

# A Food Hub Study for the Greater Roaring Fork Valley (Aspen to Parachute)



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Dawne Vrabel

“Colorado agriculture is a vibrant sector that can be counted on to support long-term economic growth and to develop the fabric of local and state-wide communities.”

- *The Value Chain of Colorado*

*Agriculture*, 2013, CSU

“Most areas of the country could feed between 80 percent and 100 percent of their populations with food grown or raised within 50 miles. Campbell used data from a farmland-mapping project funded by the National Science Foundation and information about land productivity from the U.S. Department of Agriculture.”

- University of California, Merced, 2015

## **FOOD HUB NEEDS ASSESSMENT**

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\*\* This report is meant as a companion to the Northwest Colorado Food Hub Study that was done for the Steamboat Springs area, since much of the information included in that study is relevant to the Roaring Fork Valley and was not duplicated in this report. The relevant section of that study is included as Attachment B. It may be helpful to read that section before the body of this study.

## EXECUTIVE SUMMARY

This report is the distillation of 36 interviews, several community meetings, four focus groups, regional and statewide meetings of food coalitions, and countless conversations with local and regional partners. The research area is the greater Roaring Fork Valley from Aspen to Parachute. Having now observed many different efforts from around the state by coalitions to expand and strengthen their local food systems, with a focus on the role of food hubs, it is clear that the processes are as unique and place-based as the geographies and socio-economic dynamics of each location. There is certainly much we are learning from each other's efforts, and this kind of collaboration will continue to be key to our individual and collective success. There also remain unavoidable risks as we tackle a complex and unprecedented shift in the way we source food – away from the waste, disease and degradation of natural resources perpetuated by the current globalized and centralized food system to one that is significantly more local, decentralized, and environmentally and socially responsive and honoring of life.

Early on in the process it became clear that with so few commercial food growers and producers in the region from Aspen to Parachute, there is not sufficient supply to sustain a food hub in a more traditional aggregation and distribution model. With less than twenty commercial produce growing operations, of which about half are very small, growing on less than a half-acre of combined greenhouse and outdoor space, significant supply to a food hub would need to happen from sources outside this valley. Or the local supply must be increased. There are an additional handful of nonprofit growing operations, some that offer CSA shares (Community Supported Agriculture) to the public. But again, this doesn't represent the volume of produce necessary to regularly supply an institution like a school or restaurants.

That said, the task became uncovering the best strategies to both increase the supply of food being grown in the area, as well as building the connectivity and overall strength of the local food system. This assessment process has revealed a set of directions and steps that can be taken to build the supply base, the consumer education, and the social and material infrastructure needed for the success of a food hub in the future.

One of the central observations out of this assessment was the need, or really the opportunity that exists in decentralizing the food system. In this region, that would look like more small production in the way of backyard gardens, community gardens, institutional growing models at schools, hospitals, senior housing, and within HOA's and other developments. This is not to rule out the need for more traditional small farm operations, but the economic and real estate dynamics of the area make those enterprises extremely challenging to start and sustain.

There is a greater potential to increase supply in a resilient and economically viable manner through small decentralized gardens and greenhouses. These will be less vulnerable to disruptions in the supply chain from traditional food supply sources due to lapses in quality control, climate issues or other crises. Another benefit of these types of multi-family and institutional gardens is that they encourage individuals to share resources

with neighbors for the benefit of the community —creating cohesion, cooperation and a greater understanding and ownership of community needs.

There are a handful of coalitions around the state that are beginning to use online food hub models, often called online farmer’s markets. Both local food producers and consumers have expressed desire to develop this kind of offering in our area. There are many different available software programs that provide this function. With the high consumer demand for locally grown and produced food, this provides a way for consumers to access more local producers who may be too small to participate in existing farmer’s markets or in the few stores that carry local food. This would also be a way for small growers to access a steady market and gain the confidence necessary to expand their operations. Supporting existing small growers to expand and incubating new operations is a clear need throughout the valley to increase supply of local food. While this type of online food hub would very likely take 2-3 years to become financially self-sustaining, it would assist in building the network of growers and consumers in the area.

In order to best support the greater Roaring Fork Valley food system to increase its supply of locally grown food, this assessment has also revealed the need for a more formal and active food policy council, or formal local food coalition. Food policy councils “bring together stakeholders from diverse food-related sectors to examine how the food system is operating and to develop recommendations on how to improve it” (Community Food Security Coalition). The Roaring Fork Food Policy Council (RFFPC), a grassroots effort formed in 2012, was set up with the goal of providing these types of services. These would include providing a central website to house a directory of local food resources, participating in statewide and regional food system collaboratives, comprehensive and regular outreach to growers and other food system stakeholders, research and development of policy, and carrying out pilot projects to build food system infrastructure. All these services would combine toward the main goal of increasing the amount of food being grown locally, and increasing equitable access to it.

A RFFPC website could be a clearinghouse for many local food system resources, and help to promote and network diverse efforts. It could house a directory of all the growers and producers that would include their offerings and growing practices and standards, and if they have a CSA or retail products. The website could also house a directory of internship programs, and other educational offerings to support new growers. It could include volunteer opportunities in the area with local food organizations, a list of community and school gardens and how to get involved, as well as a list of restaurants that source local food.

Formalizing the RFFPC would allow for continued valuable participation in statewide and regional food system efforts. I have been participating in the development of the statewide Colorado Food Policy Network (COFPN) group since 2013, as well as in an informal regional group of food coalitions, and a statewide group of coalitions that are developing food hubs and/or distribution systems. The ability to build relationships with other councils and coalitions around the state is invaluable in accessing financial and technical

resources, and in sharing lessons and best practices as we pioneer new infrastructure for our emerging food systems.

One of the most valuable aspects of undertaking this Needs Assessment has been to reach out more comprehensively to food system stakeholders beyond the relationships that have been developed over the past three years. The process included putting together four focus groups, of Food Producers and Growers, Chefs and Restaurateurs, Food Processors and Small Food Enterprise, and a Food Equity Group. This kind of concerted outreach helped to uncover both the successful efforts of many individuals and groups to grow, source and provide access to local food, as well as the major hurdles being encountered. This kind of regular outreach helps to build the relationships necessary to foster multi-stakeholder collaborative efforts and public/private partnerships, as well as continually uncovering policy needs and an understanding of the complexities of issues in order to develop more effective policy.

The Food Producers and Growers focus group was comprised of over 25 farmers and ranchers from Aspen to Palisade to Hotchkiss. Some of the topics discussed were the need to share production tips and work together including sharing ideas about natural weed and pest management. This could be fostered through an online forum hosted on the RFFPC website, as well as through fostering closer individual relationships between farmers and growers. We also explored the viability of sharing equipment. Another need is to share knowledge of available land for new operations. These opportunities could be included on a LandLink portion of a RFFPC website. Also discussed were the increasing number of nonprofit farming models and their contribution to local agriculture, especially through education.

The Chefs and Restaurateurs focus group brought up the main need for distribution from North Fork valley farms to RFV restaurants. There are certainly existing relationships between some RFV growers and local restaurants, but significant wholesale quantities of produce will have to come from a bit further away for now. Through this assessment process I was introduced to a young couple in Hotchkiss who are developing a distribution business, and was able to connect them to a potential investor and also to Aspen Skiing Company's head of catering, Jim Butchart (a focus group participant), who will use their service. Out of this assessment process the RFFPC also hosted a Western Slope gathering of coalitions working on food hubs and distribution to explore best practices, challenges and future collaboration between Western Slope food hubs.

At the Food Processors and Small Food Enterprise focus group we discussed the need for commercial kitchen space to service local companies that currently do their production on the Front Range. Due to its higher profit margin, value-added food production represents an important option for the economic viability of farms and of the local food system. Keeping these businesses local, and servicing more small operations so that they can expand, is an important piece of the local food economy. The owners of these local food production businesses shared that they get regular inquiries from people looking for work in their operations. There are also more and more people engaging in cottage food-sized home production of products that can't be sold in the Carbondale Food Coop or by other

area local food purveyors. This speaks to the need for front-yard stands and farm stands. There is also a need for mentoring of people who want to grow past cottage food status and into larger enterprises. This brings up the need for commercial kitchen space (another resource that could be listed on a RFFPC website.) An online farmer's market would also be a way to support these operations by helping them access a bigger market.



