FEASIBILITY ASSESSMENT

Township of Langley Food Hub

Report 2: Overview of Food Hubs and Summary of Stakeholder Engagement

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Prepared for:

Township of Langley and Township of Langley Agricultural Advisory Committee

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Executive Summary

The purpose of this feasibility study is to build on the existing technical work and community and stakeholder dialogue, from the Agricultural Viability Strategy, around establishing a food hub for the Township of Langley. This report is the second of three. It compiles previous research on food hub best practices and provides an overview of local food production, distribution and demand. It also provides a summary of the needs of local food producers and buyers of a food hub from stakeholder engagement.

A food hub is a place that brings together a wide spectrum of land uses, design strategies, and programs focused on food to increase the availability, revenue, access, visibility, and the experience of food and farming in a local area. Canadian adaptations of food hubs also include product development centres, food skill and community development centres, agri-food distribution centres, and local food retail and demonstration markets, among others.

Food hubs, in addition to providing aspects of a traditional distribution service, are engaged in the establishment of thriving local food systems. They also enhance sustainability, food security and health goals of the region by increasing the production and consumption of local food. Their largest impact is that they improve the economies and job prospects of the region. However, they do face a number of challenges including balancing supply and demand, cash flow, food safety, dependence on volunteer labor, finding reliable seasonal and part-time staff, meeting buyer specifications for product quality and consistency, inventory management, and maintaining farm identity all along the supply chain.

The challenges of producers relying on food hubs to market and sell their product include the additional cost of paying someone to do this work, the preservation of their farm's identity and brand, the potential for increased logistical complexity, and the additional infrastructure costs such as bigger trucks or the rental of temperature controlled storage. However, food hubs (unlike the traditional supply chain) have the farmers' interests at the centre of their mandate, allowing farmers to focus on farming and caretaking their land rather than the business of product promotion and selling.

For buyers there are many benefits of buying direct from a food hub such as unique local products not carried by the large distributors because they require special handling, niche sizing such as small peppers, cucumbers and mini summer squashes, coordinated growing times to extend availability into the shoulder seasons. As food hubs specialize in selling and promoting local products from local farms there is a greater incentive to work with local farmers to ensure that their products meet the needs of buyers, including food safety standards and quality.

Over the past few years a number of food hubs have been established across Canada which vary in size and function. Food hubs are a recent development in Canada so it is too early to conclude whether they have been successful as of yet. As well as existing food hubs there are and have been a number of food hub projects in Canada. The popularity of developing food hubs in Canada has led to the McConnell

Foundation forming a Regional Value Chain program[1] in 2011 and Food Secure Canada setting up a food hub working group[2] to help share best practices between Canadian food hubs and food hub projects.

In the United States food hubs are a lot more established and have been able to address the lack of distribution infrastructure and services that allow growers to take advantage of the increasing demand of local food in larger markets such as urban centred retailers, restaurants and institutions. In the US alone there are over 300 food hubs as defined by the National Food Hub Collaboration (NFHC)[3]. Based on a 2014 NFHC survey, food hubs generate on average $3.7m of revenues per annum. Some of these hubs have seen double and even triple digit growth over the past few years.

Needs for a food hub were identified in the Township of Langley Agricultural Viability Strategy, areas included farmers' markets, on-farm processing, non-farm processing, agri-tourism destination and value added agricultural activities. Currently there are some aspects of these in the Township that the food hub could build on or utilize.

The challenges or gaps within the current local food supply chain in the Township that a food hub could help to address include an aging farmer workforce, knowledge gap amongst consumers, regulation, high cost of food production and distribution, cheaper food imports, lack of brand awareness, limited infrastructure, access to capital, access to market and challenges faced at the farmers' market.

Based on a food hub workshop in March 2015, research, and one-on-one conversations with key stakeholders in April 2015, a vision for a hub in the Township is beginning to materialize. Based on example practices from other jurisdictions and based on local needs and opportunities, several hub models have started to take shape. However, there is currently a lack of consensus of what the priorities of a food hub model involves and more assessment, discussion, and facilitation will be required to crystallize what the hub is and who it is for.

Based on the stakeholder conversations, there is broad support for, and no opposition to, a hub for the Township. There are many outstanding questions people have and on some issues people hold different, sometimes divergent perspectives on what the hub should be and how it should function. Generally, people feel that the project should start small, prove demand, and scale-up knowledge and resources for the Hub. There was strong agreement that producers need to be the ones to lead, own, and manage the hub, although some noted some external funding sources for capital expenses could be possible and desirable. The majority of the people interviewed stated the Township should not be involved with the day to day running of the hub.

Next steps in this process is to reflect on the feasibility criteria for the Township of Langley hub and provide an overall assessment on the feasibility of the hub including what it could include, ideas for how it could be phased, and recommendations for next steps.

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[1] http://www.mcconnellfoundation.ca/en/programs/sustainable-food-systems/regional-value-chain-program
[2] http://foodsecurecanada.org/resources-news/blogs-discussions/food-hubs
[3] http://www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELPRDC5097957

1. Introduction

The purpose of this feasibility study is to explore the existing technical work and community and stakeholder dialogue, from the Agricultural Viability Strategy, around establishing a food hub for the Township of Langley and ask the question: *Is a food hub feasible? If so, how? If not, why not and under what conditions would it be feasible?*

This study will explore and test the overall feasibility, food hub model (i.e. functionality based on need), key players and governance systems, and other key feasibility aspects of a food hub for Langley. Through best practice research, stakeholder engagement, and technical analysis, this study will ultimately recommend whether or not a food hub in Langley has broad support, can address current needs on the supply and demand side, and has the potential to attract the required investment and physical infrastructure.

The study has three key objectives:

1. Determine if there is a food hub model that would be feasible and broadly supported in the Township. We will test five key aspects of food hub feasibility to develop recommendations and next steps.

Feasibility Criteria	Method of Assessing Criteria
1. Buy-in from stakeholders & industry leadership (e.g., clearly identified needs, functions, and supports)	Workshop exercises and in-person interviews.
2. Central management function (id. key players/agencies/association to run the food hub)	Generate initial list at workshop. In person meeting with potential central management entities. Best practice research.
3. Possibility and suitability of location and land (e.g. proximity to primary production, compatible adjacencies)	Review and assessment of identified locations vis a vis suitability based on functions of the 5-year vision.
4. Supportive/prohibitive policy of the 5 year food hub vision	Review local, provincial, and federal policies for both supportive and prohibitive policies based on the 5-year vision.
5. Financial sustainability (possible revenues vs estimated operating and capital costs, opportunity/will/viable options for investment)	Develop an outline of the business model for the hub (e.g. potential revenues and operating and capital costs). This will be based on cost assessments done on other hubs. Are there viable investment options?

2. Engage stakeholders, specifically those that are investing in the food hub, in identifying the form and function of the food hub,

3. Undertake research and review of best practices from North America to establish a knowledge foundation for the dialogue.

The objectives of the study are covered by the following reports:

Report 1 Community context for a food hub in the Township of Langley – Provide an overview of the context of the project, how the concept was initiated, what has been done to advance the concept and what are its long term vision and benefits for the community.

Report 2 Overview of Food Hubs and Summary of Stakeholder Engagement on a Food Hub in the Township of Langley - Compile previous research on food hub best practices and an overview of local food production, distribution and demand. Provide a summary of the needs of local food producers and buyers from stakeholder engagement.

Report 3 Feasibility Assessment for a Food Hub in the Township of Langley: Findings and Recommendations– test financial and operational feasibility of the food hub concepts and make practical recommendations on a food hub and its components.

This is the second of the 3 reports.

2. Overview of Food Hubs

A food hub is a place that brings together a wide spectrum of land uses, design strategies, and programs focused on food to increase the availability, revenue, access, visibility, and the experience of food and farming in a local area. The USDA defines a food hub as

> *"a business or organization that actively manages the aggregation, distribution and marketing of source-identified food products primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail, and institutional demand."*[4]

Canadian adaptations of food hubs also include product development centres, food skill and community development centres, agri-food distribution centres, and local food retail and demonstration markets, among others.

2.1. Food Hub Types

The report, *Moving Along the Value Chain: Innovations in Regional Distribution*[5] differentiates between four food hubs. Three food hub types have been added to this list, based on current research.

