Harvesting Local & Regional Food Opportunities

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Presentation Overview

Financing Food Enterprises

- Why Local Foods
- Tools
- Financing and Regional food examples
- USDA resources to support local and regional food systems development
- Local Foods as a Community Focus
Market Demand

Over 160,000 producers selling locally

- 87% of shoppers consider whether grocery store sources local food (Nat’l Grocers Assn)
- #1 trend on “What’s Hot” survey of chefs for past 7 years (Nat’l Restaurant Assn)
- 85% increase in farmers markets since 2008 and 110% increase in food hubs during same period (USDA AMS)
- Schools bought close to $800m in local food in 2013-14 – over 100% increase from 2011-2012 (USDA FNS)
- Local Food Market Size: $8.7b in 2015 (USDA NASS)
Why do we care?

A strategy to meet many goals...

- Direct Economic Benefit to Communities
- Education and health in schools
- Increased access to healthy food
- Beginning farmer opportunities
Small and Midsize Farms are declining (21% between 1992-2007)

Average age of the U.S. farmer now exceeding 58
Benefits to Local Producers/Economies

In mainstream supply chains, farmers retain only $.15 of the consumer food dollar.

Different story in local food systems...

- In “short” supply chains, local producers received up to 7X the price compared to mainstream chains.
- Food Hubs often return between 75% to 85% of their wholesale sales revenues to their producers.

Farm Share of U.S. Consumer Food Dollar (2015)
Importance of Partnership and Collaboration

- Working on policies
- Partnerships among regional food enterprises
- And Financial Partners
- Technical Assistance Providers
Two Important Tools Needed

➢ Knowledge
➢ Capital
Local Food Enterprise Activities

First-mile aggregation
Processing (Preservation)
Processing (Convenience)
Last-mile distribution

*Graphics designed by Samantha Bertini, courtesy of Wholesome Wave*
Support along the Supply Chain

- Seasonal High Tunnel initiative (hoop houses)
- Farm loans, microloans and Farm Storage Facility Loans
- Regional food hubs and other local food infrastructure
- Marketing and retail opportunities
Processing To Scale—the Hybrid Approach

Country View Yogurt, Hawkeye, Iowa

• Expand Farmer Market Base
• Expand Market Channels
• Expand Menu of Products and Services
Mad River Food Hub, Vermont

- Meat Processing Facility
- Incubator for independent businesses
- Frozen Storage and distribution services for other food businesses
• The center processes and markets its own brand of frozen produce,
• Co-packs for farmers,
• Rents commercial kitchen space to food companies.
Processing To Scale-Go Regionally
Stage of Business Development
- USDA Programs for Food Enterprises -

Planning
- Rural Business Development Grants
- Local Food Promotion Program
- Specialty Crop Block Grants
- Value-Added Producer Grants
- Small Business Innovation Research

Implementation
- Rural Business Development Grants
- Local Food Promotion Program
- Specialty Crop Block Grants
- Value-Added Producer Grants
- Farm to School Grants
- Community Food Projects Competitive Grants

Growth
- Local Food Promotion Program
- Specialty Crop Block Grants
- Value-Added Producer Grants
- Business and Industry Guaranteed Loans
- Community Facilities Loans and Grants
III. Stages of Emerging/Growth Company Capital Sources

Figure A – Business Funding Ladder

Source: Oregon Capital Scan: A Line is Drawn. University of Oregon’s Business Innovation Institute, June 2014.
Wisconsin Food Hub Cooperative

Business Snapshot

- Incorporated 2012 – officially started business April 2013
- 39 producer members, and several business “associates” with value-added products
- $2.6 million gross annual sales for 2016 (projected)
- Sells over 60 different fresh vegetables, both conventional and organic, mainly to retail grocery

The Food Hub lets us concentrate on what we do best, grow vegetables. The Co-op does the sales and logistics, billing and marketing. This is great, leave that to the co-op staff and let me get out in the field!