Out of the Food Equity focus group, which included Michelle Hammond of the Roaring Fork School District, came the need for a pilot project to help the school's lunch program source local fruit. In 2012, as a result of a Farm to School meeting hosted by the RFFPC, (<http://mom.me/blog/15819-schools-introduce-grass-fed-beef/>) Crystal River Meat was able to broker a deal with Whole Foods to provide grass-fed beef to RE1 schools. But produce has always been more difficult, largely due to inadequate supply and higher prices. However fruit is traditionally plentiful on the Western Slope, and Hammond agreed to assistance from RFFPC to source apples with their sufficient supply and ease of transport to begin working out the issues with sourcing local fruit. In Fall of 2015, the RFFPC will be assisting Hammond to supply apples from the North Fork Valley to the four RE1 elementary schools – with the intention of building the relationships and infrastructure necessary to add other available produce in the future.

## **FOOD PRODUCERS AND GROWERS FOCUS GROUP**

I interviewed most of the focus group participants one-on-one to get a more complete picture of the spectrum of growing operations in the Valley and strengths and challenges they encounter. The focus group then gathered over 25 food growers and ranchers from Palisade to Basalt, and one from Hotchkiss to meet each other and share their needs for making their operations more productive and profitable.

Food growing operations in the area are mainly small CSA operations. There are two larger farms, both organic and selling mainly to Whole Foods and other larger consumers. Eagle Springs Organic Farm in Rifle is increasing its planted acreage to 130 acres this year, including 35 acres of hemp. Osage Gardens grows mainly basil in its 2 acres of greenhouses

on its 20 acre organic farm, as well as a range of other vegetables and herbs available through its year-round CSA and onsite Farm Store.

Smaller operations include Roaring Gardens CSA in Carbondale, which was built to be an amenity of the HOA at the TCI Lane Ranch residential development (<http://tcilaneranch.blogspot.com/>). It was originally envisioned to include housing for the garden manager and an assistant, which is still needed. It encompasses an 1100 square foot greenhouse, and about an acre of outdoor growing area. The operation employs one full-time garden manager, as well as an 8-month paid assistant and 2 stipended interns for 12 weeks. They are working toward a three-season CSA, with projections of growing between 4 -5,000 lbs of produce in 2015. Members of the CSA receive between 3-7 lbs of produce per week depending on what is in season – for instance, potatoes, and squash in fall lead to heavier shares.

Whitney Will, the garden manager at Roaring Gardens, shares that although they are USDA certified it's not necessary because it's not cost effective with its onerous paperwork and regulations. Individual customers don't really care about the USDA stamp, which would only become necessary if the operation got big enough to sell to Whole Foods. The business has not been profitable yet, but it is a long-term commitment that is meaningful to the owners of the development.

Another type of operation in the area with great potential for growth is vegetable growing on leased ranch land or other private land. The RFFPC was originally envisioned to assist, in part, with local matchmaking of farmers and land, that is supported at the state level by Colorado Land Link (<http://guidestonecolorado.org/colorado-land-link/>). Several years ago a young farmer and his family began growing vegetables on land made available to them at the Sewell Ranch outside of Carbondale. He improved the land with a high tunnel procured with a USDA National Resources Conservation Service grant. The operation has now been taken over by Casey Piscura and Matt Rader of Wild Mountain Seeds and includes about an eighth of an acre of raised beds, as well as a 72x32 ft greenhouse that is producing mainly organic biodynamically grown tomatoes.

Some of the lessons of this kind of operation include the amount of time, at least 2-3 years, to break up and recondition ranchland soil for successful vegetable growing. And with the small margin of profit for vegetable growing, as well as the logistics of planting and growing at high altitude, housing for the growers on site can be a critical part of the business model. Community relationships are also key, as Wild Mountain sells its vegetables to the Carbondale Beerworks chef as well as maintaining a weekly farm stand at the restaurant.





Longtime rancher Lynn Nichols of Cap K Ranch, the only ranch on the Frying Pan River north of Basalt, shares that they would consider growing vegetables on the ranch, but would need the labor taken care of. She is looking to make the most of their available land and is open to creative ideas. It is likely that each scenario for leasing ranchland to vegetable growing efforts would involve a unique business model, but it would be valuable to know what the commonalities are that would create successful enterprises in this valley. Nichols also shared that she is interested in the idea of a “local brand” developed to increase the value of their local product, since she experiences difficulty in getting people to pay more for their locally raised beef.

Yet another model with potential in the region is the institutional growing operation. One standout is the private high school, Colorado Rocky Mountain School in Carbondale, which has maintained an onsite garden to feed and educate its student body since the late 1990’s. With approximately 2 acres of outside growing, a 40x16 hoop house and a 24x40 greenhouse, the gardens provide 30-40% of the produce consumed by the school staff and students (<http://www.soprissun.com/news-general/131114-lindahalloran>). In 2014 this amounted to 8091 lbs of produce, and including over 70 different fruits and vegetables.

The dual challenge is that an institutional growing model requires a paid staff member to manage it and it doesn’t create a food cost savings. CRMS holds its care of the land, engagement with the land, and food self-reliance in high esteem as part of the school’s mission. Thus, funding is allocated accordingly for the garden program. Other schools or institutions would need to look to grants or very creative business models to fund food-

growing operations. As long as low-cost subsidized agribusiness food is readily available, it will take great vision and commitment from institutions, or policy change, to grow significant quantities of food onsite, or even to source local food. Onsite growing operations are increasingly occurring in other parts of the state, and have added benefits through fostering greater health, stewardship of the land, and resource efficiency. But it will take a shift in priorities for financial resources to make them the norm.

Another institutional example in our area is the hoop house at Grand River Health hospital in Rifle. The 31x49 enclosure grows organic vegetables and herbs year-round for the staff and patients at the hospital. The structure was built with help from inmates of the Rifle Correctional Center. RCC is one of several correctional facilities around the state engaged in gardening efforts ([http://www.denverpost.com/news/ci\\_26501682/jail-gardening-therapeutic-colorado-ex-cons-re-entering?source=infinite](http://www.denverpost.com/news/ci_26501682/jail-gardening-therapeutic-colorado-ex-cons-re-entering?source=infinite)). Since labor is a challenging part of small growing operations, and one of the reasons many small growers don't expand beyond what they can manage themselves, prison labor in local food systems can be a win-win. It's therapeutic for the inmates, teaches useful job skills, and can be of benefit to the local food system.

In thinking about how policy change can expand production in our local food system, policy could be enacted that would require any institution with a food service component to be responsible for growing a certain percentage of the food it serves, and could begin with a very small and realistic percentage. For institutions without appropriate land to cultivate for food production, those institutions could buy shares in a local farm to cover their food production requirement. This would build strong local farm-to-institution connections and greater self-reliance within the local food system, as well as creating jobs in the agricultural sector. Most national farm-to-institution efforts currently focus on sourcing locally grown food rather than requiring it to be grown onsite. Of note is research compiled by the National Farm to School Network demonstrating that each dollar invested in local procurement by schools stimulates an additional \$2.16 of local economic activity (National Farm to School Network, 2013). This kind of economic localization within the food system builds enduring food security. And again, this points to the need to support expansion of production within the local food system, so there is local supply for institutions to source, and building more ways for various local consumers to source that food.

Some final thoughts that came out of this focus group were the need to share information gardener-to-gardener and farmer-to-farmer.

Ginger Janssen of Basalt Mountain Gardens spoke of the need for garden mentoring, so that new endeavors can be successful without wasting time, money and effort. Ginger and her husband have a homestead on Basalt Mountain

(<http://www.aspentimes.com/article/20101017/ASPENWEEKLY/101019872>) that includes a 1200 ft. greenhouse, the same amount of outdoor growing space, 7 goats, and 15 chickens. In their landscaping business they only work with clients who want an organic food-growing component in their landscape. With ongoing outreach to local growers, the RFFPC could maintain a list of mentors available to consult on different types of new growing operations. Calvin Bailey of Eagle Springs also stated the need for greater cooperation among farmers, sharing growing and production ideas and learning, rather

than compete.

### **CHEFS AND RESTAURATEURS FOCUS GROUP**

The Chefs and Restaurateurs focus group was made up of representatives from Aspen to Carbondale. The participants voiced their commitment to sourcing local produce, and many of the challenges involved. The main issues are the higher price of local and the inconsistency with supply and delivery. While some small growers have individual relationships with restaurants that buy what they have, most restaurants have relied on food being distributed from the North Fork Valley. And even the level of supply coming from the North Fork is inconsistent and sometimes sparse.

