



Lunch & Learn: The Puget Sound Food Hub Cooperative

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Roles and Responsibilities

Project Manager

- Contracts, grants, opportunities, systems development
- Farmer technical support
- Partner engagement

Prior roles at PSFHC:

- Operations Manager
- Logistics Coordinator
- Driver / Warehouse Staff



Additional Background

Other Food System Roles:


- RPCV Guinea '16 – '18, Agroforestry Extension Agent
- WWOOFer – Volunteer on organic farms and intentional communities

Education:

University of Washington

- B.S. Astronomy, Earth & Space Sciences, Minor in Physics

Overview: Natural Systems

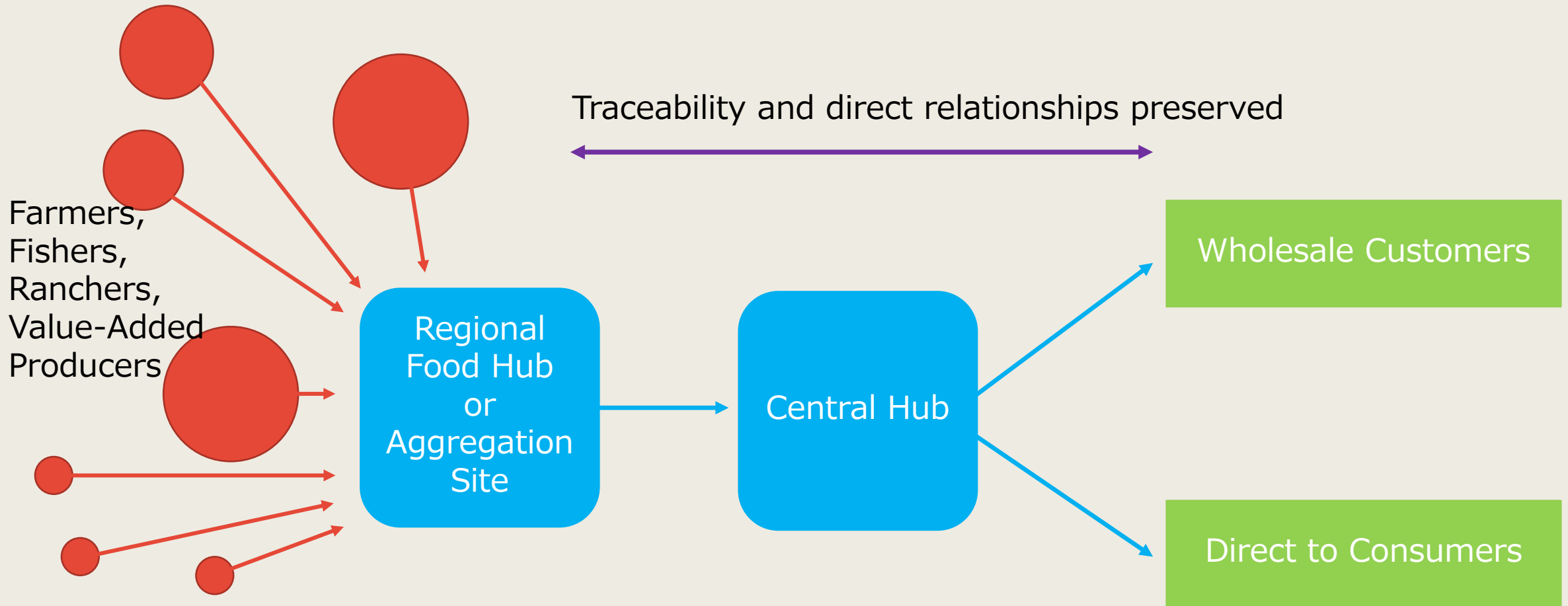


What is a food hub?

USDA Definition:

“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.”

Aggregation, Distribution, and Marketing



What is the appeal of a food hub?

For Farmers:

- Reduced invoicing – food hubs pay farmers for total weekly sales not just individual orders
- Reduced distribution costs – farmers deliver many orders to one location
- Shared marketing, technical, and logistical resources and support.
- Source-identity maintained – helps promote continued sales and direct relationships with buyers

What is the appeal of a food hub?

