

NE Kansas Food Hub Feasibility Study: Results and Opportunities for Rural Grocery Stores

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- DOUGLAS COUNTY -

FOOD POLICY COUNCIL



<http://www.douglas-county.com/sites/fpc>

THE DOUGLAS COUNTY FOOD POLICY COUNCIL

- Established by the County Commission in 2010.
- Convened as a joint City-County Council in 2013.
- Identifies the benefits, challenges and opportunities for a successful food system.
- Recommends local policies to support food system.
- Represents a wide range of stakeholders in food system.



2011: COMMUNITY FOOD SYSTEM ASSESSMENT

BUILDING A **DEEP-ROOTED** **LOCAL FOOD** SYSTEM

A Food System Analysis for
Douglas County
Jefferson County
& **Leavenworth County**
in Kansas



Prepared for the Douglas County Food Policy Council
March 2011

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COMMUNITY FOOD SYSTEM ASSESSMENT RESULTS



Missing infrastructure:
Processing
Canning
Freezing
Packaging
Distribution

54%
OVERWEIGHT/OBESITY RATE

10,000+
RESIDENTS WITH LIMITED
ACCESS TO GROCERY STORES
& HEALTHY FOOD CHOICES

\$392 M
AMOUNT SPENT BY
TRICOUNTY RESIDENTS ON
FOOD PURCHASES EACH
YEAR

<0.1%
FARMLAND IN OUR
TRICOUNTY AREA DEVOTED
TO VEGETABLE
PRODUCTION

REAL CHALLENGE FOR SCHOOLS, HOSPITALS, GROCERY STORES:



FOOD HUBS

Food Hub: a business model that centralizes the business management structure to facilitate the aggregation, storage, processing, distribution, and/or marketing of locally/regionally produced food products (USDA).

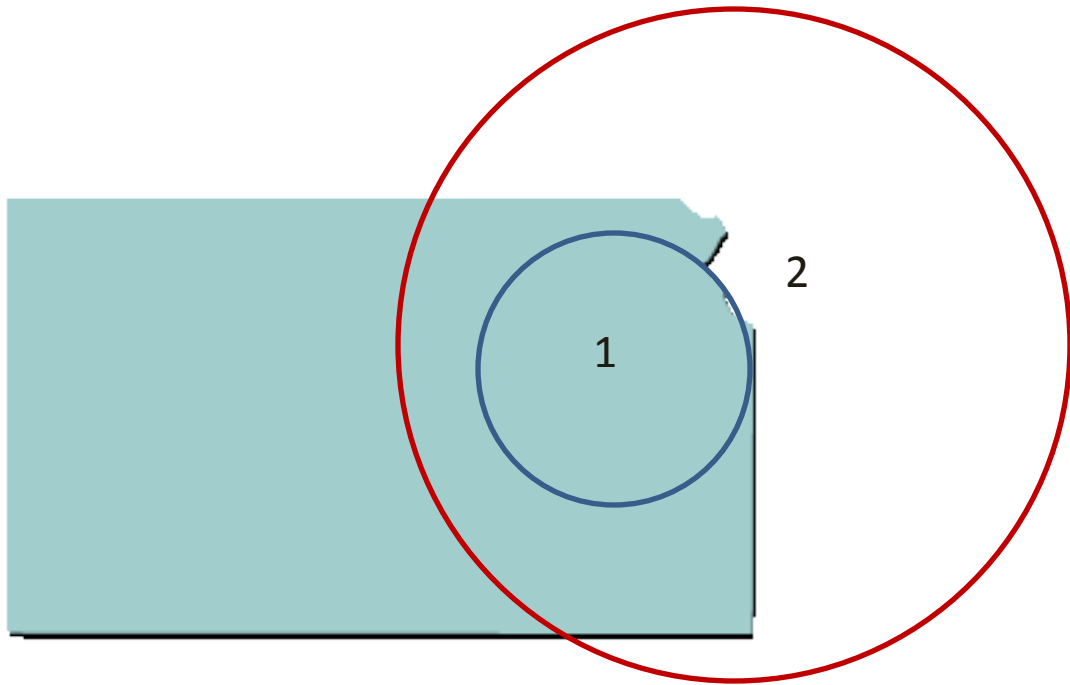




FOOD HUB FEASIBILITY STUDY

- **Timeline:** Final report June 2014
- **Proposed product:** Feasibility study for a northeast Kansas regional food hub + collaboration with KC regional study.
- **Methods:** Producer surveys, institutional and wholesale buyer surveys (throughout fall-winter 2013), interviews, focus groups, economic impact analysis.
- **Funding:** USDA Rural Development and Kansas Health Foundation

FEASIBILITY STUDY COLLABORATION WITH KC:



1. FPC Feasibility Study:

Wyandotte, Johnson, Douglas, Leavenworth, Jefferson, Atchison, Brown, Nemaha, Doniphan, Shawnee, Franklin, Osage, Miami, Jackson, Pottawatomie, and Wabaunsee Counties.

