

Northeast Ohio Regional Food Hub Gathering
Lake-to-River Food Hub and Kitchen Incubator
July 22nd, 2015 Summary

Event Overview: Increasingly, communities are looking to the development of “food hubs” as the next stage for growth and competitiveness of local food systems. Food hubs serve multiple functions for local food systems, including the facilitation of grower-buyer transactions, distribution, value-added processing, or provision of food to under-served markets. Food hubs can be formed as non-profit organizations, for-profit businesses, or cooperative enterprises. Regardless of form and function, food hubs provide a missing link in the infrastructure needed to make local food systems more stable, cost-effective, and competitive. This event focused on bringing together a number of communities actively working on initiating food hub projects. The assumption for the event is that it is not enough to focus on individual food hub developments in Northeast Ohio. There is a need for a “network” of food hub projects in Northeast Ohio that can help to coordinate learning, share resources, form competitive niches, and overall increase the availability and reliability of locally grown foods.

Overview of Food Hub Projects in Northeast Ohio:

Brad Masi with NEOFoodWeb began the session by providing an overview of food hub projects in Northeast Ohio. Based on an entrance survey completed as a part of the registration of the event, these are some summary characteristics of food hub projects in Northeast Ohio.

Geography: The gathering drew from a fairly diverse geographic area, including participants from three regions in Ohio: Northeast Ohio, Central Ohio (Columbus), and Southeast Ohio (Athens). Within Northeast Ohio, communities participating in the event included: Cuyahoga County (Cleveland), Lorain County (Oberlin), Summit County (Akron), Portage County (Kent, Ravenna), Mahoning County (Youngstown), and Ashtabula County (Jefferson, Dorset).

Purposes: The identified purposes of food hub projects split up between efforts emphasizing more demand-side work (facilitating market demand), supply-side work (bolstering rural economies), and enabling infrastructure. Purposes identified for **market demand** included: institutional sales, farm-to-school, increased wholesale access, healthy food availability, and under-served markets. Purposes identified for enhancing the **rural economy** included: preservation of rural character, scaling-up production for small and medium-sized farmers, and improving rural-urban connectivity. **Enabling infrastructure** included addressing **Community Development** (training for developmentally disabled,

utilizing vacant downtown buildings, supporting community gathering or learning), **Processing** (commercial kitchens, utilization of seconds produce, and entrepreneurial training), **Capital** (micro-loans and loan funds), and **Emissions** (reducing carbon emissions in the local food system).

Status of Food Hub Projects: In terms of the status of food hub projects, most of the participants were active in a food hub planning group (46%) or individuals not a part of a group, but interested in food hubs and playing a supportive role (25%). A smaller subsection either had a facility identified but not yet secured (17%) or have legal access to a facility that has not yet been developed (12%). Only one group had an operational food hub facility (4%). In terms of the development of the food hub network, there are some clear benefits to connecting active food hub planning groups with groups that are further along in the process for both learning or potentially, for utilizing facilities already developed in nearby communities. Given that many groups are in early planning stages, there is an opportunity for food hubs to be developed in a more coordinated way, with each community focusing on the niches that can best complement and support the efforts of other communities.

Services Provided: Three of the four top services to be provided included aggregation of multiple suppliers, transportation/delivery of food, and facilitating institutional sales. The other top service focused on entrepreneurial training and business start-ups. Of moderate interest were services including retail space, providing farmer training and capacity building support, providing limited processing for wholesale markets, or more advanced value-added processing methods (thermal, canning, frozen, etc.) Only about 29% of services focused on workforce training. Overall, there is a need to provide equal consideration to both entrepreneurial training and the development of a local food workforce. The skills and training of reach group are different and both will be necessary to the growth of the local food economy. Also, it is clear that aggregation and distribution are the areas of greatest interest in terms of services. Other areas with more moderate support (farmer training, limited processing for wholesale markets, or advanced value-added processing) might be best located in specialized facilities available to the broader region. But initially, aggregation and distribution resources seem to be the most critical.

