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Consulting Team

The consultant team contracted to complete the feasibility study included **Mary Ferguson**, Principal of Eko Nomos, **Ryan Turnbull**, Principal of Eco-Ethonomics Inc. and **Cathy Lang**, Principal of C. Lang Consulting.

Additional Researchers

The research was augmented by others who generously contributed their time to the project. We would like to thank

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Executive Summary

Project Background

History: In 2012, the Corporation of Perth County and the Local Community Food Centre sought to explore the feasibility of a regional food distribution hub that would serve as a central distribution point for fresh, local and sustainably produced food in the area. The food hub was to operate as a non-profit social enterprise that would build on the existing assets of the Local Community Food Centre (CFC) on Erie Street in Stratford.



A Steering Committee was convened to provide project oversight on the food hub social enterprise feasibility and development process. In August 2012, the Corporation of the County of Perth and Steering Committee members began working with a consulting team to assess the feasibility of a food distribution hub model to address the needs of the local region and build on the Local Community Food Centre's work and assets. The consultant team contracted to complete the feasibility study included **Mary Ferguson**, Principal of Eko Nomos, **Ryan Turnbull**, Principal of Eco-Ethnomics Inc. and **Cathy Lang**, Principal of C. Lang Consulting.



Purpose: The purpose of the feasibility project was to test the hypothesis that there is unmet market demand for local, fresh food products in Perth County, and that the demand could be met by linking markets with the under-utilized production capacity of local producers and value-added agri-businesses. The broader

assumption has been that creating local infrastructure to manage distribution and broker relationships between food producers and large-scale customers is an effective strategy to bolster the County's local economy.

Definition: The USDA defines a food hub as a “centralized business management structure to facilitate the aggregation, storage, processing, distribution and marketing of locally or regionally produced food products.” A food hub facility has typically been a “packing house” because its activities were primarily to wash, pack and distribute produce for producers. In some cases, groups of producers would pay for this service. In other cases, the products were purchased by the packing house and then resold (with a fee and margin added). New models for food hubs are emerging across North America including Canada.

Vision: The Perth County Regional Food Hub was originally envisioned as an economic development initiative to increase the strength, stability and growth of the value-added agricultural industry, and to increase access to the local market and more developed local distributors.

Funding: The J.W. McConnell Family Foundation awarded a grant of \$15,000 in support this food hub feasibility study. In-kind contributions were made throughout the project by students, staff at the County of Perth, the Local Community Food Centre and members of the steering committee. These contributions more than doubled the available budget for this project.

Findings, Analysis, Recommendations

Research results

There has been a general consolidation within the agricultural industry in Canada observable at both the provincial and municipal level. Commodity prices are fluctuating and creating economic hardship for those that produce them. Many farm operators are starting to look at producing a larger variety of crops or agricultural products (i.e. product diversification) to become more resilient in a volatile market. Demand for local food products is increasing and more and more focus is being placed on value-added agriculture.

Retailers and food service businesses in Perth County are buying local food from other retailers or direct from local producers. There is no “local food” focused distributor in the County of Perth that is currently servicing the area. Therefore, an opportunity for a Regional Food Hub exists, to provide a link between both local producers and local retail and food service businesses.

Throughout both surveys and interviews conducted for this study, customers expressed a healthy interest in purchasing local food products from a regional food hub and the level of local producer interest was found to be substantial in supplying the food hub. The research results indicate that there is a market for local food in

the County of Perth and a strong interest from both the supply and demand side for a Regional Food Hub.

Business model outline

Three potential business models were developed and discussed throughout the feasibility work. The Flow-through Model, The Direct Purchase Model and the Distribution Integration Model, are compared and contrasted in relation to numerous factors which include: core services, cash flow, standard margin, risk level, overhead cost, startup cost, customer base, demand, price sensitivity, product, level of flexibility, buy-in from customers, size of producer, risk level for producer, product, supply consistency and buy-in from the producers.

The Flow-through Model was found to be most advantageous. The Flow-through Model is a food distribution model whereby food is not purchased from the producer but is rather sold on behalf of local producers with a commission fee added to the price. Generally, this model was found to require minimal startup investment, work to serve local market demand (i.e. restaurant and food service businesses), and include a lower margin but with minimal foreseen cash flow issues and financial risks attached. Other models were seen as much higher risk and were found to have substantial barriers to entry, such as, managing cash flow, supply fluctuations and stringent regulations.

Revenue model

The Flow-through Model implies a revenue model based on a commission mark-up between 10-15% on every sale with service options for local producers who need pick-up, washing and packing for an additional premium. As with any distribution model the maximum revenue potential for the hub is determined by the amount of space available for storage and the frequency of turnover determined by the efficiency of the logistical system.

Facility scale

Two options currently exist for storage space, one being to use a relatively small amount of existing space (i.e. 205 sq ft.) that is not being utilized by the Local Community Food Centre, and the other is to lease additional space (i.e. 2048 sq ft.) attached to the current facility, which is not being currently used. Each of these options has implications for the operational and financial modeling

Financial analysis

Depending on whether the Regional Food Hub is operating in the existing space or leasing additional space, the maximum capacity for annual revenue will significantly change. Based on 15% commission at maximum capacity (based on 205 square feet of cold storage space) under scenario one, the food hub could generate an annual income of \$165,888. Based on the same commission at maximum capacity (based on 2048 square feet of storage space) under scenario two, however, the food hub could generate an annual income of \$774,144. Each of these scenarios comes with a startup budget that differs substantially, approximately \$50,000 for scenario one and \$180,000 for scenario two.

Risks

In starting a Regional Food Hub social enterprise in the County of Perth, the Local Community Food Centre must be aware and prepared to mitigate certain risks. The main risks identified are: supply less than demand, health and safety regulations, fluctuations in supply, fair price for producers, initial investment, job stability, price of fuel and unforeseen fluctuations in operational costs.

Recommendations

The main recommendation coming out of this feasibility study is that there is sufficient interest to merit advancing to the next phase of social enterprise development (i.e. business planning). Adopt a low risk, flow-through model to start, focusing on supplying local restaurants, food service and food retail businesses with high quality produce. Utilize the assets of the Local Community Food Centre to assist the Regional Food Hub to get started. Use a phased development approach to mitigate risk to the organization. This process would include: 1) securing funding for business planning; 2) hiring a dedicated project lead to develop the business plan, launch and operate the hub; 3) work intensively with local producers to define the model for their needs and ensure they receive a fair price for their products; 4) test the market during the business planning phase; 5) conduct additional market research; 6) proceed with capital plan and start-up.

Project Impacts

If a regional food hub is developed in Perth County, the impacts could be substantial for the local economy, environment and culture. Given the market research that was conducted for this study, the following impacts are anticipated:

- Jobs creation/hiring of people to operate the hub
- Increase in local farm employment opportunities
- Higher quality local products available from local retail and food services
- Reduction of stress on small farm operators
- Enable local market to reach new potential (i.e. market transformation)
- Local farms become more sustainable
- Demonstrated leadership and proof to other communities that food hubs can be viable
- Increase in capital will circulating and being retained in the local economy
- Increase in knowledge of, and value attributed to, sustainable farming practices
- More efficient distribution and lower greenhouse gas emissions
- Reduction in “off farm” time for farmers
- Improvements in how institutional buyers can access local food
- Additional opportunities for crop diversification

Table of Contents

Acknowledgements	i
Executive Summary.....	ii
Project Background.....	ii
Findings, Analysis, Recommendations.....	iii
Project Impacts.....	v
Figures and Tables	vii
Glossary.....	viii
1.0 Project Background	1
1.1 The Concept and Vision	1
1.2 General Context.....	2
1.3 Perth County Background.....	2
1.4 Agricultural Industry	3
1.5 Food Hub Opportunities and Benefits	4
2.0 Methodology	5
2.1 Approach	5
2.2 Work Plan.....	5
3.0 Market Analysis	7
3.1 Industry Overview and Key Trends.....	7
3.2 Trend Summary	9
3.3 Local Market Analysis	10
4.0 Primary Research Results	15
4.1 Prospective Customer Interviews.....	15
4.2 Producer Interviews.....	17
4.3 Survey Results	21
4.4 Prospective Customer Survey Summary	21
4.5 Producer Survey Summary	23
5.0 Profiling Other Food Hubs.....	27
5.1 Conclusions from Interviews with Food Hubs	27
5.2 Related Food Hub Model Profiles.....	27
6.0 Business Analysis	32
6.1 Core Services and Characteristics.....	32
6.2 Operations Models	33
6.3 Food Hub Facility	35
6.4 Financial Modeling.....	36
6.5 Start-Up Budget for Scenario 1 and 2.....	38
6.6 Accessing Start-Up Capital.....	39
7.0 Business Operations.....	40
7.1 Ownership Structure	40
7.2 Management Team/Operator	41
7.3 Business Risks and Mitigation Strategies.....	41
8.0 Conclusions and Recommendations	42
8.1 Feasibility Considerations.....	42

8.2 Recommendations for Next Steps	43
Appendices.....	46

- Appendix 1 Summary of Perth County Corporate Directions
- Appendix 2: Interview Guides
- Appendix 3: List of the Food Hub interviewees
- Appendix 4: Annotated Bibliography
- Appendix 5: Detailed Survey Results

Figures and Tables

<i>Figure 1: Ontario Agricultural Production Trends by Commodity Group.....</i>	8
<i>Figure 2: Farms in Perth County by Acreage.....</i>	11
<i>Figure 3: Total Gross Farm Receipts in Perth by Geographic Sub-Area.....</i>	11
<i>Figure 4: Number of Farms by Gross Farm Receipts.....</i>	12
<i>Figure 5: Perth County Farms Classified by Industry Groups.....</i>	13

Glossary

Aggregation – the collection of agricultural products from a number of area farms at a central hub. Delivery to customers from an aggregation hub can be more efficient than point-to-point distribution from farms to customers, and provide wider access to wholesale markets.

De-Commodification – refers to the process of diversifying farm production from traditional commodity crops.

Community Supported Agriculture (CSA)– is an alternative socio-economic model of agriculture and food distribution that focuses on sharing resources and responsibilities to satisfy local demand. CSA may also refer to a particular network or association of individuals who have pledged to support one or more local farms, with growers and consumers sharing the risks and benefits of food production. CSA members or subscribers pay at the onset of the growing season for a share of the anticipated harvest; once harvesting begins, they receive weekly shares of vegetables and fruit.

Food Hub – a business or organization that is actively coordinating the aggregation, distribution and marketing of source-identified locally or regionally grown food products, primarily from small to medium-sized producers.

Food Security – a term used by advocates who acknowledge and work on the intersection of social justices, food, health, agriculture and environment. It denotes the ability for a community to sustain itself with food, social justice, health, agriculture and environment. The Food and Agriculture Organization (FAO) of the United Nations defines food security as *"a condition in which all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life"*.

Local – Definitions of what "local" means vary considerably. Generally, all describe a limited ideal radius within which food is both produced and consumed. The radius often ranges anywhere from 60-100 kilometers. For the purposes of this feasibility study, local refers to food produced within Perth County.

Processing –altering fresh produce from its raw state by changing its form (e.g. chopping, pureeing), through cooking or baking, or through preservation techniques such as canning, freezing, pickling and curing.

Seasonal Extension Structures – semi-permanent or permanent housing for the production of fruits and vegetables during cold weather seasons. Types of structures may include: hoop houses, greenhouses, glasshouses and indoor warehouses. These structures and innovative technologies are most often intended to extend the growing season.

Social Enterprises – are non-profit organizations that generate revenue for social, environmental and economic prosperity.

Sustainable Agriculture – is an integrated, site-specific system of plant and animal production practices. The system is applied over the long term to satisfy human food and fiber needs; enhance environmental quality and the natural resource base; make the most efficient use of non-renewable and on-farm resources; sustain the economic viability of farm operations; enhance the quality of life for farmers and society as a whole.

Value-Added Agriculture –refers to manufacturing processes that increase the value of primary agricultural commodities. It can also mean increasing the economic value of a commodity through particular production processes such as organic produce.



1.0 Project Background

1.1 The Concept and Vision

A local food hub is defined by the USDA as a “centralized business management structure to facilitate the aggregation, storage, processing, distribution and marketing of locally or regionally produced food products.” A food hub facility has typically been a “packing house” because its activities were primarily to wash, pack and distribute produce for producers. In some cases, groups of producers would pay for this service. In other cases, the products were purchased by the packing house and then resold (with a fee and margin added). New models for food hubs are emerging across North America including Canada.

The Perth County regional food hub was conceived as an extension of the activities and structures of the Local Community Food Centre (CFC or The Local). The food hub concept builds on the assets of the CFC.

The Local CFC on Erie Street in Stratford, Ontario was established 2012 to increase access to healthy, fresh and local food products for low-income and marginalized populations in the Perth County area. It is one of a number of pilot sites that have replicated the model of The Stop Community Food Centre in Toronto. The Stratford CFC is a place to grow, learn, share, prepare and advocate for good food. The center offers drop-in healthy meals, a community kitchen, cooking classes, community gardens, food system education, and volunteer/civic engagement programs.

The vision was that by utilizing the CFC facility, online ordering and inventory systems already in place, the food hub could grow quickly and naturally by linking producers and consumers.

A number of benefits were considered in visioning for the food hub. Developing a regional food distribution hub would contribute to the development of the local economy in Perth County by supporting the agri-business and value-added agriculture industry. The food hub could broker relationships between local producers and buyers by centralizing food products, marketing to local large and small-scale institutional customers, and managing the distribution of food products to meet market demand. The processing of fruits and vegetables may also be added to the services offered by the food hub if there is sufficient demand.

Ultimately the vision has been that the hub would allow for small and medium sized producers to stabilize, and in some cases increase, their production to maximum capacity in order to supply local markets. In the process, farmers would receive a fair and equitable price for their food products.

1.2 General Context

Small to medium sized food producers in the County face many challenges. Farm size has been growing for many years. Smaller scale producers struggle in a market driven by large-scale production and sales. This challenge is compounded by a distribution system that offers limited access to specialized small or medium size producers.

At the same time, the demand for local food in Perth County is significant and growing. Conventional producers are looking for ways to add value and diversify their farms to accommodate this demand. Further evidence for this trend can be observed in the growing number of local food initiatives, increased farm gate sales, culinary tourism and the success of “Buy Local, Buy Fresh”, Huron Perth’s Farm to Table campaign.

1.3 Perth County Background

Perth County is a rich and vibrant agricultural region encompassing 548,179 acres of land. Of this acreage, over 90% is classified as prime agricultural land. In fact, Perth County is Ontario’s richest agricultural region, one of the most productive counties in all of Ontario. Perth County’s agri-food sector generates 1.5 to 2 million dollars a day.

Perth County has a long and prosperous agricultural history dating back many generations. Agriculture – producing value-added and local food – is a fundamental driver of economic growth and job creation across Perth County.

Ninety percent (90%) of the total land in the County is rated primary agricultural land (1, 2, or 3 on Canadian Land Inventory for soil and land base quality). Over 93% of the total land mass of the County was actively being farmed in 2001.¹

The Corporation of the County of Perth has expressed commitment to the promotion and growth of the local food movement and agricultural industry (See Appendix 1 for summary of Corporate directions):

A number of community-oriented events and initiatives promote the local food movement and value-added agriculture across the County:

- **Local Farmers' Markets**– there are five local farmers markets in Perth County, 2 seasonal and 3 year-round.
- **Savour Stratford Perth County Culinary Festival**– held annually in Stratford, this three-day event brings award-winning chefs, renowned culinary authors, producers, artisans, innovators and foodies together to share their passion, knowledge and love of local food.

¹ Office Consolidation Report, Section 2 - Characteristics of the County, April 2008

² O’Connor, D. (Oct. 4, 2012). Perth County Farms Really Growing – In Value. *Stratford Beacon Herald*: | 2

- **Stratford Garlic Festival** – this annual two-day festival began in 2005, growing to serve over 100 vendors and over 4000 patrons.
- **Huron/Perth Farm to Table** – offers a “Buy Local, Buy Fresh Map” distributed across Huron and Perth Counties to promote.
- **Slow Food Perth County** – a local organization that hosts events and provides educational materials to promote good, clean and fair food.
- **Perth County Kitchens** – a fully equipped, certified, shared commercial kitchen facility available for rent by the hour. Perth County provides this service so that those starting a food service business may minimize overhead.
- **The Local Come Lately** – a blogspot for local food connoisseurs and advocates in the Stratford area.
- **Stratford Chefs School** – a school in Stratford offering chef trainees the opportunity to learn from some of the top professionals in the industry while employing their skills in a restaurant kitchen. The school offers students 6000 hours of training and access to a network of over 700 alumni upon graduation.
- **Perth/Huron County Food Summit** – a summit celebrating culinary tourism and local food across Huron and Perth County. Farmers, chefs, restaurateurs, retailers and distributors attend the summit.
- **International Plowing Match** – in September 2013 the international plowing match will hold its 100th anniversary in West Perth. It is expected to draw 25,000 visitors each day and will showcase farming businesses and local food.
- **Screaming Avocado and Twisted Carrot** – leading high school culinary programs, including student run cafeterias, at Stratford Northwestern and MDHS.

In addition to its farmers’ markets and numerous annual food and culinary festivals, Perth County also features Community Supported Agriculture (CSAs) initiatives, and a growing number of producers offering direct-to-market, or “farm gate” sales.

There are many visible signs of the strong food culture across the County of Perth. Residents and visitors know the area to be a destination for high-quality, locally produced food. Indeed, theatre, art, food, and tourism are all closely connected in Perth County.

1.4 Agricultural Industry

Perth County is home to **2,252 census farms** and over 548,179 acres of prime agricultural land. In 2011, farm cash receipts for main commodities equaled \$747 million, an increase of approximately \$45 million (or 6.4%) over the last five years. Perth is home to **1103 small farms** (i.e. below \$100,000 in gross farm receipts) with 54% of total farms less than 130 acres in size.

Agricultural land in Perth County has increased significantly in value over the last two years, from an average value of \$9000 per acre to \$15,000 per acre. The Beacon Herald published the following in an article on October 4, 2012, “Farmland in Perth County, meanwhile, has increased by approximately 55.4% in value. With the four-year phase-in, property owners will see an average increase of [land value] approximately 13.9% in 2013.”²

1.5 Food Hub Opportunities and Benefits

The most critical function of the food hub would be to successfully connect local producers with larger scale customers. One of the most important determinants of viability was that the food hub would need to aggregate a large volume of high-quality product: efficiently and reliably operating in compliance with health and safety standards.

Through research efforts, the consulting team and Steering Committee members identified opportunities and benefits for the food hub as follows:

Economic Stimulus – an essential motivation for the food hub is to develop and stimulate growth and prosperity in Perth County’s local economy for local producers, retailers and food service operators.

Job Creation – the food hub could create new jobs. If successfully launched the hub would require a number of full time positions to support its operations. In addition, its activity will assist in stimulating workforce growth on local farms.

Tax Revenue – as farmers’ incomes rise, so too will tax revenue for governments.

Increased Resilience for Local Producers – one of the primary objectives of the hub is to increase gross cash farm receipts for local producers. Diversifying sources of revenue will also help local producers deal with fluctuations in price for major commodities. The hub’s activity will offer new market opportunities to small and medium-sized producers. Increasing the average farmer income will be a major step in stabilizing family-owned and operated farms in Perth County.

Perth County, The Local Food Brand – this project could be an opportunity for the Community Food Center and Perth County to develop and build a differentiated brand of authentic, local, high-quality products in the region. Such a venture would benefit many small to medium-sized producers.

Environmental Impact – promoting sustainable production methods and providing an alternative local distribution system will have positive impacts on the environment in Perth County. The project seeks to curtail negative environmental

² O’Connor, D. (Oct. 4, 2012). Perth County Farms Really Growing – In Value. *Stratford Beacon Herald*: <http://www.stratfordbeaconherald.com/2012/10/04/perth-county-farms-really-growing----in-value>

impacts associated with many agriculture practices and distribution methods. Benefits include: protecting the water-table, preserving soil conditions, promoting air quality, and reducing carbon emissions.

Improved Food Security – being housed in the same location as the Local Community Food Centre, and building on its existing assets to get started, the regional food hub will contribute to the Food Center’s mission. It will increase access to healthy, local fresh food for residents across the County. There is great potential for developing a co-operative and productive relationship between the two initiatives.

2.0 Methodology

2.1 Approach

A feasibility study is conducted in order to weigh the social enterprise revenue and other potentials of a market opportunity against the necessary investment of resources, and risks associated with the business model. An enterprise is said to be feasible if and only if the potential gains (economic, social and environmental) are deemed worthwhile when compared to the initial investment and severity of the risk. A social enterprise feasibility study ensures that, in addition to financial risks or economic opportunities, social impacts and outcomes are taken into consideration.

The food hub business model will be developed through the following phases:



2.2 Work Plan

The feasibility study was carried out in a series of planned phases. Four Steering Committee meetings provided consistent input at all stages. Following an initial start-up phase, research, tool development, data collection, and analysis were performed in order to shed light on numerous factors that could influence feasibility. The project team utilized the extensive collective experience, skills and expertise of the Steering Committee in order to guide the study. They accessed a wealth of resources as background information for the research design phase and report writing.

The project team designed the research plan for this study to address the following key feasibility questions:

1. Is there an unmet market demand for local, fresh and sustainable food products?
2. Do local producers have the capacity to meet local market demand?
3. What local producers are interested, and what food products can they offer?
4. Do local producers see the value in a regional distribution hub?
5. What core services would local producers want the food hub to offer?
6. What market equilibrium of supply and demand for local food in Perth County can the food hub create?
7. What volume of food can be distributed, on an annual basis, based on the local supply and demand?
8. What price do producers need to get for their food products in order to participate?
9. What is the overhead cost of running a distribution hub with the core services that appeal to local producers?
10. What price would the food hub need to charge in order to give producers a fair return, cover operational costs and meet buyers' expectations?
11. What are the risks in developing a food hub social enterprise in Perth County?
12. What features of the model are necessary to meet the social and environmental objectives, and are these compatible with a financially viable nonprofit business model?
13. Can the food hub be self-sufficient over time?

To answer these questions a variety of research methods were used. These include:

- **Contact List Development**

The Steering Committee prepared a contact list of local producers, potential customers, food hub operators and industry leaders. The list included 126 potential customers, 44 local producers and 14 food hub managers or industry leaders. The contact database was narrowed down by the Steering Committee to identify both key informants for in-depth interviews, and people who would be sent questionnaires.

- **In-depth Phone Interviews**

A researcher conducted phone interviews to assess potential supply and demand for a regional food distribution hub. Of the 19 producers identified, interviews were completed with a total of 10 local producers. Of the 12 customers identified for these interviews, nine were interviewed (see Appendix 2 for the interview guides).

- **On-line questionnaire**

Two online surveys were designed as part of the market research for this feasibility study. The surveys were distributed to both potential producers and customers in Perth County by a County representative and by the consulting

team. A total of **18 survey responses** were collected for the online producer survey and 21 for the online customer survey.

- **Existing Food Distribution Hub Operator Interviews**

Our team posted a query on an international social enterprise list serve that identified a number of existing food distribution hubs in the US and Canada. Of the nine food hubs and industry leaders that were identified for contact, seven were interviewed (See Appendix 3 for list of the Food Hub interviewees).

