

A Project of Community F.A.R.E.
Food - Advocacy - Resources - Education
in collaboration with the Common Market Philadelphia
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Feasibility Analysis for the Frederick Food Hub

Photo credit: Full Cellar Farm

Farm and Learning Center

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The Frederick Food Hub

a collective vision
to diversify, expand and safeguard a local healthy food economy that will preserve farmland, its integrity and biodiversity, in Frederick and surrounding counties, and ensure food access to the regional population.



Community F.A.R.E.- Food, Advocacy, Resources, Education (F.A.R.E.) is a not-for-profit organization located in Frederick Maryland - where history, agriculture, vibrant communities and nature all connect in one place. Community FARE works hand-in-hand with hundreds of volunteers from Friends of Frederick County, Stream Link Education and Community Renewable Energy, under the umbrella of Land and Cultural Preservation Fund, Inc (a 501c3) to support healthy, vibrant, diverse and resilient communities in our region and the Chesapeake Bay watershed. Since 2004 we have been a steady voice promoting growth policies and education that speak to development in and around municipalities over the conversion of farms, woods and streams to subdivisions, roads and strip malls. Each year Maryland loses 17,000 acres of open space due to poorly planned development¹.

Community FARE, founded in 2011, is joining the growing network of entrepreneurs in the USA that are using market forces to promote sustainable farming, public health, and to protect our precious soils, water and air quality. In 2015 we embarked upon a journey to learn more about the market demand, our local farm supply, and how to build a financially viable local food economy. We have documented much of our research interviews and questionnaire responses here. Throughout this study we identified challenges to sustainable land use management and opportunities for improvement as well as barriers to market entry for growers; Community FARE will work to build community partnerships to address those challenges.

The research was based on the premise that by creating the aggregation, distribution and marketing infrastructure (a “food hub”) to better connect the consumptive needs of urban Frederick and nearby urban centers with the production and sales needs of our regional rural farm community, the market demand for locally grown products will be able to flourish, and supply will increase to meet it.

It was also based on the growing market opportunity for local food. Since 2007 the number of farmers markets in the USA has increased 180%, we’ve seen that happen in our region as well. Food hubs around the nation have increased 255%, and in farm to school programs by 430%². Millions of dollars are reinvested in communities around the nation with the purchases of local food.

An enterprise focused on selling farm product wholesale to institutional markets will improve the economic viability of our region’s farms, individual farm stability and expansion, agricultural service industry stability and growth, value-added production and incubation of new businesses and jobs, reverse the trend of farmland loss to suburban sprawl, provide market driven incentive for growers to improve their land stewardship practices, and preserve the rural culture of the Frederick County region. This is Community F.A.R.E.’s aspiration.

¹1000 Friends of Maryland, Land Preservation: <http://friendsofmd.org/index.php/priority-issues/land-preservation>

² Wallace Center, National Good Food Network, W. Gray presentation March 2015.

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Executive Summary

Marylanders consume over 2 billion pounds of vegetables/year, yet we produce less than 200 million pounds/year and a good portion of that is sold outside the state³. With well over 90% of our food originating outside Maryland, our food dollars are also going out of state.



Frederick, Carroll and Washington Counties are some of the most productive agricultural counties in Maryland. Frederick accounts for 10% of all the state's farmland and has more organic farms than any other. Washington County ranks first in fruit, tree nut and berries, and Carroll County harvested 3283 acres in vegetables and has 517 acres in orchards⁴. And there are thousands of fallow acres of agriculturally zoned land.

Our year-long food hub feasibility study found strong institutional and retail demand for locally grown food, and a willingness on the part of growers to meet that demand. We also identified the key obstacles that must be overcome, and have identified priority steps that need to be taken to kick start the local food economy.

On the supply side, our research included a 34-question "Community Food Assessment" survey sent to 212 small/mid-sized mostly organic farmers, and a 25-question, in-person interview with 13 vegetable, fruit, and meat farmers. As of June 2016, 13 farms expressed interest in the Frederick Food Hub and signing onto the Frederick Food Hub Virtual Market Place (FFH-VMP), which will connect them to wholesale sales opportunities for their products. The initial 13 farms translate to 1166 acres in vegetable, fruit and protein production, with an additional 338 more acres available once markets are established.