However, since the North Fork represents a significant food source for surrounding areas with lesser food production, supporting and expanding those farms is certainly in the best interest of Roaring Fork Valley food security. If an online farmers market is set up here, it could source food from the North Fork, as well as build the market for our RFV growers. There have been distribution efforts to provide food from the North Fork to RFV restaurants, but some restaurants have had issues with dependability, communication, and trusting from where the product is being sourced.

In the process of research for this assessment, I got to know Emma Stopher-Griffin and Matt Kottenstette of Hotchkiss who have been developing a for-profit distribution business from the North Fork Valley to the Aspen area. Their efforts seek to offer a distribution alternative to Aspen area restaurants that includes getting to know the farms and farmers that are providing the product. They are committed to understanding the needs of the restaurateurs and working in a way that will serve all those involved in the process. They both attended a gathering in Carbondale of emerging and developing food hub and distribution efforts on the Western Slope, and are open to collaborating with a food hub(s) in the future. Their immediate efforts will help to establish regular flow of product between the valleys and get experience with the amounts and types of produce that the restaurants use, and pricing that is workable. They are also committed to delivering the produce in the freshest condition, which is something chefs stated as a priority need.

The chefs that were part of the focus group all stated needing staples like onions, carrots, garlic, tomatoes and potatoes. If area farmers could focus on these vegetables they would have a regular market from the restaurants who use large quantities on a weekly basis. Restaurateurs like Andreas Fischbacher of Allegria in Carbondale have stated an interest in offering seed money to a grower who could guarantee product. This kind of partnership between growers and restaurateurs could be explored by the RFFPC, which could be doing the continuous outreach and relationship-building to foster these connections and understand the challenges and necessary best-practices involved.

Another need that the RFFPC could address is building the value for local food being offered by local restaurants. Many local food groups are taking on “branding” their local food system, to help educate consumers about the benefits of supporting and expanding the supply of local food. There are significant grant options available through the USDA and

foundations to support development of local branding. Restaurants with a commitment to sourcing local can include a message in their menus, or special designation for dishes that include local ingredients. Restaurants can host Farm to Table nights with special guest farmers to build relationships between consumers and farmers. A local brand can help to establish the need to support local farmers and an understanding of what consumers receive in the way of greater benefit to the local economy and ecology when they pay more for local food.

## **FOOD EQUITY FOCUS GROUP**

The goal of the Food Equity focus group was to find out which groups and organizations are sourcing local food for distribution to people who are food insecure, and if they had needs that a food hub could help to meet. The groups included were nonprofit organizations with a mission to provide local produce to families who are food insecure, schools, food pantries, senior programs, thrift stores with local sustainable food programs, and foundations with a mission to increase access to local healthy food for those who are food insecure (see Attachment ). Similar to the outcomes of the Food Growers and Producers focus group, the programs currently underway are not yet handling a volume of supply that outstrips their ability to manage it, thus necessitating a food hub. However, some of these groups could benefit from networking and resource sharing, thus building the capacity for a food hub in the near future.

LIFT-UP, based in Rifle, is the largest organization and effort that has been providing food to those who are food insecure since 1982. LIFT-UP operates The Extended Table soup kitchen dinners 5 nights a week in Glenwood and 2 nights a week in Rifle. There is also a lunch program at the Aspen Health and Human Services building organized through the Aspen homeless shelter. LIFT-UP also provides monthly and emergency food to families through their food pantries located from Aspen to Parachute.

LIFT-UP's food rescue program from grocery stores is run through the Food Bank of the Rockies (FBR), with LIFT-UP picking up from City Market, Walmart and Target twice a week (and although Safeway is not currently contracted with FBR they do donate food to LIFT-UP on occasion.) FBR has the relationships with grocery stores and sets up the contracts for LIFT-UP's pick-ups. LIFT-UP must weigh the food accepted and report this to FBR. LIFT-UP Executive Director, Kim Loving, shares that they are beginning to get more pallets of produce from Walmart and others, in addition to processed food.

Although there is more food waste generated than LIFT-UP is currently rescuing, other organizations like children's homes, homeless shelters, and senior programs also receive rescue food from the grocers. Loving does not feel that there is a significant volume of food from the local grocers going to waste to necessitate the services of a food hub at this time.

Since the bulk of the food available through LIFT-UP is canned, packaged and processed, there has been a growing interest in getting more fresh produce to those in need. LiveWell Garfield County is an effort to promote affordable access to and education about healthy eating and active living to reduce the burden of obesity-created chronic disease. In 2014

LiveWell began the Gleaning Project to collect excess produce from area farmers and farmer's markets for pick up by LIFT-UP. From the LiveWell website:

"LiveWell Garfield County partnered with LIFT-UP, Garfield County Nutritional Services and four farmers markets throughout the county for the Gleaning Project. Each week, community members and vendors were encouraged to bring produce farmers market sites that would otherwise be thrown away or go to waste designated farmers markets served as drop sites for donating produce. LIFT-UP volunteers and staff collected produce each night, and brought it to the nearest LIFT-UP food pantry where it was weighed and recorded. Fresh produce donations to LIFT-UP increased by 90 percent from July - August. Over 6,000 pounds of produce was gleaned from July - October and distributed to the five LIFT-UP locations as well as the Senior Nutrition Program. The Glenwood Springs Community Garden also donated 150 pounds of produce to the project."

LIFT-UP has added a 2-door reach-in refrigerator unit at their both their Glenwood and Carbondale pantries. The Rifle pantry has a 3-door refrigerated unit with freezer capacity as well. With this cold storage they are currently able to handle the produce from the Gleaning Project effort, even if it were to double in supply says Loving, without the need for additional storage that a food hub could provide at this time.

LiveWell Garfield County is planning to partner with the Heritage Fruit Tree Project to glean more of the local fruit currently going to waste from fruit trees in the area. As this supply of fruit increases, and as the supply of local produce increases, it is likely that a food hub could support the aggregation, storage and processing of a larger quantity of food being handled by the Gleaning Project. A food hub could also house flash-freezing and other food storage equipment that would allow for excess produce and fruit to be processed for distribution throughout the year to those in need, and potentially to schools.

Michelle Hammond, the Director of Food Services for the RE1 school district, participated in the focus group as well. Hammond also participated in early RFFPC Farm to School efforts, which resulted in the brokering of a deal between Crystal River Meats and Whole Foods to supply RE1 schools with local grassfed ground beef. Hammond has been interested in getting more local produce into the schools, but as stated earlier, has been challenged with finding adequate supply and at a price appropriate within her prescribed budget. The new regulations under the Healthy Hunger Free Kids Act also make it hard to source produce since the size, caloric value and nutritional content of produce often vary widely. She stated the need for assistance from local nutritionists in creating recipes to meet the new guidelines. She also stated the need for assistance in sourcing local fruit.

In order to begin to work out a system for sourcing fruit from the North Fork Valley orchards, the RFFPC has begun a pilot project to provide four RE1 elementary schools with apples in the Fall 2015. The four schools will each use 40 lbs of apples (or 1 bushel) per week, with the supply from the North Fork likely beginning in September and traditionally lasting for most of the school year (although fruit supply may be compromised this year due to an early frost.) This effort will allow the schools, farmers, and distributors to test a system and work out pricing, supply and delivery issues. This kind of information and

relationship-building will be key to understanding the role that a food hub can play in the future to assist schools in sourcing local fruit and other produce. The RFFPC will secure a grant to cover the price differential between what the school can pay (\$26-\$33/bushel) and the \$38-\$45 real cost to the fruit growers.

The Heritage Fruit Tree Project in the Roaring Fork Valley is another effort to increase the supply and access to locally grown fruit. The project's goals are to:

- map and collect data on all fruit trees in the Roaring Fork Valley
- identify trees with tasty fruit and favorable characteristics
- graft from, grow and plant more fruit trees throughout the Roaring Fork Valley and Western Slope region of Colorado
- divert food production back into our local and regional food systems

LiveWell's Gleaning Project plans to access fruit from the Heritage Fruit Tree Project as it expands. As the supply of local fruit increases as well as access to it, it could also become a source for the local schools. Eventually a food hub could be used to aggregate, store and process the fruit (freezing, drying and canning applesauce) for use in the schools.