- **Secondary Source Research**

As Steering Committee and research team members identified relevant publications, they were reviewed and compiled in an annotated bibliography (See Appendix 4: Annotated Bibliography).

3.0 Market Analysis

3.1 Industry Overview and Key Trends

Canadian Agriculture Census 2011

The most up-to-date and reliable industry information comes from the 2011 Census of Agriculture in Canada released in 2012. The general national trends of the Canadian agricultural industry between 2006-2011 include the following:

1. **Broad consolidation and adaptation across the sector**
2. **Number of census farms declined by 10.3% nationally** (equivalent to a reduction of 23,643 farms)
3. **Average size of Canadian farms increased by 6.9%** (from 728 acres to 778 acres)
4. **Shift in production with a rise in crop production and a decline in beef farming** (oilseed and grain farms increased from 26.9% (in 2006) of all farms to 30% (in 2011), and beef farms decreased from 26.6% (in 2006) of all farms to 18.2% (in 2011))
5. **Gross farm receipts rose primarily in larger farms** (3.9% increase to a total of \$51.1 billion)
6. **Certified organic farms increased** (4.4% increase to 3713 farms)³

³ These statistics can be found on the Statistics Canada website at the following link:
<http://www.statcan.gc.ca/daily-quotidien/120510/dq120510a-eng.pdf>

Ontario Provincial Summary – 2011 Agricultural Census⁴

Many of the trends in the Canadian agricultural industry can also be observed in Ontario. These trends include an overall decrease in the number of farms (-9.2%), and an increase in the average farm size (+4.7%). However, gross farm receipts in Ontario remained very stable since the last census in 2006, experiencing only a 0.1% increase to a total of \$11.9 billion.

Ontario still reports the highest number of census farms at 25.3% of the national total of 205,730 farms, which is equal to 51,950 farms. With a quarter of the nation's farms, rural agricultural communities in Ontario contribute significantly to the national economy.

Of farms in Ontario, those with \$500,000 or more in gross farm receipts increased by 5.8%, while those with less than \$500,000 decreased by 10.7% since 2006. In addition, larger farm operations experienced growth in terms of gross receipts while the smaller operations experienced a decline in receipts.

Total farm area in Ontario decreased by 4.8%, while the average area per farm increased from 233 acres to 244 acres. This is consistent with the reported decrease in the number of smaller farms in Ontario. Of the total farm area in Ontario in 2011, 70.5% was cropland, including field crops, hay, fruits, field vegetables, sod and nursery.

Figure 1: Ontario Agricultural Production Trends by Commodity Group

Livestock

Dairy cows ↓ 3.5% Pigs ↓ 21.8% Goats ↑ 52.7% Sheep ↑ 13.4%

Grains for Livestock Feed (by area)

Mixed grains ↓ 38.8% Barley ↓ 42.6% Oat ↓ 46.2% Hay ↓ 18.9%

Other Facts:

- There are 774 certified organic and/or transitional production farms in Ontario
- Maple taps increased by 15%
- Ontario accounted for 98.6% of ginseng production in Canada
- 54.2% of Canada's total greenhouse area is located in Ontario
- Ontario has the largest area of grapes, apples, peaches, sour cherries, pears and plums in Canada
- 31% of Ontario farms reported paid labour for a total of 84,878 workers - full or part-time (39.2%) and seasonal (60.8%)

⁴ All of the information in this section is published by statistics Canada. See the following link: <http://www.statcan.gc.ca/pub/95-640-x/2012002/prov/35-eng.htm>

Small Farm Survey 2011

In 2011, the Canadian Agricultural Human Resources Council (CAHRC) published a Labour Market Information Report focusing on small farms in Canada. The report focuses on farms under \$100,000 in gross cash receipts. As of 2006, Canada's small farms totaled 150,422, with Ontario having the largest number of small farms of any province at 26% of the national total.⁵

Based on the labour market survey results from the CAHRC report, it is estimated that the average number of workers per small farm is 3.9. The report included family help, paid and unpaid workers, seasonal help and full or part-time staff. Expressed in these terms, the total number of small farm workers in Canada was estimated at 553,556 people. A more traditional calculation of agricultural employment, one that measures only workers accruing regular wages, year-round or otherwise, renders an estimate of 396,044 workers. The agricultural labour force is broader than the definitions of traditional employment allow, and correspondingly challenging to measure.⁶

The CAHRC small farm report projected that Ontario's small farm employment opportunities would increase by 7051 workers over a five-year period from 2009-2014. This would produce moderate growth of employment for small farms in Ontario.⁷

The largest projected growth in demand for workers on small farms in Canada is forecasted to be for farms producing berries, vegetables, and tree and vine fruits. The growth rate is projected to be 6% per year between 2009-2014.⁸

3.2 Trend Summary

Related Agricultural Industry Trends

The general trend since the last census report in 2006, at both national and regional levels, is that the big farms got bigger and the smaller farms got smaller or disappeared all together. Many small to medium sized farms find it challenging to remain economically viable. Small farm operators are generally moving into niche markets and value-added agriculture that have the potential to achieve higher returns. Organic producers, both certified and transitional, are on the increase. The 2011 census information shows a moderate growth in farms producing non-traditional commodities. This is echoed in the small farm labour market report, which predicts an increase in labour demand for farms producing berries, vegetables, or tree and vine fruits.

Purchasing Behaviours of Consumers

⁵ CAHRC Small Farm Report, pg. 16

⁶ Ibid., pg. 59-60

⁷ Ibid., pg. 63

⁸ Ibid., pg. 64

The purchasing behavior of the average Canadian consumer has also changed. Canadians are more concerned with where and how their food is produced. The 2006 Ipsos-Reid poll found that “56% of Canadians “always” or “usually” check to see where their fruit and vegetables come from when they are shopping, and 42% regularly buy local food.”⁹ In 2007, Environics, on behalf of the Greenbelt Foundation, conducted another study in central Ontario. This study found that “88% of respondents say they read origin labels on the foods they buy, about 80% prefer to buy locally grown produce and more than 50% say they do buy local at least once a week.”¹⁰

Local and Organic Food Sales

The organic food industry is experiencing constant growth. Agriculture and Agri-Food Canada commissioned a report in 2005 which states, “at the end of the 20th century, the organic market was estimated at about 1-2% of the total share of the retail food trade in Canada, and reportedly growing at a rate of about 15-20% per year.”¹¹

According to the Globe and Mail article, published October 14, 2011, organic sales in 2010 were estimated at \$2.6 billion in Canada up from \$1 billion in 2006. The article reports approximately 4000 certified organic farms and over 1200 processors and handlers. The growth of the industry can also be observed by the significant growth in land dedicated to organic production activities. Organic farms and pastures have increased from just over 500,000 hectares in 2006 to approximately 900,000 hectares in 2010.

Restaurants and Food Service Industry Trends

The Canadian Restaurant and Foodservice Association cited locally produced and locally inspired dishes as the top hot trend in 2012. These were followed by a number of other top ten trends in the restaurant and foodservice industry, including sustainability, farm/estate branded ingredients, and nutrition/health related foods.

3.3 Local Market Analysis

Decreased Number of Census Farms in Perth County

As of 2011, the total number of census farms in Perth County has decreased from a total number of 2438 in 2006 to a total of 2252 in 2011, a loss of 186 farms. This amounts to a 7.6% decrease in the total number of farms in Perth County over five years.

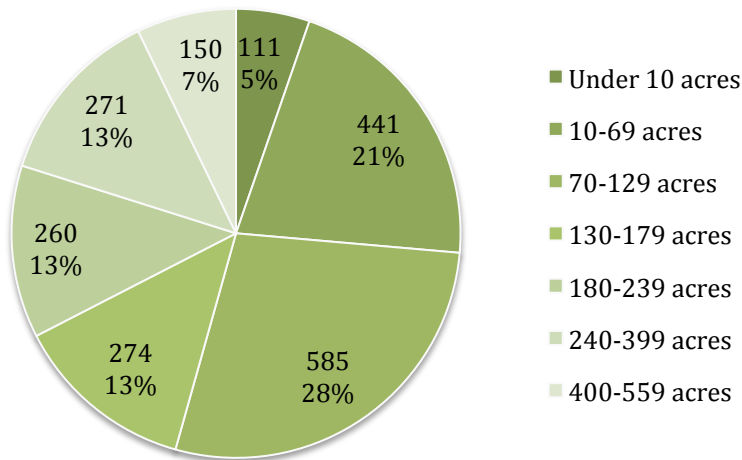
⁹ Sustainable Local Food in Southern Ontario, Metcalf Foundation, p. 13

¹⁰ Sustainable Local Food in Southern Ontario, Metcalf Foundation, p.13

¹¹ Canadian Food Trends to 2020: A Long Range Consumer Outlook, Serecon Management Consulting, p. 33.

The number of farms under \$500,000 in total gross farm receipts has decreased by 10.1% since 2006, slightly less than the national average decline in the same category of farms (10.7%). The number of farms over \$500,000 in total gross farm receipts has increased by 8.7%.

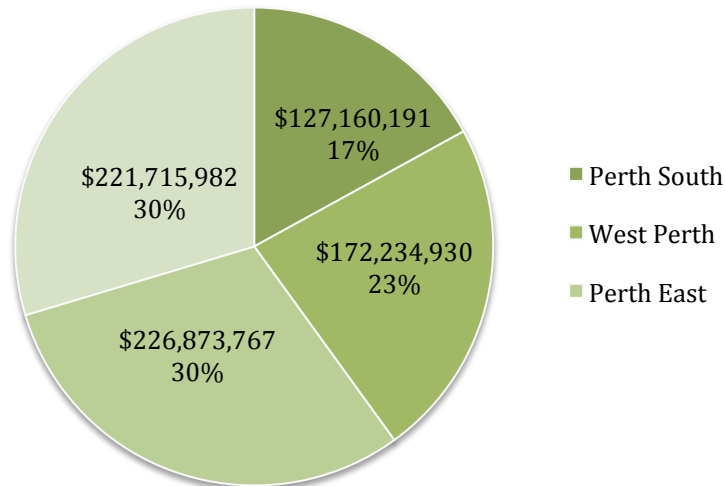
Figure 2: Farms in Perth County by Acreage



Gross Farm Receipts in Perth Have Increased

The total Perth County gross farm receipts in current dollars have increased from \$702,715,748 to \$747,984,870, an increase of \$45,269,122, or 6.4%.

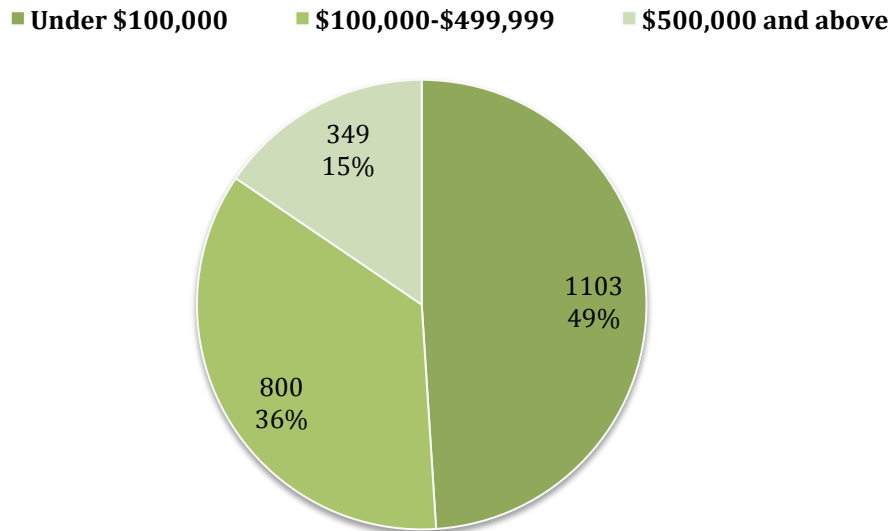
Figure 3: Total Gross Farm Receipts in Perth by Geographic Sub-Area



Perth East and North Perth are each responsible for 30% of the gross farm receipts in Perth County.

There are significantly more small farms (i.e. under \$100,000 in gross farm receipts) in Perth County than either medium sized farms (i.e. between \$100,000 and \$499,000 in gross farm receipts) or larger farms (i.e. over \$500,000 in gross farm receipts). The chart below provides the data on small, medium and large size farms in Perth County.

Figure 4: Number of Farms by Gross Farm Receipts



Three Food Groups are Increasing

Three industry groups are on the rise in Perth County: oilseed and grain, sheep and goat raising and green house production represent the most active expansion in Perth County. Detailed data on local poultry production shows that only production of broilers, roasters and hens are increasing, whereas all other poultry production is decreasing.

Organic Producers in Perth County

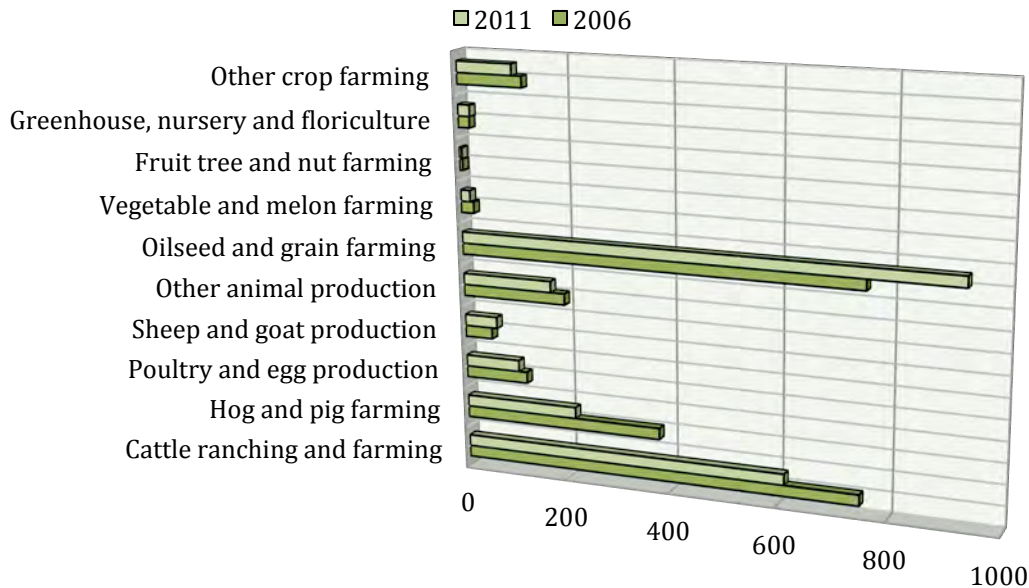
According to the 2011 census information on organic products for sale, there are 64 Perth County farms selling organic products. Fifty-nine (59) of these are certified organic. All of the Perth County farms selling organically produced goods that are not certified are in transition with respect to organic certification. This is the first year that the census has included information on organic producers, so no comparative analysis possible.

As of 2009, federal organic standards are now backed by government regulation and oversight. The Canadian Food Inspection Agency publishes a list of Certification Bodies that are accredited by an approved Conformity Verification Body to operate under the federal Organic Products Regulations.

The Canadian Organic Growers (COG), a national charitable organization, supports farmers in transitioning to organic production. COG's diverse membership share a vision for a sustainable bioregionally-based organic food system.

Organic standards are based on seven general principles and are outlined on COG's website along with transitioning strategies: www.cog.ca

Figure 5: Perth County Farms Classified by Industry Groups



Perth County Agriculture and Food Business Retention and Expansion (BR + E) Project: Local Food Findings

In 2012, Perth County conducted the Agriculture and Food BR+E survey and gathered feedback from 68 local food producers in each of the four districts (i.e. North, South, East, West) of the County. A representative sample for each commodity group’s share of the total farm cash receipts was selected for survey contact. There was a focus on value-added agriculture activities from farm operations with major sales in specialized commodities.

Some of the most significant findings in relation to the feasibility of the regional food hub are as follows:

- Products that require further processing were less likely to be marketed locally (i.e. grains, livestock, dairy, poultry).
- Overall, 72% of farm operations surveyed expressed an interest in supplying local markets.
 - Hog producers (90%) and specialty commodity producers (81%) were most interested.
- Top ways identified to enhance local market potential were:
 - Increased ‘buy local’ marketing
 - Local food product labeling
 - Access to a local abattoir
- Non-major commodity producers and hog producers identified ‘local food’ product labeling as a way to enhance market potential.

Key BR & E Study Findings

- ❖ 94% feel that local marketing of producers is important
- ❖ 72% would be interested in supplying local markets if distribution and management was in place
- ❖ 68% said “yes” they have the capacity to increase production to supply the local market

- The greatest barriers to supplying local markets were identified as:
 - Food safety regulations
 - Time away from farm
 - Limited processing capacity (i.e. local abattoirs or custom slaughtering)
 - Lack of connection with buyers
 - Inability to produce consistent volume

The priority recommendations for local government to enhance market potential according to respondents were:

- Promoting “Buy Local” campaigns
- Connecting food producers and processors with local consumers through marketing and distribution
- Developing networks and communication channels between food producers and local restaurants
- Providing a local food distribution hub

Although the local food distribution hub was the least popular response choice, other choices overlap with a local food hub option; for example, distribution and connecting food producers with local consumers.

Some key gaps or opportunities identified through the Perth County BR+E Survey are:

- Limited Local Processing Capacity – survey respondents felt strongly that local processing capacity was needed in order to give them an ability to serve the local market.
- Need for Marketing and Promotion– a very high number of survey respondents believe that marketing and promotion of local producers is essential to developing the local market.
- Disconnect Between Producers and Consumers– establishing greater connection between producers and consumers by creating opportunities for direct buying was also a very important theme in the survey responses.
- Distribution, Transportation and Logistics– physical distribution for local products was the least popular response; however, it was still chosen by over 40% of respondents, the majority of whom were focused in either non-major commodity groups or the “other” category.

BR&E: Other Issues that Farm Operators Identified

- ❖ Too much time spent away from the farm
- ❖ Lack of connection to buyers
- ❖ Inability to produce large and consistent volumes

4.0 Primary Research Results

For the feasibility research, interviews were conducted with both producers who might distribute through a food hub and with prospective customers. Surveys were also sent out more broadly to Perth County producers and those customers that fit with the profile of the customer base for the hub. The following section outlines the results of these interviews and surveys. Detailed survey results can be found in Appendix 5.

4.1 Prospective Customer Interviews

Three categories of priority customers were identified for the feasibility research:

- Food service businesses (i.e. restaurants, bed and breakfasts, catering companies)
- Food retailers (i.e. grocery stores)
- Institutional customers (i.e., hospitals and long-term care facilities, universities, municipalities and school boards)

A researcher conducted phone interviews with prospective customers to assess the supply and demand for a regional food distribution hub. Of the 12 customers contacts recommended for interviews, nine were interviewed. These conversations revealed a number of trends that the food distribution hub may consider.

Level of Interest

The level of interest from potential customers was generally very high. On average 75% or higher were interested in participating in the food hub.

“A hub would be good as a one stop shop, but if I have to pick it up and if it is more expensive, it wouldn’t work. If prices are low enough it would be good, but I don’t want the farmer to suffer.”

“Price is important but not necessarily the cheapest, but value for money. People will pay more for local but the price must make sense.”

“...as long as it is feasible and price/availability are acceptable.”

Purchasing Decisions

Most potential customers are interested in purchasing from the hub, but it will depend on the model, how well it is managed, and how efficiently it is operated. Customers want to be able to access a variety of local products from one place. This was seen as a valuable time-saver. Generally the factors affecting purchasing decisions were: consistency of quality, reliability (timely delivery and supply), and price.

“Price, and supporting local business – social aspect would be important too.”

“Quality, price, traceability and sustainability – get what we ordered.”

“Product first – must be what we need, better quality or pricing. Service then becomes secondary, must be able to deliver. Can they keep their promise?”

Customer Profile

Potential customers for the food hub include the following:

- **Restaurants** are interested in niche, high-quality products, and personal relationship with producers. Restaurants look for quality local products they cannot get through bigger distributors for a reasonable price. They seem less price-sensitive in general than those in other categories of customer, mainly because higher end restaurants can justify charging a premium for niche food items.
- **Grocery stores** are interested in where product comes from in terms of labeling and tracking. Consumers are requesting local and sustainable, but don't generally request certified organic. Retail stores are generally looking for variety, packaging, consistent washing and packing, price and timely delivery.
- **Institutional Customers** - The three categories of institutional customers are: hospitals and long-term care facilities, school boards, and municipalities. A number of these were identified in interviews as being more likely to participate. In addition to price and timely delivery, schools by policy require a tracking system for food products they serve.

Differences in Customer Preferences

For restaurants, seasonal change in product availability is fine. However retailers want to be able to get things year-round, and institutional customers want consistency, price and convenience. The hub should offer a diverse service model, to encourage customers to switch some of their buying from current suppliers. Price is very important, but this sensitivity largely depends on the category of customer. “Local” mattered more to prospective hub customers who have direct relationships with their own customers (i.e. they are asked more often by customers if products are local and want to be able to make the claim that they serve local products). For those with no direct link with their customers, local mattered less.

“... It would be or could be local product that could be promoted that way.”

“...I have a good relationship [with my customers] currently. Helps with honesty.”

“Needs to know where the local food is coming from and that they are up to standards.”

“Need a personal touch to understand each other’s needs and comfort levels. Like family farms.”

Core Services

The set of core services identified by potential customers were packing, cooling and delivery. Delivery should be a minimum of once per week and must be timely. Most potential customers said they would buy from the food hub if the products and service were high quality, if delivery was timely, and there were a variety of products available.

“...need to figure out core business to do well and grow from there. Can’t be marketing a full service distributor – can’t compete at that level. Knowing what the unique products you should offer is important. Start small and have a grand plan for future.”

Labeling

Customers in all categories did not express a high interest in labeling. Even though labels can build a brand, they were more concerned that products were local and sustainable. Some prospective customers are interested in niche brands, while others want a general ability to track food products.

“... The community knows where your products are coming from. [This] tells consumers you are buying good apples. Everybody feels good about buying local. “

“Customers like to know where stuff is grown, or if it is local. [A local] private label identifying [the] producer... is important. We have our own brand name that customers rely on.”

4.2 Producer Interviews

Of the 19 local producers identified, 10 were interviewed. Producer interviews provide important information on a number of observable trends and key learning. A summary of key points is outlined below.

Producers’ Interests in the Hub

Producers interviewed like the idea of the hub because it could mitigate the risk they currently have in commodities with price fluctuation. They feel that distributing through a hub could allow for diversification of production efforts toward both specialized products and price stability.



Some producers were skeptical about producing more specialty products due to a lack of marketing experience or confidence and risk aversion. They expressed an unwillingness to make any further investments unless customer demand is demonstrated. Farmers also need the hub to deliver the product to the customers.

Most of the interviewees said that they were interested in the food hub and all confirmed that demand for locally produced food was high.

"[I would] love to have a distribution system to deal with local restaurants."

"...always looking for customers. Looking for butcher shops and restaurants and individuals. Looking for more off-farm selling."

"Yes, [I'm] interested in food hub, but it seems you must be big or do everything yourself. We are having difficulty with processing... meat processor getting out of custom cuts."