1. **Retail-driven:** where a grocery store or distributor establishes a specific distribution network to support and source from small scaled farmers who cannot access the standard market channels. They are natural foods grocery stores or distributors that see an advantage in supporting local food distribution to increase access to products and further differentiate themselves from their mainstream competitors. Example: La Montanita Co-op.[6]

2. **Non-profit-driven:** where distribution is provided or arranged by farmer owned organizations, farmers' markets or other non-profits. Operating an enterprising non-profit gives the organization access to additional funding streams such as donation and community grants as well as bank loans. Examples: Red Tomato,[7] Big River Farms,[8] & Appalachian Harvest.[9]

3. **Producer-driven:**
    a) Collectives/Co-operatives selling to commercial buyers: where a group of farmers sells to retailers or institutions, such as a farm-to-school program. Example: New North Florida Cooperative.[10]
    b) Collectives/Co-operatives selling directly to residential customers: Farmers may operate a grocery store or provide a door-to-door or neighbourhood drop delivery service. Example: High Plains Food Cooperative[11] and Hudson Valley Fresh.[12]

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[4] http://www.ngfn.org/resources/ngfn-database/knowledge/FoodHubResourceGuide.pdf
[5] http://ngfn.org/resources/ngfn-database/knowledge/Innovations_in_regional_food_distribution.pdf
[6] http://coopdistribution.coop/
[7] http://www.redtomato.org/ourhistory.php
[8] http://www.mnfoodassociation.org/content/12487#
[9] http://asdevelop.org/programs/appalachian-harvest/
[10] http://fl.marketmaker.uiuc.edu/business/421852-new-north-florida-cooperative-association-inc
[11] http://www.Highplainsfood.org
[12] http://www.hudsonvalleyfresh.com/

c) Privately owned: where an enterprising farmer establishes a distribution business for their own product. They may or may not include other farmers' product in their distribution. Example: Urban Digs[13]

4. **Consumer-driven:** buying clubs where consumers buy food in bulk as a group from a number of farmers. In some cases the consumer volunteers divide the bulk purchase into the individual customer orders. Increasingly orders and payments are made online. Example: The Oklahoma Food Co-operative[14], and the Iowa Food Co-operative.[15]

5. **Producer-Involved Distribution Systems (PIDS)**: where the business involves farmers and provides direct individual support to develop farmers' business acuity along with strategies that enhance the marketability of their products. Distribution systems that fall under this producer-involved category include Red Tomato, New North Florida Co-operative, the Iowa Food Co-operative, and Hudson Valley Fresh.

6. **Education driven:** where institutions such as universities identify a need to support young and new farmers entering farming. As well as facilitating lessons on farming (including marketing and promotions) the hub can also provide a farm, distribution support, farm gate sales, farmers' market support and possibly even production facilities. These food hub functions could be provided alongside other elements that provide experience for new and young farmers such as composting.

7. **Product development driven:** where the main need in the community/region is value added product for farms to extend their season and/or provide additional revenue. Such hubs are normally led by government initiatives due to larger capital outlay. Functions provided include packing, processing and cooking facilities. In some cases on hand expert advice is available, including food scientists, brokering advice and business planning.

2.2. Benefits and Challenges of Food Hubs

Food hubs, in addition to providing aspects of a traditional distribution service, are engaged in the establishment of thriving local food systems. On average they can generate over $3.7 million per annum[16]. Dozens of food hubs have been established across North America and are proving to provide key benefits to their communities. Districts with food hubs are seeing more civic engagement[17] and an increase in business opportunities. They also enhance sustainability, food security and health goals of the region by increasing the production and consumption of local food. Their largest impact is that they improve the economies and job prospects of the region. Many studies have documented that a dollar

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[13] www.urbandigsfarm.com
[14] http://www.oklahomafood.coop/
[15] http://iowafood.coop/
[16] http://foodsystems.msu.edu/uploads/files/fh-survey-key-findings.pdf
[17] See, e.g.: C. Wright Mills and Melville Ulmer, "Small Business and Civic Welfare," in Report of the Smaller War Plants Corporation to the Special Committee to Study Problems of American Small Business, Document 135. U.S. Senate, 79th Congress, 2nd session, February 13. (Washington, DC: U.S. Government Printing Office, 1946); and Thomas A. Lyson, "Big Business and Community Welfare: Revisiting A Classic Study," monograph (Cornell University Department of Rural Sociology, Ithaca, NY, 2001), p. 3.

spent on a local business yields two to four times the “economic multiplier” (the underlying source of income, wealth and jobs) as an equivalent nonlocal business. A study in Detroit identified that shifting 20% of food spending to local produce would increase annual (farm) revenue and create more than 4,700 jobs paying more than $125 million in wages; and produce nearly $20 million in business taxes each year[18].

Food hubs are the same as any other business and face a number of challenges. Based on a 2011 National Food Hub Collaboration[19] survey, the most cited challenge is balancing supply and demand. In most cases the demand is higher than supply, especially on certain items. While demand is high, some buyers still resist paying a premium for locally grown food or at least making long term commitments. The high demand also leads to growing pains and the ability of the hub to keep up with growth, and out growing its capacity. In line with this is the ability to obtain capital to invest in new infrastructure to keep up with the growth. Those that do manage to find capital to support their growth then face the challenge of continuing to meet their social mission of supporting small and medium sized farms. Some food hubs also face the challenge of short term credit to manage the cash flow better. This is because they pay their farmers within 2 weeks of receiving the product whereas the hub’s customers pay within 6 to 8 weeks.

Other challenges cited by food hubs in the survey include dependence on volunteer labour, finding reliable seasonal and part-time staff, meeting buyer specifications for product quality and consistency, inventory management, and maintaining farm identity all along the supply chain. Several food hub operators also noted the challenge their smaller scale producers face in meeting the food safety requirements of some of their buyers, as well as the potential challenge their producers will face in complying with upcoming food-safety regulations.

2.3. Benefits and Challenges for Producers

The challenges of producers relying on food hubs to market and sell their product include the additional cost of paying someone to do this work, the preservation of their farm’s identity and brand, the potential for increased logistical complexity, and the additional infrastructure costs such as bigger trucks or the rental of temperature controlled storage. However, food hubs (unlike the traditional supply chain) have the farmers’ interests at the centre of their mandate, allowing farmers to focus on farming and caretaking their land rather than the business of product promotion and selling. These benefits and challenges are further highlight in the table below.

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[18]Study conducted by Michael H. Shuman, an economist, attorney and vice president for enterprise development for Training & Development Corp. in Bucksport, Maine.
http://www.fairfoodnetwork.org/sites/default/files/Economic%20Impact%20of%20Localizing%20Detroit%20Food%20System.pdf

[19] http://www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELPRDC5097957

Table 1: Producer-Involved Distribution: Benefits and Challenges for Producers

Benefits	Challenges
Farm identity and brand preservation Enhancing the farm's identity and brand contributes to product differentiation, market value and improved pricing. Preservation of each farm's brand identity can be accomplished through the distributors marketing materials and through details product description on invoices.	**Pricing** If ordering is centralized then pricing for comparable products may be standardized, affecting margins for individual farmers.
Increased product availability The individual farmers and the farmers as a group could decide to stagger their plantings to extend the season of agri-food products and stabilize availability, something that buyers look for when making their farm direct purchasing decisions.[20]	**Maintaining quality and food safety standards** If there is product aggregation then the standards for the group may be different than those set by individual farmers for their own direct marketing activities.
Adaptation to changing buyer demands. The food hub can encourage farmers to fill gaps in their product catalogue, or bring in additional farmers if the gap cannot be filled by the existing group.	**Business Independence** Each farmer will have established their own preferences for the crops they grow as well as when they plant. It may be challenging for them to change these practices.
More time to farm and build the farm business A food hub that provides transportation and delivery reduces each farmer's time on the road. Travel and delivery can take up the majority of a work day, especially if there are a number of drops.	**Communication and logistics** How does the organization address the challenge of distribution logistics for multiple farmers?
Cost of Distribution A distribution service allows the costs associated with storing, marketing, selling and transporting product to be shared among several farmers.	**Cost of Distribution** Farmers may not pay themselves for the time they take to deliver their own product. This may mean that they do not have a true sense of the cost of doing their own distribution.

