



## Food Hubs Connect Growers, Consumers

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Across the country, small to medium-sized farms are forming regional wholesale food hubs to market, aggregate and distribute locally produced food from farms to restaurants, hospitals, schools, universities, grocery stores and other institutions.

Local tomatoes sold through the Puget Sound Food Hub.

These hubs help level the playing field with the competition from cheap, industrial produce trucked long distances, while benefitting the environment by reducing fuel emissions. They help bring

communities together, furthering USDA's Know Your Farmer, Know Your Food Initiative, and strengthening the farm to table connection.

The Puget Sound Food Hub (PSFH) serves Western Washington. PSFH is a farmer-owned cooperative operating in the Puget Sound region. It was originally conceived of and started by the Northwest Agriculture Business Center (NABC), a nonprofit that works collaboratively with farmers and businesses to increase the economic viability of local agriculture.

In 2009 NABC reached out to a dozen local area farmers and recruited them to form the Skagit Wholesale Market, which started by selling their produce at a farmers' market located under a highway overpass in Mount Vernon, Washington. The farmers came together because they knew there was strength in numbers. They knew they could access the market together where everything would be handled by one entity.

NABC gradually transformed this effort from a physical wholesale market to one that was more easily accessible to Western Washington wholesalers. NABC helped PSFH find buyers who value local produce and would identify the farms by name on their menus, develop an online ordering system, source freezer storage and develop an aggregated delivery system, saving farmers time and money. The goal was to help create the system so that the farmers could then own and operate it. A big turning point was bringing the marketplace online and making the delivery a seamless process for farmers.

# Puget Sound Food Hub

NABC operated the PSFH for four years, managing it as a service that was available to the farmers. They transferred it to the farmers in 2016. NABC and PSFH are now two separate entities. The Puget Sound Food Hub is operating for profit as a C corporation, organized as a farmer-owned cooperative. The farmers are now able to govern through their board of directors and decide the values of the organization and have total control of how the business operates. They elected their first board of directors in 2016.

Current membership is comprised of 60 farmers and 200 registered buyers. Farmers wanting to join the cooperative must document that they meet seller eligibility requirements, agree to uphold sustainability standards, and pay a one-time fee of \$250 to purchase one share of common stock. The fee is refundable if the farm later chooses to withdraw from membership. Only local Washington farms and ranches that can legally sell their raw and value-added agricultural products commercially are eligible to sell through the Puget Sound Food Hub.

While many producers carry USDA Organic or other third party certifications, buyers are encouraged to learn about each farm's production methods by reading the seller profiles online or contacting them directly. The PSFH has developed a purchasing guide to assist buyers in making informed purchasing decisions. Buyers establish online accounts to confirm they are wholesale businesses within the delivery area. The longest distance from a farm to an aggregation site is approximately 38 miles, including a ferry ride. Member farms are in several different counties. Three different aggregation sites located throughout the delivery area ensure a short delivery radius.

Products are priced on the website, with the farmers setting their selling price. The software adds a markup to that, to account for delivery and other small operational costs. It is transparent so buyers and sellers all know what the price is of everyone's product. Buyers order weekly, according to the schedule for their geographical location. Each selects various products from multiple farms. Farmers pack and deliver their orders to aggregation sites, following strict food safety handling requirements.

Orders are consolidated into one delivery per buyer, with one invoice, which is paid online. There is an option for buyers to pick up their orders from the Mount Vernon aggregation site. Those who do their own pick-up receive a small discount on their order.

The Hub started small, growing in incremental steps. In 2011 they started selling to wholesalers. Between 2012 and 2016, with the guidance of NABC, they developed partnerships that helped to get product directly into the hands of wholesalers.

Puget Sound Food Hub trucks at the Mount Vernon aggregation center.

The convenience of delivery to customers is a challenge for farmers because it takes time away from the field. Partners helped get PSFH up and going. They provided aggregation sites and

delivered orders. At first the farmers delivered orders independently to Skagit and Whatcom customers who paid online. In 2014, PSFH launched their website. This was the biggest step, moving from a

physical wholesale marketplace to an online portal. It allowed wholesalers to easily pick orders from multiple farms and moved the farmers' cooperative toward their goal of being sustainable.