Producer Growth Trends

Local producers are generally trying to get away from the commodity-based market. Approximately 70% of interviewees expect their farm production to increase in the coming years by serving new and growing local markets.

"...looking to expand on what we have. Going to do CSA and pre-sale to restaurant. Less to do with marketsadd another wholesale market."

"People tell me: sales keep going up and [they're] not doing any cold calls to sell product. Consumers contact me for my product, not the other way around. Consumers want that direct connection with the farmer."

"People are looking to know that their food has come from a local source. Organic is good, but not as strong as local."

Food Products to Focus On

Interviewees recommended some major products that can be focused on initially through a local food hub. Those are: mushrooms, vegetables, pork, beef, lamb, and goat. For meat products, the food hub would require a walk-in freezer and refrigerated truck.

Diversification and Working with Producers

Several interviewees indicated that de-commodification, or moving away from commodity crops by assisting producers to shift their focus and dedicate small amounts of acreage to vegetables and niche products, would be advantageous to them. An important role for the hub would be to work with local producers to develop a transition plan from commodity to diversity, or to shift a portion of their holdings to the production of new products.

Farmers will move from commodities to specialty products through pre-season planning and using market intelligence. It will be important to demonstrate the demand in specific areas that will help relay the market intelligence to the producer. This will require a significant, ongoing investment by the food hub staff in research, planning and developing a strong relationship with both customers and producers.

"[People] tell me at market that they don't shop at the store. They shop at market first, then the store if they can't get it at market. Customers are always looking for new varieties. We can source new varieties if we know the demand beforehand."

"...plenty of demand and room to grow. That is why we are increasing farm production by 100 – 200%."

"The [farmers] that have a quota system are in good shape, but ones that don't have the protection are in dire trouble -pork industry especially. [It's] going to polarize and individual farmers are going to disappear."

"There are times when I have a particular cut of beef that doesn't move quickly and if I can take it to the food hub that would be very helpful."

Producers' Needs

The farmers interviewed reported that they are spending too much time away from the farm and would rather focus on what they do best: grow crops and raise livestock. A similar finding was contained in the Perth County Agriculture Business Retention and Expansion report

Interviewees did not fully understand the food hub model. Work needs to be done to engage producers in the development process to ensure the hub works for them and takes into account their current business models and systems.

"[We're] limited by labour. Any increase [in production] means hiring more people... trying to stay as family farm but may have to hire one or two."

"Cost is the biggest barrier – need to get the most we can for what we have, as we have high quality food [but] small scale. Need to pay for labour."

Opinions on Contract Growing

Producers, like customers, are not keen to go into firm contracts. There is a risk, if agreements were too stringent, that farmers might be expected to produce more than they can economically supply to meet the demands from the hub.

Hub Services

The hub could replace some of the sales and marketing that farmers currently have to do, which too often takes them off farm. Producers are interested in cooling and delivery. Approximately 50% of those interviewed expressed a need for farm pick-up.

“Short delivery times to ensure quality.”

“Price should reflect the delivery of the product.”

“If they have cooling in place and they have created traffic [of buyers] and I am just bringing it in then I am fine. But if they don’t, then there is a problem.”

Farmers and Labeling

Producers indicated little interest in labeling unless they owned retail stores.

“We label our own food products. Home labels.”

Farmers and Marketing

The farmers interviewed said they experience challenges in marketing. The food hub must do this to establish the local grown identity, as this will ultimately be the currency of the hub brand.

“The food hub should be its own entity and provide a service for local producers. What they should do for local producers is to promote the producers and their products.”

Online Ordering and Tracking

Interviews with producers identified a need for online systems to track food in case of food recall.

Sustainable Agriculture Standards

From the interviews the idea of partnering with an organization that has already successfully established standards for defining sustainable agricultural practices that do not alienate producers was raised. Local Food Plus is one such organization.

Local Food Plus (LFP) is Canada’s premier solutions provider for local sustainable procurement. We are an award winning charitable non-profit committed to growing local sustainable food systems. We certify farms and processors for environmentally and socially sustainable practices make connections throughout the supply chain, do public speaking and community outreach to help eaters understand the many pluses of local sustainable food systems, and help buyers of all different sizes find Certified Local Sustainable food. <http://www.localfoodplus.ca>

Challenges for Producers in Participating

Some producers expressed concerns about competition between the food hub and farm gate sales or farmers' markets. They were also skeptical about the potential for bureaucracy, risk, and the capacity of the hub to generate sufficient premiums to pay the producers a fair price.

"Would require an expansion of my operation which I am not prepared to do.[My] market is based on St. Mary's and Stratford is down the road so [it could mean] additional expense and [is] farther away from my local community."

"Need less regulation: focused regulation is better."

"With specialty breeds, the cost of production is higher than regular pigs so we have to get higher price."

"People can't afford the price premium for the food."

4.3 Survey Results

Online surveys were conducted to collect feedback from both local producers and customers. This section gives an overview of the detailed responses for both online surveys. Detailed survey results can be found in Appendix 5.

4.4 Prospective Customer Survey Summary

The online customer survey yielded 21 responses:

- 68% were local hotels and bed and breakfasts,
- 42% were restaurants and caterers, and
- 16% were long-term care facilities.

Both food service and food retailers responded as follows:

- 50% of respondents classified themselves as food service providers
- 5% were retailers
- 20% put their business in the "both" category.

A significant percentage classified themselves as neither a food service nor a retail operation, or said "other" but gave no indication of how they classify their operation/business.

The majority of survey respondents purchase their food products from a blend of different sources. Suppliers included: major retailers, small independent local retailers, wholesalers, major distributors (i.e. GFS and Sysco), and farmer's markets.

Of these, the most common suppliers listed were Sysco and Gordon Food Services.¹² Major retailers, independent local retailers and farmers markets were less frequently mentioned.

Most food services and retailers are accessing the supply they need through the numerous options that exist, which include more mass produced, staple products from major distributors and local, value-added food products at retail prices and occasionally at farmer's markets.

Eighty percent (80%) of the respondents purchase some local or sustainably produced food and most purchase their supply from independent retailers or local farmers and meat markets. There are currently no local food wholesalers or distributors in the mix of options food service and food retail companies have to choose from. This points to a gap and an opportunity for the Perth food hub.

When respondents were asked how satisfied they were with their current suppliers, they rated their satisfaction level at just over a 6/10. This indicates that there is definitely room for improvement in serving the respondents.

In order to consider switching suppliers, respondents suggested the following needed to be in place: quality and consistent year-round products; quantity and variety at a competitive price. One respondent said they "would prefer to buy from one vendor to maximize purchase power and negotiate a discount based on annual volume."

Sixty percent (60%) of prospective customer survey respondents were businesses that purchased less than \$50,000 annually while 25% purchased over \$250,000 annually. Another 15% were in the mid-range. This means that the combined purchasing power of the small number of survey respondents is approximately \$1.7 million dollars annually.

Most prospective customers expect their supplier to deliver at least once per week and some requested that local food be delivered twice per week to maintain freshness.

Respondents rated the level of importance they attributed to certified organic, locally produced, and sustainably produced food products. Certified organic was lowest on the scale of importance to potential food hub customers, whereas locally

¹²Gordon Food Services is currently researching how they can access more local food in Ontario through a grant from the Greenbelt Fund. The Greenbelt Fund is awarding another 17 grants to local food projects. The largest sum of the new ventures, \$265,000, is going to Gordon Food Service Ontario, which will create a regional distribution system with hubs in London, Milton and Ottawa. The hubs are designed to bring more Ontario food into Gordon's system. With the system in place, the company anticipates increasing its local food purchases by \$7.6 million in 2013. For more information go to: http://www.fcc-fac.ca/newsletters/en/express/articles/20121026_e.asp

produced was the highest. Most respondents rated locally produce goods as “very important” or “somewhat important”. Sustainably produced products were also important to respondents but weighted slightly less than locally produced. This suggests that the food hub’s potential customers are primarily looking for “local” and “sustainable” food products.

When asked to rate factors influencing their purchasing decisions, respondents rated “food quality” the number one priority and “price” second. “Timeliness of delivery” was third. Another significant finding was that labeling was of the least importance to producers who answered the survey.

Prospective customers’ highest priorities for the food hub’s core services were: delivery, packing and cooling.

When asked whether they would switch suppliers for local, fresh and sustainably produced food products an overwhelming 75% of respondents said yes.

The greatest number of respondents (45%) said it was “somewhat important” to have a personal relationship with the food producer they were purchasing from, while another 40% said it was either “very important” or “extremely important” to them. This indicates the importance to potential customers of good relationships with producers.

Respondents are somewhat interested in purchase contracts and pre-season planning. When asked about private labeling of local products, most customer respondents said they were not at all interested. Yet, most are somewhat to extremely interested in purchasing from the local food hub in Perth.

Finally, the most promising finding for indicating the level of interest from potential customers is that when given an outline of the food hub concept and asked “Is this something that you might be interested in purchasing your food requirements from?”, 78% of respondents answered “yes” to this. Respondents are largely open to purchasing from the food hub if it meets their needs.

In conclusion, the online survey provides some insightful clues as to the needs and priorities as well as the level of interest in the current market. These findings apply mostly to food service providers in Perth, who made up the majority of respondents.

4.5 Producer Survey Summary

The online producer survey yielded 18 total responses from across each of Perth County’s four municipalities (North, South, East, West). Most producers who responded have been in production between 21-30 years, with others ranging from 11-20 years or less. Fifty Five percent (55%) own or rent between 10 and 100 acres of land. Eighteen percent (18%) hold between 100-500 acres, and another 18% work over 500 acres of land.

When producers were asked what percentage of their land is used for food production answers ranged widely, between 5 and 1500 acres. The total worked acreage of all respondents together is approximately 2048 acres.

One hundred percent (100%) of producer respondents say they are aware of a demand for locally and sustainably produced food. They sell their food from the farm gate and farmers' markets, and through wholesalers, local distributors, or directly to local businesses (e.g. restaurants).

Approximately, 60% of respondents produce meat, fish, poultry or eggs, while approximately 50% produce vegetables. Only 17% produce fruits and berries. Producers are most interested in selling meat to the food hub. They are also interested in selling mushrooms, vegetables and baked goods.

Local Perth County producers indicated that cooling and delivery would be vital to the viability of the food hub. Product pick-up was third most important, with packing and labeling being important to fewer producers. Very few respondents indicated that they have any downstream methods for tracking their products. Two respondents use lot numbers and one mentioned package labeling as their only means of tracking.

Sixty four percent (64%) of producers currently deliver their product to the distributor while 36% require pick-up. This means that the food hub will not necessarily have to pick up product from all participating producers, but could offer this service as a time saver for some. Although many farmers are able to drop off product, some or all may prefer not to if it allows them to devote more time to on-farm operations.

Most producers (58%) have never produced under contract, and of those who have, only one was currently under contract. This suggests that producers may not find contractual relationships appealing. In contrast, when asked about whether they would participate in pre-season planning with the food hub, 58% said they would be willing to do so.

Four out of 12 producers, or 33% of respondents, use seasonal extension structures. However, approximately 67% say they would purchase, or consider purchasing, additional equipment to extend the growing season. The conditions cited by a number of farm operators were that they would have to see a clear demonstration of additional demand first, and then a reasonable break-even horizon on their investment.

When asked about future plans for their existing operation, approximately 40% of producer respondents said they wanted to maintain their current size and type of production. The same number said they want to expand by increasing acreage. A third group also indicated that they planned to diversify their crops and livestock on

their existing acreage. Seventy five percent (75%) said that they wanted to improve their financial situation over the next 3 years, while 25% said they are expecting to maintain their current level of production. No producer expected their financial situation to deteriorate.

The total annual output of producers who answered the survey ranged from 50,000 lbs. to 1.4 million lbs. The average was about 50,000 lbs., and most specified various types of meat, including pork, beef, lamb and goat. Few vegetable or fruit producers responded to this section of the survey.

Of vegetable and fruit producers that responded to the questions about potential commitments to growing for the hub, most were reluctant to make substantial commitments. Thirty three percent (33%) said they could sell 10% or less of their annual output through the hub. Another 33% said they could sell 25% to 50% of their annual output through the hub. Yet there were a few who said they could dedicate as much acreage as the food hub would need.

It is possible that the reluctance of some farmers to commit may be overcome when there is greater understanding of the hub concept and how it can assist them in achieving their goals. Work will need to be done to develop strong relationships with food producers and ensure that there is a robust value proposition for each individual participating farm operator.

When asked to categorize their food production methods, most respondents said their methods were “antibiotic free” and “non-GMO”. Other popular responses were “hormone free” and “pasture raised.” Eighty two percent (82%) indicated that they use a sustainable production method which was not on the provided list of choices. Of these, common additions included certified organic, minimum tillage, local inputs and manual weed control.

Currently, only 27% of respondents sell their food at local farmers markets; less than 10% sell through a CSA or at local food auctions. 82% said they sell their products through some “other” method including direct to retailers, wholesale, or direct to consumers via farm gate or internet ordering.

Eighty three percent (83%) of the producer respondents said that they were looking for additional market opportunities. Twenty five percent (25%) were very interested in selling food through the Perth food hub. Almost 60% said they were somewhat interested.

When asked to identify barriers to participation in the food hub, many producers identified quantity, price and an uncertainty about the level of demand, as well as a general lack of awareness of local products. Other barriers cited were a low tolerance for bureaucracy and a lack of abattoirs in the area.

In turn, respondents identified a number of things that could be done to increase their enthusiasm for the food hub idea:

- More information on how the food hub would be organized
- How local food would be defined
- Fair prices for farmers
- Being able to supply on a regular basis
- Assurance that the food hub won't erode other customer bases (e.g. farmers markets or CSAs)
- Knowledge of how much product quantity is needed ahead of time
- Expansion of their current operation

From this sample, local producers who are mostly small to medium in size are slightly hesitant to commit to the food hub. Their primary concerns are quantity, price and demand. Many of them will invest in diversification or expansion of their operation if unmet market demand is proven to them. All of them believe that the demand for local food is high and rising. A large majority of producers are looking for new market opportunities and many are at least somewhat interested in participating in the Perth Country Regional Food Hub. They are mostly interested in cold storage and delivery as core hub services.

If the hub initiative is to be successful it will be essential to develop strong ties with local producers beginning in the development phase and continuing through to launch to an operational enterprise.

5.0 Profiling Other Food Hubs

5.1 Conclusions from Interviews with Food Hubs

A researcher interviewed representatives from seven food hubs across the US and Canada. A number of models and best practices were identified. Following are some key conclusions and learning from the interviews:

- Where there is a strong interest in local food, customers want source-specific labeling to know where their food is from.
- In some cases, individual customers understood the price mark-up and supported it because it embodied their value system.
- Businesses and institutions are more concerned about price and want it to be competitive.
- Education of customers is important to help deal with potential price disparities.
- Producers prefer a non contractual arrangement
- Producers expect the distribution services from the hub but not necessarily delivery of the produce to the hub
- The idea of de-commodification was mentioned as something that a number of producers were working towards
- Producers expected a higher price point for their product in a local market
- The majority of producers are looking for additional market opportunities

A few hub examples were identified as closely related to the model that is being considered in Perth County. These are profiled below.





5.2 Related Food Hub Model Profiles

Profile 1: Windham Farm and Food Network

This food hub is a good example for the Community Food Centre to review in more detail. The geographic location and operating model seems appropriate to the Perth County area.

Windham Farm and Food Network is a non-profit aggregation and delivery service that piggybacks on existing infrastructure to provide access to healthy, locally-grown food produced in the Windham County Region. A former high-school science teacher, now Local Food Network Co-coordinator at the University of Vermont extension of the Windham F, Farm and Food

Food For Thought

-  Growth rate equals an average of 133%/year over the last five years
-  Average price equals \$1/lb. of produce
-  Break-even = \$1500-\$2000 of produce per delivery day
-  Profit would be achieved through \$1 million in annual sales



Network, saw an opportunity to connect local schools to on-site gardens with local producers to increase local food consumption, and started the network.

Leasing a refrigerated delivery truck from an area farmer, and using an online marketing system, the Windham Farm and Food Network facilitates the aggregation, marketing, invoicing and delivery of produce from thirty farmers and producers to over thirty non-profit institutions (schools, buying clubs, etc) and for-profit institutions.

The Network has grown relatively fast since its inception. In its first year (2009), it distributed \$12,000 worth of vegetable; \$50,000 in the second year; \$75,000 in the third year and a projected \$150,000 in the fourth year (2012). The Network projects \$250,000 in gross receipts in 2013. The dollar value roughly translates to

\$1/pound of food, with mark-ups on food varying between non-profit and for-profit clientele. Currently the Network generates roughly \$5,000/week in sales with two delivery days. 85% of gross receipts go directly to produces, while 15% goes to the Network, and is fed back into covering the costs of operation. This 15% is broken down as follows: 8% to trucking, 5% to coordination (paying a coordinator), and 1.5% to maintaining the online service. The Network has achieved this break-even point by transporting \$1,500 to \$2,000 worth of produce per delivery day (only one truck-load per day). To generate profit, they estimate that this value would need to

Website: <http://harvesttomarket.com/farmers-market/Windham-Farm-and-Food-Network>

Facebook: <https://www.facebook.com/pages/Windham-Farm-and-Food-Network/>

Location: Brattleboro, Vermont

Population: 40,000 (Brattleboro); 200,000 (in the greater area)

Business Model: Key Points

increase to about \$4,000, with anything less not being an efficient use of the delivery truck space. This would translate into \$1 million worth of annual sales.

Recently, a non-profit organization (Chris Doyle Solutions) took over co-ordination of the Network. The organization receives \$50,000-\$60,000 (annually) in grant money to conduct work on school programs and buying club initiatives. This grant is not directly related to the Network. However, the organization uses the Network's services to supply its buying clubs and programming initiatives.

Profile 2: CERES (Centre for Education and Research in Environmental Strategies) Fair Food

Fair Food started off as a group of urban farmers forming a market to collectively sell their produce. Though it was structured much like a co-operative, it was never formally incorporated. The market generated significant interest, growing to 300 members a week. With this growth, the co-operative style model became difficult to organize. Maintaining member participation and offering a wider range of produce became more and more challenging. In 2010, a grant enabled the organization to be folded into the Centre for Education and Research in Environmental Strategies (CERES). This allowed for greater operational capacity and centralized the online ordering system. CERES, a non-profit organization, is focused on environmental and educational initiatives. It runs organic farms, community gardens, environmental education programs, a restaurant, an eco-shop, a café, a market, a community kitchen, a catering service, and a permaculture and bush-wood nursery. The CERES

Fair Food initiative works under CERES' umbrella of twenty social enterprise ventures, all of which help keep the organization financially stable. These social enterprises operate rent-free, as they are all located in a community park housed on donated land. The council traded the land to CERES in exchange for CERES' stewardship of the park.

Fair Food is a CSA and home-delivery hybrid model. It was established with the assistance of a two-year grant (2010-2012), allowing the project to break even over that period. Another grant has been secured to maintain their online system which enables customers (household, cafés, hospitals, and other local businesses) to select a produce box (ranging in size and price from \$20-65) and pre-pay for their order. The online system also helps maintain food drop-off sites. The boxes contain mostly

Food For Thought

-  Hybrid model (CSA, home-delivery) under an umbrella organization
-  Significant municipal support
-  Over a dozen full-time employees
-  Serve hundreds of customers, performing deliveries every day
-  Provide access to wide variety of goods, focusing on local food

locally (Victoria-area) grown, organic produce. Grocery items, dried goods, and some internationally sourced produce are also available to satisfy consumer demand.

The farmers are responsible for delivering the produce to Fair Food's 500-600 m.² warehouse, where it is aggregated, stored, packed, and delivered via produce boxes. Fifteen full-time employees staff the warehouse. A fleet of three trucks does deliveries five times a week; twice a week for collective drop-off locations (20-30 boxes) and wholesale deliveries; once a week for individual household deliveries. Approximately 700 orders are packed weekly with an average cost of \$55 (approximate sales: \$38,500/ roughly 10 tons of local produce per week).

Fair Food's sales mark-up is 80-90% on fresh produce and 50-60% on dried goods and groceries, while more in-demand items are more cheaply priced to maintain a competitive edge. Their projected sales are about 2 million dollars for 2012, an increase from 2010 and 2011.

Website: <http://www.ceresfairfood.org.au/>

Facebook: <https://www.facebook.com/FairFoodCERES>

Location: Melbourne, Victoria, Australia

Population: Over 4 million (in the greater Melbourne area)

Business Model: Key Points





Resources:

CERES: <http://www.ceresfairfood.org.au/about-ceres/>

Profile 3: Wisconsin Innovation Kitchen

The Wisconsin Innovation Kitchen is owned and operated by the Hogan Centre, a non-profit organization providing people with disabilities with work and personal development opportunities. Since 2005, The Hogan Centre has produced its own line of processed foods. Beginning in a small commercial kitchen, their line expanded to the point that their facility no longer served their needs. At the time, The Hogan Centre also owned and operated a Dairy Queen. When a highway that ran past the restaurant was reconstructed, its pathway was diverted, causing the restaurant to lose its customer base and subsequently close. When The Hogan Centre couldn't sell off the property, they decided to re-locate their processing operation to the site. They raised the one and a half million dollars needed to convert the site into a 10,000 ft.² independent processing centre now known as the Wisconsin Innovation Kitchen. Of the money raised, half came from the government, with the other half coming from other public sources.

Food For Thought

-  Social Enterprise using food processing to satisfy a different mandate (serving disabled people)
-  Do food processing only, leaving other areas (marketing, distribution etc.) up to clients
-  Significant outside support in start-up
-  The employment creation for people with intellectual disabilities could be a possibility in Perth County in the medium term

The Kitchen's 10,000ft.² building contains a 400 ft.² walk-in fridge and a similarly sized walk-in freezer. The staff consists of a Food Service Director, a workforce of about thirty to forty staff (Hodan Centre clientele), and four or five able-bodied staff. These numbers fluctuate throughout the year. Because the workforce is disabled, there is a separate labour protocol that The Centre must comply with as part of their operations. Although the Kitchen's main purpose is to accrue revenue through the sale of their product line, it sells its processing services to area farmers and food entrepreneurs.

These producers/entrepreneurs are responsible for everything aside from processing, including the drop-off, pick-up, marketing, sales, and distribution of raw and processed goods. There is no pre-determined minimum or maximum order capacity. With most processed foods being packed in jars, increments of 360 (12jars/case x 30cases) are a common measurement standard. 20,000 units remains a minimum order for most facilities. Kitchen inventory is tracked using a combination of hard copy and electronic media. This includes internal inventory and a client order databases. This hybrid model allows the operation to grow more organically. The mark-up that The Kitchen charges is determined on a per-client basis, as it is dependent on several factors including ingredient price and level of required processing. Clients can choose whether to use their own farm/business label, or may use The Kitchen's branding. While the Kitchen supports and frequently purchases locally grown food, they have no explicit mandate to do so, purchasing ingredients from all over the country. When they deal with local, regional, and sustainable foods, they market them accordingly.

