

Recognizing Limits, Capitalizing on Opportunities for a Regional Food System Scale-up:

Action Recommendations to the Southern Tier West Regional Planning and Development Board, 2013-2018

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I. Context

The recommendations below arise out of the central conclusions of the feasibility study conducted from February through May of 2013. Paraphrasing, these were:

1. Of nearly 100 people contacted (in person, on the phone or by *email*), *the vast majority believe that “the time is right” to move forward with some form of food hub* that could expand and accelerate local foods in the Southern Tier West (STW) region. Related to this, multiple people expressed the sentiment that there has been enough talk, meetings and analysis and that what is needed now is concrete action.
2. *Among a diversity of buyers*, ranging from independent grocers and chefs to university dining service staff, *virtually all believe that a coordinated system of ordering and delivery would be highly desirable*, reducing their transaction time and likely increasing their purchases of local food.
3. *Among farmers, more than three fourths believe that a coordinated system of production, aggregation and marketing could be advantageous, so long as issues of price and convenience can be worked out.*
4. *The biggest challenge to an expanded regional food system in the short-term is supply:* at present it is too unreliable, not sufficiently diverse, and, for produce in particular, not available for most of the year. More full time or larger-acreage farmers and ranchers are needed to build this supply, and/or current farmers must be assisted to scale up production.
5. *The biggest challenge over the medium and longer term is price:* How to find the price point that enables small to mid-sized farmers to be reasonably profitable, yet can be sold to enough “mainstream” buyers at a price they can manage within the limits of their customers. This challenge cannot be overstated and is particularly acute for those raising meat and eggs.
6. *As efforts move forward to expand the local food system and develop some form of food hub, farmers markets in the STW region should not be neglected, as they represent a substantial – and relatively accessible – potential market* for new farmers, for expanded production among existing farmers, and for cultivating a stronger, broader demand among consumers throughout the region.
7. *While infrastructure – for slaughter and processing, for aggregation and for distribution – does not yet exist in any one central place, elements of these exist in or near the*

region which could potentially be built upon and integrated in order to facilitate elements of a food hub.

8. *An entrepreneurial organization (or branch/program of an organization), fully dedicated to this effort, will need to emerge in order for a food hub to have a reasonable chance at success.*

Based upon the interviews conducted and the information gathered, along with my experience building food hubs in comparable areas of the country, **I am recommending a series of steps that, taken together, constitute an ambitious plan for building a food hub in the Southern Tier West (STW) region.** The plan recognizes the current challenges and limits in all phases of the STW food system, from production to an insufficient “local food culture” among buyers and the population more generally. These limitations mean that **early efforts must have a high potential for success in order to generate enthusiasm, build demand, and increase the number and scale of farms producing for the local food system.** Thus, the focus of actions in the first two years is on markets that are less complex or demanding, and on steps that will encourage and enable farmers to expand production to meet those markets.

The recommendations also recognize and build upon some of the current strengths, including key actors in each portion of the food system, both in the private and public sectors.

II. Synopsis and Timeline

Farmers are reluctant to increase production or try new crops or products without a reasonable guarantee of sale, at a good price. If you persuade them to expand production and then it does not sell, word of the failure will spread quickly and widely among farmers.

Buyers rarely commit to purchasing from farmers or groups with whom they have no experience or track record. A solid system of ordering and delivery without a strong and reliable supply of products will affirm what many already suspect, ie that they can’t rely on local farmers.

Potential customers drive past farmers markets when, at a glance, the offerings do not look robust, interesting or attractive. Promotional campaigns that bring people to markets which are not diverse or abundant convinces most of them to not return.

“If you build it, more often than not, they do not come”. Infrastructure for processing, adding value, aggregating and distributing farm products is essential for the long range viability of a comprehensive food hub. However, if built prematurely, the result is often at best a poor fit, at worst, money down the drain.