[20] http://www.cowichangreencommunity.org/sites/default/files/handbook-final-for-website.pdf

2.4. Benefits and Challenges for Buyers

From the buyer's perspective, there are many benefits of buying direct from a food hub, such as unique local products not carried by the large distributors because they require special handling, niche sizing (for small peppers, cucumbers and mini summer squashes), coordinated growing times to extend availability into the shoulder seasons. As food hubs specialize in selling and promoting products from local farms there is a greater incentive to work with farmers to ensure that their products meet the needs of buyers, including food safety standards and quality. These benefits and challenges are further highlight in the table below.

Table 2: Producer-Involved Distribution: Benefits and Challenges for Buyers

Benefits	Challenges
Different or unique products Regular access to different products from local producers that may not be handled by large distributors.	**Seasonal Availability** Does the food hub have a sufficient range for farmers to supply product regularly throughout the season?[21]
Simplifies receiving of product One delivery truck rather than several. **Farm identity and brand preservation** Single invoice or compiled invoice identifying individual farmers.	**Transaction costs** It may take more time to order product from multiple farmers if there is no central ordering system, such as a website, or staff person at a desk. There may also be more than one invoice.
Marketing Producer-involved distributors can provide stories from the farm to help buyers promote their local-procurement purchasing program.	**Payables** Payable cycle is more likely to be shorter than the usual 30-60 days.
Pricing If a pricing agreement is made for products it could mean a price break for buyers when local supplies are tight at the beginning and end of the season.	**Pricing** Prices could be higher buying direct from farmers when compared with buying from a larger distributor.
Increases farm business viability By helping smaller farmers stay in business buyers also help preserve and perhaps even deepen their	**Quality and food safety** Buyers, especially institutions, may require HAACP[22] (Hazard Analysis & Critical Control Points),

[21] http://www1.agric.gov.ab.ca/$Department/deptdocs.nsf/all/cu13700/$FILE/final-group1.pdf
[22] http://www.inspection.gc.ca/about-the-cfia/newsroom/food-safety-system/haccp/eng/1346306502207/1346306685922

competitive advantage as a source of local food.	or Canada GAP[23](Good Agricultural Practice) which smaller farmers don't usually have. Buyers rely on consistent quality.
Better service As the food hub is owned and run by organizations and/or businesses that are committed to increasing the market for local farm product, service standards may be higher, such as regular, dependable deliveries and invoicing.	**Limited direct contact with farmers** Centralized delivery will mean less direct contact with the farmers, a challenge to maintaining a close relationship with where their food comes from.

2.5. Requirements of a food hub

Based on research of operating food hubs and conversations with food producers and buyers for the FarmFolk CityFolk Feasibility Study[24], the following are some key requirements for food producers and buyers of a food hub.

Requirements for Producers	Requirements for Buyers
Ability of a food hub to align suppliers' production with demand	Consistent seasonal product availability
Near break-even cost and time benefits from delivering product through a distributor when compared to delivering individually	Easy and efficient product selection and ordering
Buyers need to consistently pay invoices on time	Consolidated, itemized invoice. One payment.
The food hub needs to establish quality standards and work with farmers to consistently provide high quality product.	Consistent product quality. Reliable delivery with little to no products missing due to shorts.
Trust and good communication between farmers, the food hub, and the buyers	
Preservation of farm identity and brand for products	
Pricing of product needs to benefit both the buyers and the producers	

[23] http://www.canadagap.ca/
[24] http://www.farmfolkcityfolk.ca/projects/distribution/

2.6. Key success factors of food hubs

Below are some best practices from four food hubs analyzed for the "Feasibility Study on Small/Medium Farm Product Distribution In the Lower Mainland[25]" by FarmFolk CityFolk. The hubs were:

- **New North Florida Co-operative (NNFC):** Founder Glyen Holmes worked for the USDA before he began the co-operative in 1995. Holmes identified the lack of infrastructure as the greatest hurdle and decided to leave the USDA in order to organize farmers based on their individual scale and capacity.

- **Iowa Food Co-op (IFC):** Located in Des Moines, the co-op was incorporated in July of 2008 with their first sales in November of that same year. After research on markets and supply for local food, Huber and a small group of farmers decided on a direct-to-consumer co-op with a virtual store for online ordering based on the Oklahoma Food Co-operative[26].

- **Hudson Valley Fresh (HVF)**: A farmer-owned non-profit co-operative co-founded in 2005 by Sam Simon it sells premium-quality milk that is produced without artificial hormones. Simon began to talk to other dairy farmers that had his same interest in quality. The four founding farmers, including Simon, drew up a plan to sell milk under a Hudson Valley label.

- **Red Tomato (RT):** Michael Rozyne, a founder of the fair trade company Equal Exchange, founded RT. The organization is a non-profit distributor/ broker that, buys fruits and vegetables from farms, packages and brands the produce with the Red Tomato and farm name, and sells it to retailers across Northeastern USA.

Best Practice Examples:

1. **Producer involvement that includes crop planning**
   - Both IFA and HVF were started by producers and have the greatest producer involvement of the four systems.
   - Red Tomato also involves farmers and works to develop collaboration between farmers through regular meetings as a way to address farmer competition.
   - NNFC understand farmers' needs in their area. They plan crops with the farmers and a small variety of crops are that are suited to their climate are grown as a way to increase product yield per farm and as well as efficiencies. These crops can be grown for the majority of the calendar year and so maximise financial returns.
2. **Farm identity and brand preservation**
   - Red Tomato packaging is co-branded with branding from the farms they buy from. Farmers pack their product into Red Tomato bags and boxes that also promote their farms' unique brand and

[25] http://www.farmfolkcityfolk.ca/projects/distribution/

[26] Oklahoma Food Cooperative: http://www.oklahomafood.coop/default.aspx

story. As the seasons for different products come and go, Red Tomato's recognizable brand maintains its market presence throughout.

3. **Quality standards that included education on how to comply with these standards**
    - NNFC understands the importance of quality. They set quality standards and provide education and support to increase on-farm product quality and yield.
    - IFC has adopted a fully traceable system from farm to consumer and, as a result, has reduced food safety concerns. They also understand that transparency and trust are important to consumers and so they hired a staff member to review and vet product ads.
    - HVFC has never compromised product quality and knows the value of their farming methods. They have been able to grow their brand based on the quality and taste of their dairy products. This quality and their standing as a local producer have helped differentiate their brand so they can ask premium prices that were consistently above commodity pricing.

4. **Purchasing prices that acknowledged the cost of production**
    - NNFC provides fair, transparent, and consistent purchasing prices to farmers and fair selling prices that schools can afford. They have also developed infrastructure to add value, so products can be sold for more than they were purchased which helps offset the cost of running the co-operative.
    - IFC uses an online ordering system where farmers can update their ads and set their own prices.
    - RT has established a clear and flexible pricing strategy that honours individual farmer's costs.
    - HVFC has a transparent pricing strategy which acknowledged the added value that the co-op provides its members.

5. **Aggregation services for product from a variety of farms**
    - NNFC purchases from a number of farms and provides a transportation service so producers can stay on the farm.
    - RT aggregates product from a number of growers.
    - HVFC has contracted a trucker to collect only from their dairy farms so the brand identity of the co-op is maintained.

6. **A service that uses existing infrastructure.**
    - IFC located their market at a local mall and has developed a relationship that is beneficial and affordable for both parties.
    - RT has reduced their overhead by partnering with other businesses and rents warehouse space and hires truckers as needed. This model was the result of reviewing and revising their business based on the organization's talent and skills.
    - HVFC partners with existing local businesses to grow the co-ops capacity.

Another commonality that contributes to the success of these distribution systems is that they have a strong founder and champion. An analysis of Grasshoppers food hub in West Louisville[27], which operated from 2007 until it closed its doors in 2013 due to negative cash flow and no further investments, provided the following recommendations for success for food hubs:

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[27] http://www2.ca.uky.edu/agc/pubs/SR/SR108/SR108.pdf

- Sound plans in place, from experts in supply chain management.
- Robust board of directors.
- Upfront fundraising.
- Have clear defined financial metrics.
- Watch debt closely.
- A successful food hub is enough help for small farmers.
- Plan for off season slow sales as well as poorer sales.
- Build strong governance and communication.
- Track data on farmer impact (especially for investors and grantors).
- Key is to find experienced leadership that know supply chain, employee wages and training, product quality and margins.