In the past, with the help of NABC, PSFH received money from state and federal grants and private money from the Whatcom Community Foundation. Their goal is to receive all of their funding from sales. After they went online, another partner joined, opening aggregation and delivery in Whatcom and Skagit Counties. The PSFH leadership team formed and created the Farmer Advisory and Marketing Committees, positioning them a step closer to becoming independent. Focus was on branding and growing the business in 2015. Partnerships continue to grow, consolidating aggregation and distribution. The PSFH posted sales of over \$1 million in 2016.

The PSFH has six employees, including a general manager, operations manager, sales coordinator and three part-time truck drivers. They own three delivery trucks, paid for by the PSFH, and have a fourth under contract. They have three aggregation sites throughout their service area, each with dry, cool and frozen storage facilities. Farmers who want to store products at the aggregation sites for extended periods pay a small fee for the service. This works well for meat that may be stored frozen, because having local inventory is easier for transportation. The food hub staff can then pull the product when it is ordered. Produce isn't stored there, because it is often harvested from the field and delivered directly to buyers within a day or two.

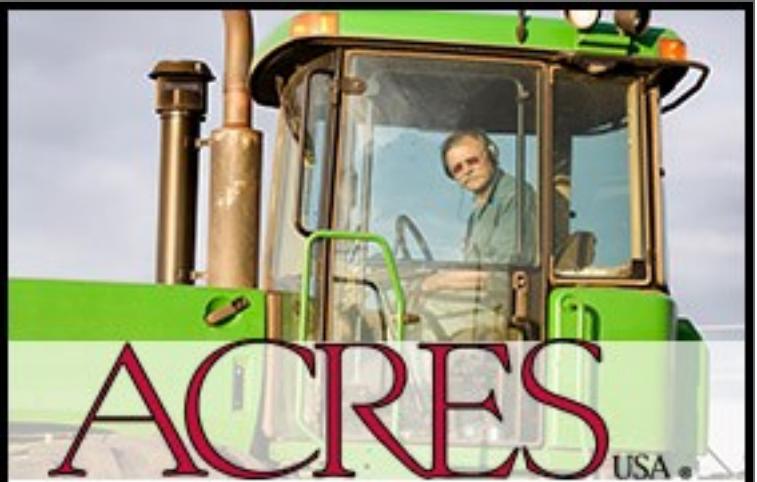
The PSFH is successfully carrying out their vision of providing their region with direct access to locally produced foods while supporting the sustainability of their local farms. Their system supports the relationship between regional farmers and their customers, enabling a values-based supply chain for food safety and transparency. This is a success story that others may want to emulate.

David Bauermeister, executive director of NABC, offered the following advice to other communities wanting to start a regional food hub:

- 1)** Do a lot of research and look at how other people have done it.
- 2)** Focus on the potential of a food hub. This is similar to a feasibility study. Will the community support the kind of volume needed to get to be a sustainable business?
- 3)** Leverage all resources you can with other entities and programs. Sharing the overhead costs between farmers makes sense and helps but having multiple food hubs in the same market would create redundancy and wouldn't help any of the farmers.
- 4)** Allow yourself time. There's a large capital cost and ramping up is tough. You will not break even right out of the gate.

Follow links to [USDA](#) food hub resources and [National Good Food Network](#) for more information about starting and managing food hubs. You may also want to visit the [PSFH website](#).

*by Lauren Turner*



Lauren Turner is a freelance writer, specializing in agricultural, environmental, and community topics. She retired from a 30-year career with the U.S. Forest Service, where she worked as a wildlife biologist, ecosystem manager and district ranger. An avid organic gardener, she lives in Sequim, Washington, with her husband and their three cats.

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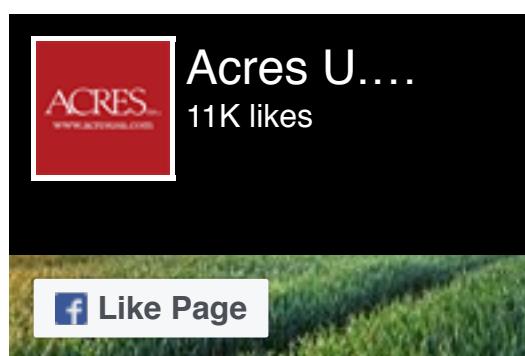
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