This is the “chicken and egg” of food hubs, the fundamental challenge – among many – that must be overcome in order to grow a local food system and create the synergy and “buzz” that then propels a food hub. Every community or region must deal with this conundrum; the solutions must be based on the strengths and limits of that place. The recommendations in this plan attempt to do just that, by focusing in the short-term on those

steps that are both more visible and more likely to succeed thereby engendering excitement and a sense of what is possible. Briefly summarized, those steps include:

Phase 1 – Building the Foundation – July, 2013 – December, 2013

- Convene the *STW Food Hub Working Group* to consider these recommendations, prioritize, begin outreach to producers and markets and determine key next steps
- Determine and then create 3 - 4 *Action Task Forces* within the Food Hub Working Group as a means to gather the needed people (with experience and expertise) and propel concrete action. These may include, for instance, a Farmer Development and Support task force to encourage and assist farmers in scaling up production, and to identify and encourage new farmers; an Independent Restaurant and Retail task force, to reach out to chefs and grocers, build relationships and determine details regarding local food purchases; etc
- *Begin seeking funds to support a core staff person, along with one or two essential contract employees*, for example for farmer outreach and capacity building.
- *Hold a Farmers Market Summit in the autumn of 2013*, bringing together farmers market managers/leaders, key farmer vendors and a handful of local foods advocates, to refine and implement recommendations for rapid and substantial expansion of key farmers markets in the STW region.
- *Launch the STW Regional Farmers Market Association*, with help from the Farmers Market Federation of NY, as a peer learning group that identifies and promotes “best practices” likely to significantly expand farm vendors and customers.
- *Identify a core group of farmers interested in producing for a food hub* and bring them together to begin planning for coordinated production in 2014.
- *Meet with key potential partners, such as Regional Access, NOFA NY, Brick Village Gourmet, Lexington Food Cooperative*, to determine if and how they might play a role in subsequent phases of Food Hub development.
- *Identify essential areas for additional research and analysis, including for example, the most cost effective approach to increasing slaughterhouse capacity* in the region, and others as determined by the Working Group.

Phase 2 – Increased Production, Farmers Market Expansion, Pilot Aggregation and Distribution – January 2014 – Autumn, 2015

- *Hire a staff person, likely under the Southern Tier West Regional Planning and Development Board (STWRPDB) umbrella initially, to work with the Food Hub Working Group and its Action Task Forces* in coordinating and taking action.
- Building on the recommendations in this plan, *develop a more detailed strategy for expanding production of foods for local and regional distribution*, including outreach to larger commodity farmers, assistance to small to mid-size farmers to increase production, and cultivation of new farmers.
- In conjunction with Cooperative Extension and NOFA NY, *develop/expand farm tours, farm-based demonstrations and farmer-to-farmer peer learning* to increase productivity

and profitability, disseminate innovative practices, and encourage new and transitioning farmers.

- *Build a pool of cost-share funds* to promote season extension and other innovations.
- *Create at least one farmer network* to facilitate the steps described above and to begin critically needed Coordinated Production Planning to meet market demand.
- *Continue promotion of farmers markets in STW region*, focusing on top 6 – 8, through the STW Regional Farmers Market Association, supported by an FMPP grant, if possible. Primary emphasis should be on building the base and diversity of farm vendors.
- *Hold a major “launch” of farmers markets throughout the region in June, 2014*, utilizing traditional and social media, community and civic partners and the full range of food, health and fitness, and environmental groups and associations.
- *Working with meat producers and processors, develop a plan to enable increased production and processing of meats, preferably through increased capacity of existing slaughterhouse facilities* (guided by the analysis cited in phase one).
- *Gather detailed market projections from small to mid-sized buyers, creating a demand matrix to serve as the basis for production planning*, as well as to guide aggregation, processing and distribution decisions. Begin with the buyers identified and contacted through this process and build out from there. The goal here is not a comprehensive market demand analysis, but a clear and specific demand profile from those buyers willing to work with the regional food hub. Depending upon their size and potential purchasing volumes, this should be in the range of 12 – 25 buyers initially.
- *Identify and secure, preferably through donation or lease, a relatively central site for product aggregation in 2014*. Satellite facilities should probably wait until 2015 or later, until some experience and understanding of costs is gained.
- *STW Food Hub Working Group work with farmers to clarify fees* for aggregation and distribution.
- *Begin test marketing the “From the Ground Up” brand* in a variety of venues, including specialty retailers, restaurants and small grocers.
- *Undertake limited coordinated distribution of local products beginning in July of 2014* to test the market, begin building market relationships and gain invaluable experience.
- *Develop a production plan with local schools, including the Jamestown School System for specific produce items*, preferably utilizing *seconds* as feasible.
- *In 2015, continue development of core farmers markets in region, with goal of doubling the amount of farm product sales compared to 2012*.
- *Launch a pilot aggregation and distribution system in June, 2015*, including farmers in all three counties and buyers within the region and in Buffalo. Consider utilizing Regional Access or other established distributors committed to local foods for distribution.
- *Explore potential satellite sites in adjacent counties*, considering benefits to farmers along with costs of additional space and increased management and logistics.