As just one expression of the need for a food hub, most of the producers interviewed lack relationships with wholesale markets and the time needed to develop a trusted business relationship. As a case in point, Community FARE was able to help farmers communicate with buyers and has already supported the conversion of 40 fallow acres to vegetable production for grocery stores this growing season. Five of the 13 farms that show the greatest potential for fruits and vegetables have 404 acres in production and approximately 255 acres available to grow more product in the 2016 growing season (2- Carroll County, 2- Frederick County and 1 Washington County). Four cattle operations interviewed expressed strong interest in expanding into local markets. There are over 20 Amazing Grazers in the tri-county region with wholesale potential for beef, lamb and chicken. We have yet to scratch the surface of the production potential and have compiled a target list of 300 small and mid-sized farms in the tri-county area to interview for their interest in working with the FFH-VMP to market their products to regional institutions.

Critically, however, most fruit and vegetable farms in Frederick, Carroll and Washington Counties do not operate on a large enough production scale to enable easy access to the mainstream wholesale and distribution network. These same small to mid-sized farmers often

³ Maryland Grown I: How we grow compares with what we eat, April 2015, Johns Hopkins Center for Livable Future.

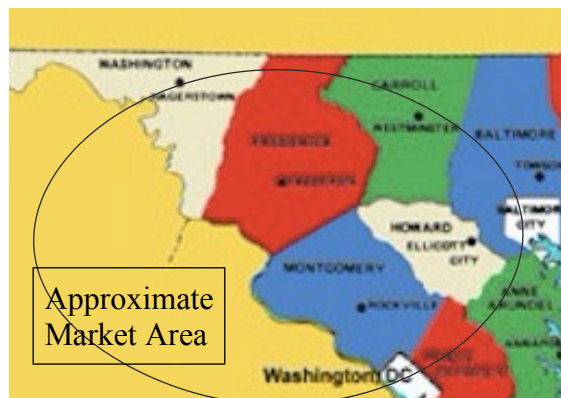
⁴ <https://www.agcensus.usda.gov/index.php>

cannot adjust their budgets to compensate for business development, marketing or additional transportation and delivery methods.

There are about 40 farmers markets in the tri-county area that provide an important outlet for farmers to sell their food at retail prices. However, many of the high value farmers' markets in Washington DC are saturated and not accepting additional growers⁵, leaving growers with only local market options. Most farmers we spoke with would like to diversify their market options to include wholesale.

On the demand side, we conducted a 28-question interview with 17 managers of retail (6), retail food service (3) and non-retail food service institutions (8), many of which gave us product procurement data to share with the growers.

Community FARE found incredible untapped market potential in Frederick, Carroll and Washington Counties and the Washington DC metropolitan region. Estimated demand looks to be far greater than the current supply for local fruit, vegetables and proteins to be included in school lunches, college cafeterias, restaurants and retailers, indicating that scaling up production will be necessary. There are 8 institutions that want to buy from local farms as soon as possible, and a greater number expressed interest along with concerns relating to institutional procurement challenges. The public school system has begun to buy local sweet potatoes due to our efforts to bring an interested farmer to them. Every restaurant in the survey was enthusiastic about a food hub and wanted to learn more; there is demand for specific high-value farm products. We found consistently strong demand across all markets and sectors for locally grown food of all types; fruits, vegetables, grains, and protein.



A centralized food hub is the critical missing ingredient that can build the infrastructure needed to bridge the gap between supply and demand while overcoming the cultural and institutional barriers standing in the way of a more vibrant local food economy in the Frederick county region. An independent economic impact analysis conducted for this study showed that the Frederick Food Hub has the potential of having a regional economic impact of nearly \$8 Million over five years while creating close to 50 local jobs.

Moving forward we see three priorities steps that a local food hub would take:

1. **Production Planning:** Plan production in Fall 2016 (agreement on varieties, quantities, price range) with the most interested buyers and farmers for 2017 seasons.
2. **Basic Infrastructure/Staffing:** Secure support for first year production planning, infrastructure and staff, business planning, farmer training, and involvement in regional planning for distribution and coordination.
3. **Business Planning:** Under the guidance of regional professionals develop a business plan for the Frederick Food Hub.

⁵ M. Koch, Fresh Farm per comm May 2016.