Other organizations of note include the Basalt Thrift Store (BTS), founded by retired architect Jullia Pratt in response to the 2006 interruption of food supply to the Roaring Fork Valley by winter storm closures of Highway I-70. BTS has a focus on support of sustainable agriculture and distributing local food to those in need, as well as partnering with other non-profits. BTS has accepted donations from backyard and community gardens and distributed the produce to senior programs and food insecure families. It also began operating a low-cost weekly summer CSA program in 2013. BTS also donated 100 pounds of wool from their scrap textile collection program to Rock Bottom Ranch to insulate their chicken coop. They are planning a coop of farmers within a 100 mile radius of the store and will offer their produce in a farm store adjacent to BTS, as well as a commercial kitchen available for rent by Fall of 2015 or Winter 2016.

In connecting with BTS founder, Jullia Pratt, through this assessment process, the opportunity arose to access the forklift BTS uses to operate its textile rescue operation, which will be key to unloading the pallets of apples for the school apple pilot project. This kind of networking and outreach makes greater collaboration possible between organizations and businesses committed to strengthening the local food system, and increasing access to local food for those most in need.

Community Thrift and Treasure thrift store in Glenwood Springs has a similar commitment to sustainable local agriculture and serving vulnerable community members. Kim Owen, the store's founder, shares that she encourages the homeless people who come to the store for meals to volunteer, and 50% of them do. She has plans to develop a soup kitchen and pantry offering organic and local produce – to offer healthy options to those in need. Currently she is running a small community garden in the store's office yard, including fruit trees, and sells about 30 dozen eggs a week that the store sources from Rifle and Meeker. Even though efforts like these are small to begin with, they represent a growing decentralized network of community efforts that provide access to markets for local growers and access to healthy local food for consumers and those in need. The RFFPC could

promote and network efforts like these through a communication and education “hub” so that more people can access these services.

### **FOOD PRODUCT AND ENTERPRISE FOCUS GROUP**

This focus group was comprised of individuals who are making value-added food products both at the cottage food scale as well as at the commercial scale. Value-added products are those that have changed the physical form or state of the food to enhance its value - such as milling wheat into flour or making strawberries into jam. Value-added food products increase the potential for farmers to capture a larger share of the food dollar, but census data shows that only a small number of Colorado farmers participate in value-added processing. A University of Maryland Extension study states that direct marketing and value-added products are two of the best strategies farmers can employ to improve net profitability by opening new markets, enhancing the public's appreciation for the farm, and extend the marketing season. Again, the goal of the group was to assess the need for the services a food hub to support existing and emerging value-added food enterprises.

The cottage food industry in Colorado is one that has been supported by the 2012 Cottage Food Act, and represents an important economic development opportunity to strengthen local food systems. “Cottage food” comprises products made in unlicensed home kitchens and sold directly to consumers. Colorado’s Cottage Food Act makes it possible for a number of “low-risk” foods to be produced and sold with no permit, as long as the annual sales do not exceed \$5000, and are labeled in accordance with the bill. Even backyard eggs may be sold, up to 250 dozen per month.



Terri Anzini participated in the focus group, who at the time was running the Annex, a local food market in Carbondale, and who had plans to produce and sell prepared food in a kitchen she was trying to develop onsite. State regulations ultimately made it too onerous to continue running the Annex and she shut its doors. Had the RFFPC been staffed and available to assist Anzini, it might have been able to help navigate the state’s regulatory process and at least distinguish policies that are currently not favorable to local food businesses getting off the ground. With the connections made through the Colorado Food Systems Advisory Council and RFFPC’s participation with the Colorado Food Policy Network, this is a need it could fill.

Terri also brought up the need for sourcing local eggs. This was also a need voiced by Fiona O'Donnell of the Colorado Rocky Mountain School, who uses 95-100 dozen eggs per week during the September to June school year. The eggs used by the school must be USDA certified, which rules out their being able to accept eggs from backyard or small uncertified producers. A pre-food hub service that the RFFPC could provide is to assist an existing certified operation to aggregate eggs from local producers and provide training to these producers. The existing operation, with larger volume, may then be able to negotiate a price point that works for the consumers and producers. For instance Fiona's CRMS school budget allows her to pay \$3.50 for a dozen eggs. Many local producers of high quality and high nutritional value eggs need to receive \$4-5.00 per dozen to make their operations financially viable.

If CRMS is using 400 dozen eggs per month, the one school alone could provide a market for 10 small egg producers supplying 10 dozen per week each, and receiving \$35 each week for those 10 dozen eggs. This is certainly not a money-making enterprise, but a way to incubate small production that can grow over time, or be added on to other agricultural operations. For instance, Potter Farms on Missouri Heights is already a certified egg producer with 400 hens, and could train other small producers so that they could accept various quantities of eggs from them. These "partner producers" would not have to bear the cost of certification and marketing of the eggs, and could use the opportunity to get started in building their operation. Potter Farms would provide a specific food hub service by aggregating, mentoring, marketing and distributing for a number of smaller egg producers.

Terri also shared a need for mentoring of people currently operating on the cottage food scale and wanting to expand into larger commercial production. There is a need for not only access to commercial kitchen space, but mentoring around marketing, production labor, business management, distribution and the like. Matching of commercial vendors with this kind of experience and willing to mentor could be offered through the RFFPC. Kitchen incubator services also could be part of the offerings of an eventual food hub (<http://archive.businessjournaldaily.com/economic-development/kitchen-incubator-grows-urban-food-economy-2013-10-14>).

Two such mentors could be focus group participants Michael Connolly of Red Canyon Spice and Gina Stryker of Gina Cucina. Both these folks operate food production businesses, and both are currently renting kitchen space on the Front Range because nothing is available that meets their needs in the vicinity. Both would like to operate their businesses locally, but that would necessitate appropriate commercial kitchen space. It is not clear whether a food hub kitchen could meet their needs, but there will likely be more businesses like theirs that will need the kind of kitchen space they require – which will necessitate a shared commercial kitchen operation for larger operations. There is a strong need for kitchen space that is more suited toward incubation level operations, as well as for established operators like Michael and Gina. Of note, Gina Cucina will be moving its business production to Idaho where it is building a combined greenhouse and kitchen on more affordable land.



The only commercial kitchen space identified as available for rent to small processors is through the school districts. Michelle Hammond, the food service Director at RE1 district schedules rental of the school kitchens on the weekends and evenings at Basalt High School and at the Roaring Fork High School in Carbondale. Another commercial kitchen space opening soon is at the Rifle Fairgrounds and will be available at affordable rates for small processors. Users will need to have Serve Safe certification, which will be offered online by CSU Extension (a 12 hour class.) The Rifle kitchen is 660 square feet and features a 6-8 burner range with griddle, 30 quart soup skillet, convection ovens, chilling and steam table, commercial dishwasher, 18x8 walk-in in cooler, and mobile warming cart.

The focus group participants expressed support for an online farmers market that would help in sourcing local produce. They noted the difficulty in consistency of supply. For instance, Gina uses 20 lbs of tomatoes for just one batch of her soup, and it is important that the quality remain consistent since the quality of the soups and sauces are contingent upon the ingredients used. An online farmers market could help processors like Gina and Michael source produce at wholesale prices, while also providing an additional avenue for selling their products on a retail platform.

### **ONLINE FARMER'S MARKET**

With the need to support small growers in accessing a steady market for their goods, the "online farmers market" is an option that is being implemented around the state. Many small growers, or even larger-scale backyard growers, are not big enough to participate in local farmer's markets, that exist in Aspen, Basalt, El Jebel, Carbondale, Glenwood Springs, Newcastle and Rifle. But this size grower is an increasingly important sector in the local food system, since more small operations and backyard gardens create a diverse and decentralized food system. The online market model can incubate and support more of these kinds of growers, create a grower/consumer network, as well as servicing large operations with wholesale capacity.

The Community Agriculture Alliance (CAA) manages one such model, operating in Routt County in northern Colorado. The Routt County area, home to Steamboat Springs, has a similar demographic to the Roaring Fork Valley with very few produce growers, more ranchers, and a high-end tourist destination surrounded by rural small towns in a high-alpine environment. The Yampah Valley Coop began brokering local food to individual consumers in a more rudimentary way in 2005, with a grant from RMFU. Then in 2013, with funding from Livewell Northwest Colorado, CAA adopted a more formal online software platform, called Local Food Marketplace, and began expanding its offerings from upwards of 20 local producers.