Types of Products: In terms of product lines for food hubs, the area of greatest interest was produce (fruit, vegetables, and muck crops). Animal products were an area of secondary interest (dairy/eggs/cheese/grassfed meats). Grains and beans were also an area of secondary interest. Other areas of less overall interest included honey/syrup, value-added/shelf-stable foods, and products serving ethnic markets or educational services. Here again, there is a need for developing infrastructure to increase the availability of produce as well as facilities that can handle animal products. Value-added products or

ethnic foods are areas of specialization for food hubs, but not necessarily areas for all to develop capacities.

Leslie Schaller Presentation Summary:

Leslie began by presenting the 5 C's of For Infrastructure, as identified by the Appalachian Center for Economic Networks (ACENet). What do you need to do before making a big investment? The 5 C's include: driving Community Cohesion, creating Cooperation and Competitive food enterprises, embedding Collaborative Action into the local food sector, leveraging Collective Impacts for more systemic changes, and catalyzing Capital investment.

Overall, there is an impressive level of grassroots activity in Northeast Ohio, but a lot of people do not know what are people are doing. Before going into the infrastructure development, it is important to acknowledge that networks are the underpinning and foundation for successful food hub operations. There is a need to inventory assets on the ground, determine with whom you need to connect, and work along all stages of the food value-chain, from buyers and sellers to support partners working to re-invent local food systems.

For Common Wealth, the development trajectory focused on first leveraging social capital, creating the networks between farmers, buyers, and facilities. What emerged from the process is a "Food Innovation District" that includes a food hub, a kitchen incubator, and a range of retail outlets serving the neighborhood. The key for successful local food enterprises is to create a competitive environment that allows entrepreneurship to sprout, launch, or expand. The competition is not between players in the local food system, but between the local food system and the broader industrial food economy. It is helpful to map out the opportunities for collaboration between different players along the supply-chain. For example, a chef might shop at a farmers market and then show where food from the restaurant comes from on the menu to educate consumers. This kind of activity can encourage other farmers or entrepreneurs to get into the space.

The key today is to recognize that most initiatives will fail without a high level of collaboration. Everybody is looking to leverage increasingly scarce resources, although there is more interest in philanthropy in local food work. For Northeast Ohio, rather than looking at cranking out a bunch of incubators and food hubs, how do these efforts work collaboratively to more effectively leverage scarce resources. Resources should not be considered just in the form of money, but in the form of capital that sticks in a community in multiple ways. For example, what is the built capital that might be under-utilized in our communities? How can we be smart about leveraging all forms of capital at every level, and not just financial capital. Whether in north or south Ohio, everybody is trying to figure out how we can attract more investment. What is the sweet spot between entrepreneurship

and community investment? How do we insure a diversity of ages in the system? Older people have money that they need to put away. How can that be used to catalyze financial capital that can be invested in our own communities?

In southeastern Ohio, ACENet has played a convening role as a non-profit organization that has brought together a food hub network that encourages collaboration and information sharing across southeastern Ohio. As the local food sector continues to grow in Southeastern Ohio, the demand for shared infrastructure also increases. The groups contributed some of the following:

- ACENet Food Ventures Center in Athens (operating a 12,000 square foot kitchen incubator facility),
- Nelsonville food hub (second ACENet facility that features 94,000 square feet of space for storage and distribution),
- Hocking College culinary program,
- Rural Action (non-profit organization focusing on interventions to support farmers and rural enterprises), and
- Chesterhill Produce Auction (organized by Rural Action to provide a place to aggregate produce, much of it used for the food venture center)

The key to this network is to look at actions that they can take together to support the overall growth of the food system and its capacity to meet local needs. For example, the 30 Mile meal brand connects restaurants in the Athens area with the Chesterhill produce auction, helping to facilitate the flow of local foods into businesses. A partnership with Hocking College enabled culinary students to apply hands-on learning in food processing to process produce seconds (produce not able to be sold in retail markets) into foods going to free and reduced lunches at local schools.