For Customers:

- Reduced invoicing
- Convenient multi-farm ordering.
- Source-identity maintained – most of the value-add of buying local is knowing exactly where it came from.
- Direct relationship with farmers – great for marketing (for groceries), also great for menu development or commissioning different varieties.
- Delivery arrives all at once (vs. many different farms arriving throughout the day)

Diving Deeper – how to create a food hub

- **Tax Designation**
- **Ownership**
- **Infrastructure**
- **Market**
- **Values**
- Check out USDA's "Running a Food Hub Vol.2" here:
<https://www.rd.usda.gov/publicationforcooperatives/sr-77-running-food-hub-volume-2-business-operations-guide>

Tax Designation

For Profit

- Money returned to owners/investors
- Taxed
- Money raised through investment usually in terms of % shares of business ownership

Non-profit

- Money returned to organization
- Not taxed
- Money raised through donations or grants

Ownership Structures

- Sole Proprietorships
- Partnerships
- Corporations (many different designations, usually defined by tax structure)
- Cooperatives (many different stakeholder models)
- LLCs (limited liability companies).

Infrastructure Models

“Virtual”

- Subcontracts distribution or has minimal investment
- Few staff
- Often volunteer-run

“Physical”

- Self-distributes (if applicable)
- Maintains a space/facility
- Full or part-time paid staff

Marketing / Order Models

- Fresh Sheet / Just-In-Time Pick and Pack
- Purchase Order / Inventory – Buy and resell
- Some combo – commissioned sales
- Production planning / planting + purchasing agreements or contracts
- Retail vs. Wholesale vs. Market vs. CSA
- Online order vs. product list / e-mail vs. phone vs. in-person

Potential Food Hub Services

TABLE 10-1. À La Carte Menu for Cooking Up the New Middle

AGGREGATION	PROCESSING	DISTRIBUTION MODELS
Combining	Chopping and pureeing	Nonprofit
Washing	Canning	Farmers' cooperative
Cooling	Baking and confection	Farmer/consumer cooperative
Grading, sorting, and packing	Dehydrating	Specialized local distributor
Repacking	Freezing	Combined local and regional distributor
Storing	Labeling	Charitable food system
Marketing	Facility use for farmers	
	Facility use for food processors	
	Food business incubation	
	Workforce development	

Source: Adapted in part from *Building Successful Food Hubs: A Business Planning Guide for Aggregation and Processing Local Foods in Illinois* (FamilyFarmed.org, 2012)

From Chapter 10 of Ackerman-Leist, Philip. 2013. *Rebuilding the Foodshed: How to Create Local, Sustainable, and Secure Food Systems*. Chelsea Green Publishing. White River Junction, NJ.

Some local food hubs

- PSFHC (Mount Vernon, WA): <https://pugetsoundfoodhub.com/>
- LINC Foods (Spokane, WA): <http://www.lincfoods.com/>
- WIGC (Whidbey Island, WA): <https://www.whidbeyislandgrown.com/>
- SJIFH (Friday Harbor, WA): <https://sjifh.com/>
- SW WA Food Hub (Tumwater, WA): <https://swwafoodhub.com/>
- Farmstand Local Foods (Seattle, WA): <https://www.farmstandlocalfoods.com/>

Other regional food hubs and food hub networks

- WMGC (Missoula, MT): <https://www.wmgcoop.com/>
- Northwest Food Hub Network: <https://www.nwfoodhubnetwork.com/>
- Oregon Food Hub Network:
<https://extension.oregonstate.edu/sites/default/files/documents/20291/food-hub-gwin.pdf>



Intro to PSFHC



PSFHC Specs

Established: 2016 (Other entities existed prior, but our business license is from 2016)

Tax Designation: For-Profit

Legal Structure: Farmers Cooperative

Ownership: Farmer-owned

- Farmers are members of the cooperative
- Members vote for board of directors
- BOD hires GM and approves annual budget
- GM prepares annual budget and hires staff
- GM + BOD onboard new members and vendors.

Marketing/Order Model: Wholesale, Just-In-Time / Online Order Portal / Lots of exceptions!

PSFHC Specs (Continued)

Membership:

- About 60 Active Member Farmers/Ranchers/Fisherpeople
- About 20 Active Vendors (Value-added producers and local companies selling food products)
- Average farm scale is less than 10 acres.

PSFHC Specs (Continued)

Infrastructure: “Physical”

- **Facilities:** 1 warehouse space leased + 1 aggregation site leased.

10,000 SF Dry Storage

2 Coolers (~100 pallet capacity) (grant to expand another 60-80 pallets)

1 Freezer (~20 pallet capacity)

- **Trucks:** Own 5, lease 3, plans for further purchases + lease as supply allows.
- **Staff:** 30 staff – 5 FT salary, 20 FT hourly, 5 PT hourly

PSFHC Specs (Continued)

Mission:

To support and champion local, family scale farms by providing a direct connection with buyers in our region seeking high quality, locally produced food.