3. Best Practice Examples of Food Hubs Across North America

3.1 Regional Food Hubs in Canada & the Lower Mainland in BC

Over the past few years a number of food hubs have been established across Canada which vary in size and function. Food hubs are a recent development in Canada so it is too early to conclude whether they have been successful as of yet. Canadian food hub examples include:

- **Real Food Connections, Fredericton, NB**[28]: operates a food retail outlet promoting local products as well as a food box delivery program. In April 2015 they opened a commercial kitchen and storage space for local growers and producers to rent.
- **Urban Digs, Burnaby, BC**[29]: grew out of City Farm Co-op in Vancouver, BC. Urban Digs is a farm that sells its products online to consumers, restaurants and retailers across Metro Vancouver, alongside products from other select local farms to offer a wider variety. Products are delivered by Urban Digs. In 2015 they opened a meat processing facility.
- **Harvest Moon, Manitoba**[30]: is a partnership between farmers and consumers - a network of food buying clubs linked to Manitoba family farmers. Consumers are given access to high quality, sustainably produced, fresh food directly from local farms. Consumers place their orders, once a month, on the website and pick up the product from set pick up locations.
- **Kitchener Market**[31]**:** opened in 2004 as an indoor farmers' market in a steel and glass purpose built $21 million building. Initially the farmers' market operated twice per week with a number of shops and restaurants open 6 days per week. Over the years sales had been slow with most of the permanent stalls closing, however the building did rejuvenate the area and the farmers' market is still in operation. More recently they have built a commercial kitchen and invited related businesses to occupy the permanent locations. New condos nearby have helped increase sales, with more to be built alongside new businesses[32].

As well as existing food hubs there are and have been a number of food hub projects in Canada. The popularity of developing food hubs in Canada has led to the McConnell Foundation forming a Regional Value Chain program[33] in 2011 and Food Secure Canada setting up a food hub working group[34] to help share best practices between Canadian food hubs and food hub projects. Food hub projects across Canada, specifically in BC, include:

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[28] http://www.cbc.ca/news/canada/new-brunswick/real-food-connections-opens-new-kitchen-cold-storage-to-food-producers-1.3034026
[29] http://www.urbandigsfarm.com/
[30] http://www.localfoodmarketplace.com/harvestmoon/
[31] http://www.kitchenermarket.ca/en/index.asp
[32] http://www.therecord.com/news-story/4512136-has-kitchener-s-new-market-lived-up-to-its-promise-/
[33] http://www.mcconnellfoundation.ca/en/programs/sustainable-food-systems/regional-value-chain-program
[34] http://foodsecurecanada.org/resources-news/blogs-discussions/food-hubs

- New City Market[35] (NCM) business plan and feasibility study proposing a food hub in Downtown Vancouver to provide distribution services for local farms, indoor farmers' market, commercial kitchen and storage. More recently the project has broken up into the different components of the hub, seeing the launch of Vancouver Local Food Hub[36] in May 2015. This component is the aggregation service of New City Market.
- Perth County, Ontario feasibility study[37] looking at developing an agri-food distribution hub.
- North Fraser Food Hub[38] project by the Pitt Meadows Economic Development[39], looking at the feasibility of a distribution food hub in Pitt Meadows.
- Victoria Community Food Hub[40] feasibility study in 2013 lead by Found Solutions, Cowichan Valley Food Hub[41] which launched a pilot in spring 2015 lead by Cowichan Green Community and Richmond Food Hub project which obtained grant money from Vancity to do a feasibility study in 2015.

3.2 Regional Food Hubs in North America

In the United States food hubs have been able to address the lack of distribution infrastructure and services that allow growers to take advantage of the increasing demand of local food in larger markets such as urban centred retailers, restaurants and institutions. In the US alone there are over 300 food hubs as defined by the National Food Hub Collaboration (NFHC)[42]. A breakdown of the different types of hubs, from 2011, can be seen in the table below.

Table 2: Types of Agri-food Distribution Hubs

Food Hub Legal Status	Percentage
Privately held	**40%**
Non-profit	**32%**
Co-operative	**21%**
Publicly held	**5%**
Informal	**2%**

35 www.newcitymarket.org
36 www.vancouverocalfoodhub.ca
37 http://www.perthcounty.ca/fileBin/library/economic_development/pdfs/FoodHubStudy-2013.pdf
38 http://www.investnorthfraser.com/_Library/Documents/FINALNorth_FraserRegion_Food_Hub_-_Visioning_Session_August_2012.pdf
39 Greenchain Consulting: http://www.greenchainconsulting.ca/past-projects/
40 http://www.foundsolutions.ca/projects-log/victoria-community-food-hub.html
41 http://cowichangreencommunity.org/cow-op-march-2015/
42 http://www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELPRDC5097957

Food Hub Market System	Percentage
Farm to Business Institution (F2B)	**42%**
Farm to consumer (F2C)	**36%**
Hybrid (both F2B & F2C)	**22%**

Based on a working list of 168 regional food hubs identified by the National Food Hub Collaboration (NFHC) (last updated Dec 1, 2011).

Based on a 2014 NFHC survey, food hubs generate on average $3.7m of revenues per annum. Some of these hubs have seen double and even triple digit growth over the past few years. Food hub examples from the US include:

New North Florida Co-operative Farm to School Program

Service Co-operative established by the community to support farm sales to schools and other buyers[43]. New North Florida Co-operative Association Inc.[44] (NNFC) founder Glyen Holmes worked for the USDA before he began the co-operative in 1995. Many of the small scale farmers he met in his role with the USDA were missing sales opportunities, lacked the knowledge of the marketplace needed to align and diversify their crops, and could not meet USDA standards. Holmes identified the lack of infrastructure as the greatest hurdle and decided to leave the USDA in order to organize farmers based on their individual scale and capacity.

NNFC organizes all activities. The non-profit contracts farmers and trucks their product to the NNFC processing plant. Product is chopped, frozen and stored until it is transported by hired trucker that delivers it to school district warehouses for distribution to area schools.

[43] Photo source: www.rurdev.usda.gov/rbs/ezec/Pubs/noflacoop.ppt

[44] New North Florida Co-operative Association Inc. http://fl.marketmaker.uiuc.edu/business/421852-new-north-florida-cooperative-association-inc

Iowa Food Co-operative

Food producer and consumer retail co-op, established by farmers for direct sale to consumers. Located in Des Moines, the Iowa Food Co-op[45] was incorporated in July of 2008 with their first sales in November of that same year. Gary Huber a farmer and the current manager of the co-op had worked for a sustainable agriculture corporation and is interested in ways to get local farm product to market. Farmers in the area were selling through large distributors in hopes of reducing sales calls and reducing the amount of time they marketed their product. They found however that they lost the brand identity of their farms and that the prices they were receiving were lower than they liked. After research on markets and supply for local food, Huber and a small group of farmers decided on a direct-to-consumer co-op with a virtual store for online ordering based on the Oklahoma Food Co-operative[46]. They decided against a hub model as hubs don't have consumer members and consumers provide the best price to farmers. Another advantage of the model Oklahoma uses is that there is no inventory to carry over as everything is sold each market day. Farmers, food processors and consumers are all members of IFC.

Farmers and consumers share the cost and responsibilities of operating the member run co-operative. Products are advertised online where consumers can order. Farmers deliver the product based on the orders. The orders are packed at the market location where the purchases are processed.

Red Tomato

Non-profit Virtual Brokerage/Distributor conceived of as a way to bring Fair Trade values to local food. Michael Rozyne, a founder of the fair trade company Equal Exchange, founded Red Tomato during a sabbatical. Since its beginnings in 1997, Red Tomato has evolved through four stages as a sustainable food trading system.