Overall, the resilience of the local food system depends upon creating that culture of collaboration within and between food hub operations. How can you foster an environment where businesses buy from one another, bottlers do “fill packing” for one another, or new businesses and entrepreneurs can connect with established entrepreneurs to develop new products that do not yet exist. This collaboration can lead to more effective business expansion, too. For example, the automatic labeling machinery was moved from the food venture center to the facility in Nelsonville to allow room for other activities. The connection of the Chesterhill Produce Auction with the Food Ventures center has enabled farmers to extend their season through the availability of food processing.

For Northeast Ohio, food hubs sit at the hinge point between the supply-side (farmers, producers, value-added, processors, aggregation, entrepreneurs) and markets (farmers markets, food access programs, restaurants, wholesale buyers, institutions). There are a lot of kitchen incubators being formed in Northeast Ohio. How do we all fit together and start

to grease the wheels for the larger network. Key is modeling pathways for networking and collaboration.

Brian Williams Presentation Summary:

Food hubs and kitchen incubators have recently emerged as buzz words within the local food movement. Food hubs should not be seen as an end-point in and of themselves. If food hubs are the cart, then the food system is the horse. Food hubs need to be seen as key components of a larger network of food hubs, working together and connecting the dots in the local food economy.

What are food hubs? Food hubs are many things. A food hub is to local farmers what a grain elevator is to grain farmers: a place that combines aggregation, marketing, distribution, processing, retail sales for inputs or supplies. Overall, food hubs are a central aggregation point, allowing farmers to focus on growing while the food hub develops the other components needed to get products out into the market place.

The National Good Food Network, in collaboration with the Wallace Center, just released a Food Hub Financial Benchmarking study. The study identifies good financial planning practices, looking at 300 food hubs from across the country to assess what is working and what is not working. Not all of the news in the study was good. A lot of food hubs are in trouble or heading for trouble. Non-profit hubs are often at a disadvantage to for-profit hubs in terms of long-term viability. This does not mean that non-profits should not work on food hubs. Just that they need to also focus on generating a surplus that can be re-invested back into the community. This is what you might term the “Non-Profit Motive”- non-profits need to incorporate good business practices, leveraging grants and subsidies to get things off of the ground, but consider moves toward longer-term viability.

Some other key points from Brian’s presentation included:

Spectrum of Services: Food hubs can start off very modest (such as a produce auction) or very ambitious (incorporating business development services, cooperative marketing, event space, retail cafe, food processing space, and market and brand development).

Beyond Produce: A large part of the focus tends to be on produce distribution, but there is also a need for more infrastructure around animal products. In Central Ohio, it was determined that a key bottleneck in meat processing was not processing itself, but cold storage space.

Food System Financing: One of the outcomes of the food hub benchmarking study was to attract more capital for regional food systems development, including private lenders, farm credit agencies, or foundations. It is key to recognize that local food is not a high-end foodie trend, but an economic development opportunity that requires significant opportunity to scale-up. What are the best divisions of responsibility? Perhaps

philanthropy can fund planning efforts to make sure that all of the pieces fit and make business sense before other capitals come into play to make it work.

Thinking Systemically: Overall, it is key to look at a food hub in a much broader context that includes marketing, consumer education, distribution systems, and connections between sub-regions.

Key Challenges: Three groups presented some of their work and key challenges in developing a food hub: Oberlin, Cleveland, and Ashtabula County. Leslie Schaller's response to each challenge is *in italics*.

Oberlin: Cullen Naumoff presented on behalf of the Oberlin Project. Oberlin is in the process of developing a food hub that would focus on institutional markets (LCCC, Oberlin College) including facilities for pre-market processing, flash freezing, and canning. Key challenges for Oberlin are in capitalization, transportation, and working collaboratively in the broader "Lake Erie Crescent". *Distribution is the key challenge and distribution involves network cultivation. About 50-60% of incubators in the past 2 decades have failed. Unless you have partners lodged in a network, it is likely to fail. Funding streams are certainly a challenge and speak to the need for people to understand and implement collaborative models. Funding will be more difficult to attract if you are soloed. The Wallace Center and the USDA have good resources, including webinars and recent studies. Distribution remains a particular challenge in southeast Ohio and figuring out how to attract regional/metropolitan distributors out to the rural part of southeastern Ohio. A similar challenge lies in connecting distribution resources in metropolitan Cleveland with rural areas in Northeast Ohio.*