Phase 3 – Growing Production and Markets, Expanding, Refining and Solidifying Aggregation – 2016 – 2018

- *Help farmers develop and implement plans for expanded and diversified production, generally including both direct markets and food hub markets.*
- *Based on the pilot aggregation and distribution experience of 2014 and 2015, develop a detailed business plan for expanded aggregation, coordinated production planning among multiple farmers, and distribution within and beyond the STW region. The role of Regional Access and other established food brokers and distributors should be clarified during this period, weighed against launching a new business or non-profit distribution vendor.*
- *Identify and secure a site for aggregation over the long term, considering location, room for growth, potential to handle both fresh and frozen products, and similar needs.*
- *Build out the aggregation space as needed, integrating distribution within the system; seek funding as necessary.*
- *Finalize plans for expanded meat processing, whether stand-alone or building on existing slaughterhouses. Seek loans and financing as needed for the expansion.*

A more detailed description of the steps delineated in the timeline is outlined below.

III. Primary Goal and Major Objectives:

- A. Primary Goal: Over the next five years substantially increase both the size and viability of the local food system in the STW region by
 1. Helping existing farmers increase and diversify their production and improve their profitability
 2. Assisting new farmers to get established, become productive and gain access to good markets
 3. Expanding and improving direct markets for local foods in the STW region
 4. Gaining access to small to mid-size markets within the region and in nearby population centers through an aggregation and distribution system
 5. Improving and expanding processing and value adding infrastructure, especially for meats
 6. Creating an entrepreneurial organization capable of leading this effort, from the pilot stage through to growth and operational management

IV. Specific Recommendations: Production, Markets, PAD and Organizational Requirements

A. Plan for Increasing Production of Local Foods

1. Expand and improve market opportunities for local farmers that are accessible to them and that pay well enough to be profitable. The development of reliable, well-paying markets provides the most critical incentive for increased production, whether from existing farmers or people considering farming. *The details of this market expansion are described in the next section.*

2. Build one or more *farmer networks* to facilitate coordinated market planning; mentoring and skill sharing among farmers; possible sharing of key equipment; bulk purchase of seed, feed and supplies; and possible group insurance.
 - Organize a STW Producers Network, beginning with meetings in the fall of 2013 to identify critical needs and barriers, and to focus on markets requiring joint planning and production.
 - Farmers identify opportunities, challenges and gaps that need to be filled
 - The network should be farmer-led, with organizational assistance from an existing non-profit.
 - Develop a list of items for bulk purchase, including seeds, feed, compost and fertilizer, plastic mulch and irrigation equipment, etc, and research best sources for purchase of these items.
 - Meet with local Family Farm insurance agent to discuss insurance and potential for group product liability insurance.
3. Working with Cooperative Extension, NOFA NY and the farmer network(s), help farmers expand their operations and capitalize that expansion, diversify production, extend their season (produce) and make other improvements that increase productivity and profitability.
 - Expand existing TA efforts by developing a series of farm tours, farm-based demonstrations and farmer mentoring, in response to needs and challenges identified by area producers.
 - Double the number of high tunnels in the STW region over the next 3 years by helping farmers aggressively pursue NRCS funding.
 - Develop a pool of cost share funds (50% cost share recommended) to enable construction of 50 low-cost hoop houses over the next 5 years. Use farm tours and demonstrations to rapidly spread this system.
 - Assist farmers seeking to diversify their operations with market and business planning, based on strong and emerging market opportunities.
 - Explore creative approaches to labor constraints, including much greater use of NOFA NY's apprentice program, shared labor for small, proximal farms and WWOOF.

4. Pursue USDA funds such as Beginning Farmer and Rancher grants that will help mentor new farmers or create "Land-Link" programs that match aspiring farmers with available land.

B. Market Development

1. Expand and improve Farmers Markets in the region, focusing on 4-6 of the most promising markets, potentially including Olean, Jamestown, Fredonia, Alfred, Angelica, and Westfield. Farmers markets are the "face" of local foods, helping increase consumer awareness and demand for local food products, not only at the

markets themselves, but in other venues as well. Markets also are cost effective “incubators” for new or transitioning farmers, allowing them to test new crops, meats or food products (as well as other items) with relatively limited investment and risk. As farmers’ capacity grows to meet increase farmers market demand, some of these producers will also be ready to sell into an aggregation system.