The organization is a non-profit distributor/broker that buys fruits and vegetables from 35-50 partnering farms (depending on the season and year), packages and brands the produce with the Red Tomato and farm name, and sells it to more than 200 retailer outlets across Northeastern USA. They hire trucking companies to deliver products to their buyers. Produce in and of itself has no brand and so packaging is essential to differentiate the product in the marketplace. Red Tomato's successful branding includes *Born and Raised Here*™, *Eco Apple*™, totes and *Eco Peach*™ baskets which display the Red Tomato logo and the name of the farm. Red Tomato coordinates the sale, delivery, pick-up, storage and distribution of the farm product by phone. Farmers deliver the product to the trucking company. The trucking company then delivers the product to wholesalers and retailers.

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[45] Iowa Food Cooperative: http://iowafood.coop/
[46] Oklahoma Food Cooperative: http://www.oklahomafood.coop/default.aspx

3.3 Summary of the challenges of and strategies for food hubs

Even the most established food hubs expressed caution about the precarious nature of the food distribution business, where products are highly perishable, margins are razor-thin, and the vagaries of the weather can have a decisive impact on the success or failure of the business. The most cited challenge is balancing supply and demand. In most cases the demand is higher than supply.

The high demand also leads to growing pains as the hub's administrative and infrastructure capacity struggles to keep pace with the growth of the business. In line with this is the ability to obtain capital to invest in new infrastructure to keep up with the growth, some food hubs also face the challenge of short term credit to manage the cash flow better. This is because they pay their farmers within 2 weeks of receiving the product whereas the hub's customers pay within 6 to 8 weeks.

Several food hub operators noted the challenge their smaller scale producers face in meeting the food safety requirements of some of their buyers, as well as the potential challenge their producers will face in complying with upcoming food safety regulations.

As with most distribution businesses the costs of storage and distribution are high and can only be profitably managed at a certain scale. Food hubs therefore need to be careful with how much they initially invest in infrastructure and how much to invest as they grow. In some cases food hubs have rented or out sourced such services to help them to manage this, such as Red Tomato food hub.

An analysis of Grasshoppers food hub in West Louisville[47], which operated from 2007 until it closed its doors in 2013, provided the following key challenges and insights for food hubs:

- Finding and retaining experienced staff. Their General Managers were passionate about local food but didn't have supply chain experience. They also became burnt out very quickly.
- Not sufficient infrastructure to meet the supply and demand from 70 farmers, 1400 customers, multiple products & 34 drop off locations.
- Never enough reserve capital to iron out kinks of the operations e.g. to invest in additional trucks.
- Not enough front end fundraising to manage the growth of the business.
- Need to set better metrics for success, better grasp of supply and demand.
- Need to focus more on core competency. What is true objective of supporting smaller growers?
- Have high quality control and standards in place (lower standards prevented Grasshoppers growing supply to restaurants).
- Their pricing was originally too high and rigid as they tried to charge the same price as the farmers market, which did not work for wholesale.
- Avoid competition between partnering farms.

[47] http://www2.ca.uky.edu/agc/pubs/SR/SR108/SR108.pdf

- Market to target audience. Grasshoppers thought to target their CSA to those who did not normally go for CSA, but take up was too slow.
- Realised that growing for farmers' market was different for wholesale e.g. planning, production, pricing, quality and standardization.

Financial analysis and challenges of Grasshoppers food hub:

- Seasonality issues impacted liquidity.
- Debt to asset ratio was too high and it was their biggest issue. In a lot of cases ratio was over $2 debt to $1 assets and most cases over $1 debt to $1 assets. Benchmark should be around 50 cent debt for every $1 of assets.
- Asset efficiency was too low i.e. how much sales generated versus the amount of debt the hub had. The hub wants to see growth over time, as sales increase with asset value remaining similar.
- Sales to labour ratio also reflects the efficiency of the hub. Over time the hub should be more efficient as sales increases. Grasshopper, in some cases, saw a decrease where sales decreased per labour cost which was due to high staff turnover.
- Early day grants masked the loss the hub was incurring which in essence the grants were not invested properly to help increase sales.
- Gross margin needed to be above 24%. In 2011 it dipped below this and kept on dropping, leaving no profit to cover expenses.

4. Overview of local food production, distribution and demand for Township of Langley

4.1 Current local food supply chains, processing, direct retailing and infrastructure in the Township of Langley

The Agricultural Viability Strategy identified the needs and opportunities for a food hub. They are summarized as follows:

Regional farmers' markets
Farmers' markets in BC have seen significant growth in the past 7 years with an increase in revenues of over 140%. Most of the markets in the Lower Mainland are located in the urban areas, west of Langley; however most vendors are located in rural regions close to the urban areas such as the Township of Langley. There are still some markets within the rural areas such as Langley and Abbotsford. These markets are often used for direct sale opportunities for agricultural producers and allow the vendors to earn higher margins than they would through indirect means. As of 2010, there are farmers markets every day of the week within the Lower Mainland. As such, farmers have an opportunity to bring their product to market in a direct sales environment. It is highly likely that direct sales opportunities such as farmers markets will continue into the future.

On farm processing
In the Township of Langley 1% of the ALR parcels have value added agricultural activities and 57% of all these activities create products for sale. Adding value is the process of changing or transforming a product from its original state to a more valuable state. Value-added agriculture is an important component of sustainable rural development and similar to direct sales allows the farmer to incrementally increase their margin and revenues with the product they grow.

Non-farm processing of local products
In 2010 there were just six non-farm processing sites in the Township of Langley (as defined by the Fraser Valley Farm Direct Marketing Association – FVFDMA). Processing includes baked goods, wine, drinks, meat, seafood and eggs.

In addition, there is a lack of food processing facilities in the region. Farmers are trucking product out of the area (and in some cases out of the province) for slaughter, processing and packaging, increasing costs to both the farmer and the end consumer.

Agri-tourism destinations
In 2002 culture and heritage tourism was estimated to generate 130 full time equivalent jobs in the Township[48]. A culture and heritage tourism inventory[49] listed more than 40 agri-tourism assets, ranging from specific farms to vineyards and wineries, nurseries, greenhouses, apiaries and gardens.

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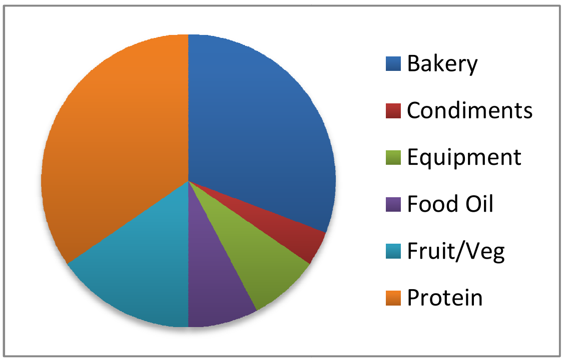
[48] Grant Thornton, Township of Langley, *Tourism and Heritage Inventory*, 2003.
[49] Grant Thornton, Township of Langley, *Tourism and Heritage Inventory*, 2003.

Value-Added Agricultural Activities

The 2007 inventory indicates that most value-added activity comes from farm related products with 44 parcels found active in this type of operation, accounting for 40% of all value added activities[50]. The berry industries are a large component of the Township of Langley's value added-industry. Langley was home to six wineries.

Current Processing Assets in or near the Township[51]	
Bakery	8
Condiments	1
Equipment	2
Food Oil	2
Fruit/Veg	4
Protein	9



Direct Marketing Assets

- **Local and Regional Farmers' Markets** (e.g. Langley Community Farmers Market)
- **Farmer direct sales** (e.g. farm stands, crop contracts)
- **Community Supported Agriculture** (e.g. Good Roots Farm, Nathan Creek Organic Farm)
- **Agri-Tourism Destinations** A culture and heritage tourism inventory[52] listed more than 40 agri-tourism assets in the Township

Local & Regional Food Retail Assets

- **Major grocery chains** (e.g. Save On Foods "Talk About Local" campaign, Choices Markets, Thrifty Foods)
- **Green grocers** (e.g. corner store with local produce)
- **Restaurants, pubs, and cafes**
- **Institutions** (e.g. Schools, Hospitals, Civic facilities, Penitentiaries)

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[50] Agricultural Viability Strategy Phase 1: Township of Langley Agricultural Profile December 2011 HB Lanarc
[51] Source: KPU Assessment, AVS Phase 1 Map 38

[52] Grant Thornton, Township of Langley, *Tourism and Heritage Inventory*, 2003.