CAA's online farmers market is managed by a coordinator who spends approximately 5-7 hours a week on administration and marketing. The site generates \$600-700 of revenue per week, with 20-30 customers purchasing mostly meat. While the produce that is offered usually sells out, the profit margin on the produce is not as high as on the meat, thus the meat sales are currently driving the revenue. Terri Anzini, who operated the former Annex local food shop in Carbondale from November of 2013 to March 2015, shares that there is increasing demand for local meat and a gap that City Market, Whole Foods and the Carbondale Food Coop are not currently filling. An online farmers market could fill this gap and serve a spectrum of local meat producers. Anzini also shared that local farmers sometimes have produce that they have no place to sell – because they may not have the consistency or volume of supply necessary for existing outlets. An online farmers market could make sure this produce reaches consumers. She estimates that among her former customer base at The Annex alone there was demand for 100 CSA boxes of produce a week.

An online farmers market could begin to meet several of the needs distinguished through this assessment. It could incubate new growers and support existing small growers by providing a consistent market for varying supplies of goods. It could provide more connections in the region between diverse types of consumers and food growers. It could educate consumers about the growers that exist in the region and build value for them, as well as for the standards and practices they use. It could also educate consumers about how to use and prepare locally grown produce, building a more varied and healthy diet.

The executive director of CAA suggests that an 8-10K grant would be sufficient to start up an online farmers market. This would include developing relationships with and training producers on how to use the site, as well as marketing, set up and administration of the site. The site could be integrated into a RFFPC site, as is the case with CAA's model ( <https://communityagalliance.org/Marketplace.html> ). The goal would be for the program to be self-sustaining within 2-3 years, since it would be benefitting from the lessons learned and best-practices of other models in existence. For example, a consumer-based marketing study of the CAA model is now complete, which was undertaken by CSU. This kind of information will allow for the greater success of future efforts.

Another effort in the state, Local Farms First, begun by Alison Gannett of Crested Butte in 2007, sought to source food from the North Fork Valley and distribute it to the Crested Butte/Gunnison area. The effort eventually got housed under the Office of Resource Efficiency (ORE) in Gunnison and was a retail based online farmer's market model using the Locally Grown.net software interface. Unfortunately the effort waned and with very few customers still using the service the effort was suspended this year. The effort is being researched by a Western State College based group and significant learning is available to benefit similar efforts underway around the state.

Some of the lessons that Alison shared were the need for a liaison to the farmers, who are resistant to keeping up with posting their goods to a website and who want to communicate directly with a staff member who will then do the online interface piece for them. She also suggests offering retail and wholesale, as do others around the state, as a stronger business model. And lastly, increase the number of buyers by expanding delivery

locations around the Valley. This would also require greater coordination by a staff member, but is key to the scope and thus success of the effort.

It's significant to note how the theme of decentralization shows up again in the online farmer's market model. Southwest Farm Fresh (SWFF), a cooperative of 20 member farms in Archuleta, La Plata, Montezuma, and Dolores counties, received a \$70,000 USDA grant in December of 2014 to purchase refrigerated trailers to be used as part of online wholesale distribution of local food in that region. The RMFU website describes the plan:

"The strategy of this grant proposal is to create a distribution system with decentralized or 'cloud-based' infrastructure that can be moved or reconfigured as local food distribution evolves in southwest Colorado. Most grants of this type fund central food hub warehouses, but given the distances separating the SWFF producer members, no central facility could adequately serve all member farms. Decentralized infrastructure will enable a flexible and resilient distribution system for local food products in southwest Colorado."

An online farmer's market in the Roaring Fork Valley could also use a decentralized model of distribution points throughout the Valley. This would allow for those points to move as needed as the network grows and matures.

The director of SWFF shares that even with the time and resources that have been invested in the SWFF online distribution model, their biggest challenge is to grow their production base. As they continue to support the farmers in their own region, they will need to look further away to Montrose, Palisade and Delta counties to engage additional producer members. With 18 current members, their output in 2014 was about \$70,000 in wholesale sales. The average size of their producer is about an acre. And although it's currently necessary for SWFF to look outside their immediate area to increase their available supply, as with the CAA, SWFF's priority is to support existing local farmers in having successful operations and to expand their base of local farmers.

Instead of counting on food to come from traditionally high-producing areas, more and more regions are realizing the need to increase production in their own localities. With the complex climate shifting going on, as well as restructuring economies, the greatest food security will come from local production, or as "close to home" as possible. While it could take 2-3 years to become self-sustaining, a local online farmer's market would build the potential of small growers to connect to consumers within the Roaring Fork Valley, and thus build more local self-sufficiency and security.

## **THE ROLE OF A FORMALIZED RFFPC**

Looking at the handful of food hubs around the state, most have grown out of the efforts of an active food coalition or food policy council. For example, the Valley Roots Food Hub in Alamosa was developed by the San Luis Valley Local Foods Coalition. The Community Ag Marketplace, an online model, is run by the Community Agriculture Alliance in Steamboat Springs. For a financially self-sustaining food hub to be viable in the greater Roaring Fork

Valley there must be increased supply of local food coming from our immediate area as well as from regional producers. A food policy council can help to identify and promote the resources necessary for new growers to sustain their operations, as well as build the regional network to expand access to food coming from farms throughout the Western Slope. A formalized Roaring Fork Food Policy Council could also effectively pursue large grants to assist with the start up of a food hub, or other “pre-food hub” efforts.

A recent webinar hosted by Johns Hopkins on “Funding Food Policy Councils” stated the overarching goals of food policy councils as building the market for local food while focusing on food system health. FPC funders generally want to see government participation in the councils, in a way that is appropriate to the political and social dynamic of the region (i.e. some councils are founded through a government mandate, while others form through grassroots efforts.) They want to see cross-sector support in order to bring people together across health, business and environmental sectors for successful decision-making and problem-solving processes. They also want to see a commitment to planning and assessment, with needs and perspectives included across a broad spectrum of the food system.

The Henry P. Kendall Foundation in Boston, that focuses solely on food system strengthening, is committed to the region producing 50% of its food needs by 2050. The foundation supports regional collaborative planning as well as work on the ground creating models and examples within the food system. It supported the policy success of the Boston Food Council in creating the Boston Urban Ag bill that expanded local agricultural production, and was the result of a collaborative effort led by the Food Council. The foundation urges councils to stay at the “30,000 foot level”, focusing on objectives and the integrity of process, and any on-the-ground projects focused on piloting new systems and experimentation.

An example of a pilot project that the RFFPC has taken on to pilot new systems is the aforementioned project, working with the RE1 school district to source local apples. There is plentiful supply of apples in the area, especially coming from the North Fork Valley, but there has never been a system in place that allows the schools to implement a distribution system or negotiate a price point that is realistic for both the schools and growers. The RFFPC has been working with Michelle Hammond of the RE1 school district to supply RE1 elementary schools with locally grown apples beginning Fall of 2015. The effort will provide the schools and growers with greater understanding of each others’ capacities as well as experience with this new market.

A need that many local producers state is for building the market for local food by helping to educate a broader consumer base about the value of eating and growing local. This could be accomplished through community events and forums, outreach to schools and organizations, promoting garden and farm tours, “meet your farmer” events, and helping to develop a local “brand” to increase knowledge and value of local operations.

Development of local brands is something currently being explored by several municipalities and regions across the state to not only increase the value of and market for

locally produced food, but also to increase agri-tourism. Since the Roaring Fork Valley is already a tourist destination, the development of agri-tourism opportunities could be an added boost during Spring and Fall shoulder seasons.

The Roaring Fork Valley is home to several unique ag-related destinations like Sustainable Settings in Carbondale. The non-profit farm already offers opportunities for agritourists to join in on ranch life (<http://sustainablesettings.org/argitourism/>). Other for profit and non-profit farms throughout the Valley the area have educational and social offerings as well, like Peach Valley CSA, ACES' Rock Bottom Ranch, AspenTREE and Colorado Rocky Mountain Permaculture Institute (CRMPI), a world-class permaculture destination.

A central element of a FPC website would be a complete local food resource directory of growers, CSAs, and ranchers with types of products and growing methodology and standards employed. Good examples of this are found on the Valley Organic Growers Association website (<http://www.vogaco.org/directory-2014-15>) and the San Luis Valley Local Foods Coalition website (<http://www.slvlocalfoods.org/producers.html>).