Location: Mineral Point, Wisconsin

Population: 2,487 (2010)

Nearest cities: Dubuque, Iowa (35 miles away): 57,686 (2010);
Madison, Wisconsin (43 miles away): 208,054 (2010)

Business Model: Key Points

Resources
<http://www.wi.innovationkitchen.org/>
<http://www.hodancenter.org/>
<http://www.city-data.com/city/Mineral-Point-Wisconsin.html>

6.0 Business Analysis

In order to assess the feasibility of the Perth County regional food hub, elements of the operational model were considered and developed based on market research, best practices, Steering Committee decision-making, and consulting team recommendations. The model may be modified if and when it is implemented. The pro forma serves as a general guide under a specific set of assumptions.

6.1 Core Services and Characteristics

Regional Food Hub Model “Must-Haves”

- Complete compliance with health and safety standards
- Minimize overhead by efficient logistics, inventory management and distribution
- Commitment to giving farm operators fair market price
- Facilitate pre-season planning with producers based on established market demand
- Pickup and delivery
- Strong marketing of local products
- Labeling system for developing brand recognition

Core service offerings identified as priorities by producers and buyers through the feasibility research include:

1. **Marketing**– the food hub should provide local producers with marketing of their produce and specialty products to targeted buyers participating in the food hub.
2. **Pickup**– the food hub should offer produce pick-up to roughly half of participating producers, while the other half drop their product off at the hub.
3. **Washing and Packing** – The food hub should offer washing and packing services for an additional fee for producers who want the services.
4. **Cold Storage**– the food hub should offer cold storage services.
5. **Delivery** – the food hub should offer regular and reliable delivery of online orders through efficient distribution routes

The characteristics identified as essential to the Perth Regional Food Distribution Hub model are as follows:

- **Efficiency** – To keep price low, the hub will have to develop internal processes that can solve logistical problems on a regular basis.
- **Planning Input and Output** – Planning will ensure important information ahead of time about the supply and anticipated demand.
- **Fast Turn-Around**
- **Use Existing Inventory and Online Ordering System** – Existing online ordering and inventory management systems are available through the CFC to manage the flow-through of food products in an organized and efficient manner.
- **Food Packaging**– Minimal and/or reusable packing will ensure low-cost, but successfully differentiate the food hub business as sustainable.
- **Reliable Delivery** – Delivery once or twice a week will encourage confidence in regularity, without overtaxing a fledgling operation.

- **Online Discount Model** – It may be advantageous to use the online ordering system to help producers sell products they have difficulty moving on their own.
- **Don't Start with Processing** –Processing is not sustainable in the beginning due to stringent regulations. This service may be offered once the hub is running successfully.

6.2 Operations Models

Three potential models emerged as options for the food hub operations. These are:

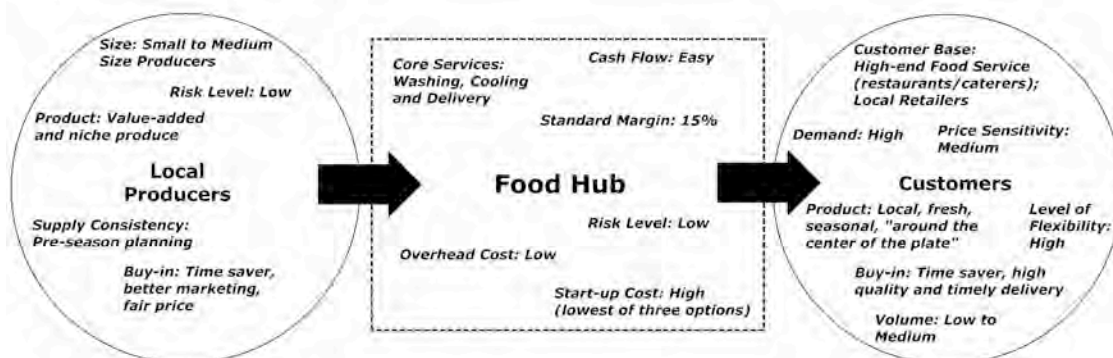
- Flow-through Model
- Direct Purchase Model
- Distribution Integration Model

Each of these models is illustrated and compared below. The models vary according to anticipated customer base, core services, and whether the hub will pay for the food products itself.

The Flow-through Model

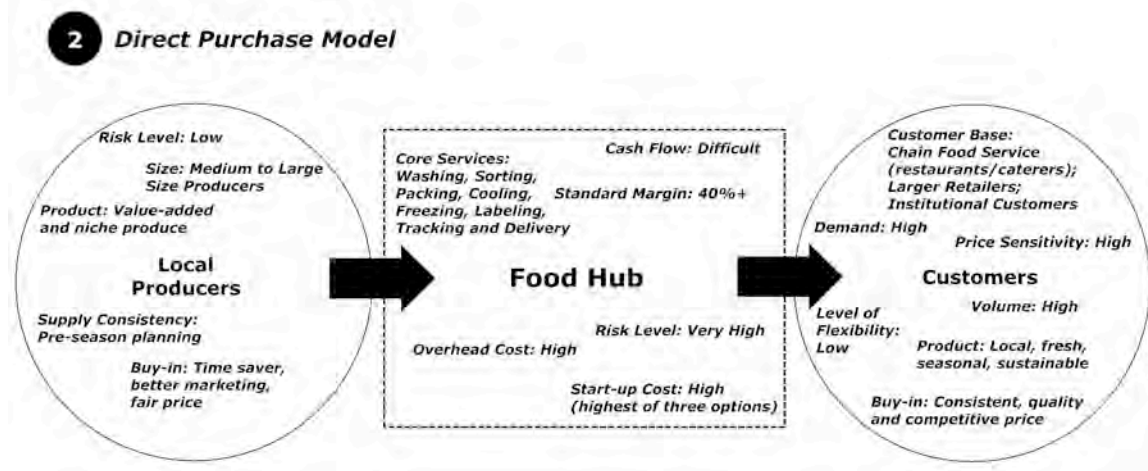
This model is defined by the rapid flow of products, promising a quick turnover of inventory. The food products come in and are shipped out in 24 to 48 hours. The food inventory may be posted online based on farmers' weekly production. Restaurants in the local area will then choose from among the available products. The hub never takes possession of the food, but rather marks them up and sells them on commission. In this way, the flow-through model avoids the risk of buying the products. Margins on this model and level of service are usually quite low, between 10% and 15%. The primary services would be: cold storage, delivery, sales and marketing of the local products. The model provides for distribution of both staples and niche or value-added products that cannot be found at the bigger distributors (i.e. GFS or SYSCO). The products must be of high quality and be delivered on time. In short, this model is the lowest risk, lowest cost and the easiest to implement. The primary customers will be restaurants and local retailers.

1 Flow-through Model



The Direct Purchase Model

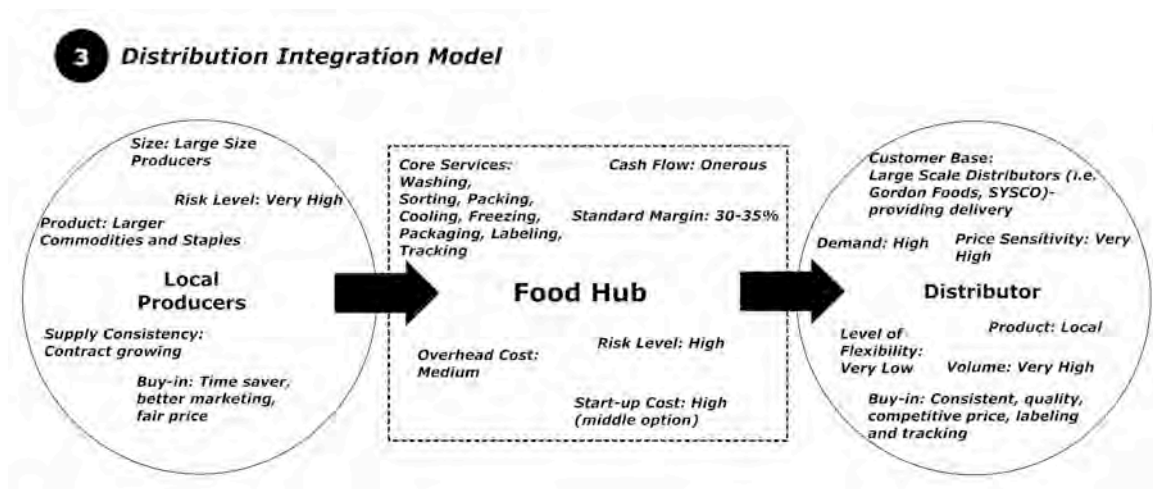
This model will succeed or fail by its capacity to manage cash-flow and directly purchase a large quantity of product from local producers up-front. Local producers would be 'paid first,' and the food hub would then take possession of the product. It would be the responsibility of the hub to sell the product on. This puts the onus on the food hub to preserve and protect inventory but also to sell its stock completely. This may mean selling extra stock below cost. An added level of risk stems from having to manage cash-flow and the impact of product fluctuations on cash flow. The likely customer base for this model would be larger retailers or food service providers who demand higher volumes and who are more price-sensitive. As a result, the food hub will have more pressure on its operations to run smoothly and deliver consistent product. The development of efficient internal systems for fulfilling the needs of customers will be imperative. This model also requires a much larger service offering, including: washing, sorting, packing, cooling, freezing, labeling, tracking and delivery. All of these services would be necessary to meet the needs and demands of larger customers. In general, this model is the highest in risk, the most costly, and the most complex to manage. Yet, should it be established, the general accessibility to local food for residents of Perth County would be significant.



The Distribution Integration Model

This model works closely with larger, already-established distribution networks. The food hub would feed local products from Perth County into the broader distribution system. This would mean abiding by the many standards and regulations that the bigger distributors have put in place. Ensuring consistent supply and keeping prices low would be vital to making this model work. The hub would be required to provide a full set of services including: labeling, tracking and packing in compliance with the larger distribution partners. The volume of product would be high, because larger distributors must supply all of their customers with the same quality product for a standard price. Once systems are in place for running a smooth operation, the food hub could then focus on working with producers to increase their capacity to produce the amount of product that is in demand. A

service agreement might provide the food hub with some stability, but would also significantly increase ongoing responsibilities to the customer. The risks would still be purchasing the product outright and having to sell it and/or keep it fresh. Perhaps the largest major risk in this model would be the potential inability to fulfill the service agreement. The demand from large distributors may be greater than the supply in Perth County, necessitating the hub to extend its boundaries to work with producers further afield. This would have significant cost and operational implications and may challenge or extend the 'local' mandate.



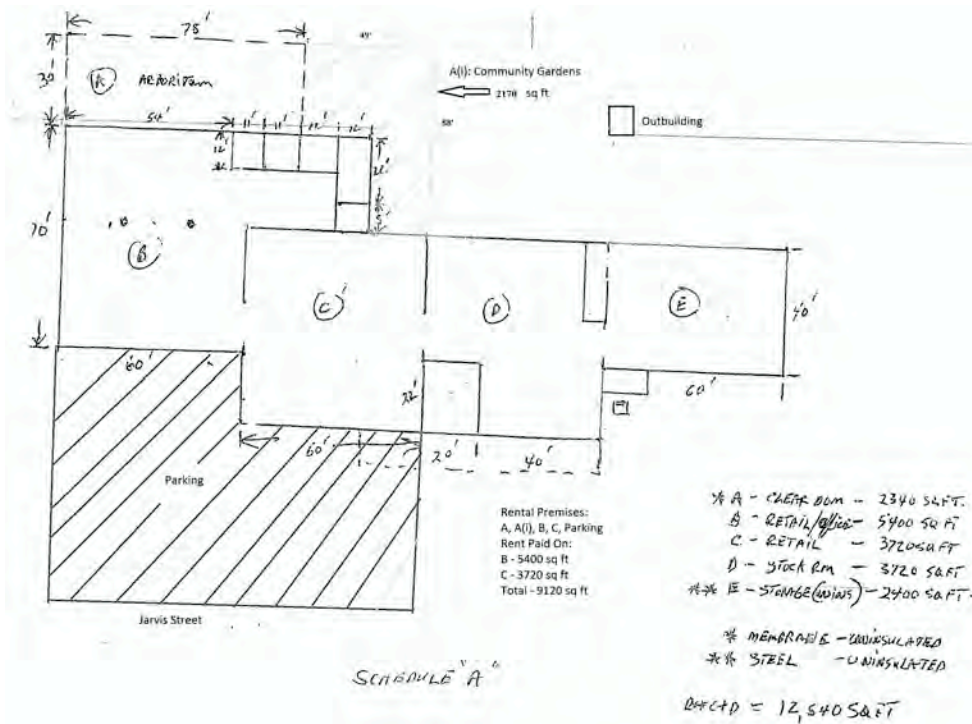
6.3 Food Hub Facility

The current premises of the Local Community Food Centre offer a number of possibilities for expansion to accommodate the Perth County Regional Food Distribution Hub. The building and lot offer multiple unused spaces for future expansion, which make the site ideal. Since the storage space required for the food hub will be significantly larger than the needs of the Local Community Food Centre, having additional space available as-needed is a benefit.

The additional space options on Schedule A below are the following:

1. Space marked D = 3720 ft.² (insulated warehouse space with loading bay)
2. Space marked E = 2400 ft.² (corrugated steel storage barn).

Note: The Local CFC currently occupies A, B, and C. C houses the walk-in coolers.



6.4 Financial Modeling

Scenario 1: Using Existing Infrastructure and Space for Cold Storage and Delivery

Volume and Facilities: The current space for the Local Community Food Centre is 9120 square feet in total, with approximately 3720 feet of space dedicated to the distribution centre and 5400 square feet dedicated to the food service centre. Currently, two walk-in cold storage units have been installed with 100 square feet of floor space each.

Mix of Farm Packed vs. Hub Packed: If the hub is going to offer picking up and packing custom orders, it makes sense to use a separate space that has washing facilities.

Regulations stipulate that reusable containers must be washed after every use. It is also advantageous to keep this section cordoned off from the storage and distribution space to keep it clear, clean and organized. Many of the local producers may not need the food hub to do packing for them. Other distributors in the industry charge a premium for this service, and the more customized the order, the higher

Financial Model Considerations

- Must minimize overhead
- Delivery cost will be significant
- Considerable start-up capital
- The hub needs to continually invest in building relationships with producers and customers; brokering relationships and marketing will be a consistent expense
- Start-up costs must include refrigeration, heating and storage equipment
- Building renovations must also be considered

the price, because custom picking up and packing is labor intensive. The fee structure for the hub will likely include several options for pre-packed goods, hub-packed goods, and hub-packed custom orders. With the use of only current storage capacity there would be little room for the hub to provide washing and packing services.

Commission, Fees and Margin: The industry standard for the margin added to the food price for a commission-based, flow-through model is between 10% and 15%. However, the margin may be slightly higher, depending on the amount of initial investment, pre-season planning and supply management, labeling and marketing needed.

Price: The price-per-case of produce was determined by taking the price of a case of produce in five categories and averaging them.

Revenue: Volume of product (i.e. lbs. or cases) is based on capacity of storage space multiplied by the average price per case (\$40) multiplied by the turnover per month.

Cost of Goods Sold: The cost of goods sold is diminished significantly based on the flow-through model, because inventory will not be purchased from local producers until it is already ordered and paid for by the customer. Overhead and labour costs will be the main factors considered in calculating the cost of goods sold.

Scenario 1 Revenue Potential *(At Maximum Capacity Based on Square Footage):*

Cold Storage: 102.5 sq. ft.

Freezer Storage: 102.5 sq. ft.

Maximum Capacity: 576 cases or 12,000 lbs of food 2 times per week

Average Price Per Case: \$40

Total Sales Revenue: \$23,040 (2 times per week)

Commission – 15% Margin: \$3456 (2 times per week)

Monthly Food Hub Income: \$27,648 (average of 8 complete turnovers)

Annual Food Hub Income: \$331,776 (12 months)

Annual Food Hub Income (adjusted for seasonality): \$165,888 (6 months)

Total Monthly Producer Income: \$184,320

Scenario 2: Using Additional Space (D and E in schedule A)

Volume and Facilities: The current facility for the Local Community Food Centre is approximately 9120 square feet in total. Adding a regional food hub to the current operations of the CFC will require additional cold storage space in the near future. Expanding into storage space D and E (on Schedule A above) will provide an additional 3720 square feet of space that could accommodate a much larger walk-in cold storage unit and dry storage space.

Mix of Farm Packed vs. Hub Packed: The addition of room D and E in Schedule A above gives the hub enough room for cold and dry storage with additional room for washing, picking and packing. This scenario would assume that farmers would pay a premium for this service over and above the usual commission fee.

Commission, Fees and Margin: The industry standard for the margin added onto the food price for this type of commission-based, flow-through model is between 10% and 15%. However, the margin may be slightly higher depending on the amount of initial investment, pre-season planning and supply management, labeling and marketing needed.

Scenario 2 Revenue Potential
(At Maximum Capacity Based on Square Footage):

Cold Storage: 1024 sq. ft.
 Freezer Storage: 1024 sq. ft.
 Maximum Capacity: 2688 cases or 56,000 lbs of food per 24-48hrs
 Average Price Per Case: \$40
 Total Sales Revenue: \$107,520 (every 48hrs)
 Commission – 15% Margin: \$16,128
 Monthly Food Hub Income: \$129,024 (average of 8 complete turnovers)
 Annual Food Hub Income: \$1,548,288 (12 months)
 Annual Food Hub Income (adjusted for seasonality): \$774,144 (6 months)
 Total Monthly Producer Income: \$731,136

6.5 Start-Up Budget for Scenario 1 and 2

Start-Up Budget	Scenario 1: Using Existing Space	Scenario 2: With Additional Space (D and E In Schedule A)
Capacity for Input	<ul style="list-style-type: none"> • Approx. 6000 lbs. of cold storage • Approx. 6000 lbs. of freezer storage 	<ul style="list-style-type: none"> • Approx. 28,000 lbs. of cold storage • Approx. 28,000 lbs. of freezer storage
Capacity for Output	12,000 lbs. of output every 24hrs	56,000 lbs. of output every 24hrs
Total Capacity	12 palletes of food product every 24hrs (or 576 cases ¹³)	56 palletes of food product every 24hrs (or 2688 cases)
Size of space (Square Footage)	<ul style="list-style-type: none"> • 102.5 square feet of cold storage • 102.5 square feet of freezer storage 	Room D = 3720 sq ft. Room E = 2400 sq ft.
Number of Staff	1 Additional Staff (FTE) = \$41,500 + 15% benefits	3 Additional Staff (FTEs) = \$124,500 + 15% benefits
Design and Construction		
Design and Drawings, Project Management	N/A	\$15,000
Permits/Licenses	N/A	\$2000
Total Preparation	\$0	\$17,000

¹³ This is based on 48 cases per pallette at approximately 20 lbs per case

Construction		
Insulation for Cold and Freezer Storage Units	\$8000 with installation	\$40,000 with installation
Other to include: electrical, plumping, HVAC, etc.		\$35,000
Total Build Out	\$8000	\$75,000
Inventory System and Tracking, Design and Development Cost		
Inventory and Online Purchasing System (modified)	\$4800	\$4800 (one or the other)
Food Label Design and Printing – sticker on case	\$1000	\$1000
Preseason Planning and Producer-Hub Consultations		
Community Consultation	\$5000	\$5000 (one or the other)
Total Development Cost	\$10,800	\$10,800
Fixtures, Furniture and Equipment		
Equipment		
Sinks, Washing		\$2000
Industrial Shelving		\$2000
Hydraulic Lift – skid stacker	\$800	
Fork Lift		\$6000
Computers		\$1000
Total Equipment	\$3000	\$7000
Furniture		
Chairs/Tables/Stools		\$500
Desks		\$500
Total Furniture		\$1000
Total FF&E	\$3800	\$20,000
Total Capital Items	\$25,600	\$122,800
Operating Capital		
Opening Operating Capital		
Opening Inventory of Re-useable Packaging (2 months)	N/A	\$500
Opening Inventory Other (30 days)	\$200	\$2000
Wages and Benefits (2 months)	\$8500	\$25,500
Lease Payment for Space (2 months) in scenario 2, there would be a cost associated with maintaining the lease during construction)	\$320	\$3190
Lease Payment for Delivery Vehicle (2 months)	\$4280	\$4280
Insurance (2 months) - stock and equipment replacement coverage	\$400	\$2000
Utilities (2 months)	\$400	\$1200
Fuel for Delivery (2 months)	\$3200	\$3200
Management Fee (30 days) – 25% of time allocation	\$1200	\$1200
Subscription Fee for Ordering System 2 months	\$48	\$48
Total Opening Operating Capital	\$18,548	\$43,118
Training, Set Up and Launch Costs		
Initial Staff Training	\$1000	\$3000
Data Input and Updating for Online System	\$1000	\$1000
Total Training, Set Up and Launch	\$2000	\$4000
Opening Marketing	\$5000	\$10,000
Total Opening Capital	\$25,548	\$57,118
Grand Total Opening and Capital Requirement	\$51,148	\$179,918

6.6 Accessing Start-Up Capital

Research has shown that the hub will need significant initial investment, and that it may operate at a loss initially in order to give farmers a reasonable price. The Hub will be different than other current suppliers, however, as it will operate under a social enterprise model.

A number of grants may be accessed to help support the cost of business-planning and start-up. Potential grant sources include:

- J. W. McConnell Family Foundation
- Metcalf Foundation
- GreenBelt Fund
- Perth and District Community Foundation
- The Ontario Trillium Foundation
- Agricultural Adaptation Council
- OMAFRA
- The Co-operators
- RBC Social Finance Initiative
- TD Friends of the Environment Foundation
- Heifer Foundation of Canada

The start-up cost of this venture may necessitate the securing of a loan from a financial institution or private lender. The following is a list of potential lenders:

- Perth CFDC
- Local Credit Unions
- Stratford Perth Community Foundation
- Community Forward Fund¹⁴
- Canadian Alternative Investment Co-operative¹⁵
- A community bond issue¹⁶
- RBC Social Finance Initiative
- Banks

7.0 Business Operations

From the beginning of the feasibility study process, the likely ownership structure for the food hub was determined largely by the Steering Committee. Under the current plan, the food hub would be owned and operated by the Local Community Food Centre, a nonprofit charitable organization.

7.1 Ownership Structure

The Local Community Food Centre intends to own and operate the food hub with the support of The Corporation of the County of Perth. The hub will be run as a social enterprise devoted to increasing public access to local food. Nonprofit ownership by the Community Food Centre will ensure that the food hub will be

¹⁴<http://www.communityforwardfund.ca/about-us/>

¹⁵<http://www.caic.ca>

¹⁶<http://socialinnovation.ca/communitybonds/intermediaries>

accountable to the surrounding community and supporters. It will reduce its costs by applying margins only to sufficiently cover operational costs.

7.2 Management Team/Operator

The management team for the food hub will need to include, at minimum, the following functions/roles:

1. **Food Hub Manager** –responsible for the financial oversight, business development and grant applications for the hub
2. **Sales and Community Animator** –working with stakeholders and generally promoting the social enterprise within the community
3. **Warehouse Manager/Distribution Coordinator**–organizing and overseeing day-to-day operations within the facility
4. **Delivery Person**– responsible for the most consistent contact between the hub and its customers. This role requires a high degree of knowledge regarding all offered products.