4.2 Challenges/gaps with current local food supply chain, processing, direct retailing and infrastructure in Township of Langley

The following challenges and gaps within the local food supply chain were identified in the Agricultural Viability Strategy as well as other research and surveys done in the region:

4.2.1 Aging farmer work force

Many farmers in the region, and across Canada, are aging with a high number of younger people not turning to farming as a career choice. A lack of succession planning could seriously affect long-term viability of farming in the region.

4.2.2 Consumer buying behaviour and education

While there is a surge in popularity of local food there is still a knowledge gap between what food is grown, how it is grown and when it is grown in the region. Consumer knowledge is key to continued growth of demand for local food.

4.2.3 Regulation

Regulations are implemented by government for both the benefit of producers, consumers and the community. Zoning regulations, such as building setbacks, can restrict some food producers from expanding their food businesses by adding additional components to their farm such as storage and processing. For example the Agricultural Land Commission Act, to protect the integrity of agricultural production in BC, requires that a minimum 50% of the product has to be grown on site for an on-farm processing facilities on ALR land (The Agricultural Land Reserve Use, Subdivision, and Procedure Regulation [53]). Permitted uses of ALR land include, "storage, packing, product preparation or processing of farm products, if at least 50% of the farm product being stored, packed, prepared or processed is produced on the farm or is feed required for farm production purposes on the farm." Storage, aggregation and distribution from multiple farms will likely mean that aggregation distribution services cannot be provided on farms located in the ALR.

Food producing regulations, in place to protect consumer health, can be challenging for smaller food producers. The Canadian Food Inspection Agency alone is tasked with enforcing a vast array of regulatory responsibilities. These include: Canada Agricultural Products Act, Health Canada's Food and Drugs Act, Consumer Packaging and Labelling Act, Pest Control Products Act, three acts dealing with environmental protection, Organic Products Regulations, and the Safe Food for Canadians Act.

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[53] The Agricultural Land Reserve Use, Subdivision, and Procedure Regulation. "This HTML version of the Regulation is for private study or research purposes only, and is not the official version"

http://www.alc.gov.bc.ca/legislation/Reg/ALR_Use-Subd-Proc_Reg.htm

Municipal regulations add an additional challenging layer such as building permits that add further costs and/or delay building processing and storage plants. This makes it less desirable for food processing businesses to setup their own facility.

4.2.4 High cost of food production and distribution

The region is under serious pressures as prices rise for:

- Land, due to the pressure from the surrounding urban area as demand for housing increases,
- Gas, which impacts both the cost of distribution as well as farming,
- Labour, as other thriving businesses in the region including the natural gas and oil industries, mining industry and tech industry, drive up the demand for skilled labour,
- Farm and food producing equipment.

4.2.5 Cheaper food imports

Metro Vancouver is a major transportation hub with direct links to Asia and South America via sea freight and the US (specifically California) via trucking routes. All these regions can grow and produce food cheaper than regions in BC due to lower labour rates, subsidized water and longer growing seasons.

4.2.6 Lack of brand awareness

While many successful programs and initiatives (such as the Circle Farm Tour and the Langley Farm Fresh Guide) exist, they fail to promote the Langley agricultural industry collectively as a significant economic sector and local food provider. There is also no consistent definition of local or established "Made in BC" label for producers to confidently use to help promote their product to customers.

4.2.7 Limited infrastructure

There is a lack of food processing facilities in the region. Farmers are trucking food out of the area (and in some cases out of the province) for slaughter, processing and packaging, increasing costs to both the farmer and the end consumer. In the region there are only 2 vegetable and fruit processing plants, 5 blueberry processing plants and no known co-canning facilities[54]. Most of these facilities are large facilities for national retailers where a large proportion of the food they process is exported. The number of co-packing facilities in the region has also been decimated from the 1980s to the present day where there are only around 5.

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[54] The Lower Mainland Food System: The Role of Fruit and Vegetable Processing: Grant Douglas Rice

4.2.8 Access to capital

The Canadian Agri-Food Policy Institute[55] showed that after a steady increase in capital investment in the food processing sector in the 1990's, those investments declined from 2003 to 2011. The FPCWG also identified access to capital as a more pressing need among small and medium scale processors as opposed to the large companies.

4.2.9 Access to the market

Over 61%[56] of food purchased in Canada is sold through the major retailers such as Safeway, Save On Foods and Canadian Superstore. There are a number of challenges for small food producers to gain a listing on their shelves, such as trying to connect with the buyers at major retailers. In the case of Safeway and Canadian Superstore their buyers are located out of the province. Established food suppliers and brokers readily have the "ear" of the buyer, making it challenging for new suppliers to connect with them. Even once a connection is made buyers are used to dealing with account managers and sales people who understand wholesale distribution.

The *Regional Food System Strategy* produced in 2011 by Metro Vancouver identified the service gaps that affect local smaller farmers: *"Smaller farmers need access to venues where they can sell their products directly to consumers and all farmers could benefit from improved storage and distribution facilities within the region."*[57]

4.2.10 Farmers' market challenges

Just like any other business farmers' markets face numerous challenges such as competition, fickle customers and the increased costs of doing business. Some challenges farmers' markets specifically face include:

- Site locations which are based on temporary agreements that can change at any moment.
- Vendor sales at outdoor markets can be severely impacted by bad weather.
- Lack of onsite infrastructure for both vendors and customers e.g. washrooms and parking.
- Signage to promote the market i.e. where it is and when it is.
- Established revenues to be able to employ experienced and loyal staff.

[55] Hedley, D. (2012). The state of Canada's processed food sector: Trade balance. Canadian Agri-Food Policy Institute
[56] http://www.ic.gc.ca/eic/site/oca-bc.nsf/eng/ca02856.html
[57] http://www.metrovancouver.org/services/regional-planning/PlanningPublications/RegionalFoodSystemStrategy.pdf

5. Food hub feasibility study engagement summary

The feasibility of a food hub for the Township of Langley will be based on the outcomes from previous discussions and engagement processes laid out in the Agricultural Viability Strategy, as well as engagement with stakeholders. Key elements of the stakeholder engagement included:

- The nature of the community and or industry need for the hub
- What assets the hub can build on
- Key functions of the hub
- Essential supports for the hub
- A five year approach

These key elements were explored through a workshop of around 40 stakeholders and 20 one-on-one sessions. Details and findings from these sessions are summarized below.

5.1 Summary of Findings from the Workshop Session

The goal of the workshop was to engage stakeholders in developing a five-year food hub vision for the Township of Langley that addressed the needs and assets of local small and medium food producers and their customers. The workshop was held on March 12, 2015 and was attended by 40 stakeholders who contributed ideas to the vision of the food hub. The key outcomes of the workshop were 1) Determine the level of interest of different food hub elements that will inform the vision of the food hub and 2) Identify the top 5 priorities that will help develop the phasing of the food hub.

The key objectives of the workshop were 1) Explore the initial feasibility of food hub elements suggested through the AVS public and stakeholder consultation and 2) Determine what the most important elements of the hub are. Further details of the outline and methodology can be found in the appendix. Findings from the workshop session include:

- **Lessons from the Local Food Marketplace presentation**
  - Food hubs vary in size and function - activities happen on a large continuum from aggregation in the back of trucks to using more sophisticated systems and facilities.
  - Health and safety regulations can be a barrier - success in other jurisdictions (e.g. Eugene, Oregon) have asked to be treated as a farmers market instead of a food distributor that has more regulations and costs associated with it.
  - Key success factors:
    - Meaningful producer engagement, if not producer led process.
    - First manager/co-ordinator must have strong connections to the producers.
  - Difference in quality from different farms can be managed through establishing quality guidelines, rejecting low quality product, and grading.
  - “Wholesale success training” is a program that can be expensive but super helpful for food hub entrepreneurs.

- Hubs can manage organic and non organic
- Size and infrastructure: >$500k+ in sales likely required physical infrastructure, <$500k in sales online, back of truck, on farm can suffice for facilities. Micro aggregation can happen at schools, in parking lots....
- Food hubs vs. conventional distribution: the connection to the producer, story of the farm is maintained through aggregation, processing, and distribution functions of a hub.
- Onsite food services may be more appropriate for an urban hub, given visible and geographic access needed to draw customers in.