Cleveland: Morgan Taggart presented on behalf of the Hub 55 project in the St Clair-Superior neighborhood on Cleveland's near-east side. The Hub 55 plans include a brewery, a food hub, and a food market. The project is also focused on improving healthy food access in the surrounding neighborhood, which is considered a food desert. Key challenges include working out a public private partnership between the company that owns the property and the social mission of the CDC, connecting healthy food and local food communities, and synchronizing the extensive, but dis-connected local food infrastructure in the area (Cleveland Crops, Luthern Metro Ministries, Culinary launch kitchen). *It would be worth investigating and applying the seven forms of capital identified in the "wealth works" framework (individual, social, knowledge, financial, human, natural, built, political). It is important to get all of the people at the table and identify what forms of capital they contribute, such as the built capital of the culinary launch, the social capital with entrepreneur networks, the developer with financial capital, etc. Are there other forms of capital needed for the area? Affirm the wealth that each partner brings to the table and the different roles that each place can play. There needs to also be a focus on creating a diverse*

ecosystem of projects, not just glamorous projects like craft breweries. How can these different capitals be leveraged to make wealth that sticks in the community and especially addresses opportunities for food insecure residents.

Ashtabula County: Courtney Johnson shared some of her work with the Ashtabula Food Council, which met and determined a food hub to be a top priority. They actually have a private investor that wants to invest in the facility, but not run it. Some of the challenges for Ashtabula County include having the county that has the largest land area in Ohio, poor rural food access, and the inconsistency and stop/start nature of the local food systems. She also noted that most of the growers leave the county to sell food. *A little more exploration is needed in terms of a feasibility analysis and developing a stage-one business plan. The gift comes at a time when some of the basic preparation has not been accomplished. Identify who the key markets will be: chefs and restaurants/ core institutions (prison, hospitals, schools), total meal counts? Create an incentive structure in the county for growers to grow that food. There is nothing wrong with selling food out of county, as Cleveland is a big market. The food hub might start by facilitating more local connections and then grow as a central pick-up point for out-of-county sales.*

Potential Core Group Work: A sub-set of participants expressed interest in forming a “core group” that can carry forward the work growing the network. Jack Riccuitto introduced the “agile canvas” as a framework for organizing the work and communications of the core group going forward. The agile canvas involves the combination of three powerful, simple conversations:

Intentions Conversations- focuses on what we would love to see possible for the network going as far into the future as we want. These include anything that we consider a success or progress indicator. We then translate longer term intentions into shorter-term intentions, such as converting a generational change into something that could happen in the window of two years,

Questions Conversations- focuses on what we need to research and decide in order to achieve our most important intentions, and

Sprints Conversations (what will get done in two week windows to answer questions or realize intentions. Sprints are roughly 2 week cycles of work.)

The summary for each conversation with the group follows:

Intentions: What Would You Love to See Possible? The group identified mapping as a key long-term goal for the work of the core group. Map everything that is in place, what is going on, connections between efforts, areas of dis-connect, and a way to capture what people are doing. For example, a lot of people in the local food movement do not know

about the Lake-to-River facility. Another part of mapping would be to identify work that is more local and work that should be regional. For example, the produce perks program provides assistance to improve local food access for low-income customers at farmers' markets, but focuses only on urban and not rural markets. Could something like produce perks become more of a region-wide initiative? Logistics mapping would be helpful as well, identifying strategic locations for different types of supporting infrastructure, including co-packing, aggregation points, or processing.

Other topics included the attraction of scale for capital investment (showing investors where there is viable collaboration and finding ways to educate investors about collaboration as a new basis for long-term viability); sustainability of operations (helping Lake-to-River or other fledgling operations thrive first before starting new or duplicating facilities); and hyper-locality (having the overall goal not as much the best dollar return, but the shortest distance traveled, following the examples of the Oberlin Project or the 30 Mile Meal).

