storage
- Commercial kitchen
- Farmer seed library & custom seed cleaning
- Post-harvest supplies (boxes, bags, bands)
- Food safety measures & liability insurance
- Meetings
- Workshops & short courses
### Production Planning

#### Arkansas Valley Organic Growers

**Production Planning - 2011**

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<td>Heirloom Cantalopes</td>
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<td>Melon, Cavaillon</td>
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<td>Green Honeydew</td>
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<td>Crimson Sweet Watermelon</td>
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<td>Watermelon, Black Diamond</td>
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<td>Watermelon, Navajo sweet</td>
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<td>Red Seedless Watermelon</td>
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<td>Sugar Baby Red Watermelon</td>
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<td>Ali Baba Persian Watermelon</td>
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<td>Yellow Doll Watermelon</td>
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<td>Rhubarb, 20 lbs.</td>
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<td>Beki,Susan,Shane</td>
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<td>Arugula, baby</td>
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<td>3# baby</td>
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<td>Arugula, round</td>
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<td>Arugula, feather leaf requested - Pizzeria &amp; Broadmoor</td>
<td>12 bunches</td>
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Packing & Handling

Arkansas Valley Organic Growers Co-op

PART 1. GENERAL PACKING GUIDELINES

The following guidelines are just as important as the specific crop grading, packing and storage standards in Parts 2 and 3, and should be understood by anyone picking or packing produce for AVOG. Post ALL sections in your packing area, along with Part 4: Guidelines for Food Safety in Produce Handling.

A. PICKING AND HANDLING

Frost. Produce should not be picked if frozen, but some crops will withstand light freezes and can be safely harvested when allowed to thaw in the field before picking.

Heat. Produce should not be picked if it contains excessive field heat. If it must be picked in the heat of the day, excess field heat should be removed as quickly as possible in a manner consistent with proper post-harvest handling for that crop and – ideally – before packing. Produce should not be transported or delivered at temperatures significantly greater than ideal storage temperature for that crop.

Washing. Produce delivered to AVOG should be clean. Some crops are fine with no washing, while others will sometimes or always require it. Washing of fruits and vegetables reduces shelf life, so care should be used.

Water. Water used for washing should be tested according to AVOG’s Food Safety Guidelines (Part 4) and be clean enough to leave no dirty residue on produce. A post-wash rinse can be used to remove residue.

Ice. Always use sufficient ice to cool and pack crops requiring it, and never on crops for which it is not recommended. Icing should be done prior to transport and arrival at AVOG.

Damage. Avoid bruising, scratching, stem breakage, or other physical damage during harvest and handling that will damage or shorten the life span of the produce. Do not toss or drop produce as you handle it.

B. GRADING

Size. All produce in a case should be of reasonably uniform size, within the range specified in AVOG’s packing standards. Some crops require grading into more than one size category, as noted in the standards. (Part 2)

Major defects. The following conditions are not acceptable in AVOG produce: dirtiness; undersize or underweight pieces or bunches; under-ripeness (except on standard tomatoes appropriately offered); atypical shapes (forks, doubles, ears, noses, etc. – except on specific crops, e.g. heirloom tomatoes); soft spots or bruises that will clearly cause early breakdown; rust, rot, or mold; unhealed or more than skin-deep bites or breaks; signs of age, yellowing or wilting; or symptoms of disease.

Minor imperfections. Some surface imperfections (such as small healed holes, pecks, bites, splits, scabs, discoloration or nonstandard coloration, sunburn, etc.) may be acceptable, depending on degree and situation. Acceptability will be decided at the time of receiving or upon later inspection. AVOG will employ a “One Strike Rule” with regard to these cases; one minor imperfection may be tolerated on an occasional piece of produce – two imperfections on a piece in unacceptable. The majority of the box cannot be “One Strike” produce, or it is effectively “No. 2” or “seconds” produce.

Seconds. Produce falling outside the above range of quality may still be marketed through AVOG, but should be clearly presented as “No. 2” at the time of offering (imperfections described) and labeled as such.
Distribution
Marketing
Contact Information

Dan Hobbs: 719-250-9835
danghobbs@gmail.com
Local Food as an Economic Driver

Elizabeth Mozer
LoCo Food Distribution
Why’d We Do It?

The demand was there...

- Studies
- Anecdotal
- Value of ‘Local’
- The Lyric Cinema Café needed us!
How’d We Do It?

- Business Planning
  - Year-round model
  - LLC
- Raising Money
- Building a Catalog
- Building Customer Base
The LoCo Foods Online Catalog

Clear Attributes
- Locally Grown
- Locally Processed
- Locally Owned
- Sustainability – NonGMO, Organic, Transitional
- Health – Gluten Free, Nitrate Free
User Friendly
How We Bring on New Vendors

- Reliability & Turnaround time
- Access
- Product Quality
  - Shelf Life
  - Sustainability
  - Packaging
- Product Demand
- Need of Distribution?
Let’s Talk Produce

• Challenges
  • Seasonality
  • Price Fluctuations
  • Availability
  • Food Safety Concerns and Rules
  • Insurance

• Benefits
  • In Demand
  • Healthy
  • Freshness
  • Great Connections
Bringing Local Goodies to the Mainstream

- Restaurants
- Grocery Stores
  - Independent
  - Chain
- Institutions
  - Hospitals!!!
  - Universities
  - School Districts
Economic Driver?

- Building a Local Food System through a Viable Business Model
  - Efficiency
  - Affordability
  - Viability
  - Economies of Scale
- Connecting Suppliers to Customers – Growing Small Businesses
- Creating Jobs
- Providing Access to Local Food
LoCo Food Distribution

970 – 493 – FOOD (3663)

Elizabeth@LoCoFoodDistribution.com

www.LoCoFoodDistribution.com
Questions?
Speaker Contacts

- Lisa Walvoord – lisawalvoord@livewellcolorado.org
- Darien Cabral – cabral@ideagroupsf.com
- Dan Hobbs – danghobbs@gmail.com
- Elizabeth Mozer – elizabeth@locofoooddistribution.com
Food Systems Toolbox

www.livewellcolorado.org/foodsystems

< Community Food Production, Processing, and Marketing < Marketing
Resources

Case studies highlighting the diverse funding strategies of Colorado food entrepreneurs: [http://www.rmfu.org/pdfs/FoodFunding.PDF](http://www.rmfu.org/pdfs/FoodFunding.PDF)


Wallace Center research on innovative models of market-based solutions for bringing more good food--food that is healthy, green, fair, and affordable--to more people: [http://wallacecenter.org/our-work/Resource-Library/Innovative-Models](http://wallacecenter.org/our-work/Resource-Library/Innovative-Models)

The National Good Food Network houses archives of webinars on models and tools for healthy food marketing, with an emphasis on food hubs: [www.ngfn.org](http://www.ngfn.org)

The USDA’s Farmers Markets and Local Food Marketing Service provides information on available marketing programs including food hubs and farmers markets: [http://www.ams.usda.gov](http://www.ams.usda.gov)
Thank you!

Thank you for joining us! Please join us for next month’s webinar:

Advancing Colorado’s Food System: Issue Briefs from the Colorado Food Systems Advisory Council

Thursday, December 12th
1-2pm

Find out about future webinars on LiveWell’s webinar page at http://livewellcolorado.org/livewells-commitment/research-and-publications/webinars