2. KC Feasibility Study area:

250 mi. radius around
KC, MO

FOOD HUB FEASIBILITY STUDY

Feasibility Study Report:

- Existing and potential regional producer **capacity**.
- Existing and potential regional buyer **demand**.
- Opportunities and barriers for increased purchasing of local foods .
- Opportunities and barriers for producers.
- Proposed operating models.
- Economic impact analysis.





MARKET ANALYSIS

Six Market Segments served by the food hub:

- Small, independent retailers
- Mid-sized retail
- Restaurants
- Institutions
- Workplace CSAs
- Organic

MARKET ANALYSIS



MARKET ANALYSIS

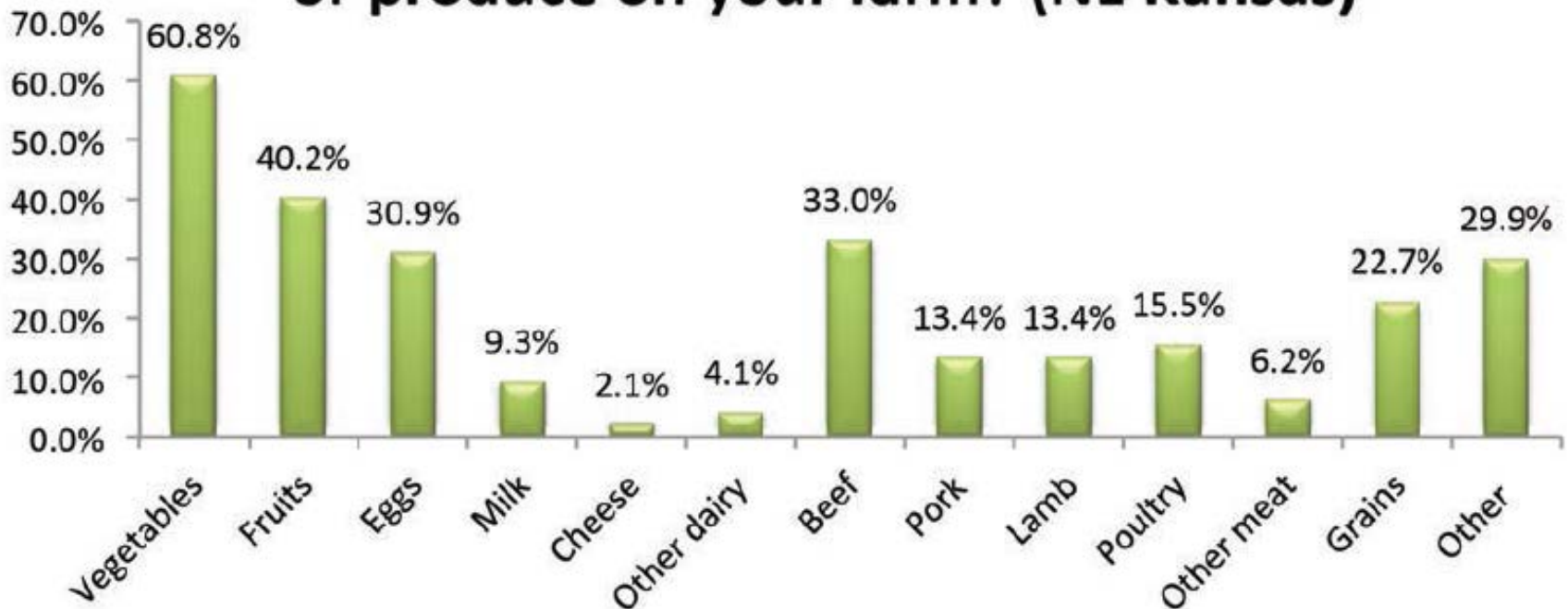
Table 1: Overall Sales and Revenue Estimates for Whole Produce

	WEEKLY TOTALS	MAIN 12 WK. TOTALS	OTHER 18 WK. TOTALS	YEARLY TOTALS	GROSS REVENUE @20%
Year 1	\$43,750	\$525,000	\$262,500	\$787,500	\$157,500
Year 2	\$57,375	\$688,500	\$344,250	\$1,032,750	\$206,550
Year 3	\$71,625	\$859,500	\$429,750	\$1,289,250	\$257,850
Year 4	\$79,025	\$948,300	\$474,150	\$1,422,450	\$284,490
Year 5	\$130,650	\$1,567,800	\$783,900	\$2,351,700	\$470,340

Tomatoes, cherry tomatoes, leaf lettuce, summer squash, cucumbers, chard, sweet potatoes, potatoes, green bell peppers, mixed bell peppers, broccoli, strawberries, assorted berries, eggplant, watermelon, cantaloupe