- **Lessons from the workshop attendees**
    - A lot of interest in/support for a food hub in the Township
    - Feedback corroborated with the findings from AVS
    - The need to identify the food hub starting point for the Township (i.e. level of intensity and functionality)
    - There are people and organizations who could be or already are key players
    - Participating producers may need 'wholesale ready' training
    - Attendees want to do further networking amongst each other

- **Feedback from workshop attendees on food hub elements**
    - Agri-food distribution - need for aggregation location and direct distribution
    - Indoor farmers' market – physical structure, open >1day/week and year round, increase availability
    - Processing – commissary kitchen providing access to market for small producers, central branding, on hand specialist support
    - Storage – no feedback
    - Excellence centre - provide training (growing, processing, waste management...)
    - Demonstration farm – locate at existing farm and have hub co-ordinate programs
    - On-site food services – may not be suitable for rural location

- **Top food hub priorities from workshop attendees**
    - Farmers help farmers
    - Farmers initiative
    - Educating on local
    - Be a viable market
    - Access for small producers
    - All year round physical/virtual market
    - Doorway to wholesale
    - Community connectedness
    - Food rescue for eating
    - Bring players together

5.2. Summary of findings from the one-on-one interviews

In April 2015 the project team conducted 22 one-on-one phone interviews with a broad cross section of agri-food stakeholders in the Township. The objectives of these interviews were to 1) create awareness about the project (many people we spoke with were learning about the project for the first time), 2) further detail and develop a vision for a food hub and ascertain the appropriate scale and phasing for the hub, and 3) assess the level of interest and uptake in a hub as well as identify a 'leadership group' that could potentially move the project forward. While these results are not representative of all perspectives, they do provide important information and guidance in determining the initial feasibility of the hub. Interviewees included a majority of producers as well as representatives from related sectors in the agri-food industry. Many people had overlapping backgrounds. Interviewees included:

- producers and processors (plant and animal), mostly small scale but a few medium scale,
- chefs,
- food educators,
- university representatives,
- elected officials,
- food marketing consultants, and
- nonprofit groups

Based on these conversations, there is broad support for, and no opposition to, a hub in the Township. There are many questions people have and on some issues people hold different, sometimes divergent perspectives on what the hub should be and how it should function. All perspectives have been recorded in the summary below. Generally, people feel that the project should start small, prove demand, and scale-up knowledge and resources for the Hub. There was strong agreement that producers need to be the ones to lead, own, and manage the hub, although some noted potential external funding sources for capital expenses. The majority of the people interviewed stated the Township should not be involved with the day to day running of the hub.

Six hub models emerged from the interviews. These models are not necessarily mutually exclusive and could potentially work together in a phased plan. They could also include many of the activities noted in the following section, however these models are presented here as skeleton structures based on core functions. All of these models require further exploration and assessment for their suitability in the Township.

1. Marketing and processing facility
2. Local food distribution service
3. Food development centre
4. Decentralized facilities
5. A person who coordinates activities in existing places, hub would just need an office
6. Online hub

The scale of the food hub ranges from very small and local to a larger facility, potentially serving the region. Comments on scale of the hub included 1) the hub should be big but not so big as to deal with large buyers (like Costco) but not so small as to not be a business, and 2) The hub should reflect the make up of farms i.e. 5 acre farm direct to consumer.

The information below summarizes key points that were made during the interviews in eight key areas of assessing feasibility:

1. Potential activities at the hub,
2. How the hub can help producers,
3. Who should own and manage the hub,
4. Assets already in place,
5. Pace at which the hub should develop,
6. Establishing a working group,
7. The conditions under which the hub is not feasible,
8. Other concerns and comments.

Potential activities at the hub: There are many diverse needs for a hub in the Township of Langley. There is some difference and divergence on how people feel about storage and distribution - some are for, some don't see the need. Also, some see many functions and activities for the hub and some see a targeted few.

- Coordinated marketing and brokering
  - Focus on direct to consumer
- Value added facilities
  - Commercial kitchen
- Product development,
  - Research - e.g. growing technologies, developing recipes
  - Marketing
- Processing
  - Produce: packing, washing, chopping, organic/non organic
  - Protein: slaughter, butcher, packing. Increasing meat processing for regional med to small producers.
  - Commercial kitchen (could also be used by the Langley Environmental Partnership Society for public education)
  - Not processing - test kitchens with suites of equipment
- Aggregation to access larger markets
  - Many farmers are not yet ready to do aggregation.
- Distribution
  - Delivery service
  - There does not seem to be a big need for distribution at this time
  - Langley has lots of small farms that need help with distribution (noted in small and medium scale operations).
  - Chefs market (would need to be regional as there are not enough restaurants in the Langley area)
  - 7-day/week operations, focal point for consumers
- Storage
  - Winter storage
  - Co-operative storage for new farmers
  - No lack of storage
- A retail destination, a place to visit, enjoy, buy, and celebrate local food.
  - One stop shop for consumers to buy local
  - Marketplace - a long term vision of an indoor farmers market (~150 vendors) (Current market is reported to be full and turning away vendors).
- Education functions for producers and the general public (contingent upon a strong group of champions):
  - Quality control and training around packaging
  - Kids in school
  - Kwantlen Polytechnic University runs business courses and workshops
  - Training/marketing and sales support
  - Wholesale training e.g. grading, pack size, etc.
  - Growing methods
  - Customer demand
- Streamlining food safety and traceability for wholesale business (e.g. Good Agricultural Practice (GAP) certified facility for produce washing and packing)

- Support for the Farmers Market (new market location in 3-5 years)
- Website that brings businesses together who don't yet know who each other are.

How the hub can help producers: There is general agreement that medium to small scale producers need to establish support to ensure long-term and viable markets for local products.

- Open up new markets without diminishing margins
- Getting more farmers farming
- Share costs for medium to small scale; facilitating sharing of resources for businesses
- Provide education and resources for producers (e.g. wholesale ready, growing all year round). Hub can provide training space.
- Connecting and co-ordinating:
    - Experienced growers with emerging ones
    - Getting new farmers started (e.g. incubator farm)
    - Producers to meet buyers, educate buyers
- Putting producers and consumers together in a direct way
    - Connecting people, facilitate collaboration, networking opportunities
    - Help raise awareness of local food and support marketing of local products
    - By allowing producers and processors to sell fresh plant and animal foods fresh and for the highest value. Direct marketing helps to connect to a network of local fresh buyers.
- Address food security by making healthy foods available for low costs (e.g. irregular vegetables and/or nutrition coupon program). Redistribution of food to low-income families.
- Central drop off
- Cutting out the middle man and increasing profit potential
- Making sure the producer gets paid in time

Who should own and manage the hub: Interviewees agree that producers and/or people who understand farming in the Township are the key cohort to own and manage the hub. However, people did note that some capital investment from other sources including government and financial institutions is required at the appropriate time.

- Producers and processors:
    - Co-op model for growers or private business led by a specific grower
    - Co-op including producers and customers, run by a professional (who is connected to growers)
    - Community led (e.g. be an offshoot of the Langley Sustainable Agriculture Foundation) and combine groups (e.g. Langley Environmental Partners Society, Langley Community Farmers' Market, Glorious Organics, FarmFolk CityFolk)
- Universities (education components)
- Government investment/subsidy (for start up)
- Public private partnership
- Not government lead
- Local businesses invest in a non profit model
- Combination of government subsidy, farmer co-op, private ownership.