Questions- what do we need to research and decide?

The group focused in on the question of enterprise sustainability, identifying what is needed to improve the success rate of entrepreneurs in the local food space. Also, recognizing that most farmers are not farming full-time and often require other sources of income to supplement their household. A key responsibility for the core group will be to help provide resources to hold everybody up, making sure that local food doesn't get too caught up with the more glamorous entities (such as craft breweries), but focuses on vital and less glamorous aspects of work (logistics, meat processing, cold storage, etc.). There is an overall concern about a lot of local food entrepreneurs being cranked out that are floundering with markets and struggling with sustainable livelihoods. A key research item should focus on the key supports that will be needed to support entrepreneurs.

Other topics around research included: learning about models (looking at other regional food councils, state food council, etc.); convening organizations (are there non-profit organizations or universities that might be best places to convene events and pull people together); capacity gaps (are there areas of learning that the network as a whole could benefit from); and development protocols (what is the best order and phasing for development to increase long-term sustainability)?

Sprints- What will we do in the next two weeks?

Two actions were identified for the next two weeks: establishing an on-line collaboration tool. It was recommended to use the Trello app for updating the canvas. Trello is free, available, and editable on any device. Anyone in the core group can add new Intentions and Questions any time. Then, in phone calls or meeting, everyone decides on

the timing of posted intentions and questions and translates those into two week Spring action items.

The other action item concerned organizing a conference call that can enable the core group to meet and provide input for the planning of the August 19th stakeholder event in Kent.

Next Steps: Participants were asked to consider the next steps for a regional food hub network and what would need to be put in place to make it happen. The following key recommendations emerged from the discussions:

Motivation: Be clear on what would draw people to participate in a food hub network. Map out the “give-get” for each member of the network, identifying both the “give” (what they can offer to the network) and the “get” (how the network can add value to their own work).

Convening: Identify a mechanism for convening the network, including a person or entity that plays a supporting role for the network development. Formation of a “food hub hub” was suggested, including the need to form a point of coordination and convening. Leadership cultivation and the capacity to bring people together and hold them together will play an important role for convening, as well as turning momentum into action and not just talk.

Know the Network: How can we better understand the participants of the network and their strengths and challenges? Mapping the network can help to identify assets that can be leveraged and provide useful feedback for stakeholder diversity. Is everybody at the table that should be there? The local food movement, from a regional perspective, is segmented. Can we identify those areas where the network is segmented and foster greater collaboration?

Existing Infrastructure: As a part of mapping the network, it will be important to understand what assets already exist that might be utilized. Rather than re-invent the wheel or attempt to raise capital for new facilities, are there existing processors or distributors that might be brought in as strategic partners? Are there ways that food banks might be collaborators, given their fleets and facilities and logistics knowledge? Transportation issues seem to be a key challenge to the growth of the local food system. Transportation routes can be analyzed to insure that delivery trucks do not return empty. Identifying creative transportation options, such as utilization of rail lines between cities or an “Uber” version of distribution trucking can help to introduce new distribution capacities.

Grower Involvement: Identifying and knowing farmers, what they can produce, and how to cultivate their growth will be key to the overall network. What are the “ramp-up” scenarios for farmers to expand operations to meet emerging markets? How can farmers and institutions or other buyers co-create these growth strategies? What support do

farmers need in terms of training, capital, or facilities, whether on their farms or in their surrounding communities?

Learning: A “hub for food hubs” can serve as an important place for learning and education for the broader network. What are the best practices and pitfalls around food hub developments? How can we share innovations and not all be working in isolation to re-invent the wheel? What are the best mechanisms to share the latest scientific information or research results? It would be helpful to have a focal point for information, an area that the public can identify as a resource for learning. A web-based resource can provide one mechanism, but it is equally important to host live learning or networking events, such as a “tailgate cooking party”. Another key part of learning is to identify sustainable models for food hubs, whether within Northeast Ohio or other parts of the country. Hosting events in different locations can also help people connect to different parts of the region, connecting a migrating core group with local stakeholders.