The possibility of sharing staffing costs with the Local Community Food Center may be a viable option initially, but will not be a long-term solution. The food hub will need to aim to be self-sufficient and cover the costs of any staffing that it requires.

The Local Community Food Center may explore the possibility of recruiting volunteers to assist with the operational or strategic requirements of the Regional Food Hub. Nevertheless, the main positions as listed above will need to be held by paid staff that is well trained, experienced, and reliable.

The food hub may also be an excellent training and learning environment for under-employed and unemployed people in the region. This could be explored in partnership with other employment development organizations in Perth County.

7.3 Business Risks and Mitigation Strategies

1. **Supply Less Than Demand** – The hub may manage the supply-side by investing time in pre-season planning with local producers to ensure consistency in the type and quality of products that will be available. Also, it should be possible to plan for several producers to supply each type of crop or product so that, in cases where one has a bad season, others may supplement or help fill the demand.
2. **Health and Safety Regulations** – It is of vital importance that the hub complies with all government-imposed health and safety regulations. This will help ensure customer confidence.
3. **Fluctuations in Supply** – Seasonal fluctuations can be anticipated with appropriate pre-season planning.
4. **Fair Price for Producers** – Operating as a social purpose enterprise, and initially focusing on less price-sensitive customers, the food hub should be

- able to offer both fair prices to producers and competitive rates to consumers, keeping overhead and mark-ups low.
5. **Initial Investment** – The initial start-up investment is considerable; seeking assistance through grants and loans from a variety of sources will be important in ensuring sufficient capital.
 6. **Job Stability** – If the food hub focuses only on seasonal goods, employees may not be assured of consistent, year-round employment.
 7. **Price of Fuel** – Rising fuel costs must be accounted for in any business model, and may have an impact in farmers’ continuing ability to offer low-cost drop-off of produce at the hub.
 8. **Unforeseen Fluctuations in Operational Costs** – Any number of unforeseen expenses are possible when running a business: maintaining a surplus and contingency reserve will be prudent.

8.0 Conclusions and Recommendations

8.1 Feasibility Considerations

The preceding research findings and analyses suggest the following five main conclusions:

1. **Proceed to Next Stage Given Sufficient Interest:** It appears that there is sufficient interest among both producers and prospective customers to continue to pursue the next stage of business development planning for a food hub in Perth County.
2. **Consider Low Risk Flow-Through Model:** A low-risk flow-through model focused on supplying restaurants, food service and retail businesses will give the food hub its best chance of initial stability and sustained growth in Perth County. Once established in the niche market, the hub may work toward increasing capacity to supply local retailers. Further assessing the possibility of supplying larger chain retailers may be possible in the future once the hub is established. As a starting point the food hub should focus on high quality produce.
3. **Capitalize on Assets of CFC to Keep Start up Costs Reasonable:** Further financial projections and analysis are required to create a specific picture of the chances of financial success for the enterprise. However there are indications that the initial investment required to operationalize the flow-through model for the food hub would be reasonable given expectations of return on that investment. This preliminary conclusion is based on the assumption that existing assets and systems already in place at the Community Food Centre would be applied efficiently in operating the food hub.

4. **Establish Strong Relationships with Producers:** From the outset, establishing strong relationships with local producers will be of vital importance, as the producers themselves will be called upon to provide the volume needed for any expansion.
5. **Consider Phased Development to Mitigate Risk:** From the outset, it will be important that the risks associated with initiating new services and starting a new enterprise do not outweigh the benefits to any stakeholder.

8.2 Recommendations for Next Steps

1. **Secure Funding for Business Planning:** Further development of the business idea may be achieved by securing development funding from government or other agencies. Consulting services that can facilitate the development of a strong plan can be up to \$20,000 depending on the complexity of the business. Don't underestimate the cost of business planning.
2. **Identify and Contract Support for Business Planning:** Business planning is best done by the people who will be running the business so ensure that you have internal resources for the time required to prepare an accurate business plan. External consultants can be contracted to support staff assigned to or contracted by the hub, to build their own capacity for understanding and planning the business.
3. **Work Through Business Planning Process:** Business planning should:
 - Clearly define the unique value proposition for each key stakeholder.
 - Confirm whether Scenario 2 makes the most sense.
 - Set out a full operational plan and structure.
 - Include detailed financial projections and budgets as well as a financing plan.
 - Include development of a good sales and marketing solution/plan based on more detailed local market research.
 - Ensure that the hub's needs fit with farmers' business models.
 - Further elaborate on how the food hub may solve time-consuming problems for farmers.
 - Include information gleaned from additional research (see below).
4. **Work with Local Producers:** To gain the support and buy-in of farmers and show that the food hub will support them and the CFC, establishing good relationships with farmers must be a priority. Consider:

- Hosting community meetings with producers to present the concept, identify key questions and concerns, and identify concrete expressions of interest.
 - Seek market intelligence to clearly illustrate unmet demand.
 - Determine what specific risks farmers are willing to take.
 - Aiming for transparency with regards to the hub's pricing structures will be needed.
 - Identifying pre-season planning approaches to help to manage risk.
 - Helping local producers with small acre diversification to manage risk. Support them to start with small acreages of new specialty products.
 - Providing clear cost/benefit analysis for producers.
5. **Test the Model:** Use the existing CFC facility and producer relationships to generate revenue and expand incrementally into additional storage facilities as needed. Market testing can be done in a very limited way in spring/summer 2013 with a select group of producers and products and a group of customers willing to assist in testing the concept.
6. **Conduct Additional Research for Planning:** During the research and analysis phases, the consultant team and Steering Committee identified the need for additional research in the following areas:
- Unique products that are in demand by customers but are under-supplied by mainstream distribution networks need to be identified. Restaurants may be the most logical place to start. Heritage breeds, heirloom varieties of produce, and mushrooms are examples of potential products.
 - More research is needed into what farmers will have to do other than just produce more food (hire more staff, buy more equipment, increase scale of business, how margins may be affected) in order to participate in the business.
 - The hub needs to be careful not to overestimate the number of institutional customers that will switch as compared with those that said they would. Further methods of ascertaining an accurate estimate of the demand need to be explored.
 - It would be helpful to know exactly what potential customers are buying both in terms of quantity and diversity: they don't all need the same products in the same volumes, and the hub will not be able to supply everything. The range of products will have to be defined both in terms of general categories and variety within categories.
 - Research on detailed pricing must be done for each product the hub will distribute and for the services provided to categories of producers.
 - It will be necessary to be able to quantify as precisely as possible the actual level of demand. As producers will be asked to produce the levels necessary to satisfy demand, additional market research will greatly assist in maintaining relationships among all parties.

- Many food hubs offer training and learning opportunities for underemployed and unemployed people. Research into other models and prospective partnerships with employment development organizations will help assess whether this would be a good addition to services in year 2 or 3 of operation.
- 7. Proceed with Capital Plan and Start up:** If business planning and test marketing confirm that the food hub enterprise is able to address the objectives of the partners, proceed with the capital generation plan, phased in facility and systems preparation, and operations start up.

Appendices: Table of Contents

Appendix 1: Summary of Perth County Corporate Directions	47
Appendix 2: Interview Guides	49
Appendix 3: List of Food Hub Interviewees	56
Appendix 4 Annotated Bibliography.....	57
Appendix 5: Survey Results.....	70

Appendix 1: Summary of Perth County Corporate Directions

Perth County has expressed commitment to the promotion and growth of the local food movement and agricultural industry:

1. **Corporate Strategic Plan** – the third goal in the Corporate Strategic Plan is to support the continued strength and success of the agricultural businesses that are home to Perth County. The strategic objective for this section is to “support local or export-oriented opportunities for value-added production, processing and new market development”.¹ Specific related actions that have been identified in the Corporate Strategic Plan include:

Action 1: Develop strategic priorities to address the challenges and opportunities arising out of the Agricultural BR&E, identifying ways to support value added agriculture

Action 2: Ensure water, municipal sanitary, broadband, natural gas and electricity infrastructure is in place to service value-added agriculture developments within settlement areas.

Action 3: Attract nurture, and retain value-added agricultural and related industries. Identified targets should include food processing, milling, green energy bio-crops, bio-products, bio-mass and bio-gas, post-harvest handling facilities, specialized produce (organics, heirloom varieties), differentiated products (functional food, heritage breeds), agro tourism, genetics facilities, and innovation in the agricultural sector. Continue to develop expanded market opportunities for local producers.

Action 4: Develop site selector packages specific to the needs of the value added agricultural sector with a current inventory of available properties, buildings and infrastructure capacity.

Action 5: Collaborate with industry and post-secondary institutions (i.e. University of Guelph) in agriculture and agrifood research, delivery of localized training to support this sector, in order to increase agriculture-innovation focused on leading edge agricultural practices in Perth County.

¹ http://www.perthcounty.ca/fileBin/library/general/pdfs/Council_Adopted-Perth_County_Part_I_Corporate_Strategic_Plan.pdf

Action 6: Continue to enhance partnerships with producers and local agencies focused on improving access and viability for local food

2. **Economic Development Strategic Plan** – the County has identified agriculture as a key economic driver in the region and identified value-added agriculture specifically as a strong future economic driver. For this reason, value-added agriculture has been prioritized as a key economic target.²

²http://www.perthcounty.ca/fileBin/library/Perth_St_Marys_Stratford_Economic_Plan_Final_2010-04-13.pdf

Appendix 2: Interview Guides

Customers Interview Guide

1. Who do you currently purchase food from?
2. Please rate your level of satisfaction with your current supplier on a scale of 1-10? (1 being dissatisfied, 5 being satisfied, 10 being extremely satisfied)
3. Do you currently purchase local or sustainably produced food? And who is/are your supplier or suppliers?
4. What does your current distributor offer that would be important for others to offer you if you were to change who you purchase from?
5. How often do you order food from your distributor?
6. Please estimate your total ANNUAL purchases by checking a range below:
(Suggested answer choices:)
 - a. Less than \$10,000
 - b. \$10,000-\$50,000
 - c. \$50,000-\$100,000
 - d. \$100,000-\$150,000
 - e. \$150,000-\$200,000
 - f. \$200,000-\$250,000
 - g. \$250,000-\$350,000
 - h. \$350,000-\$500,000
7. How important is CERTIFIED ORGANIC food products to you?
 - a. Extremely important
 - b. Very important
 - c. Somewhat important
 - d. Not very important
 - e. Not at all important
8. How important are LOCALLY PRODUCED food products to you?
 - f. Extremely important
 - g. Very important
 - h. Somewhat important
 - i. Not very important
 - j. Not at all important
9. How important is SUSTAINABLY PRODUCED food products to you?
 - k. Extremely important
 - l. Very important
 - m. Somewhat important
 - n. Not very important
 - o. Not at all important
10. How important are the following factors on your purchasing decisions?
 - a. Price
 - b. Food quality
 - c. Timeliness of delivery

- d. Packaging
 - e. Production methods
 - f. Labeling
 - g. Other _____
11. What are your expectations in the following areas:
 - a. Packing?
 - b. Cooling?
 - c. Washing?
 - d. Sorting?
 - e. Labeling?
 - f. Delivery?
 12. Would you consider using another suppliers for local, fresh and sustainably produced products?
 - a. Yes
 - b. No
 - c. Not Sure
 - i. What might contribute to your decision to purchase from another supplier?
 13. What would motivate you to purchase from a supplier other than those you currently use?
 14. How important a direct and personal relationship with the food producer to you?
 15. As a way of securing local supply, how interested are you in purchase contracts that specify product, price, timing and delivery requirements?
 16. As a way of securing local supply, how interested are you in preseason planning that formally arranges products, quantities, packaging, and timing of deliveries?
 17. How interested would you be in buying from a proposed Perth County Regional Food Hub?
 18. How interested are you in private labeling of local products? Is this something that is important to you and your customers? If so, why?
 19. If offered which of the following would you be interested in?
 - a. Investment
 - b. Ownership
 - c. Management
 - d. None
 20. Do you have any suggestions for the people who are assessing the feasibility of developing a Perth Food Hub?
 21. Are there any questions that you expected us to ask you that we haven't? If so, what are they and how would you respond?
 22. **The Concept:** The Regional Food Distribution Hub in Perth County is a social enterprise that plans to offer local, healthy, fresh and sustainably produced food products from the Perth Region to a variety of potential customers in the area. The food hub will effectively manage local food supply and reliably deliver quality food products to the local market.

- a. Is this something that you might be interested in purchasing your food requirements from?
 - i. Yes
 - ii. No
- 23. May we contact you in the future regarding opportunities to purchase from the Perth County Regional Food Hub?
 - a. If yes, then _____

Demographic Information:

- 24. Do you own or operate one of the following?
 - a. Schools
 - b. Long-term Care Facilities
 - c. Hospitals
 - d. Bed and Breakfasts
 - e. Hotels
 - f. Restaurants
 - g. Caterers
 - h. Local Grocers/Retails
 - i. University of Waterloo
 - j. Independent Grocers
 - k. Other Food Distributors
 - l. Other
- 25. Do you buy food products for retail sales, foodservice, both retail sales and foodservice, a group of retailers, or not at all?
 - a. Retail sales
 - b. Food service
 - c. Both of the above
 - d. A group of retailers
 - e. None of the above
 - f. Other _____
- 26. Municipality
- 27. Postal Code

Producer Interview Guide

A. Industry and Market Trends

- 1. What food commodities do you produce?
- 2. Who do you currently sell to?
- 3. Are you looking for additional opportunities to sell your products? If yes what types of opportunities are you looking for?

4. What would you say are the general trends in the farming and agriculture industry today?
5. What specific market, environmental forces and regulations are influencing your farming operation at this time?
6. To what degree do you think the local market is saturated with locally produced food?
7. Do you believe there is a growing demand for food products that have been locally and sustainably produced? How do you know?

B. Products and Price

8. In what category is your food production focused?
 - a. Meat, fish, poultry and/or eggs
 - b. Fruit and berries
 - c. Vegetables
 - d. Grains and flour
 - e. Dairy products (i.e. milk and other)
 - f. Herbs and other farm products
 - g. Baked goods and preserves
 - h. Maple syrup, honey and cider
 - i. Other
9. Do you usually deliver your products to the distributor?
10. What are your expectations of the distribution hub in the following areas:
 - a. Packing _____
 - b. Cooling _____
 - c. Washing _____
 - d. Sorting _____
 - e. Labeling _____
 - f. Delivery _____
 - g. Other _____
11. Have you ever produced under contract?
 - a. If yes, what percentage of your output is currently contracted?
12. Do you wash and pack your own products?
 - a. If no, would this be a service that the food hub could provide?
13. Would you participate in pre-season planning in collaboration with the Regional Food Hub?

C. Seasonal Extension Structures

14. Do you currently use seasonal extension structures?

15. If demand were identified would you invest in farm equipment or structures to extend the growing season? Under what conditions?
16. What are your plans for your operation within the next 3 years?
 - Maintain the current size and type of production
 - Expand the scale of the existing business (increase acreage and/or livestock numbers)
 - Diversify (new crops/livestock) on existing acreage
 - Diversify (new crops/livestock) on increased acreage
 - Downsize
 - Exit the industry by transferring the business to a new owner
 - Other
17. During the next 3 years do you expect your farm operation's financial situation to...
 - Improve
 - Stay the same
 - Deteriorate

D. Acreage and Output (Volume)

18. What is your total annual output (in Lbs)?
19. How many acres do you have?
20. How many acres do you use for food production?
21. How many acres could you dedicate for production of food for the Regional Food Hub in Perth County?
22. What percentage of your total annual output could you potentially sell to the regional food hub?

E. Sustainable Agriculture Practices

23. Please check all that are true of your production methods:
 - Organically Produced
 - Pasture Fed
 - Antibiotic Free
 - Hormone And Steroid Free
 - Pasture Raised
 - Free Range
 - Genetically Modified Organism
 - Naturally Raised
2. Do you use any sustainable production methods other than those mentioned above? If so, what are they?

F. Marketability and Level of Interest

24. Which do you sell your products at:
- Local farmers markets
 - Community Shared Agriculture Groups
 - Food auctions
 - Other distribution avenues _____
- a. What is the percentage of your total yield sold through each:
- Local farmers markets
 - Community Shared Agriculture Groups
 - Food Auctions
 - Other distribution avenues
- b. If so, which ones?
- Name _____
 - Name _____
25. Are you currently looking for additional market opportunities to sell your product? Yes/No
26. How would you describe your level of interest in selling food products through the regional food distribution hub in Perth County?
- Extremely interested
 - Very interested
 - Somewhat interested
 - Not very interested
 - Not at all interested
27. What barriers do you perceive to selling your product through the proposed regional food hub?
28. What would make you more likely to participate in the Regional Food Distribution Hub?
- The food hub is grower owned
 - The food hub is owned by a non-profit organization
 - The food hub is cooperatively owned
 - The food hub offers investment opportunities to growers
 - Other _____

G. Demographic Information

1. What type of system do you have for tracking your products through the food chain?
2. Would you be interested in exchanging food for a charitable receipt?
3. How many years have you been in production

- a. 0-5 years
 - b. 6-10 years
 - c. 11-20 years
 - d. 21-30 years
 - e. 31-50 years
 - f. 50+ years
- 4. Municipality
 - 5. Postal Code
 - 6. If you would like us to contact you in the future about the Perth County Regional Food Hub opportunity, please provide your contact information below: _____

Appendix 3: List of Food Hub Interviewees

Alison Blay-Palmer – Nourishing Ontario

Anne Fontana – Supply Chain and Strategic Business Consultant

Chris Ennis – CERES Fair Food

Darren Stott – Local Food First

Hans Estrin – Windham Farm and Food Network

Lori Stahlbrand – Local Food Plus

Rick Terrien – Wisconsin Innovation Kitchen

Appendix 4: Annotated Bibliography

Thematic Overview:

The literature relating to food hubs reviewed for this report touched on numerous topics and was written for a variety of purposes and for a variety of regions, from the local or county level to the national level. Nevertheless, a number of themes may be drawn out for further consideration.

1) Definitions:

In almost every paper, the lack of a clear and consistent definition for 'food hub' was noted. In addition, other terms such as 'values based supply chain' were used to represent not only individual organizations, but an entire system of food distribution that focuses on differentiated values beyond simple monetary gain for producers and retailers. From this, we can see that the idea of 'food hub' may encapsulate many roles, and may indeed be the result of activities on the part of several organizations. Nevertheless, a consensus emerged as to the general meaning of 'food hub': namely, any program, organization or organizations whose services are designed to shorten supply chains in local areas in order to increase both the availability of local foodstuffs to consumers and the access of local producers to local markets.³

2) Typology:

In numerous cases, research focused on enumerating the different types of organizations that might engage in food hub or VBSC activities. Yet, researchers did not always use the same criteria for separating different types of food hubs. In some cases, the researchers simply compared the different possible organizational and funding structures (public, private or cooperative ownership).⁴ In others, there was somewhat more focus on the market the food hub was engaged in.⁵ Despite these slight differences, we may conclude simply that there are different kinds of food hubs and that each type carries its own advantages and limitations.

3) Understanding Regional Needs and Opportunities:

³Lerman et al, Literature Review, 6, 7; Diamond and Barham, 2; Morley et al, 3.

⁴ Morley et al.

⁵Diamond & Barham.

Understanding that there are many effective models available for food hubs, the literature reviewed was often quick to make the case for focusing on the needs and opportunities in specific communities.⁶ That is, that for a food hub to be effective, it must have a deep understanding of the local environment such that the model it chooses can most effectively interact in said environment. Even in very locally-oriented research, the possibility of replicating existing or proposed programs was qualified by the need to review local conditions and modify models to fit the landscape.⁷ Furthermore, the case was repeatedly made that access to local nutritious food was a social health issue. The need to reach all members of a community was seen as an important part of the local food movement.⁸

4) Aggregation and Distribution Infrastructure:

In almost every case where either local conditions were reviewed or a case study was provided, the need for local aggregation and distribution infrastructure was stated.⁹ While most regions reviewed had sufficient supply and demand for local foodstuffs, the ability of the producers to reach consumers was limited by a lack of convenient and efficient supply chains. Retailer and producer willingness to participate in local food programs and public awareness and demand for local food have both been largely attained in many locations.¹⁰ What remains is the actual capacity to begin delivering local foods in a responsible and efficient manner.

Annotated Bibliography:

Canadian Agricultural Human Resource Council. "Labour Market Information: Focus on Small Farms in Canada 2011." Accessed 23 August, 2012.
<http://www.cahrc-ccrha.ca/sites/default/files/files/publications/LMI-Small-Farms/Final-Report-Farms-under-%24100000.pdf>.

This study attempts to identify key human resources issues facing small farms in Canada. Conducting a survey of 524 census farms with receipts less than \$100 000, the CAHRC determined that, while small farms may experience some unique HR issues, by and large their concerns are similar to those of larger farms.

Specifically, all farms report a labour shortage, specifically when it comes to seasonal work. This labour shortage is expected to continue, especially in light of statistics showing that a large portion of the core agricultural workforce (farmers

⁶Diamond & Barham, 2.

⁷Zajfen, 21.

⁸Metcalf Foundation, 17.

⁹Chandler, 92; Dane County Planning and Development Department, 7.

¹⁰Zajfen, 8, Metcalf Foundation, 12.

who employ no paid workers) will be retiring in the next 15 years.

Also of note is the fact that approximately one third of all small work is unpaid. Indeed, there is significant difficulty in accurately depicting the true scope of the farm workforce, especially when it comes to small farms.

The report shows that there is demand among small farm operators for both the coordination of both recruitment assistance and information on human resource management in general.

The report recommends improvements to agriculture sector data collection, specific actions to increase the supply of workers, and general enhancement of human resource practices among small farms.

Metcalfe Foundation. "Food Connects Us All: Sustainable Local Food in Southern Ontario." Accessed 23 August, 2012.

<http://metcalffoundation.com/publications-resources/view/food-connects-us-all-sustainable-local-food-in-southern-ontario/>.

This paper lays out many questions to further the pursuit of a 'truly local sustainable food system' for Ontario. The paper begins by calling attention to recent increase in public attention to the issue of food sustainability, marking 2007 as a watershed year in which numerous books and newspaper articles called attention to the use of local food to improve nutrition and limit energy expenditure.

Stating a desire to 'connect the dots' (4) with respect to the numerous areas of society that this issue touches on, the paper goes on to illustrate both the state of the local food movement and the opportunities for increasing awareness and access. In particular, the paper focuses on "pressing for policy reform, recreating food distribution channels, building self-sufficiency, bridging divides, changing the conversation, and drawing in new players and resources"(5-6).

The paper begins by addressing questions regarding the current state of local sustainable food, including whether it is currently accessible, equitable and available. That is, the paper illustrates that while it is relatively easy to purchase local food, barriers still persist with respect to confusing labeling, equitable pricing, and physical access especially in urban 'food deserts' (17).

From a policy perspective, the paper cites the overwhelming number of regulatory agencies that food producers, processors and distributors must deal with in Ontario. In addition, the paper cites food-labeling standards as a potential area for improvement. The fact that foods may be labeled as 'Canadian' if they are in any way processed in Canada means that consumers can be easily confused. Yet, the paper notes that there are some governmental and non-governmental labeling standards that can serve to support local food.

