



Food Hub Feasibility in Southern Kennebec County

Findings from Southern Kennebec Food Hub Feasibility Study 2013

What is a “food hub”?

A centrally located facility with a business management structure that helps with collection, storage, processing, distribution, and marketing of locally produced foods.

Key Points from Farmers:

- Most farmers own and live on the land they farm
- Farms are a stable part of the local small business economy
- There is more land available for farming than currently being used
- Farmers currently have a limited distribution network
 - 94% of sales are direct through farmers markets and CSAs
- The current supply of locally grown produce does not meet institutional buyer demand
- Farmers could benefit from technical assistance and help with business planning in order to scale-up operations to meet demand
- Farmers are supportive of the food hub concept but are concerned about product pricing being less than what they currently receive through direct sales

Key Points from Buyers:

- Buyers are concerned about supply not meeting demand in terms of product type, quality consistency, and reliable delivery
- Buyers want to be involved in crop planning
- Buyers would want to contract with a food hub to address potential issues
- Buyers need to be assured that growers meet health and safety standards
- Buyers lack cold storage
- Buyers are very supportive of food hub concept, but can not pay the same price farmers receive from direct sales to consumers



Conclusions from the Feasibility Study:

- The majority (62%) of food hubs in the U.S. are less than 5 years old and are not yet financially profitable. There is little research on identifying factors which may contribute to the financial viability of food hubs.
- If the investor-owned food hub planned for Brunswick enters the market, there will be no need for an investor-owned food hub in southern Kennebec County.
- HCCA and WKEDA should not develop a nonprofit entity that will compete with private investment.
- Another hub would increase demand and drive up the cost of locally grown food. This would not be in the best interests of consumers or institutional buyers.
- For-profit food hubs owned by 3rd parties are wholesalers who cannot pay retail prices over the long run. Most food hubs' processing and distribution costs require a *minimum* of 20% discount below retail prices farmers receive from direct sales.
- HCCA and WKEDA can assume an important role in ensuring the viability of small farms and the adequacy of the supply of healthy food by working with growers and buyers to create a type of food hub that is an alternative to the investor owned model.

Healthy Communities of the Capital Area (HCCA) and Western Kennebec Economic Development Alliance (WKEDA) partnered to fund this study as their interests overlapped supporting access to local foods as a health issue and as an economic issue.