Assets already in place: The Township has many assets already in place to support a food hub. Some of these are knowledge based and expertise from those that have been involved in the hub and agricultural viability discussions. Others are physical places that could support hub functions. In addition, there are successful farm businesses that could provide important guidance. Other assets include:

- An active proposal for an incubator farm
- Existing internships for young framers
- Three existing farmers markets
- Land owned by individuals zoned rural commercial interested in establishing processing
- Kwantlen Polytechnic University
- Foodville residential development (a development concept for a residential area for retirees that includes community gardens, community kitchens and pocket markets)
- Underutilized lab space for food product development in the community
- Existing successful farms such as JD Farms, Otter Co-op, and Kraus Farms
- Rec centres, parking lots
- Food bank/Quest, good food box program through community centres
- A local, fresh, safe brand behind Langley products in people's mind, but lacking in a physical brand that is promoted regionally and/or provincially.
- Opportunity for diverse agriculture (from protein to wine)
- the community as an already existing agri-tourism destination
- existing public education classes on canning

What pace should the hub develop (if at all?): Nearly all interviewees agree that a hub for the community should start small and grow based on proven demand and opportunity. It was also noted that while starting small is the most feasible approach, it is critical to not lose momentum behind the initiative. Some suggested immediate next steps include:

- Develop a 10 year vision for these ideas
- Start with online platforms to co-ordinate sales
- Know baseline costs and revenues
- Get brick and mortar first then go from there
- Next steps could include kitchen table discussions

Specific comments included:

- Start small and scale up
- No need to rush, planning stage is vital
- Has to evolve, leave room to get bug but be careful not to exceed market demand
- Can't start small, can't start huge - somewhere in between
- Start small and build on success
- Don't lose momentum
- Slow, build support. Community support is key
- Increase pace as knowledge and support develop

Hub Working Group While there is a general consensus that a hub working group is important to building momentum and moving the project forward, there is more diversity in perspectives for who should be at the table. Producers are already quite busy, which may create barriers to involvement. Specific comments on the working group included:

- Initially a good idea as long as it is connected to the long term leaders (not a random group of producers)
- Membership may include but not be limited to Langley Environmental Partners Society, Langley Sustainable Agricultural Foundation, Langley Community Famers' Market, FarmFolk CityFolk, Kwantlem Polytechnic University)
- Should include FM and KPU but not in lead roles

- Well known and well established farmers to form the working group
- Township should take a lead, as well as producers and processors should take a lead.
- Challenging to address all commodity groups with one advisory
- Only way to move it forward
- Hire staff who are independent and impartial to help facilitate (short term)

When the hub is NOT feasible: The following comments are people's perspectives on what would be a no-go for a hub in the community.
- If there is not a lead organization
- A lack of government interest and support
- If a structure is built and producers are expected to come
- A lack of consultation
- A lack of strong commitment from users on a long term
- A lack of supportive policy
- No organization behind it
- A lack of marketing
- If it is too reliant on volunteers
- If there are personality conflicts without conflict resolution mechanisms
- If growers don't want to work together
- If the vision is too big and implementation too costly
- If farmers don't want it

Concerns: People did note some concerns that should be addressed through future phases of the project. Specific concerns included:
- Situating processing facilities on agriculture lands
- Township of Langley should not be leading the process, Langley Agricultural Sustainable Foundation may be better suited
- It has to be growers not government
- Hesitation of farm businesses to work together (i.e. with the perceived competition)
- Farms in Langley are too small to meet the demand side.
- Other food hub initiatives have failed and we don't want to repeat the same mistakes
- Other people selling a farmers product won't do as good of a job (i.e. product looses value without direct marketing)

Other comments: Other comments that interviewees made included:
- Working together makes it easier for government to make an investment
- Make sure hub can be used by organic and conventional producers
- Quota issues (e.g. potatoes, beets)
- Future steps should focus on identifying demand accurately
- Keep momentum going!
- Farming community needs some nurturing to come together around this.
- May need to attract regional producers and buyers to be feasible
- Location of any physical infrastructure should work for all parties
- Involve students
- Can we layer on enterprise components to existing food banks?

6. Conclusion

Based on the workshop, research, and one-on-one conversations, a vision for a hub in the Township is beginning to materialize. Based on example best practices from other communities and based on local needs and opportunities, several options for a food hub have started to take shape. However, there is currently a lack of consensus of what the priorities of a food hub model involves and more assessment, discussion, and facilitation will be required to crystalize what the hub is and who it is for.

Surprisingly, there was a lack of consensus on some key hub functions including distribution and storage. It was felt by some that while distribution is required for medium to small-scale producers, the industry is not quite ready to make this investment in the immediate future. Others felt that distribution to regional consumers is a key function of the hub that will enable producers to scale up and increase revenues.

There was strong alignment between people's perspectives on the pace of the project: start slow, learn, adapt, and scale up as needed. We learned that, as a general rule of thumb, $500,000 in revenue is required before moving to physical facilities. In this way, people were open to the idea of a hub being a person and or a website in an initial phase. There is a strong sensitivity that a hub could not increase margins without also increasing profits.

The hub itself should be owned and managed by producers. While there is a recognition and appreciation that the Township (and/or other levels of government) may have an important role in facilitating the initial work on the hub, ideally a group of producers, possibly supported by paid staff, would lead the hub initiative. Many saw government involvement as important in the early stages, including raising any capital dollars and/or providing land, but largely did not see this as a government led initiative.

There was agreement that a hub would help medium to small-scale producers and processors by opening up new markets without diminishing margins, getting more farmers farming, sharing costs for medium to small scale, providing education and resources for producers (e.g. wholesale ready, growing all year round), connecting and co-ordinating, putting producers and consumers together in a direct way and addressing food security by making healthy foods more accessible (e.g. irregular vegetables and/or nutrition coupon program).

Generally, support and buy-in for the hub exists but is still developing. There have been no strong indications that a hub is not feasible. However, there is a caution and understanding that many pieces must come together to make the hub a feasible project and investment opportunity.

Next steps in this process is to reflect on the feasibility criteria for the Township of Langley hub and provide an overall assessment on the feasibility of the hub including what it could include, ideas for how it could be phased, and recommendations for next steps.

Appendix

Workshop session outline and methodology

Workshop objectives

The key objectives of the workshop were:

1. Explore the initial feasibility of food hub elements suggested through the AVS public and stakeholder consultation;
    a. food processing facilities,
    b. “centre of excellence” for agricultural education, exhibition, food processing and value-add production,
    c. a demonstration farm,
    d. a permanent farmer’s market.

    and additional food hub elements, including;
    e. Agri-food distribution,
    f. Agri-food storage,
    g. Food producer business support – marketing, sales, business planning,
    h. On site food services (e.g. bakery, restaurant)
    i. Food hub governance and key players

2. Determine what the most important elements of the hub are.

Workshop outline

Date	March 12, 2015
Time	6:30pm to 9pm
Location	Township of Langley
Facilitators	Darren Stott (Greenchain Consulting) and Janine de la Salle (Urban Food Strategies)
Format	Small and large group discussions on food hub elements
Refreshments	Light snacks and drinks
Guest speaker	Amy McCann, Local Food Marketplace
Invitees	• Economic Development Department (EDD) • BC Ministry of Agriculture (BCMA) • Langley Sustainable Agricultural Foundation (LSAF) • Agricultural Advisory Committee (AAC) • Economic Development Advisory Committee (EDAC) • Investment Agricultural Foundation (IAF) • The farming community

Workshop agenda

6:30pm	Welcome and introduction (Darren & Janine)
6:35pm	Community Context for a Food Hub in the Township of Langley (Darren)
6:45pm	Overview of successful Food Hubs (Amy)
7:15pm	Exercise 1 – exploring elements of food hubs through table discussions (Darren)
8:20pm	Exercise 2 – prioritization of food hub elements through hot dot exercise (Janine)
8:50pm	Wrap up & next steps (Darren & Janine)

Workshop exercises

Below is an outline of the 2 exercises at the workshop.

Exercise 1 – exploring elements of food hubs

- Tables are separated and identified in to different food hub elements prior to attendees arriving so they can sit at a table relevant to them.
- Each table to discuss one food hub element.
- Tables will be facilitated by a representative from Kwantlen University to help keep discussion on topic and on time.
- Each table explores the feasibility of their element (Needs? How it works? Infrastructure? Size? Customers?)
- For the "governance and key players" table, the table discusses different governance structures and potential key players from the community who could run the food hub.
- Each table populates a flip chart of key discussion points and presents (sells) back to the wider group on the needs and benefits of their food hub element.
- Flip charts are pinned up on the wall for all to see.

Exercise 2: prioritizing elements of food hubs

- All attendees are given three circle dots to award to the different food hub elements. They can only award one dot per food hub element.
- All attendees are given one square dot to award to one governance structure of their choice.

This format allows elements to be discussed in depth, presenting ideas and needs for each element. Then elements are prioritised by the group to give us an idea of importance for the region.