In terms of recreating food distribution channels, the primary challenge is seen as the overwhelming market share enjoyed by only three grocery chains. In recreating distribution channels, the paper cites food carts, farmer's markets, institutional purchasing agreements, smaller local processors and delivery services as possibilities.

For building self-sufficiency, the paper points to a community-centered approach making use of community gardens and establishing local partnerships with food banks, social assistance agencies and community organizations.

The primary divides that the paper sees as needing bridging are divides between urban consumers and rural producers, socio-economic divides and divides between producers of different agricultural products.

The paper concludes by listing numerous organizations and individuals involved in the Ontario local food movement.

Adrian Morley, Selyf Morgan and Kevin Morley. "Food Hubs: The "Missing Middle" of the Local Food Infrastructure?" Brass Centre, Cardiff University. Accessed 23 August, 2012.

http://www.ngfn.org/resources/ngfn-database/knowledge/Food_HubKM0908.pdf/view.

Morley et al do an excellent of outlining the varying models of food hubs in this paper produced to highlight possible Local Food Hub developments in Wales and the UK in general.

The authors identify five different models, including retail led, public sector led, producer-entrepreneur led, producer-cooperative led and wholesaler and foodservice led. The authors explain each model and proved a SWOT analysis of each. While they do not present any model as necessarily superior to another, they make observations about the limitations and benefits associated with each.

Retail led food hubs are those that are established with the purpose of supplying a large retailer, and are often established by the retailer itself "with the intention of providing a local supply solution". (5) Public Sector led hubs are those that are established by public sector institutions in order to address "a wide range of policy objectives." (6) Their primary limitation is that they require significant public investment in both set-up and maintenance and may be subject to changing priorities in the community. Producer-Entrepreneur led food hubs are stated as exhibiting "more successful commercial characteristics" (8) than public sector hubs, as they often have the drive and expertise necessary to bring the products of a specific group to market. They are limited, however, by the necessity of an individual or small group of committed entrepreneurs. Producer-Cooperative led food hubs often combine profit generation for members and environmental or social objectives as their objectives (8). They can be limited by the co-op structure when

relationships between members become contentious, but their structure also allows for significant risk sharing and equitable management. Finally, Wholesaler and Foodservice led food hubs will often arise from existing supply structures. In fact, the authors point out that it can be more appropriate to view these operations as conventional businesses operating in the "local food 'niche' markets". (13)

Tracy Lerman, Gail Feenstra and David Visher. "A Practitioner's Guide to Resources and Publications on Food Hubs and Values-Based Supply Chains: A Literature Review." Agricultural Sustainability Institute, University of California, Davis: 2012. Accessed 23 August, 2012.
http://www.sarep.ucdavis.edu/sfs/KYF%20grey%20literature%20review%2007.9.12_compressed.pdf.

This paper is a synthesis of 30 reports "produced by various food system stakeholders around the country". It attempts to call attention to common themes in scholarly and other literature dealing with local food systems. These themes are "(1) the need for food hubs and values-based supply chains, (2) descriptions of VBSCs and food hubs; (3) benefits of VBSCs and food hubs; (4) challenges of VBSCs and food hubs and (5) best practices for stakeholders involved in VBSCs and food hubs". (2-3)

The authors then go on to illustrate the findings of numerous different authors on these stated topics.

Tracy Lerman, Gail Feenstra and David Visher. "Food Hubs and Values-Based Supply Chains: A Toolkit for California Farmers and Ranchers." Agricultural Sustainability Institute, University of California, Davis: 2012. Accessed 23 August, 2012.
<http://ucanr.org/blogs/food/blogfiles/12208.pdf>.

This paper attempts to differentiate different types of VBSCs in order to assist farmers and ranchers in selecting potential avenues of marketing and sale of their products.

Specifically, the authors divide the VBSCs by scale and ownership, ending up with four classification for VBSCs: Large Producer-Owned, Small Producer-Owned, Large Not-Producer-Owned and Small Not-Producer-Owned. (6-7)

The different models are evaluated in terms of ease of access for producers, extent of producer participation in strategic decision-making, variety of products likely to be carried, likelihood of having a well-established and resilient business model. Each model also lists the benefits and considerations that may be considered when a farmer or rancher is considering entering into a VBSC agreement.

Vanessa Zajfen. "Fresh Food Distribution Models for the Greater Los Angeles

Region." Urban and Environmental Policy Institute, Occidental College: 2008. Accessed 23 August, 2012. http://scholar.oxy.edu/uep_faculty/350/.

This paper begins by outlining barriers in the Los Angeles Region that prevent local institutions from accessing local fresh foods. Although there is a documented desire on the part of many institutions to be purchasing local foods (6), a general lack of coordination among small farm operators in the region, coupled with the prevalence of much larger non-local food distributors and entrenched regulatory barriers make sourcing local food very difficult for institutions. The paper then reviews current distribution models, showing ways in which local foods are made available to the public in general through produce and shipping firms, from farmers directly or in farmer's markets, CSAs or ready-made school lunches (11-15).

Finally, the paper lays forth five models that, taken together, could considerably increase institutional access to local foods. These models are a Local School Food Line, Women, Infants and Children Food Line, Farmers' Market Hub, Farmer Collaborative and Farm Direct Distribution Model; CSA in the Classroom.

The Local School Food Line is a product line envisioned to be carried by produce firms specifically to cater to schools. Specifically, the authors envision a line of products that make use of local foods but that addresses the "inadequate kitchen facilities, limited cooking skills, high labor costs or limited labor availability by selecting items that will need minimal processing. LSF food items will include value added products when possible, reducing labor needs and cooking skills required to prepare food." (17)

The Women, Infants and Children Food Line (WIC) is a similarly envisioned food line that would be marketed directly to WIC-only stores.

The Farmers' Market Hub is a model that leverages existing food distribution structures to allow farmers to work together in filling larger institutional orders using pre-existing infrastructure wherever a farmers' market already exists (17-18).

A Farmer Collaborative might arise wherever farmers work together to "minimize production and legal risks, while also expanding direct sales to large institutional clients" (19). There are numerous models for such a collaborative, ranging from the informal to establishing a marketing board.

Finally, the authors envision a "CSA in the classroom" program in which existing CSAs might provide boxes of fresh food directly to classrooms. This could allow producers to circumvent regulatory barriers (19). Yet, the authors note particularly the potential health benefits of making fresh produce available to "food insecure households" (20).

The paper concludes with a brief discussion of the necessity to incorporate many models to ensure convenient access to local food, and suggests that the models

presented might be used in other locales.

Jenny Chiu, Angela Graham and Daniel Chen. "Mainstreaming "Local": Potential of Integrating Local Food into Supermarket Chains in the Kitchener-Waterloo Region." Class paper, University of Waterloo: 2011. Accessed 23 August, 2012.

http://www.wrfoodsystem.ca/files/www/JChiu_Mainstreaming_Local_Food_d ocx.pdf.

In this paper, the authors investigated the barriers and drivers to the integration of local foods into major supermarkets. Beginning by presenting the case for local food as a means to reduce redundant trade and carbon emissions while increasing access to healthy produce and promoting local agricultural production and culture, the authors present findings gained from a series of interviews with local food producers and retailers. While no interviews with major national supermarket representatives were secured, the authors contend that smaller scale grocers are nevertheless addressing the growing demand for locally sourced food products.

The authors make a series of recommendations: that local food should be integrated into the offerings of major retailers and not 'segregated' (24), that measures should be taken to educate the public about the benefits of local food (24), that distribution systems should be restructured (25), that cooperation among small producers should be encouraged (26), and that policy support should increase (26).

Emily Chandler. "Local Food in Perth County." MA thesis, University of Waterloo, 2010. Accessed 23 August, 2012.

http://uwspace.uwaterloo.ca/bitstream/10012/5592/1/Chandler_Emily.pdf.

This paper conducts a review of the Local Food industry in an attempt to determine the most effective means of stimulating it. Through an extensive series of interviews with key stakeholders, the author argues that the primary barrier to establishing a thriving local food industry in Perth County is the relative weakness of distribution and processing systems and infrastructure. That is, while production is high and support structures, community, and supply and consumption are all moderately well developed, local food producers encounter significant barriers when it comes to distributing and processing their products.

It must be noted that local food already enjoys significant support from the community, with numerous farmers' markets operating in the region and a commitment to 'culinary tourism' on the part of local government contributing in raising awareness and providing access.

The author conducts further research on alternative distribution models including CSAs, direct marketing cooperatives and online farmers' markets. A further distribution method was proposed by one of the interviewees, which would

incorporate a rented space in a primary urban centre that would act as depot and a vehicle that would pick up products from producers and drop them off to clients. Operating as a 'low profit' business with a margin of approximately 10%, the depot could serve to increase access of producers to consumers and vice versa (79-80).

The primary recommendations of the paper are that Perth County "continue to pursue its development as a culinary and agri-tourism destination", but that a "model distribution system" might serve to establish closer connections between producers, processors and consumers" (92).

The paper concludes that Perth region has the foundation of a "healthy food system" (94) but that further research should be conducted to determine the best solution to the problem of distribution and process as well as "broader strategies and mechanisms" (95) to connect producers and consumers.

The J.W. McConnell Family Foundation. "McConnell Presentation Perth County Regional Food Hub." PowerPoint Presentation.

This series of presentation slides presents a snapshot of local food resources in Perth County, giving an overview of the agricultural sector as well as a series of profiles of successful producers, events and local food organizations. It concludes with a series of four recommendations to improve the local food systems in the region: "exploring the feasibility of a Perth County Regional Food Hub; building on the information and knowledge gained through the Local Community Food Centre project; Identifying opportunities to improve accessibility of local food, evaluate and explore the synergies between the Local Community Food Centre and a Regional Food Hub; including opportunities for shared resources, models and next steps to get there."

Broader Public Sector Investment Fund, Greenbelt Fund & Friends of the Greenbelt Foundation and Ontario Ministry of Agriculture, Food & Rural Affairs. "Ontario's Local Food Champions 2011: Cultivating Change in the Broader Public Sector." Accessed 23 August, 2012.

http://greenbelt.ca/sites/default/files/attachments/1173/ontarios_local_food_champions_final_pdf_17426.pdf.

This paper presents the Ontario Local Food Champions, as selected by the Broader Public Sector Investment Fund, Greenbelt Fund and Friends of the Greenbelt Foundation, and the Ontario Ministry of Agriculture, Food & Rural Affairs. The paper profiles two individuals involved in food service in the Broader Public Sector, one municipality and three food suppliers.

The Economic Impacts of Agriculture on the economy of Perth County (Harry Cummings & Associates, 2000)

This report supplies an in-depth analysis of the agricultural industry in Perth

County, Ontario. Supplying 29% of the jobs in the region, agriculture is a major industry for Perth County. The report concludes that for every on-farm job, there is approximately one and a quarter additional off-farm employment opportunities produced in the region as a direct result. Likewise, for every dollar of farm gate sales, there is an additional \$1.52 produced in additional revenue to area businesses.

Tracy Lerman. "A Review of Scholarly Literature on Values-Based Supply Chains." Agricultural Sustainability Institute, University of California, Davis: 2012. Accessed 23 August, 2012.

http://www.sarep.ucdavis.edu/sfs/VBSCLiteratureReview.Lerman.5.31.12_copressed.pdf

The paper is a review and summary of literature related to values-based supply chains in the agricultural industry. The author calls attention to eight distinct themes prevalent in the literature reviewed: describing VBSCs and how they work, VBSCs and the mainstream food system, benefits of VBSCs, consumer preferences, defining 'local', best practices for success, and roles for outside actors on VBSCs (2).

The author concludes that VBSCs are "most consistently described in the literature as a network of business enterprises operating in wholesale markets, moving goods differentiated by a variety of different kinds of attributes including but not limited to production practices... adherence to specific ethics... origin in a particular location... or the identity of the farm or ranch from which it came (4-5).

According to the literature reviewed, VBSCs are most often figured as being part of an "alternative food system... separate from the mainstream" (6), but that many scholars question the "existence of two distinct and different food systems" (6).

The author points to increased marketing opportunities, greater market access, and product differentiation by values as the primary benefits of VBSCs, while the primary barrier or concern was assuring fair pricing for both producers and consumers. Growth, inefficiency and maintaining cash flow are also recognized as obstacles (8-9).

The author found that while several papers dealt with consumer preferences in some fashion, it is likely that more in-depth study of this topic would likely be found in "other kinds of literature" (11). Furthermore, there is yet to emerge a consensus within the literature as to a "commonly understood" meaning of 'local', especially when it comes to food, and that other values such as "support for farmers and local economies" as well as "freshness" and "quality" can be more persuasive to the consumer (11, 12).

When it comes to best practices, the literature reviewed emphasized "the importance of cultivating stable durable relationships characterized by trust,

transparency, cooperation, and openness among all supply chain partners (12). More than this, however, the importance of infrastructure was repeatedly highlighted, especially in terms of product aggregation (14).

Primary areas of needed research identified in the literature review were a greater diversity of research methods focusing both on VBSC development in overcoming infrastructural and capitalization barriers, as well as best practices regarding the roles of outside actors in VBSC coordination (17).

Dane County Planning and Development Department. "Southern Wisconsin Food Hub: Feasibility Study." Accessed 23 August, 2012.

<http://www.ngfn.org/resources/ngfn-database/knowledge/SoWisFoodHubStudy-HR.pdf>.

This paper presents the findings of surveys designed to test the feasibility of creating a packing, marketing and distribution Food Hub in Dane County, Wisconsin. The study concluded that the creation of a self-sustaining Food Hub was feasible, given a facility of 25.5k sq., accommodating 12 million pounds, or 470k cases per year. Such a model would meet approximately 40% of projected consumer need, "suggesting the food hub can expand its existing footprint or open a second location in the future" (7).

The paper also concluded that there were four distinct elements that were likely to determine the eventual success of the venture. First, the Food Hub should "Emphasize a strong relationship with growers and cultivate these to ensure ongoing trusted communications, and a consistent quality supply that will meet demand". Second, the business might initially focus on "the highest end customers it can reach efficiently" but that can also commit to buying in large quantities: fine dining restaurants, hotels and specialty vendors are all highlighted. The importance of ensuring a profitable return for growers from the outset was emphasized, even if it meant net losses in the first year. Finally, the importance of an experienced marketing and management team well versed in the agriculture industry was paramount to the projected success of the venture.

Despite proposing these best practices, the study does not clearly promote any one structure for the organization. The benefits and limitations of private, public or hybrid models are all enumerated, without one coming to the fore as clearly advantageous.

Adam Diamond and James Braham. "Moving Food Along the Value Chain: Innovations in Regional Food Distribution." United States Department of Agriculture: 2012. Accessed 23 August, 2012.

<http://www.ams.usda.gov/AMSv1.0/getfile?dDocName=stelprdc5097504>.

This study, conducted by the USDA, attempts to provide a limited set of best practices gleaned from reviews and interviews of local food organizations, public,

private and co-operative.

It concludes first that the "level of investment in infrastructure should match the organization's stage of development" (2). That is, the report cautions against over-investment in assets unnecessary to the primary aims of a given organization. It is shown that co-operatives and private companies tend to be much more conservative in this area, tending to focus on leveraging existing community or private assets, while public organizations, thanks to outside funding, may be at risk of investing in infrastructure that is unsustainable (88).

Second, the paper proposes that "identity preservation" is vital to establishing "market claims... [and] negotiating position" (2). However, depending on the model adopted, greater or lesser specificity in terms of the actual production site or farmer may be appropriate (89). Varying emphasis on marketing, aggregation or distribution will necessarily alter the best way of preserving the identity of products.

Next, the paper focuses on "informal producer networks", noting their ability to effectively address the "shifting demands of diversified niche food markets" (2). Especially in contexts where a diverse range of products are offered, it appears that informal relationships between producers may result in the most efficient allocation of resources and the broadest access to markets (90-91).

Finally, the paper notes that nonprofits and cooperatives can both "play key roles in food value chain development, but should recognize their organizational competencies and play to their strength". That is, the authors posit that nonprofits ought to focus more on leveraging existing community assets, and avoid over-emphasis on outside subsidy, which may lead to market distortion. Cooperatives, meanwhile, are noted as relying far less on subsidies, but are occasionally subject to unnecessarily cumbersome legal arrangements between members. Nevertheless, the paper provides a set of 'roles' that appear to allow nonprofits and cooperatives to function effectively, so long as they focus on said role. The roles given are matchmaker, facilitator, third-party certification, educator, catalyst/innovator, and resource prospector (92-93).

“Perth County Agriculture and Food BR+E Project: Local Food Findings”

This report presents interview results garnered from local farmers and food producers. The interviews were designed to provide insight into attitudes of local producers toward local marketing and distribution of food, as well as the general make-up of Perth County farming operations with respect to size and product. The resultant analysis provides a number of broad conclusions regarding the opportunities and priorities for any possible attempts at increasing local farmers' access to local consumers.

There is already significant engagement of Perth County farmers in local supply chains (3). Furthermore, these farmers are, on the majority, interested in increasing this engagement (4). Perth County farmers identified local processing services as the most significant barrier to increasing access to local consumers (7). Marketing and promotion of local foods was identified as a requirement for addressing the "disconnect" between consumers and local producers (7). Finally, producers did not identify the physical distribution of products in terms of "transportation, travel, distance, storage, and logistics" as a significant challenge (8). "

Kate Stiefelmeyer, Janalee Sweetland, Al Mussell and Larry Martin. "Accessing the Market: Development of an Optimal Food Distribution Model for the South Central Ontario Region Final Report." Glen Morris Centre: 2011. Accessed Nov. 2, 2102

<http://www.scorregion.com/documents/acesmarketreport08-30-11.pdf>

In this report, the authors lay out a plan to assist the South Central Ontario Region in its continuing transition from predominantly tobacco farming to the production of vegetables and other food products. While the report encompasses research performed in the counties of Brant, Elgin, Middlesex, Norfolk and Oxford (but excluding the major cities of London, Brantford and St. Thomas), the conclusions it comes to and the recommendations made are applicable to Ontario on the whole. Indeed, the report advises against the creation of a new local 'agri-food distribution center' in the region, noting that possible competition with the OFT (2). What is envisioned by the report is an "entity that would virtually link producers in the region to the wider market" (2) both within Ontario and elsewhere. Specifically, the report envisions an online 'market' that provides producers throughout Ontario with the capacity to list their products according to many different qualities beyond simple price (3). The report concludes, in fact, that the site would not provide the ability to conduct the transactions, but would serve as a coordination tool to link producers, buyers, and transportation and storage specialists. In order to further ensure that the perceived need for access to training and education in both marketing and new business creation is met, the report further concludes that this online entity might provide a listing of marketing and business counseling services (3).

Although the Executive Summary of the Report suggests an online, Ontario-wide solution, the report is exhaustive in providing an overview not only of the region it addresses, but of the barriers and opportunities facing agricultural business coordination at local and regional levels. The authors enumerate a number of different distribution models (30) and provide in-depth case studies of successful 'alternative' food distribution networks and businesses (32) before evaluating the studied cases as potential models for the specific region being addressed (38-40). While the conclusions reached for their specific region of inquiry appear to be sound, the models analyzed in this report must be considered according to different regional characteristics.

“Food Glorious Food.” Rotman School of Management, Martin Prosperity

Institute: 2012. Accessed Nov. 2, 2012.

<http://martinprosperity.org/media/Food%20Glorious%20Food%20Insight%20v01.pdf>

This brief article makes use of the findings of several recent studies conducted by the author institution in order to make a simple case for the creation of local “integrated food clusters” as a means to stimulating rural economies. The article argues that aside from the more obvious benefits of increasing distribution efficiency and local access to food, the maintenance of local food structures may have the effect of attracting new residents involved in the “creative” industries not usually found in more rural areas (1). That is, that local food clusters, if appropriately designed and marketed, may increase the ‘brand identity’ of communities and assist them in bringing in new residents and new industries (1-2). The report concludes with some general analysis of the Ontario region as the most productive agricultural region, in terms both of amount of vegetables and meat produced as well as the number of acres utilized in the these industries. This conclusion supports the initial premise regarding the possible effects of initiating locally based food clusters.

Roxana Roshon, Tom Schell and Angelica Nef. “Sustainable Food Systems

Summary Report.” London Training Centre: 2012. Accessed Nov. 2,

2012. http://www.londontraining.on.ca/Summary_Report.pdf

This broad and exhaustive report takes as its focus “social, environmental and economic factors that could support the development of a sustainable, local food system” (5) within Canada. The primary research for this report was conducted within Ontario, but it is clear that a large amount of secondary literature is also used to flesh out broad changes to the way foods are produced and distributed. While the holistic approach, addressing all or most of the potential factors involved in the food supply chain (4, 12-14), is helpful, the report at times poorly presents anecdotal evidence, or makes broad, general statements that are not sufficiently backed up by citations or evidence (18: “Alternative value transaction mediums are gaining popularity”). Indeed, while the structure described in the final charts of recommendations (20-47) is an interesting model for consideration, the transition from current structures to those proposed is not clearly laid out. With over 60 individual recommendations ranging from “Research immigration policy with respect to forecasted population growth and resource availability” (45) to “Establish an accounting system that includes external eco-system costs in the cost of products” (35) to “Share food stories” (41), any reader might get lost in the minutiae of the proposed solutions without finding any clear way forward. That being said, the primary recommendation to focus on the “Sustainable Food Cluster and Sustainable Food Cluster Network concept, an overarching framework for the development of a sustainable food system: one that maximizes economic, social and environmental benefits” (20) is well taken, and corresponds to threads in many other sources.

Appendix 5: Survey Results

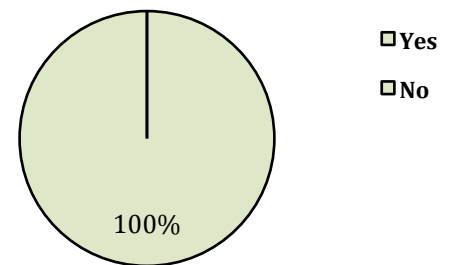
Online surveys were conducted to collect feedback from both local producers and customers. This section gives an overview of the detailed responses for both online surveys.