Vision:

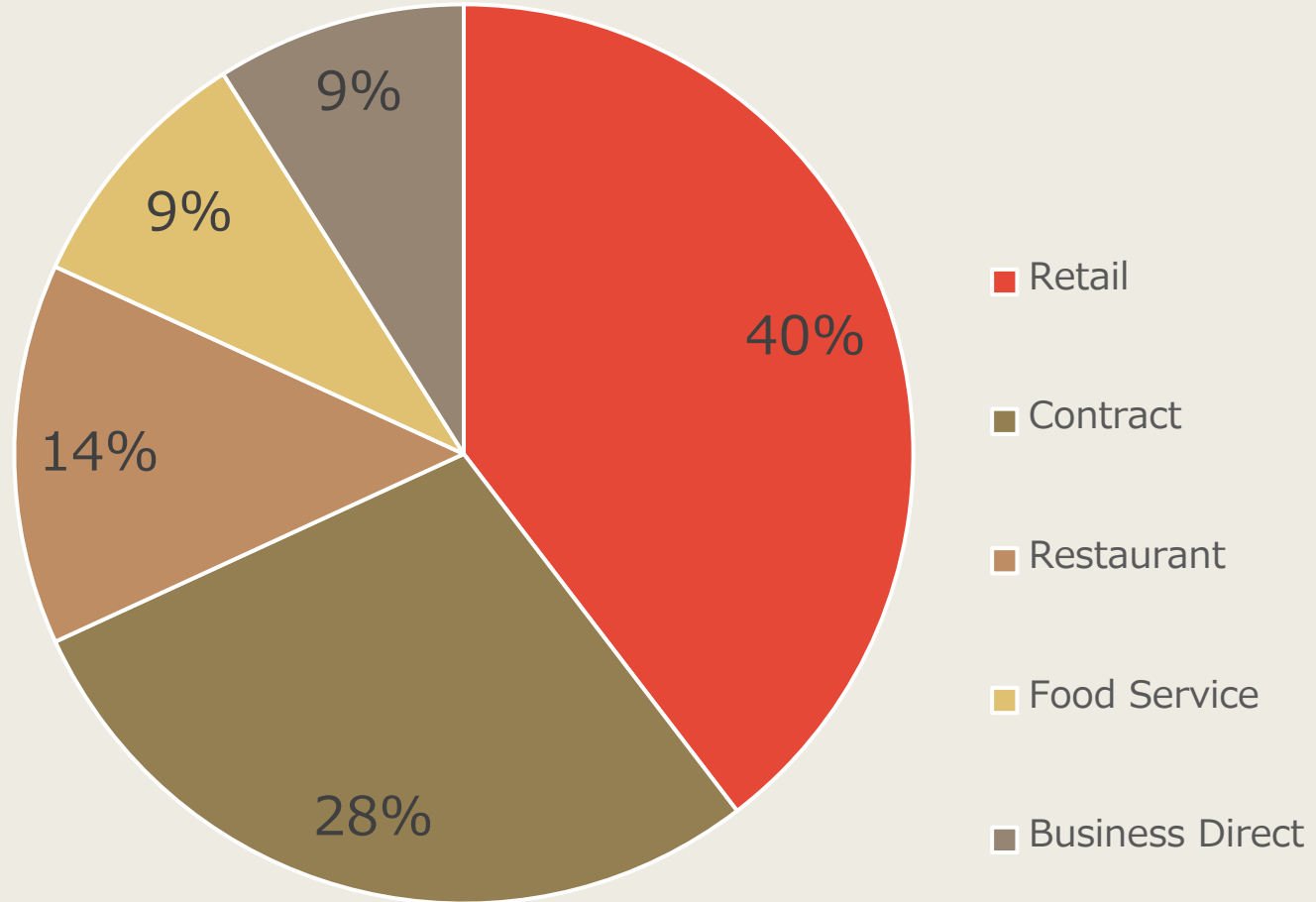
We share a vision of providing our region with direct access to locally produced foods while supporting the sustainability of our local farms.

Values:

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.