Steve Hoekstra, Hoekstra’s Sweet Corn
Fox Lake, WI
Wisconsin Food Hub Cooperative
– Economic Impacts–

**Total Co-op Sales Growth**

- **2013** 11 farmer members with $400,000 in sales
- **2014** 32 farmer members with $900,000 in sales
- **2015** 37 farmer members with $1,770,000 in sales
- **2016** 39+ farmer members with $2,600,000 projected sales

**Examples of Co-op Member’s Sales Growth**

- **Farm A**: Conventional
  - 2013: $22,000
  - 2014: $125,000
  - 2015: $358,000

- **Farm B**: Organic
  - 2013: $9,400
  - 2014: $158,000
  - 2015: $315,000
Planning (2010-11)

- **Feasibility Study** – HUD Sustainable Communities Planning ($75,000)
- **Technical Assistance** – WI Rural Development Cooperative Development Specialist

Implementation (2012-2013)

- **Business Launch Equity** from co-op members
- **Working Capital** – Value Added Producer Grant ($150,000)- match by WI Farmers Union (WFU)
- **Line of Credit** from Forward Community Investment. (WFU acting as a guarantor on the line of credit)

Early Growth (2014)

- **Market Expansion**: Local Food Promotion Program ($100,000)
- **Line of Credit** and loan from CoBank (WFU acting as guarantor on loan)
Includes data on:

- USDA-funded local food projects
- Farmers markets, food hubs, meat processors, and other “context data” gathered by USDA agencies
- Projects and resources from 9 other Federal Departments

www.ams.usda.gov/local-food-sector/compass-map
Regional Food Enterprise Resources

Moving Food Along the Value Chain: Innovations in Regional Food Distribution
By Adam Diamond & James Barham – USDA Agricultural Marketing Service

Regional Food Hub Resource Guide
Food hub impacts on regional food systems, and the resources available to support their growth and development
By USDA Agricultural Marketing Service and the Wallace Center at Winrock International

The Role of Food Hubs in Local Food Marketing
By James Matson, Martha Sullins, and Chris Cook – funded by USDA Rural Development

Electronic copies of these publications can be downloaded for free at www.ams.usda.gov/FoodHubs
USDA Reports

Food Hub Technical Report Series

- Running a Food Hub: Lessons Learned from the Field
- Running a Food Hub: Business Operations Guide
- Running a Food Hub: Assessing Financial Viability

Electronic copies of these publications can be downloaded for free at www.rd.usda.gov/publications/publications-cooperatives
Rural Development’s Cooperative Programs

www.rd.usda.gov/programs-services/all-programs/cooperative-programs

Professional staff conduct research and provide educational trainings, technical assistance, and grant support to co-ops across the country.

www.rd.usda.gov
Library of Co-op Publications

www.rd.usda.gov/publications/publications-cooperatives

Extensive library of over 150 publications, including *Rural Cooperatives* magazine, and many “how to” guides like:
Community members in Corbin, Kentucky, used local foods to revitalize their downtown, helping to reduce the vacancy rate from 40 percent to 5 percent.

https://youtu.be/ji1v9UPDK-o
Keys to Successful System Planning

Keys to Success

- Getting the right stakeholders and local leadership to the table
  - Elevated role of steering committee
- Prior assessment of community specific needs
- Importance of local, federal, and state partners
  - In both workshop participation and implementation—Follow-up is key!
Social Capital
Human Capital
Economic Capital

So Much More..
What Can Your Community Do…

• Opening downtown markets
• Planning cooperative grocery stores
• Creating centrally located community kitchens or food hubs
• Starting business incubators to help entrepreneurs launch food-related businesses on main streets.
• Making it easier for people to walk or bicycle to farmers markets and local restaurants.
• Helping schoolchildren to grow their own food, and making healthy local food accessible to families
• Developing community gardens in walkable, transit-accessible places
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