Local Producers

1. Who do you currently sell the food you produce to? (list below)

- 1 General public or walk-up customers
- 2 Roadside Stand,
 - 1. In-store Customers
 - 2. Wholesale Customers
- a) Vincenzos (Kitchener)
- b) Cloverleaf (New Hamburg)
- 3 c) Stemmlers (Heidelberg)
- 4 Wholesalers, stores, restaurants, farm gate
- 5 Local distributors
- 6 I don't grow local food but we sell it to customers.
- 7 I do no grow or produce any food.
- 8 No farm gate,
 - Local organic garlic retailer
- 9 Grains, pigs, cattle to large markets
- 10 Olymel in the Prov. of Quebec
 - People who come to our farm
 - County Food Company - Stratford
 - Woolf y's Restaurant - St Mary's
 - McCall's Hill Farm
 - At the Covent Garden Farmers' Market -
- 11 May - Dec
- 12 N/A
 - Retailers
 - Restaurants
 - Wholesalers
- 13 Customers at farm gate
 - Direct to eaters via CSA, St. Mary's
- 14 Farmers' Market
- 15 Family and friends
 - The Gentle Rain
 - Westover Inn
 - Eat Green Organics
- 16 Farm Gate
- 17 I retail everything directly
- 18 Farmers Markets, restaurants

2. Do you think that there is demand for food products that have been locally and sustainably produced?



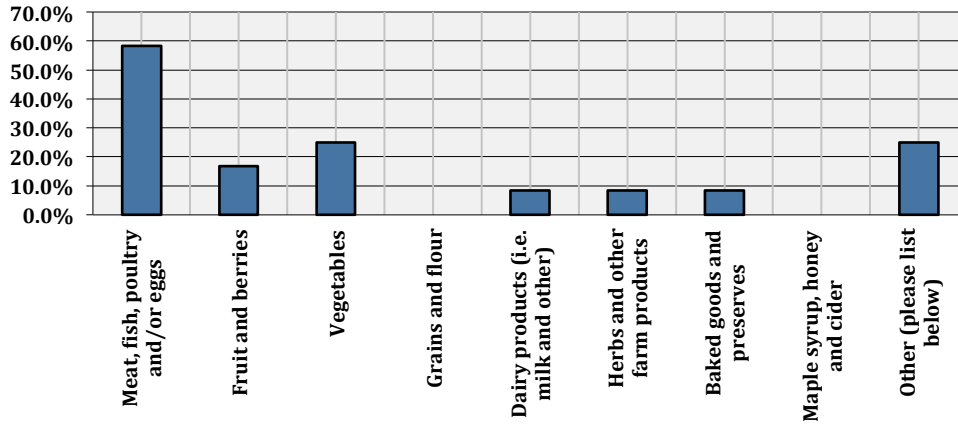
If yes, how do you know?

1	Because my customers tell me so
2	People are becoming more health conscious and are into the local food movement very much so, especially in the Stratford area
3	Our customers frequently ask, "Where does this come from?"
4	Everyone wants to eat local
5	Personal requests, public input
6	Involved in that movement
7	Because I started the Farmers' Market in 2008 and have seen it flourish in the past 5 seasons
8	Have been retailing locally produced food for 25 years
9	People tell us
10	We have had requests
11	People are more educated about their food and want to know where it comes from and that it is safe to eat.
12	Evidence everywhere.
13	It is how I make my living
14	We were sold out very quickly
15	Farm Gate sales to local residents
16	Local people buy it
17	Through my current customers; through local, organic advocacy.

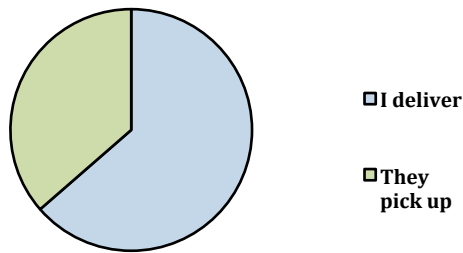
3. What products would you be interested in selling through a Perth Food Distribution Hub?

1	Sweet corn, potatoes
2	Fruit and pasture raised, hormone and antibiotic free meat
3	Fruit pies Meat pies
4	Mushrooms
5	None
6	N/A
7	Not likely any, my market is based on direct to eaters
8	Pork, beef, goat, lamb
9	Certified Organic Beef/Pork
10	Beef
11	Vegetables

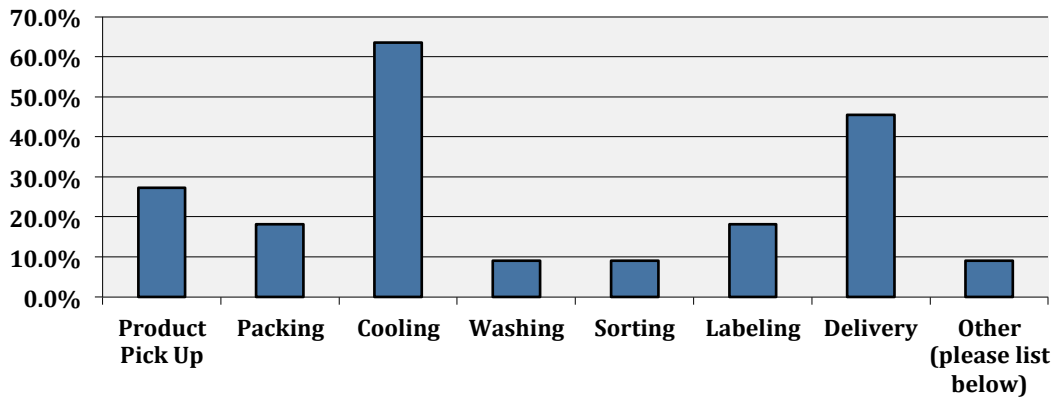
4. In what category is your food production focused?



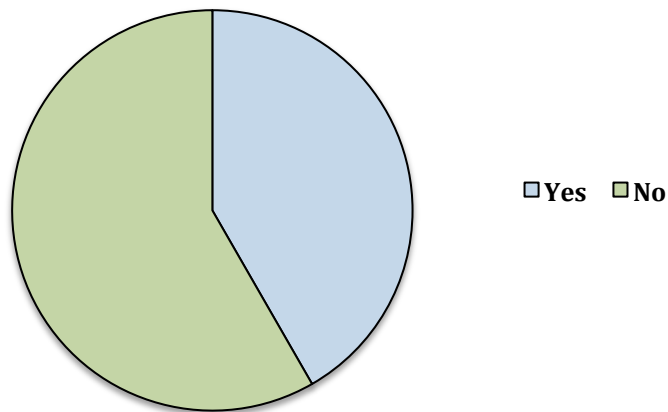
5. Do you usually deliver your products to the distributor or do they pick up from you? (Check 1 Response)



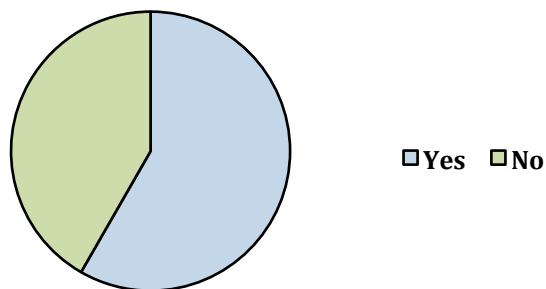
6. What are your expectations of the distribution hub? Check all that apply



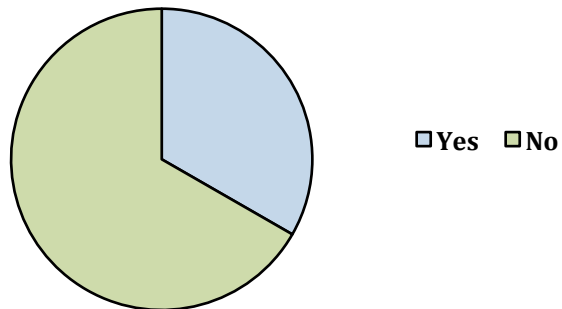
7. Have you ever produced under contract?



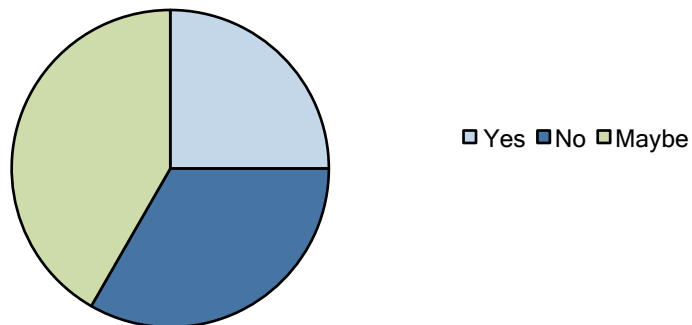
8. Would you participate in pre-season planning and contracting in collaboration with the Regional Food Hub?



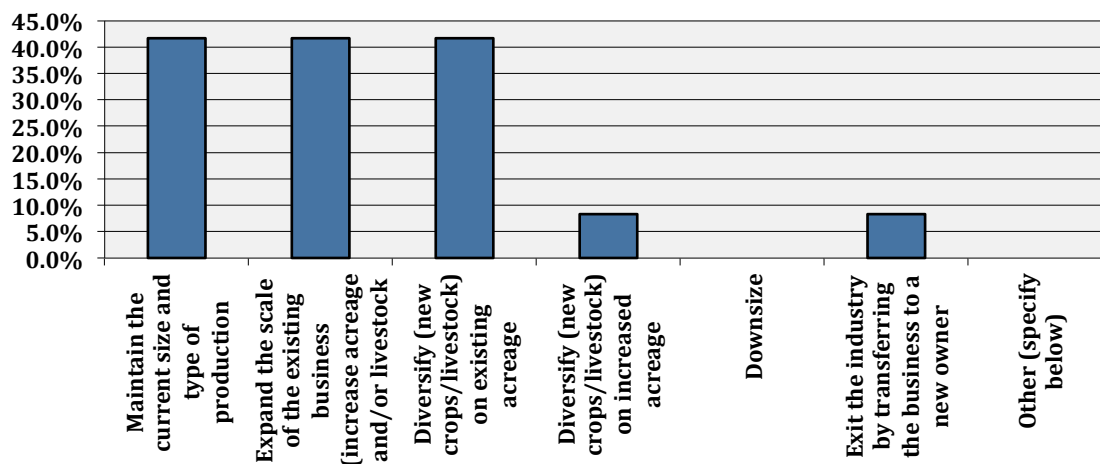
9. Do you currently use seasonal extension structures?



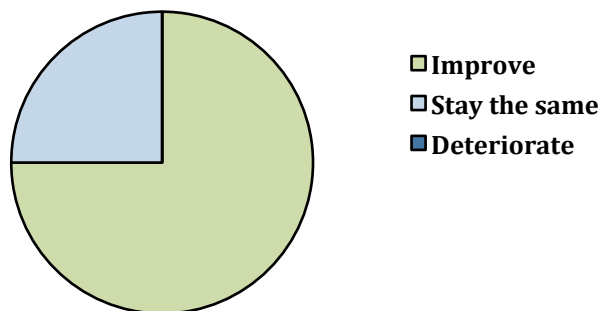
10. If demand were identified would you invest in farm equipment or structures to extend the growing season?



11. What are your plans for your operation within the next 3 years?



12. During the next 3 years do you expect your farm operation's financial situation to...

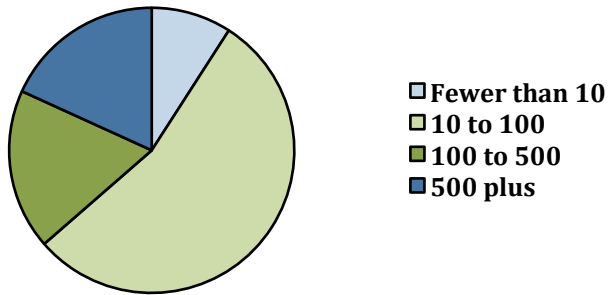


13. What is your total annual output (in Lbs)? (Please list by food product)

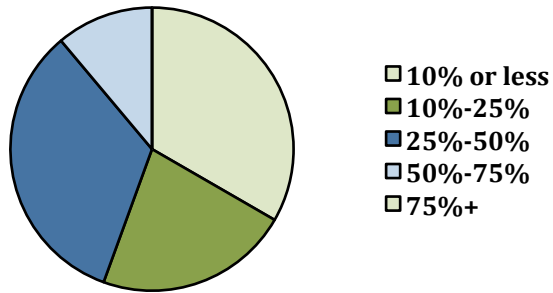
Answers

1	3000 to 4000lbs About 6 acres of Strawberries, few hundred acres edible beans.
2	15 acres pasture land for free range beef, sheep etc
3	N/A
4	60 000lbs. Mushrooms
5	1 400 000 lbs prime cut pork
6	I don't think it is worth my time to sort this out for this survey.
7	Pork - 1000 Beef - 2000 Lamb - 30,000 Goat - ?
8	12 000 lb. of beef
9	4000 lb of pork
10	50 000
10	Don't know

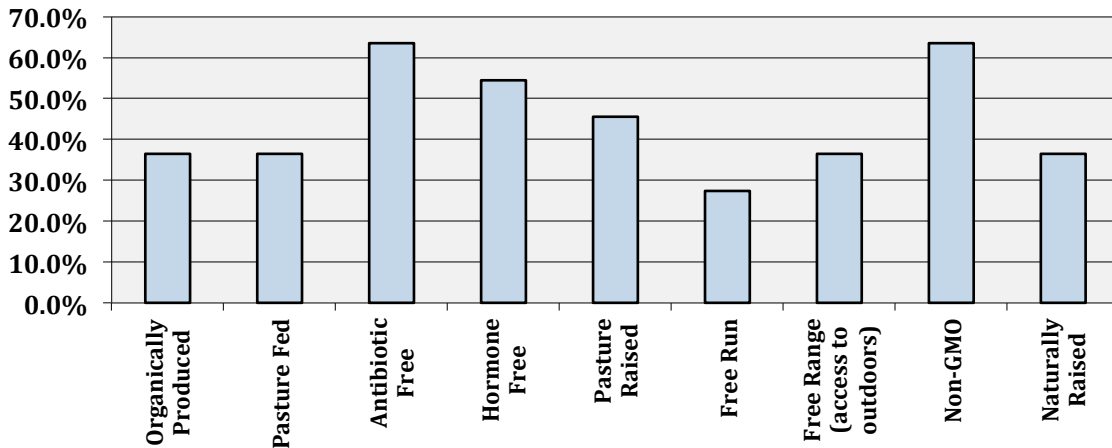
14. How many acres do you own (or rent)?



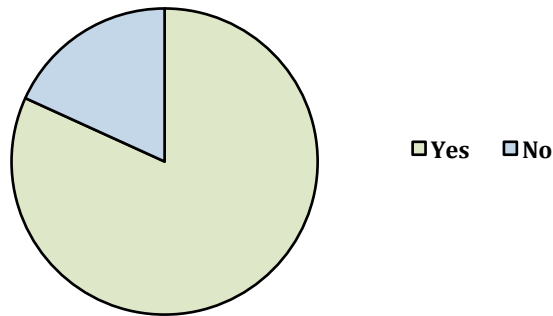
15. What percentage of your total annual output could you potentially sell through a regional food hub?



16. Please check all that are true of your production methods:



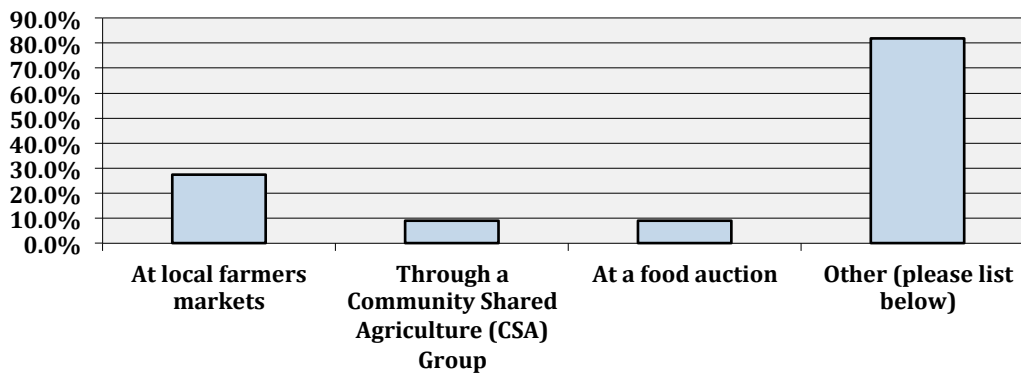
17. In addition to the methods listed above do you use any other sustainable production practices?



Other: (please specify)

1	Minimum Tillage
2	Manual weed control especially in Strawberries from spring until fall
3	All inputs locally supplied
4	Functional food able to make a health claim
5	CERTIFIED Organic
6	Certified Organic

18. Do you sell your products

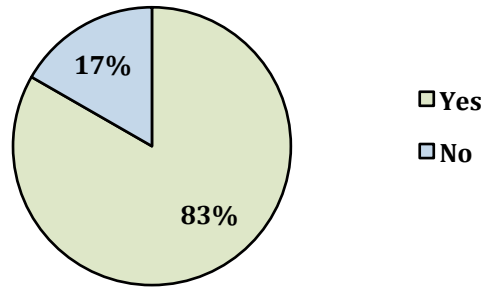


Other: (please specify)

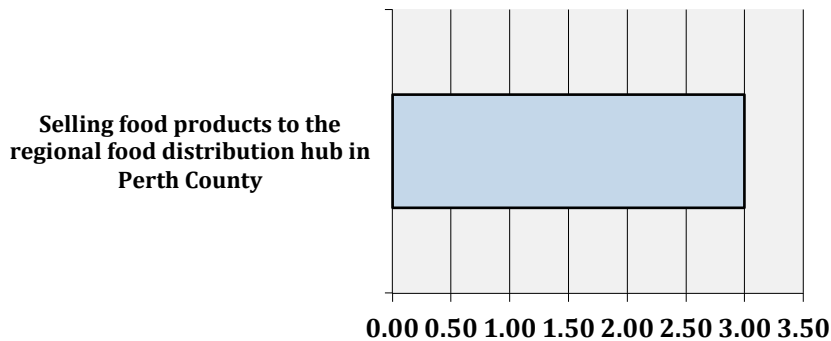
1	Roadside stand
2	Retail store or Wholesale
3	Wholesale to other farmers
4	Mainstream retail, food service
5	Wholesale

6	Word of mouth and our website
7	Direct to retailers, farm gate
8	Direct Retail Market over internet
9	Restaurants

19. Are you currently looking for additional market opportunities to sell your product?



20. Please rate your level of interest in the following:



21. What barriers do you perceive to selling your product through the proposed regional food hub?

1	How much quantity would you need for pricing of our product?
2	We produce our food locally, and when possible source our raw materials locally, but the majority (80%) of our raw materials are not grown or raised locally.
3	Price point for consumers, unfamiliarity of product with customers
4	None
5	Currently there are no abattoirs in Perth County
6	Not enough production to go beyond present markets for an option that would pay less and require hiring labour
7	Constant demand?
8	Continuity of supply
9	Bureaucracy

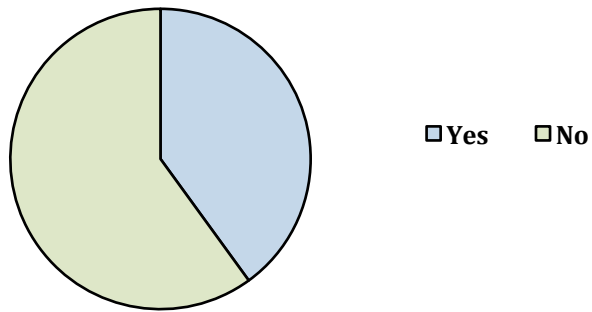
22. What would make you more likely to participate in the Regional Food Distribution Hub?

1	If we could supply on a regular basis
2	If we can be within the guidelines of "local food" without significantly adjusting our procedures.
3	More information in how it will be organized.
4	Nothing
5	Prices
6	Loss of CSA customers or farmers' market customers
7	If the contact were set up in a way that as a producer I knew I had to supply "X" amount of meat per month or week.
8	If I decide to expand the operation
9	No bureaucracy and fair prices

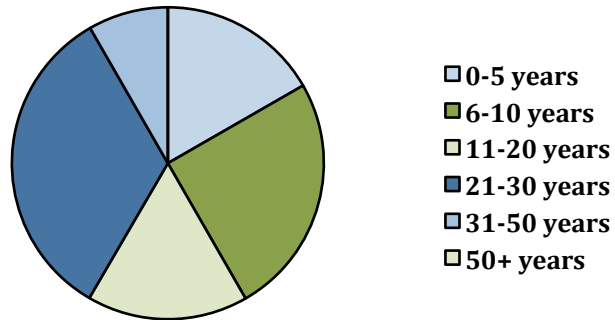
23. What type of system do you have for tracking your products through the food chain?

1	Package labeling
2	N/A
3	Lot number system with audit trail and everything is documented
4	None
5	Direct to eater
6	The consumer buys directly from us
7	FIFO
8	Certified Organic Audit Trail

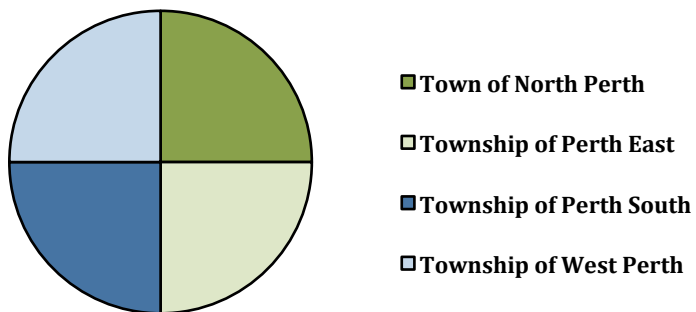
24. Would you be interested in exchanging food for a charitable receipt?



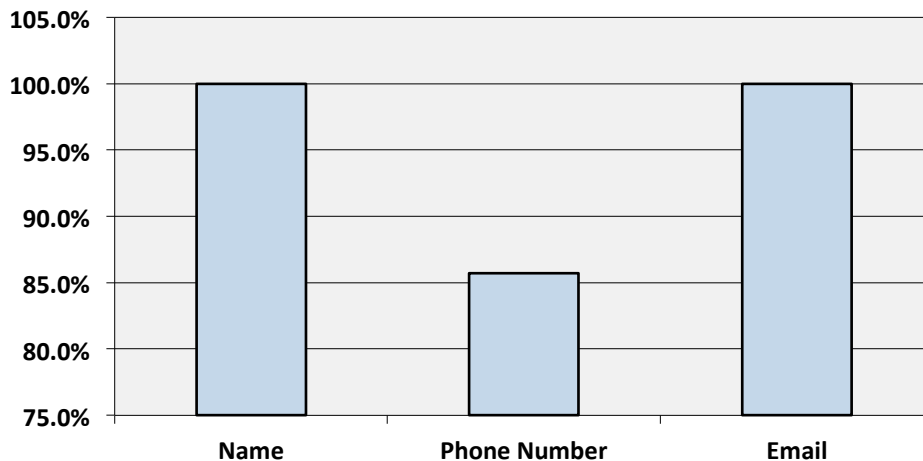
25. How many years have you been in production?



26. What is your municipality?



27. If you would like us to contact you in the future about the Perth County Regional Food Hub opportunity, please provide your contact information below.