Efforts to create food security in our region will necessitate this kind of comprehensive documentation of food growing operations in the area. My experience of beginning this work through this assessment process is that it is best accomplished through building relationships with local growers and doing constant outreach. This is an appropriate role for a food policy council that will need to be building these relationships with local growers in order to understand their needs, assets, and policy issues.

A FPC website could also house a list of mentors in the area who can consult on everything from effective business models to pest control to climate and planting subtleties. This would ensure that time and resources invested in new efforts create the most successful outcomes. The site could also network resources available to new and existing farmers including educational programs, volunteer and other labor needs, housing, capital, grants, land, etc. Additional resources offered for growers could be compost, manure and other soil amendments, available land and capital assistance, available internship and volunteer opportunities, available community gardens, school gardens, farmers markets, restaurants that source local food, processing and storage tips for local food, and a forum for sharing tips and news within the local food system.

## **STATEWIDE NETWORKING**

One of the most valuable activities the RFFPC has performed since it was formed has been participating in the forming of the Colorado Food Policy Network (COFPN). This began with conference calls of representatives from food coalitions and policy councils from around the state in 2013 to share what these groups were taking on, what was working, what challenges were arising, etc. We then met in person in conjunction with the "New Partners for Smart Growth" annual conference in Denver in February 2014. Out of this gathering a steering committee was formed on which I serve. This steering committee met in Denver for a leadership retreat in Oct 2014.

Through the relationships built on the statewide level I have been able to access more resources, understanding of best practices and development processes of food coalitions, and continued support as together we are navigating our way through the complexities of recreating our local food systems. Technical and financial support from organizations like the Rocky Mountain Farmers Union (operating throughout Wyoming, Colorado and New Mexico) have been invaluable to our local efforts. RMFU has helped to fund and guide this Needs Assessment. I have also been able to connect local growers to resources available through RMFU.

Since the overarching need, both for a viable food hub and for a stronger local food system, is to support new and existing growers to have sound operations that provide a sustainable lifestyle, policy development and other efforts of the RFFPC would best serve this end. A 2012 study undertaken by the Franklin County Local Food Council in Ohio to distinguish areas of needed policy action uncovered a lack of awareness that is common in many efforts to promote local food systems. Survey results in the broad category of “Promoting Local Food, Sustainability, and Community Food Security” yielded high numbers on “Creating Markets for Local Food”, but received only 1 point out of 6 on “Encouraging Production for Local Markets.” The report states:

“This contrast reflects a concern that has already been voiced by many on the council: although the demand for local food is strong, many efforts to strengthen the county’s food system have been focused on fostering demand rather than creating the infrastructure that will allow local producers to respond to that demand.”

The RFFPC can work to build close relationships with growers, as well as foster collaboration across the many sectors of the region that impact their success. In this way it can help to create the infrastructure for comprehensive support of local growers in meeting increasing demand for local healthy food.

## Attachment A

## Food Equity and Access Focus Group

Name	contact	Product/Biz Name	Attended
Susanne Morrison		Aspen Community Foundation	no
Dana Wood		LiveWell Garfield County	yes
Kim Loving		LIFT UP	no
Amy Treese		First Pres Church - Glenwood	no
Diana Alcantara		CCS school garden	no
Elizabeth Cammack		Demeters Garden	yes
Kim Doyle Wille		Growing Food Forward	yes
Matt Sturgeon		Rifle Senior Center	no
		Valley Settlement	no
		Family Resource Center	no
Laurel Koning		Abundance Garden Manager (Grand Valley United Methodist Church, Parachute)	no
Roberta 'Bert' Botkin		Associate Pastor at Grand Valley United Methodist Church, Parachute	no
Michelle Hammond		RE1 Food Service Director	yes
Theresa Hamilton		Director of Districtwide Services, RE2	no
Jody Dennis		Food Services Director, RE16 schools	no
Reba Cook		Community Resource Center, Rifle	no

David Bottroff	Reach Out Colorado, Rifle (Totes of Hope Program)	no
Heather Paulson	River Center, New Castle (Totes of Hope Program)	no
Kim Owen	Community Thrift and Treasure	yes
Bill Hunt	Oak Foundation	yes

## Attachment B

The following (pages 24-33) is excerpted from "A Food Hub Study for Northwest Colorado", (August 2015).

### III. Food Hubs and the New Food Movement

#### A. Food Hub Definition

A Food Hub is a variation of an agricultural packing house. Packing houses used to play a much greater role within US agriculture, but their function and availability has been declining with the increasing consolidation and corporatization of US agriculture. The advent of the New Food Movement, with increasing interest in local production serving local markets is creating new opportunity for small individual farmers and a resurgence of packing houses in a new incarnation.

A packing house is an aggregation facility that receives and prepares raw produce from farmers to sell fresh, and in some cases frozen, to wholesale customers. Packing house roles vary; they may offer such services as washing, cooling, sorting, grading, packaging, labeling, marketing and distribution. A Food Hub similarly is a food aggregation point that can provide the same or additional services, but that is ideally located near to the farms served with an emphasis on community agriculture and local consumption. A specialized web presence often plays a major role in Food Hub success.

The USDA definition of a Food Hub is as follows:

*A regional food hub is 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. At the core of Food Hubs is a business management team that actively coordinates supply chain logistics. Food hubs work on the supply side with producers in areas such as sustainable production practices, production planning, season extension, packaging, branding, certification*



*and food safety to enable these producers to access wholesale customers, such as buyers for food service institutions and retail stores. Simultaneously, food hubs also work on the demand side by coordinating efforts with other distributors, processors, wholesale buyers, and even consumers to ensure they can meet the growing market demand for source identified, sustainably produced locally or regionally grown products.*<sup>1</sup>

Along with coordinating supply chain logistics, many food hubs have made investments in food distribution infrastructure. They often own or lease a warehouse that functions as a drop-off point for producers and a pick-up point for distribution firms and other customers. Many Food Hubs own or lease trucks. There are, however, some food hubs that have not invested in distribution infrastructure but have opted to develop strategic partnerships with other supply chain actors who can provide warehousing, processing, and transportation.

Not all Food Hubs provide the same services, but generally Food Hub services include:

- Market access for local producers;
- Information sharing on food production and marketing practices;
- Product transportation, storage and distribution;
- Production coordination and management;
- Market research and coordination;
- Labelling and brand development;
- Maintaining quality control standards;
- Brokerage and marketing services;
- Product bundling and aggregation;
- Light processing and increasing product value
- Maintaining a consumer/producer connections;
- Season extension for local product sales;
- Penetrating and servicing wholesale markets on behalf of local growers;
- Providing direct access local products to consumers

Generally, food hubs –

- Carry out or coordinate the aggregation, distribution, and marketing of primarily locally/regionally produced foods from multiple producers to multiple markets.
- Consider producers as valued business partners instead of interchangeable suppliers and are committed to buying from small to mid-sized producers whenever possible.
- Use product differentiation strategies (e.g. identity preservation, group branding, sustainable production practices, etc.) to ensure that producers get a good price for their products.

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<sup>1</sup>

Regional Food Hub Resource Guide, USDA, April 2012.

- Work closely with producers to ensure they can meet buyer requirements by either providing direct technical assistance or finding partners that can provide this technical assistance.
- Aim to be financially viable while also having positive economic, social, and/or environmental impacts within their communities.

Because most Food Hubs are firmly rooted in their community, they often carry out a number of community services. These may include donating to food banks, increasing consumer awareness of the benefits of buying local food, organizing educational workshops on small-farm agriculture, increasing healthy food access by establishing delivery mechanisms into underserved areas, and for Food Hubs with a retail component, carrying out activities such as SNAP redemption and nutrition education.

Food Hubs accomplish all of this while retaining information as to the identification of food's origin and any special practices or circumstances under which the food was grown. Retaining this information is important, not only for food chain transparency, but also because it carries a value that Food Hubs and producers can potentially use to realize premium pricing.

Given the market trends and greater consumer awareness of the advantages of buying locally produced, fresh products, small agricultural producers are increasingly recognizing the advantage of utilizing direct markets to increase product value and on-farm income while decreasing overhead costs. Although many local farmers attempt to maximize specialty and retail sales as individual farm businesses, wholesale sales in particular can more easily be maximized through a cooperative approach based upon aggregation point distribution. Most Food Hubs are based around grower cooperatives.