- a. *Hold an October, 2013 “Farmers Market Summit”* involving primarily farmers market managers and leaders from markets throughout the STW region, along with vendors and local food advocates. The goal of the summit should be to develop a strategy to double the number of farmers market vendors, customers and sales over the next 3 years, and triple these over the next 5 years.
 - b. *Begin building the STW Regional Farmers Market Association* as an outgrowth of the summit, with the Association focused on peer learning and “best practices” shared among market managers/leaders, on recruiting new farm vendors, on diversifying products and lengthening time available, and on public outreach and media efforts to build a stronger demand.
 - c. Work with farmers market and municipal leaders to *create vendor-driven market boards* to set goals for expansion, and reach out to other farm vendors, with special attention to meat producers and early and late season produce vendors.
 - d. *Begin recruiting farmers for the 2014 season in the fall of 2013* by contracting with 1-2 well-respected farmers to reach out in concert with Cooperative Extension.
 - e. *Hold a major region-wide “launch” of farmers markets in 2014*, coordinating promotional activities through the media, civic and community partners and word of mouth advertising. For this to succeed, it is essential that markets be stronger, more robust and more diverse than previously. Consider using a slogan to launch the campaign, eg. “Farmers markets in the Southern Tier: Take another look”.
2. In winter and spring of 2014, begin meeting with a range of small to mid-size buyers: independent grocers, buying clubs, restaurants, colleges and universities, to develop clear and specific market projections with price ranges for an array of produce, meat and eggs, cheese and other items.
- a. This should be done for buyers in the STW region, as well as for a smaller group of larger buyers in Buffalo and possibly Rochester.
 - b. During 2014 build relationships with buyers in part by beginning to ship some products to them on a pilot basis.
 - c. Work with Allegany Harvest and Furniture City Buying Club to help them build their members customer bases by 50-100% by 2015;
 - d. Meet with Tim Bartlett and his staff at the Lexington Food Cooperative to determine likely demand for specific produce, meat, egg and dairy items.
 - e. For all customers, determine not only market projections, but other requirements, including packaging and labeling, insurance, food safety standards, etc.

3. In 2015, working with the STW Producers Association, pilot a regional aggregation and distribution system focused on small-mid sized grocers, specialty stores, food buying clubs, coops, restaurants and 3-5 universities. Among those to focus on at the outset, include:
 - Kinfolks Natural Foods
 - Reid's Food Barn
 - Giant Food Mart (Cuba and Wellsville)
 - Harrington's Sure Fine
 - Light House Grocer
 - Brick Village Gourmet
 - Allegany Harvest
 - Furniture City Buying Club
 - 12 – 20 restaurants in three to four clusters around region
4. Focus market plan in years 1-3 on buyers not requiring GAP or high levels of product liability insurance (such as those described above). However, begin exploring lower cost (group?) options for GAP certification and product liability insurance in order to be able to potentially serve larger markets in 2017 and beyond.
5. Building on the strong base of organic and sustainable farmers, pursue development of specific, somewhat better-paying markets with Co-ops, buying club and independent grocers.
 - Help farmers pursue cost-share funds for Organic Certification
 - Develop and implement "Healthy Eating" campaigns to promote locally and sustainably produced produce, meats, eggs and dairy. (Take advantage of emerging consumer interest and build on this.)
6. Work with public schools in the region to develop a means to aggregate and distribute good quality "seconds", both for fresh use and for processing in the Jamestown School System's kitchen. Selling seconds to schools might allow them to stay within their budgets while providing farmers an outlet for less marketable produce (good quality but aesthetically not perfect).

C. PAD – Processing, Aggregation and Distribution Infrastructure

1. Aggregation Infrastructure
 - a. Utilizing information previously gathered, explore potential sites near the I-86 corridor for product drop-off and aggregation
 - Develop a set of criteria: size, space, cooling and freezing needs, loading, etc. – for both short and long term aggregation needs.
 - Prioritize development of a lease or barter/donation arrangement in 2014-15 for an interim facility
 - Create a management plan for the facility: hours of operation, staffing, product check-in and inventory, segregation needs (organic

vs. conventional), insurance, food safety plan and an annual operations budget

- b. Examine both need for and challenges related to a satellite system, with small drop points in adjacent counties. Satellite systems can increase the participation of farmers in a food hub; however they also increase costs, management requirements and the potential for problems, particularly for perishable items.
- c. Secure short term aggregation site by June of 2014 in order to begin pilot aggregation and distribution initiative. This should be a short term lease.