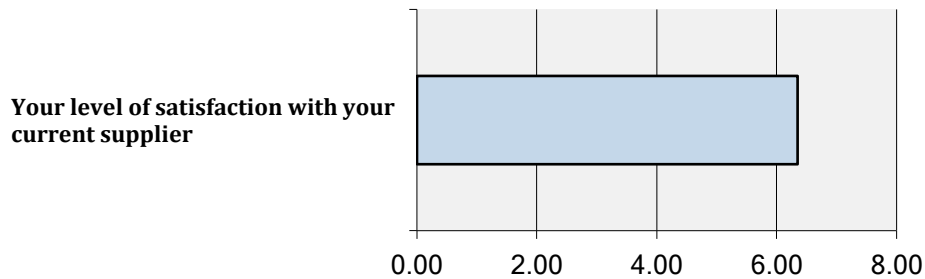
Customers

1. Who do you currently purchase food from?

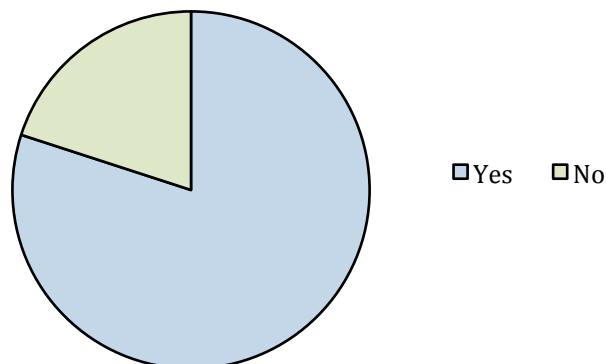
1	Zahra, Stemmler's, Flanagan's
2	Farmers, wholesale and supermarkets
3	Various local suppliers and distributors
4	Flanagan's, Sysco, G&G produce, Edessa Foods, Perth Pork Products, Deco meats, Festival Dairy, and Baden Coffee. Some local farmers during summer .
5	EPAC, Krug's Meat Market, Pfenning's, GFS, various local farmers, Caudles Catch
6	Producers at markets; Stratford and St Jacobs Local Food Co-op
7	Mainly locals first than Zehr's as a last choice GFS Sysco Soiled Reputation Erbcroft Farms Terry's Global Fish Carol Francombe The Butcher and Baker Walnut Hill Farm
8	Your Local Market, Gentle Rain, Butcher Baker, Zehrs, Downie St. Bake House, Slow Food Market, Food Basics
9	Mostly farmers' markets and Vincenzo's market
10	Sobey's
11	Farmers' market and grocery store
12	Trail's End Farmers' Market, Sysco Food Services
13	Local supermarkets Costco

14	Sysco Flanagan's
15	Sysco GFS Pitts Produce Sunrise Beverages Green's Meat Market
16	Market, Zehrs, Dutchies (Kitchener), Herle's
17	Sysco Food Services Natrel Weston bakeries
18	Food Basics, Zehrs, Sobey's, Farmers' Market, Walkerton Meat Market,
19	Farmers - directly or at local farmer markets Retailers - Food Basics, Zahra, Gentle Rain, etc. Wholesaler - Flannigan's within a buying group
20	Farmers direct i.e. Orval Zehr for eggs, Antony for greens, farmers market in season, slow food market in season, local business i.e. Butcher and Baker and County Food Coop, Gentle Rain etc.

2. Please rate your level of satisfaction with your current supplier on a scale of 1-10? (1 being dissatisfied, 5 being satisfied, 10 being extremely satisfied)



3. Do you currently purchase local or sustainably produced food?

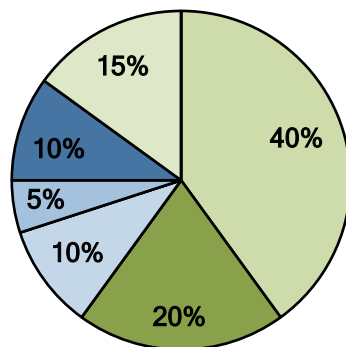


4. What does your current distributor offer that would be important for others to offer you if you were to change who you purchase from?

1	Locally produced preservative, gluten free meat products
---	--

2	Better level of quality, more variety
3	Two delivery dates, consistent year round products and enough product, proper billing and terms.
4	Free Delivery, consistent products and sizes
5	I do not want to change current local distributor/producers. If you are looking to distribute food, you should focus on increasing availability of certain products not available at markets and local food market co-op.
6	delivery three times a week. Rush deliveries.
7	Online and telephone ordering. Good pricing
8	One stop shopping with a variety of choices
9	Ongoing supply of produce
10	Consistent product at a reasonable price
11	Selection
12	Freshness
13	Recall information more accurate and notifications made immediately
14	Delivery on specified day
15	Good Availability of products
16	Variety and price
17	Good service, competitive pricing, large quantity, good quality
18	Price, value for product
19	None.
20	Would prefer to buy from one vendor to maximize purchase power and negotiate a discount based on annual volume.
21	Early week delivery (preferably X 2 per week so everything is very fresh), invoice, ability to pay for cheese monthly.

5. Please estimate your total ANNUAL purchases by checking a range below:



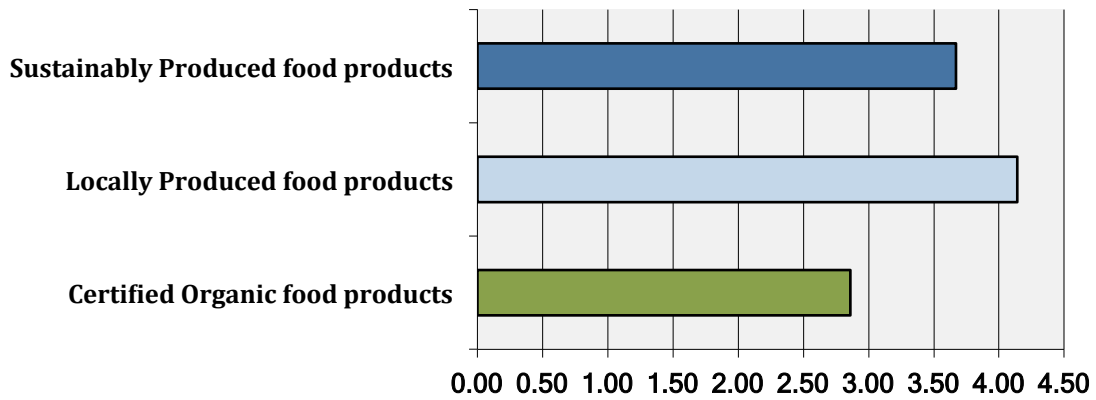
- Less than \$10,000
- \$10,000-\$50,000
- \$50,000-\$100,000
- \$100,000-\$150,000
- \$150,000-\$200,000
- \$200,000-\$250,000
- \$250,000-\$350,000
- \$350,000-\$500,000
- Other (please specify)

6. How often do you order food from your distributor?

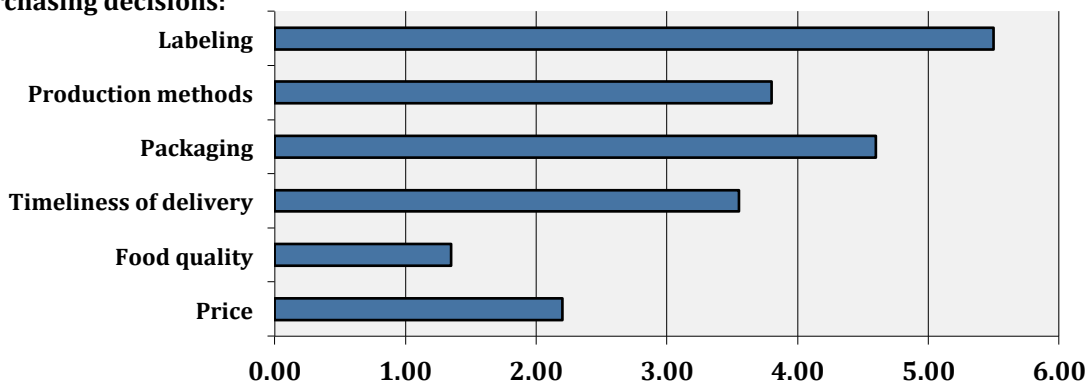
1	Weekly
2	n/a
3	Bi-weekly
4	2-3 times a week use multiple
5	Bi-Weekly
6	n/a
7	2 to 3 times a week
8	I go to purchase more than I would order.

9	Weekly
10	Weekly
11	Random
12	Weekly
13	Do not order
14	Once per week
15	Weekly
16	I don't have a distributor
17	Twice a week
18	These questions do not give an accurate picture of our purchases
19	Varies on time of year and products required
20	Weekly.

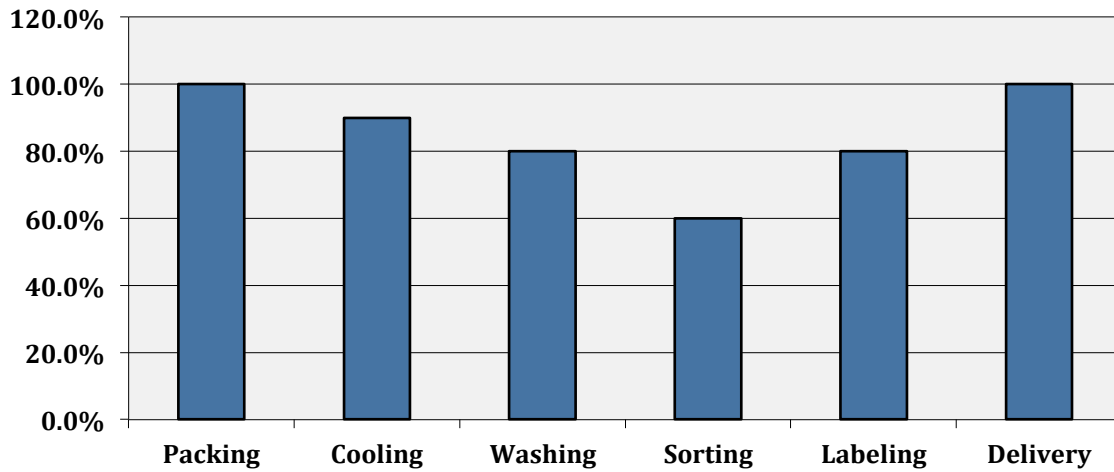
7. Please rate the importance of the following food products to you:



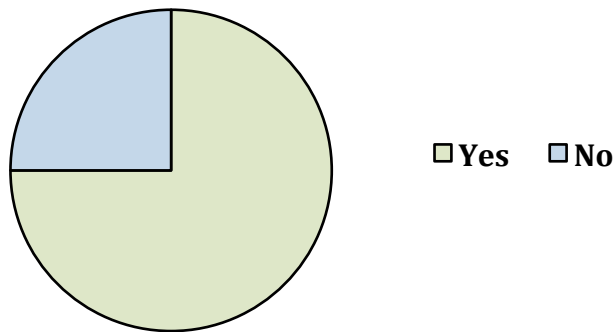
8. Please rank the factors below from most to least influential on your purchasing decisions:



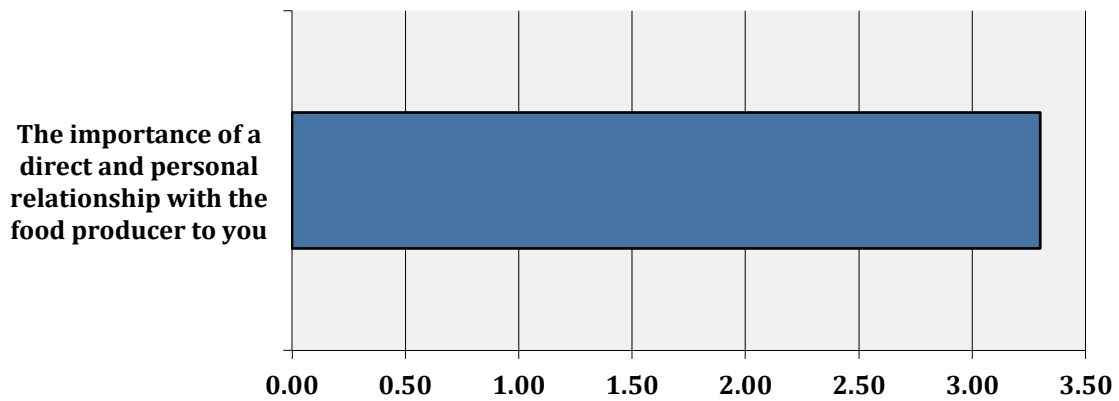
9. What are your expectations of the Food Hub in the following areas:



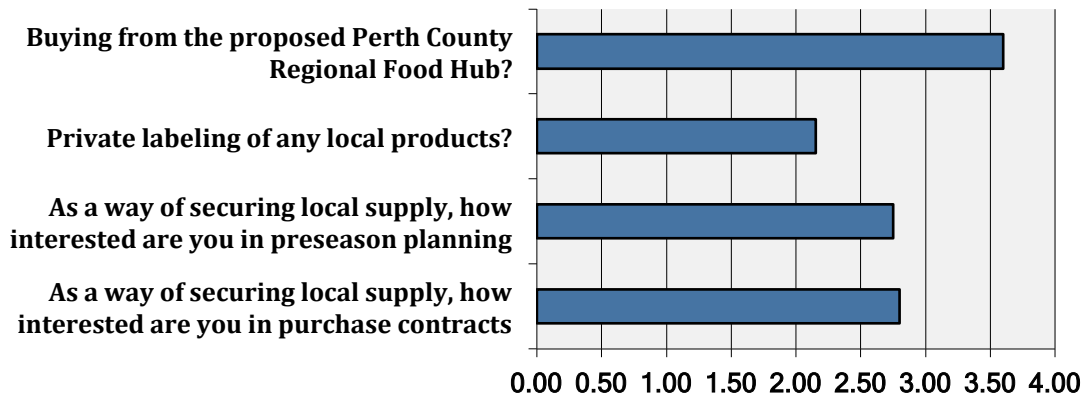
10. Would you switch suppliers for local, fresh and sustainably produced products?



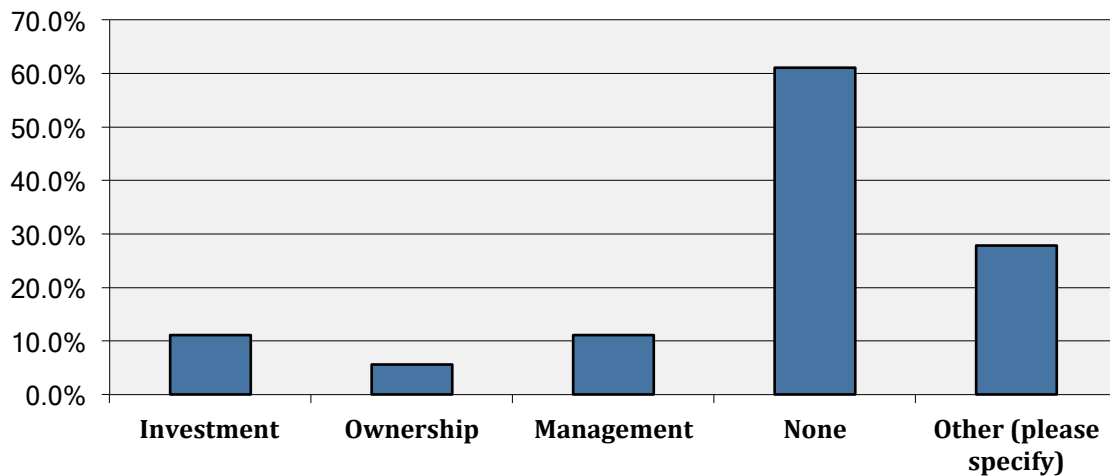
11. Please rate the following:



12. Please rate your interest in the following:



13. If offered which of the following would you be interested in?

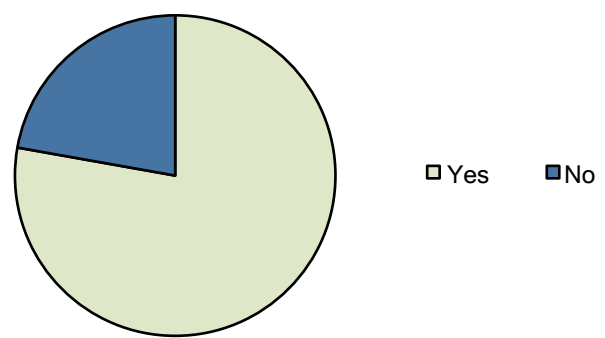


14. Do you have any suggestions for the people who are assessing the feasibility of developing a Perth Food Hub?

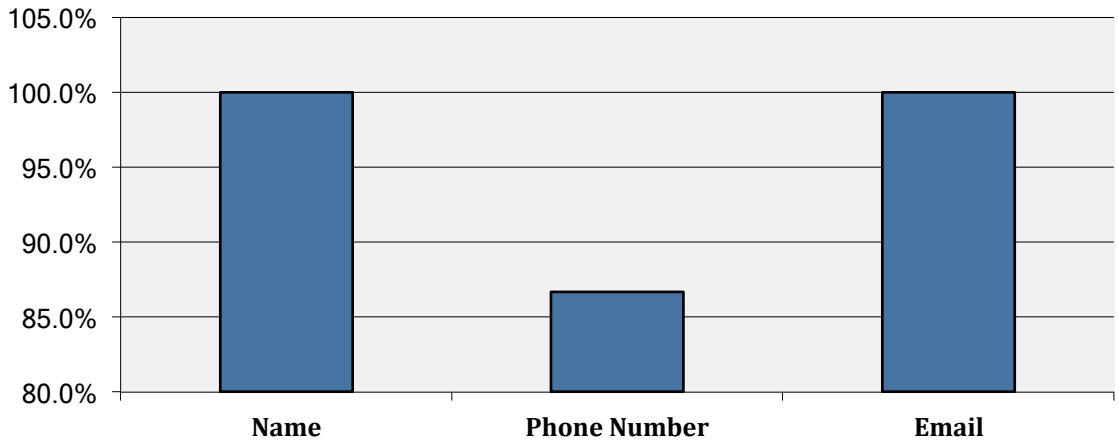
- 1 I think the producers would need to take ownership in this type of model more than the end user , although both could.
- 2 This hub is an interesting idea but should be in addition to what is already available. It should allow purchases in quantity but not too large - so B&B owners as myself can buy from the hub.
- 3 Price is going to be more important then you think. Margins are slipping in the food industry in this area and developing an efficient model will be important. You will need to sell the local suppliers on the benefits of your distribution channel for developing their market. Inconsistent supply during roll out could harm your brand. You may need a very good supply of some staple foods at reasonable prices to use as a loss leader
- 4 Are you in conversation with those already seeking to provide this in our community? I get as much of our family groceries from as many local providers as I am able.

5	Accessible to everyone, promote on the streets besides social media
6	Good customer service is key. Specified delivery dates and times are a must. We also have a budget we must maintain, so if products are priced too high, we would not be able to use this service.
7	Be more accurate in your proposal before asking someone whether he or she agrees with it or not. For example what is a 'social enterprise'? How is it to be financed, managed etc.?
8	Not at this time.

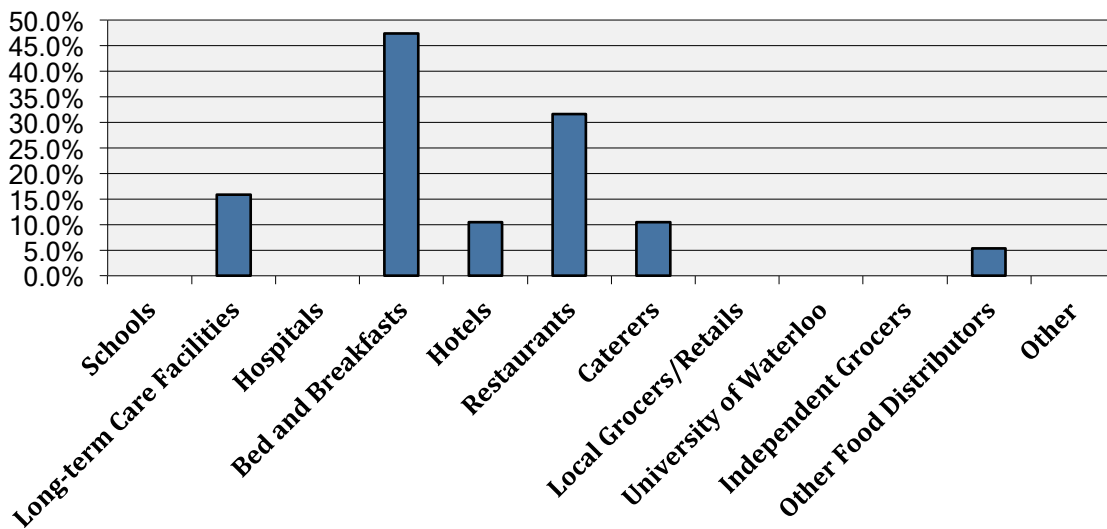
15. The Regional Food Distribution Hub in Perth County is a social enterprise that plans to offer local, healthy, fresh and sustainably produced food products from the Perth Region to a variety of potential customers in the area. The food hub will effectively manage local food supply and reliably deliver quality food products to the local market. Is this something that you might be interested in purchasing your food requirements from?



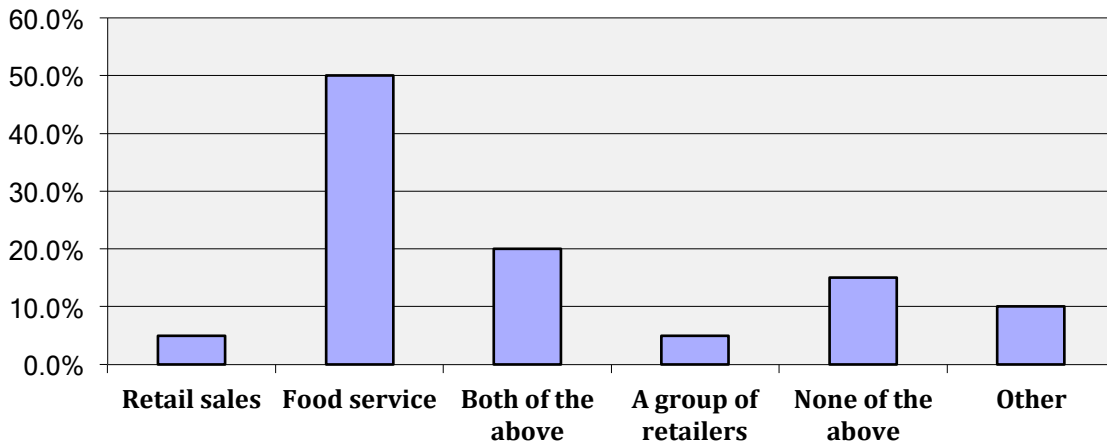
16. May we contact you in the future regarding opportunities to purchase from the Perth County Regional Food Hub? If yes, please provide us with the following information:



17. Do you own or operate one of the following?



18. Do you buy food products for retail sales, foodservice, both retail sales and foodservice, a group of retailers, or not at all?



19. Please provide your Municipality and Postal Code.

1	Perth	N5A 3L5
2	Stratford	N5A 2T5
3	Stratford	N5A 2M4
4	Stratford	N5A 3H1
5	Stratford	N5A 2R4
6	Stratford	N5A 3H2
7	Stratford	N5A 5V6

8	Perth county	N4X 1A1
9	Brantford	N3T 5X8
10	Stratford	N5A 2R4
11	St. Mary's	N4X 1C2
12	Stratford	N5A 4Z4
13		N5A 7W5
14	North Huron	N0G 2W0, N0G 1B0
15	Perth	N5A 6S5
16	Stratford	N5A 1L4
17	Stratford	
18	Stratford	N5A 3E9
19	Stratford	N5A 2R3