

Feasibility Assessment
**EXECUTIVE
SUMMARY**
Great Falls Food Hub

Efforts to Support Agricultural Infrastructure
in Windham and Windsor Counties in Vermont &
Cheshire and Sullivan Counties in New Hampshire



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Great Falls Food Hub
FEASIBILITY ASSESSMENT

REPORT TABLE OF CONTENTS

(separate document)

I.	Introduction	2
II.	Understanding the Local Food Context	4
III.	Local Food Infrastructure Needs Expressed	12
IV.	Exploring Alternative Approaches	18
V.	Recommendations	38

APPENDICES

(separate document)

Appendix A	Summary of Agricultural and Food Buying Power Data
Appendix B	Agricultural Producers in Market Area
Appendix C	Key Stakeholders and Infrastructure Providers
Appendix D	Specialty Food Producers in Market Area
Appendix E	Community Supported Agriculture Farms in Market Area
Appendix F	Farmers Markets in Market Area
Appendix G	Retail & Distribution Channels in Market Area
Appendix H	Current and Potential Institutional Customers in Market Area
Appendix I	Regional Food Hubs and Food Centers
Appendix J	Survey Results
Appendix K	Focus Group Discussion Summaries

EXECUTIVE SUMMARY

The Great Falls Food Hub (GFFH), working through the Southeastern Vermont Community Action agency (SEVCA), engaged consultant John Ryan, Principal of Development Cycles located in Montpelier, Vermont to evaluate the best approaches for supporting the increased production and consumption of local foods within the four county region encompassing Windham and Windsor Counties in Vermont and Sullivan and Cheshire Counties in New Hampshire. The following summarizes the key findings and recommendations of that assessment.

Purpose of this Study

There are numerous public and private local, state and regional efforts afoot to support the development of local food systems in Vermont and New Hampshire. Many of these efforts have come in response to concerns about the centralization of food production, distribution and sale channels nationwide; concerns about the existing system's reliance on rising fuel costs; and concerns for the ongoing viability of agriculture in the region. The GFFH has chosen to look at the physical, human, and financial infrastructure that supports local food systems by enabling local agricultural producers to expand production and area residents to consume more local products. Physical infrastructure includes farmland and farm structures; agricultural, processing and distribution equipment; as well as processing, storage and point of purchase facilities. Human infrastructure includes farm and food processing labor and skills; professional development and consumer education activities; marketing resources; and coordination and networking capacities. Financial infrastructure includes access to long-term credit and working capital, as well as private and government support for key initiatives. The study aims to identify weaknesses in this infrastructure that the GFFH can address effectively and sustainably over time.

Understanding the Local Context

An enlivened and integrated local food system in this four-county area is in its early stages of development, with many promising individual activities and participants, but relatively few coordinated efforts aimed at expanding local utilization. The overall economic scale of agricultural activity is limited and the relative share of local food purchases is small but growing rapidly. The key structures to build upon include the presence of a strong farmer's market and CSA presence in the region, a major fresh food distributor in Black River Produce, a dedicated volunteer involvement in local agricultural issues on both sides of the river, and the nearby experience of several food center models already working to deliver improvements in local agricultural networking, marketing, distribution, and consumer education and outreach. The size of the local consumer market and the nature of agricultural production suggest the following:

Great Falls Food Hub
FEASIBILITY ASSESSMENT

- ❖ Focused efforts on education to build local consumer demand for local products
- ❖ Marketing support to supplement the direct sales focus of the more established small farms in the area
- ❖ A focus on developing the aggregation and networking capacity of small area farms to support their capacity for growth
- ❖ A value in expanding the definition of local food systems to include support for efforts by local producers to reach nearby urban markets
- ❖ An insufficient capacity to support a food processing incubator facility at this stage of development

Local Food Infrastructure Needs Expressed

The research on stakeholder needs identified both challenges and opportunities, and point to a gradual building up of human infrastructure investments rather than the “big splash” of a significant capital investment in food processing or storage facilities.

A relatively low level of stakeholder participation, especially among producers, indicates a need to build engagement in the concept of a food center as well as organizational capacity and credibility with those producers. The best way to begin that process is to begin offering some of the critical linkages missing now in consumer education, networking, aggregation, and marketing that those who did participate in the study indicate are needed. Agricultural producers as well as other stakeholders indicated a willingness to support efforts that help them directly, but will need to see results first.

This focus on human infrastructure needs does not mean that there are no opportunities for strategic capital investments, but whether those are in mobile slaughter, flash freezing, or distribution (to name just a few options) will need to grow out of a more active and dynamic relationship with the producers who do engage positively with the food center concept. In time, the area may have built up its core of local agricultural enterprises in ways that can support some form of food incubator to serve local producers, but at this point neither the critical mass nor the expression of interest is there to pursue that alternative.

Alternative Approaches

The existing food centers and food hubs reviewed provide a wide range of human and physical infrastructure supports. Their experience serves as a valuable model for efforts in the Great Falls market. Grant funding dominates the revenue base of these organizations, especially in their early stages of development. Local fundraising capacity can grow with time, with positive impact, and with deeper involvement and participation among producers, consumers and communities. To date, there is little indication of significant *fee for service* revenue developing from “soft or human infrastructure” programs. Still, food centers are becoming increasingly entrepreneurial in their efforts to generate such income. A number of promising new initiatives are aimed at helping small

Great Falls Food Hub
FEASIBILITY ASSESSMENT

producers aggregate and market products online. The two programs evaluated with direct food processing capacity have each relied on large governmental grants to cover all of the hard costs of developing and creating the facility. Both experience a limited capacity to cover costs with occasional or small regular clients; each depends on “anchor” uses to underwrite operational costs. The Franklin County CDC’s Food Processing Center struggled for more than a decade to supplement earned income from user fees and co-packing contracts with enough subsidy funds to pay for the ongoing operations of the facility. The new Vermont Food Venture Center in Hardwick anticipates an annual operational shortfall of at least \$100,000 for the first few years of operation. Neither sees the facility realistically generating enough revenue to cover depreciation on the initial capital expense. Along with generating a sufficient quantity of users and securing anchor tenants, the cost and availability of operational expertise, especially in the start up phase represents a real barrier to entry. In all, the model of the food center providing soft or human infrastructure support best fits the market conditions, organizational capacity, and level of engagement present in the Great Falls area.