PSFHC Markets



PSFHC Markets:

2022 Sales: ~\$8.2m

Wholesale Markets:

- Retail Co-ops and Grocery Stores
- Institutions:

School Districts, Universities, Food Service Organizations

- Kitchens / Restaurants
- Business-Direct

Other Food Hubs, Farmstands, and Direct-to-Consumer Businesses

- Hunger Relief Organizations

Other Market Channels

Direct to Consumer:

- CSA Drop Sites (For member farms)

Contract:

WSDA's We Feed WA Program –fresh produce boxes for hunger relief organizations.



food hub
FRESH LOCAL PRODUCE

Fresh Produce Box

Remember to wash all unpasteurized fruits and vegetables with clean water!

Contents:

- Arugula
- Beets
- Carrots
- Kale
- Miscellaneous Greens
- Radish
- Swiss Chard

"Interesting" Vegetables:

Rhubarb - the pink stalk that looks like celery. You can peel off any tough outer skin and slice into 1/2 to 2 inch sections and boil with a sweetener of your choice until it breaks down into a chunky sauce. Adds a tartness to dishes - often served with strawberries in pie. Great on oatmeal.

How to use this box:
If you're stumped on what to do with this produce, we'd recommend:

Parboiled Beets:
Chop off beet greens - you can use these like Swiss chard in a stir fry. Rinse the beets, chop off the stringy roots, and place whole beets in boiling water for a few minutes. Pour out hot water and rinse with cold water. Once cool enough to touch, peel outer skin. Great chopped up on salads, roasted in the oven, or in your stir fry.

Summer Salad:
Follow Parboiled Beets recipe to prep beets, sautéed Arugula and parboiled beets. Rinse and pat dry the misc. greens, Arugula and beet greens. Rinse the carrots and radishes, slice thick. Chop the beet greens. Toss all together with your favorite dressing!

Quick Vinaigrette: 3 parts oil to 1 part vinegar. Salt, Pepper. Spices to taste. Olive oil recommended for flavor and nutrition. Add rhubarb sauce for tart/fruity taste!



PSFHC Services

- Distribution – both delivery trucks, as well as market channels that require an approved distributor.
- Sales Support – Full-time sales manager and sales lead generate opportunities for farmers, and work with buyers around the region.
- Customer Service – Full-time customer service team supports farmer-customer interaction for shorts, substitutions, and quality concerns (also provides sales support).
- Simplified Invoicing through Local Food Marketplace (online sales platform)
- Producers control wholesale price (but not our margin).
- Dry, Cooler, and Frozen Storage
- Leasable pack shed (currently subleased to a member farm)
- Receiving capacity – supplies can be cross-docked through our warehouse

How Do PSFHC Sales Work?

“Passive” Sales:

- Customers create an account in LFM, place orders as necessary
- Sales generated by word of mouth, and natural rotation of chefs and buyers throughout the local food system.

“Active” Sales:

- Sales team targets organization, works with lead buyer to create or expand local purchases.
- Sales team maintains customer relations – sales calls, extra service, purchasing plans, etc.

Order to Delivery

Regular Order Cycle:

- Two deliveries per week (Tuesdays and Fridays)
- Orders open Wednesday at 2:00PM for following week
- Farmers update their product availability Wednesday and Thursday
- Customers (or PSFHC staff) place orders up until order cutoff (12:00 Sunday for Tuesday, 12:00 Wednesday for Friday)
- Farmers receive pick tickets an hour after order cutoff, and have about 24 hours to pick, wash, pack, and deliver to an aggregation location.
- PSFHC staff receive deliveries, aggregate by customer order, and wrap pallets on Mondays and Thursdays.
- PSFHC Drivers arrive at warehouse at 4:00 AM on Tuesdays and Fridays, load up trucks, and start deliveries

Competition

Broadline Distributors:

- Often multi-state or international business – diversified offerings
- Commodity prices
- Inventoried Product
- Fast turnaround, (usually next day delivery)

Large-scale Farms:

- Economy of scale on produce
- Already competitive in the marketplace
- Many longstanding relationships

Collaboration

Broadline Distributors:

- Provide additional sales channels for our member farms
- Expand demand for local and sustainably sourced produce
- Have expanded logistical networks that we can tap into.

Large-scale Farms:

- Great partners/members if values align.
- Collaborate on hunger relief programs
- Advocate for WA Agriculture

Key Stages of Growth

- Stakeholder Interest
- Non-Profit/For-Profit Partnership – NABC/Cloud Mountain Farm Center/21 Acres/Bow Hill Blueberries
- Development – Membership engagement
- Investment – Full-time staff + Infrastructure
- Continued Investment – Departments, Projects, Contracts

Questions?



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