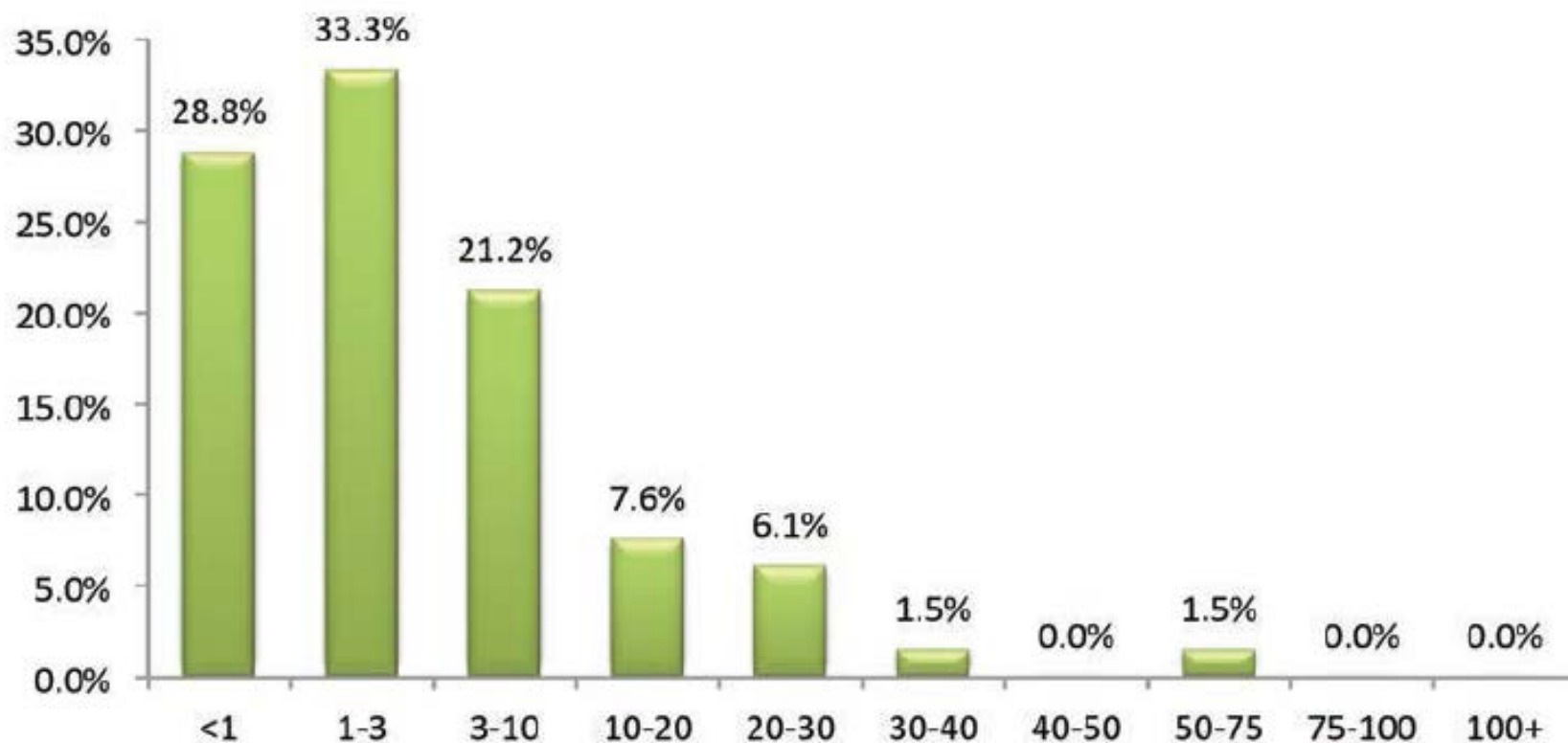
PRODUCTION POTENTIAL

Which of the following do you currently grow or produce on your farm? (NE Kansas)



PRODUCTION POTENTIAL

How many acres of fresh fruits and vegetables do you farm? (NE Kansas)



INFRASTRUCTURE RECOMMENDATIONS

- Central aggregation facility
- Sub-aggregation sites (Hiawatha, Manhattan)
- Utilizing existing infrastructure, especially distribution





OPERATING MODEL

Core Functions:

1. Expand opportunities for established local food producers.
2. Enable new farmers to increase their success.
3. Expand the market for local foods by cultivating new tier of customers.
4. Improve reliability and ease of access for existing buyers.

MODEL:

- **Producer-driven**
- **Entrepreneurial**
 - **Nonprofit**

ECONOMIC IMPACT

Proposed economic impact associated with food hub (at year 5):

- **Jobs** = 25 (direct, indirect, induced)
- **Economic activity** = \$2.6 million (80% or \$2 million directly to farmers as gross revenue)
- **State and local taxes** = \$156,000



OPPORTUNITIES FOR GROCERS

1. Core Buyers: Core of food hub marketing strategy: work with existing, independent markets.
2. Sub-aggregation sites to receive products from local farmers and ship to the central hub.



QUESTIONS?

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