Recommendations

Overall Direction: The Great Falls Food Hub needs to clarify its mission, change its governance structure, strengthen internal capacity and its ties to the network of local food interests before seeking funding for any large-scale investments such as food processing facilities or equipment, transportation equipment, or storage facilities. At the same time, the organization needs to move quickly beyond the planning stages and provide some real value to the local food system’s already dynamic range of efforts. What stakeholders have most consistently asked for is:

1. A strong **consumer education and marketing** presence
2. A more easily accessed **networking and information exchange** capacity; and
3. **Aggregation** support for smaller producers trying to access retail, wholesale and institutional markets.

Mission & Vision: The consultant recommends a mission that captures the sense that the GFFH is a **bridge between producers and consumers**, that its mission is to support opportunities for agricultural producers to expand local food production while supporting consumer access to healthy and affordable food, and the community’s access to sustainable economic development opportunities. The GFFH vision should bring producers and consumers together, helping each understand and meet the needs of the other, under a common umbrella of community. As part of its networking or linking vision, the GFFH can also link local producers and institutions to opportunities, funding, and best practices as they exist from sources outside of the four-county area.

Key Goals: The GFFH’s activities should flow from its mission and vision in order to achieve measurable goals that help stakeholders, funders and the public see its

Great Falls Food Hub
FEASIBILITY ASSESSMENT

value and effectiveness. Making sure there is an objective source for measuring goals is key. Meaningful goals to consider may include:

- ❖ Increases in local direct farm sales as a percent of overall food consumed locally
- ❖ Increases in agricultural land in production
- ❖ Increases in overall agricultural production
- ❖ Increases in the number of businesses and institutions that participate in local food buying practices and programs
- ❖ Increases in direct marketing activities such as farmers market sales, and CSA enrollments
- ❖ Increases in the percentage of local food purchases made by area retail and restaurant establishments
- ❖ Increases in the number of small farm producers able to access local retailers, institutions and distributors through the hub's support
- ❖ Increases in communities with Local Food purchasing and land use policies
- ❖ Increases in Food Hub memberships and financial support

Governance: The GFFH should establish its Board of Directors with more emphasis on agricultural stakeholders to guide its future direction. The composition of that board is critical and should include: small and larger agricultural and specialty foods producers; representatives from key wholesale, retail and direct marketing channels; representatives from health, education and business institutions; and community, government and social service leaders. Key skills to look for in prospective board members include: private sector entrepreneurial expertise; communications, marketing and development expertise; and knowledge of and connections with statewide local food systems' efforts.

Initial Program Areas: In its initial stage, the Great Falls Food Hub approach should address identified needs in three programmatic areas:

- ❖ **Consumer Education:** The consultant recommends an initial focus on personalizing the efforts and contributions of local farmers, on building consumer awareness of the richness of agricultural products available at their doorstep through the range of marketing channels; on highlighting ways local food can be affordable and build food security; and on making connections between local food and local economic development efforts. Developing the themes and action plan for a consumer education effort to kick off the Hub's activities in the Spring of 2012 represents an important next step in making the Food Hub a reality.
- ❖ **Networking and Information Marketplace:** The consultant recommends developing a web-based capacity to promote the exchange of opportunities and connections across the range of agricultural needs, including access to labor, training, land availability, equipment sharing, marketing approaches, funding opportunities, shared processing and storage opportunities, and other strategies for

Great Falls Food Hub
FEASIBILITY ASSESSMENT

supporting agricultural producers and connecting them to each other, to consumers and to institutions.

- ❖ **Aggregation & Distribution Support:** Finally, the consultant recommends working with the Windham Farm and Food Network (WFFN), along with Black River Produce, and a representative group of small agricultural producers to explore ways for the center to extend the work of the WFFN and to increase small producer access to local retail, wholesale and institutional markets.

Public Interface: A strong web presence and social media capacity is critical to GFFH's playing a central networking or linking role within the local food system. Given the likely mismatch between available financial resources for staffing and the multitude of important linkages needed to connect producers and consumers, the web interface will need to allow limited staff to communicate with a broad and diverse audience.

Next Steps: Moving forward, the reviewers of this analysis may wish to simultaneously focus on the following next steps:

- ❖ **Prepare a Food Hub Business Plan:** This plan would articulate the specific mission, vision, governance, and key goals for the organization, and lay out a three-to-five year set of actions for developing the capacity and delivering the programs needed to express that mission effectively. Critical to the business planning process is an initial and long-term funding strategy based on a realistic assessment of the potential for public and private foundation support for the identified programs, capacity for local fundraising and membership based activities, and the potential for "fee for service" activities.
- ❖ **Initiate a New Governance Structure:** Begin the process of refining the mission, overall vision, and board level participation in the Food Hub going forward.
- ❖ **Commit to an Initial Consumer Education Campaign:** The Food Hub's first major public effort should be in the area of consumer education. The consultant recommends that the Food Hub's organizers commit to rolling out a local food consumer education campaign for the spring of 2012.