Although direct retail selling at farmer's markets and similar venues provides the highest margins for small farmers, retail selling presents its own set of challenges. Retail selling is limited and time consuming. Selling at farmer's markets involves transporting goods, setting-up and spending a day selling without knowing how sales will go. Weather or simply a low-turn-out day can ruin sales, or several farmers can come to market with the same produce or lower prices. Some days farmers may sell out, or others times they may have to take back much of what they brought. Selling to a food hub may not yield quite the same price as direct retail, but it does allow for production coordination, advance orders and assured sales upon delivery. The central purpose of the Food Hub is to provide collaborative wholesale marketing, allowing local growers to increase production and sales volume over and above individually derived retail sales. At the same time, the Food Hub does not have to limit itself to strictly wholesale selling, but can also expand retail markets cooperatively while not competing with individual farm sales.

At the core of Food Hubs is a business management team that actively coordinates supply chain logistics. Food hubs work on the supply side with local growers in areas such as sustainable production practices, production planning, season extension, packaging, branding, certification and food safety to enable these producers to access wholesale customers, such as buyers for

food service institutions and retail stores. Simultaneously, food hubs work on the demand side by coordinating efforts with other distributors, processors, wholesale buyers, and even consumers to ensure they can meet the growing market demand for source identified, sustainably produced locally or regionally grown products. For institutional and retail buyers that would like to “buy local,” food hubs reduce transaction costs by providing a single point of purchase for consistent and reliable supplies of source-identified products from local and regional producers.

The central value proposition of this plan is *for regional farmers and ranchers to take advantage of establishing a local vertically integrated agricultural value chain that integrates growing, distribution and consumption in a single well-managed, self-sustaining process, providing increased quality and better pricing to consumers, while increasing volume sales and overall profitability to regional small farmers and ranchers.*

## B. The New Food Movement

The US agricultural system is the most productive in the world; yet this has come at a price. The US agricultural industry is heavily mechanized, depending to a large degree on low-cost fossil fuels and also heavily dependent upon low-cost undocumented labor. The industry enjoys government subsidies, a percentage of which go to large corporate farms. US agriculture has been responsible for substantial environmental degradation including soil compaction through excessive machinery use, contamination of groundwater and surface drainage with fertilizer (phosphates and nitrates) and pesticide residues, reduction in ecological biodiversity (including, as a consequence, increased vulnerability of crops to pests), and high rates of carbon emission due to petroleum consumption. In arid climates, the requirement for irrigation alongside inputs of fertilizer, pesticide and machinery has been identified with a range of further negative environmental impacts, including depleted groundwater and salt in soils where drainage is inadequate. Moreover, industrial farming is linked to the processed food industry, especially the fast food industry, which is responsible for products of questionable nutritional value that are laced with fats and sugars. Increasingly researchers are finding linkages between heavily processed foods, nutritional diseases and obesity.

In part, the new food movement has come about as a reaction to some of the negative aspects that have been generated by the US agricultural system, as well as increasing interests by US consumers in a healthier lifestyle that supports personal, environmental and local economic health. The New Food Movement encompasses *local production for local consumption, taste of place, and the patronization of farms and food products that focus on sustainable growing practices.* It is impossible to duplicate the freshness and quality of local food that moves quickly from farm to plate. During the last ten years there has been a proliferation independent restaurants, groceries and food businesses specializing in seasonal and local cuisine throughout the United States. There has also been a major increase in consumer demand for local food and agricultural experiences. Increasingly people want to know where their food comes from and that it contributes to the local economy.

Nationally the market for local food is constrained more by supply than demand. Sales of naturally grown, local food is growing at well over 20% annually, while the traditional food market is essentially flat. At the same time, the market share of local food within the national market is barely over 1%. The growth of the local food movement is being facilitated by farmers' markets, agricultural buying clubs and food hubs. There are now over 200 food hubs around the country.

The New Food Movement is championing the growth of Food Hubs. In theory, Food Hubs have potential to meet the needs of midsized agriculture, in part due to the localized scale on which they operate and the growing markets that they serve. Food Hubs also provide the potential for small growers to scale-up and become midsize producers.

## I. Organization

### A. Sponsors

The Northwest Colorado Food Hub Project is supported by a group of local organizations primarily based in Steamboat Springs. Two non-local sponsors of this effort are the Rocky Mountain Farmers Union and LiveWell Colorado.

The Rocky Mountain Farmers Union is a progressive grassroots organization that serves as an advocate for family farmers and ranchers, rural communities, and consumers. The organization was founded in 1907 and now represents agriculture in New Mexico and Wyoming as well as Colorado. It is part of the 250,000 member National Farmers Union. The principles promoted by Rocky Mountain Farmers Union include food security, strong rural communities and environment. The organization works in three essential areas: education, legislation, and cooperation.

The Rocky Mountain Farmers' Union has been promoting planning for a network of food hubs in Colorado and New Mexico that besides Steamboat Springs, include projects in Pueblo and Alamosa, Colorado as well as efforts in Española and an Indian Food Hub in northern New Mexico. If these projects successfully get off the ground there may be ways that they can work together and support each other, ostensibly forming a Food Hub network that Northwest Colorado can be a part of. The Rocky Mountain Farmers Union is interested in promoting this vision.

LiveWell Colorado is a nonprofit organization committed to reducing obesity in Colorado by promoting healthy eating and active living. In addition to educating and inspiring people to make healthy choices, LiveWell Colorado focuses on policy, environmental and lifestyle changes that remove barriers and increase access to healthy behaviors. Promoting local agricultural production and consumption of healthy foods is one way that LiveWell accomplishes its goals.

Initially established as a grant-making collaborative in 2007, LiveWell Colorado became a 501(c)(3) in 2009 with the support of its initial funders—The Colorado Health Foundation,

Kaiser Permanente and the Kresge Foundation, as well as The Colorado Department of Public Health and Environment. LiveWell's primary strategies are to fund community coalitions throughout the state focused on healthy eating and active living strategies, inform and advance multi-sector policy efforts with key stakeholders at the local, state and national levels, and lead social marketing initiatives that inspire a culture shift and motivate sustainable healthy behavior changes

Routt County became a LiveWell grantee in 2009 and since then this community has become actively involved in developing a mission, vision, and strategic plan for the LiveWell Northwest Colorado Coalition. The LiveWell Northwest Colorado Coalition is comprised of key stakeholders that represent several groups within the three communities of Steamboat Springs, Hayden and Oak Creek. One of the primary projects of the Coalition is the Food Hub Project Regional Food Cooperative (this project) with the lead organization being The Community Agricultural Alliance. Other related initiatives the LiveWell Northwest Colorado Coalition promotes are school wellness and food programs, Steamboat Springs/Oak Creek Community Gardens, cooking and budgeting programs, school greenhouse projects and healthy food access. The Northwest Colorado Food Hub project is an outgrowth of the Community Agriculture Alliance Regional Food Cooperative and the Yampa Valley Food Co-op.

The Community Agriculture Alliance of Steamboat Springs (CAA) is a Colorado incorporated, non-profit, community-based organization serving Routt County and the Yampa River Valley. The CAA was established in 1999 to ensure that the agricultural community can adapt to changes in the local and regional economy and remain vital in the Valley. The CAA was originally formed through funding from a Wallace Foundation grant to address the potential loss of agricultural land and resources. This grant program funded a number of similar projects in Colorado. CAA is the only originally funded project that is still operating.

The Community Agriculture Alliance's mission is *"to preserve the agricultural heritage of the Yampa River Valley by initiating, supporting and encouraging actions, programs and policies that mutually benefit and connect agricultural producers and consumers"*. Part of the challenge that CAA confronts is the preservation of agriculture and a rural lifestyle in the face of the continued development of a major ski resort with accompanying development and appreciation of land prices. One of the ways to do that is to take advantage of the new food movement market trends along with the market that Steamboat Springs represents to provide opportunity for local agricultural sustainability and development.

Additional supporting organizations of the Northwest Colorado Food Hub Project include the Routt County Extension Service and Lift-Up of Routt County. Lift Up operates a thrift store and food bank in Steamboat Springs, Oak Creek and Hayden, provides USDA food commodities to low-income populations, operates funds to provide emergency and social-service assistance and administers a Summer Lunch Program and School Backpack Program for free or reduced nutritious food lunches during the summer and on weekends - times when there is no school-based free or reduced rate lunch program.