2. Distribution

- a. Summer of 2013 begin discussions with Regional Access to plan for pilot distribution initiative, linked to aggregation facility in 2014-15
 - Explore needed minimum volumes, boxes and packaging requirements, frequency of delivery, etc.
 - Develop a projected delivery route, based on market plan and projections, and current Regional Access route
 - Develop a detailed cost analysis for delivery
- b. Explore options for securing a truck in 2014, should volumes be insufficient to meet Regional Access' minimum volume requirements. Leasing trucks from commercial leasing companies is cost-prohibitive. Look instead to subcontract with existing, somewhat larger farmer or food entrepreneur with available space or down time with their truck.
- c. Work with both producers and buyers to build sufficient supply (quantity and diversity) and purchase volumes to meet Regional Access' minimum delivery volume requirements - \$300 per drop, \$5000 per load.

3. Processing – Meats

- a. Begin discussions with core group of livestock producers, along with Grizzlys, Stevens Brothers and any other USDA facility in or near the region regarding the need for increased processing
 - Explore potential for increased supply of cattle in the late spring and early summer, when processors currently have excess capacity
 - Examine costs and potential for increased processing during fall peak season through equipment and facility upgrades, and/or added employees
 - Undertake cost/benefit analysis of expanding current facilities' capacity vs building new facility from scratch.
 - Explore both market and processing and distribution capacity needs to offer fresh meats to specific customers, including Lexington Food Cooperative in Buffalo. Examine the food safety issues associated with this.
- b. Explore potential for coordinated processing among poultry producers, utilizing facilities in Pennsylvania

4. Processing – Produce

- a. Work with local school food service directors, including from Jamestown Public Schools to identify specific fruits and vegetables needed for processing (for use during the academic year) in 2013 and 2014. Clarify quantities, standards and explore potential to utilize good quality seconds.
- b. Meet with Tim Murphy at Brick Village Gourmet and Tucker Curtin at EAT Market to explore potential for a range of value added products, utilizing their respective facilities; do small batches and test market in 2014.

D. Organizational Requirements for Launching and Operating a Food Hub

At present, no organization exists in the STW region with the needed capacity to organize, launch and operate a food hub, even a modest one. Several of the key elements are present in various organizations and businesses, including Cooperative Extension, the Jamestown Renaissance Corporation, Farm to Fork coalitions, the Brick Village Gourmet, and others no doubt unknown to this author. There are also key businesses and organizations outside the region who can serve critical roles, either as trainers, capacity builders or as partners in a food hub as it emerges. These include Regional Access, NOFA, NY, the Farmers Market Federation of NY, EAT Market in Buffalo and CADE (Center for Agricultural Development and Entrepreneurship).

While many resources and strong organizational and business partners exist, there must nevertheless be a central organization focused solely on the development of a regional food hub over the next 3 – 5 years. This organization or business should have the following core attributes and qualities:

- Be market driven, dynamic and entrepreneurial, while holding strong to the values of family farming, land stewardship and access to healthy foods.
- Have a strong base of farmer participation to build ownership of any plans and strategy.
- Know how to build strategic partnerships, not for the sake of partnerships, but to bring all the needed elements of a food hub together.
- Be able to integrate the three core legs of a food hub – supply, demand and PAD – effectively, growing all at relatively comparable rates
- Have a “champion” at the center, a creative yet practical person dedicated to bringing this about, able and willing to overcome many hurdles and setbacks.

It is my recommendation that the Southern Tier West Regional Planning and Development Board convene a group of approximately 15 people, for a six month process designed to launch a food hub enterprise, initially within the STW organizational umbrella (1 – 3 years), eventually becoming autonomous. This Food Hub Working Group should be comprised of farmers, small to mid-size buyers, farmers market managers, at least one processor and one distributor, 1 or 2 local officials, Cooperative Extension staff and 1 or 2 strong food advocates,

preferably with organizational experience. Working within the policies and guidelines of STWRPDB, this group will develop the specific timelines, tasks and roles and responsibilities for the food hub enterprise, considering three phases: Outreach and building the foundation (summer of 2013 – May of 2014); pilot launch of elements of the food hub (2014); and operation and expansion of the food hub (2015 – 2018).

The recommendations put forth in this plan should be reviewed by the Food Hub Working Group, with decisions made as to what they believe should be top priorities for the short term, as well as the focus over the longer term.