## B. Yampa Valley Food Cooperative

CAA operates the Yampa Valley Food Cooperative. The Food Cooperative is basically a web-based ordering system for local food. ([www.yampavalleycoop.com](http://www.yampavalleycoop.com)). The Yampa Valley Co-Op allows producers to post and market their products and receive orders from consumers. The Co-op provides a delivery location for producers to drop off and consumers to pick up, collects payments from consumers and forwards payments to producers.

The website serves as an online catalog of local food products, including information about how and where products were grown or processed. The Co-op screens products and producers based on published requirements, and also provides education and training regarding the use and advantages of local foods and health foods, and a forum for members to discuss question about products and local foods. At this time, the Co-op does not take title to food or carry any inventory of local producer's products, nor does the Co-op guarantee the quality of any local product, or take local products back on behalf of producers.

The website/ Co-op is currently operated primarily by volunteers, is minimally promoted, is hard to find on the web, carries a very limited amount of products and is only available to accept orders sporadically. There is a \$10 annual fee to become a Co-op member and be able to place orders that is payable upon the first order.

Producers may only sell products grown or produced within the State of Colorado southern Wyoming, or eastern Utah. A member may sell products on behalf of another producer as long as the product originates in those areas. A processed food product may have ingredients sourced outside of the state as long as it meets the other requirements and is processed by a local producer. Products that contain genetically modified material must be labelled as such. All meat that is orders through the system and delivered must be processed in a USDA or state licensed and inspected plant. Ingredients shall not include any CAFO (Concentrated Animal Feeding Operation) or meat from feedlot fed animals.

The basis of this plan is to transform and build on the Yampa Valley Food Cooperative website, and base the Northwest Colorado Food Hub project on a digital platform. The year 2013 marked an effort to promote the website and a full takeover of the website operation by CAA. As the site has grown, depending upon volunteers has become problematical. One of the goals of CAA is to grow and professionalize the website, which is also a basis of this plan.

## C. Organizational Options

The Yampa Valley Food Cooperative is not a formally incorporated entity, nor does it exist as a formal cooperative. It is rather a project managed by the not-for-profit Community Agricultural Alliance.

Food Hubs can be organized as not-for-profit organizations (which often develop out of community-based initiatives), privately held companies (a limited liability corporation or other

corporate structure), cooperatives (owned either by producers and/or consumers), and publicly held corporations (often the case where a city-owned public market or farmers market is carrying out food hub activities). A start-up food hub operation will likely be required to obtain the bulk of its revenue from donations, rather than depending upon business activity. Although there are many food hubs that are simply not-for-profit organizations, a non-profit must earn a percentage of revenue through donations over time. This plan advocates the goal of the Northwest Colorado Food Hub becoming financially self-sufficient. A for-profit can be owned by a non-profit. Excess funds or “profit” can flow into the non-profit, and thus would not be taxable. The not-for-profit can solicit grant funding for a for-profit food hub operation as long as the for-profit is 100% owned by the not-for-profit and no profits accrue to individual “owners” or private entities. The advantage of this structure is that over time a not-for-profit operation must earn a large percentage of its total revenue from grants or donations. Sales are not normally considered in this category. A major goal of the organization will be to maximize revenue and profitability for small farmers and ranchers. Working within a for-profit environment will also send a message that the ultimate goal is financial sustainability and independence.

The Food Hub will provide grower workshops on growing techniques and ways to increase productivity as well as workshops on small farm financial management. Growers will be encouraged to use permaculture and bio-diverse, sustainable farming methods. The Food Hub can work with the agricultural extension service. Education and workshops can be administered and funded through the non-profit wing of the organization that can remain CAA. The legal structure of a food hub influences its operation and function, particularly in such areas as capital investment, risk management, and liability exposure. For example, nonprofit food hubs have greater access to grant programs and donations than privately held food hubs because nonprofits are eligible for more Federal and State assistance programs than private entities. On the other hand, nonprofit food hubs have greater difficulty accessing loans, revolving lines of credit, and other forms of private investment than for-profit business entities. Many times not-for-profit food organizations become overly dependent upon grant financing. Combining not-for-profit and a for-profit entity through ownership can provide advantages of both. Producer cooperatives have the advantage of tapping member equity and taking advantage of business services offered by cooperative extension programs, but find fewer grants and loan programs available to them than non-profit organizations. A for-profit or non-profit can incorporate some of the operational aspects of a cooperative without having to be formally organized as a cooperative.

A cooperative is a business that is owned and controlled by the people who use its services and whose benefits (services received and earnings allocations) are shared by the users on the basis of use. A traditional agricultural cooperative (co-op) is exclusively owned and operated by the group of producers who use the co-op and are its members. Profits are traditionally distributed to members based on amount of usage. Cooperative profits can be an advantage of becoming a member. Farmer cooperatives are generally tax exempt under IRS rules, and file annual 990 forms similar to non-profits.

Cooperatives can encourage democratic decision-making processes, leadership development and education. An agricultural cooperative is above all a for-profit business and must concern itself with business principals. Cooperative members are akin to stockholders and normally own the assets of a cooperative and exercise a level of managerial control. Member-owners elect a board of directors to set corporate policy and oversee operations. The board selects the chief executive officer, or manager, who administers the board policies, hires other staff, and is responsible for the day-to-day operations of the cooperative.

Even though there are many examples of successful cooperatives, there are also common pitfalls that must be avoided. One concern regarding cooperative management is that producer-directors too often make decisions based on internal politics rather than sound economic principles. Decisions made to curry popularity (e.g., to keep an unprofitable facility open) may get the directors re-elected, but the decisions may be bad for the business. Good directors vote for what makes the most business sense and let the performance of the cooperative determine whether or not they are re-elected.

Some directors never grow in a leadership sense beyond being a producer-member and may resist equity accumulation or profit re-investment through retained earnings because, as a grower, they want a high cash patronage refund each and every year. They are viewed as too willing to mortgage the cooperative's future for more cash today. Far-sighted directors will ensure that money invested in their cooperative protects and enhances income over the long term

Another common pitfall of cooperative management is the inability of many grower-directors to deal with contemporary issues. Farmer-directors may be outstanding producers, but may lack the experience and training to analyze options for dealing with supply chains, technological innovations, complex business arrangements, or globalization. Many times, the collaborative nature of cooperatives slows down and limits effective decision-making. Key marketing, operations or finance decisions are often made by the group rather than by specialized experts. This can be a recipe for failure.

Even though the Yampa Valley Cooperative has cooperative in its name, it is not organized, nor does it operate as a true cooperative. Although the Northwest Colorado Food Hub can organize itself and function as cooperative, in order to function well it will involve a good deal of on-going education of its members. It is probably easier and more expedient for the Food Hub to organize itself as a for-profit limited liability company wholly owned by the non-profit Community Agricultural Alliance and adopt some of the functional operating procedures of a cooperative that may be appropriate such as revenue sharing and elements of cooperative governance.

#### D. Organizational Structure

The Northwest Colorado Food Hub can be an LLC (limited liability company), and still have members as in a cooperative. Growers can be part of the Food Hub as members, serve on the board, be working members, simply be voting and selling members, or sell through the Food



Hub without being a member at all. Food Hub membership can afford benefits and priority consideration, but will remain open to any local small grower and not require major organizational duties. A small Board elected from grower membership can be charged with managerial oversight while ultimate responsibility remains with the non-profit board. Day-to-day management will be in the hands of experienced administrators and staff.

It may not make sense for purchasers to be members. Purchasing should be made as easy and simple as possible. At the same time, there can be benefits to the organization of requiring purchasers to be members and paying a nominal fee as is currently the case. Purchasers must now register and pay annual dues of \$10 prior to making a purchase. The advantage to this is that a mailing list is developed and customers can be contacted for marketing purposes. Some organizations abuse this power and bombard clients with emails. This should be avoided. Occasional notices of new products or specials can be sent out in attractive web-based format. The Food Hub should at some point put out an email newsletter that emphasizes the health, economic, quality and environmental benefits of local food. Using a software program such as Constant Contact can work well for such an endeavor. The recommendation of this plan is to allow easy purchasing from the Food Hub website without requiring membership, but offer membership as an option that provides certain benefit such as access to specials and discounts, new product notifications and receipt of the newsletter. A nominal fee can be charged for membership and donations solicited.