Please contact Community FARE for more information and updates.

Acknowledgements

Many thanks to both the Town Creek Foundation (TCF) and the Foundation of Sustainability Initiatives/Fox Haven Organic Farm and Learning Center (FHOF) for their support of this study, and to FHOF for their initial support for the Community Food Assessment. In particular we thank TCF's Meredith Lathbury-Girard and Megan Milliken who asked challenging and necessary questions early on in the process. Their support for Community FARE has allowed us to take a leadership role in the local food system "revolution."

We wish to recognize the supportive contribution of the Common Market Philadelphia, in particular Haile Johnston, Sam Arnold and Hannah Jo King, for enabling us to demonstrate viability for a food hub in Frederick, Maryland, assess the right strategy for implementation and evaluate the local economic impact. We also wish to recognize the USDA *Know your Farmer, Know your Food* initiative for their programs supporting the many links in the local and regional supply chain. When a backbone institution endorses growing the local food economy, people and institutions take note.

We appreciate all the institutions and farmers who took the time to answer surveys and meet with us to discuss supply and demand. We absolutely expect that their investment will pay off in spades with a thriving local food economy in the near future.

Many thanks to the Wallace Center and the National Good Food Network, in particular Will Gray, for inviting Community FARE for food hub entrepreneur training and site visits, continual feedback, and the opportunity to learn through their webinars, documents and community of practice. And we must mention the importance of both Future Harvest - Chesapeake Alliance for Sustainable Agriculture and the Chesapeake Foodshed Network for their leadership and education on sustainable agriculture and food systems change, not only are they informative but also provide both the compass we (food entrepreneurs) need on this journey and the fundamental moral support to keep at it!

Study Team and Document Contents

The study team for the Frederick Food Hub feasibility assessment was able to secure funding to build a team of project consultants and partners with needed skills to do the Supply and Demand, Sustainability and Business Model (feasibility) for the Frederick Food Hub. That work is reflected in this document.

The individuals and organizations contracted to lead the study and or contribute expertise and guidance to it were:

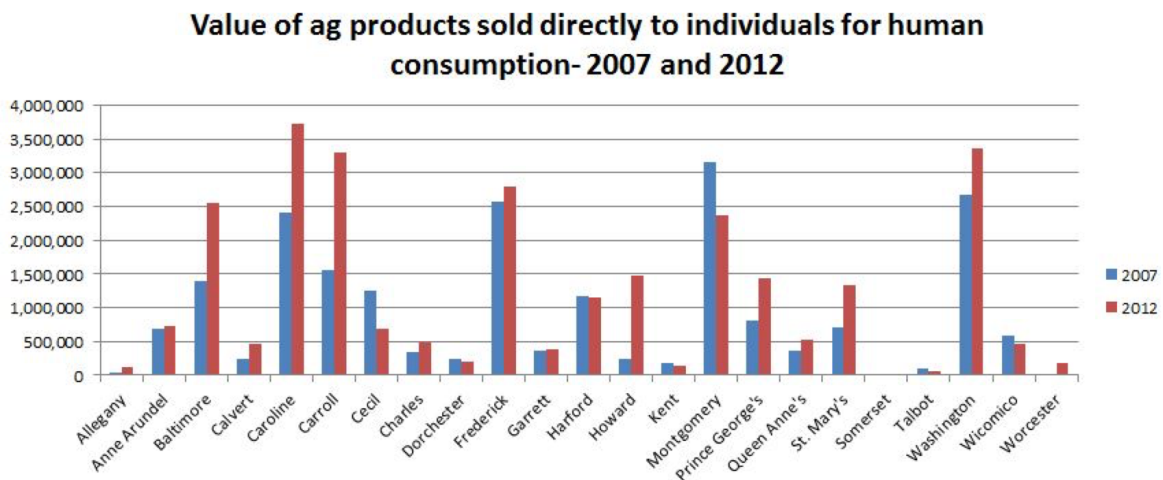
- Community FARE (Janice Wiles) – supply and demand survey coordination, data review and presentation and preparation of document.
- Common Market Philadelphia (Haile Johnston/Sam Arnold) – Guidance for oversight and review of supply and demand survey, and food hub economic impact analysis
- Community FARE's Advisory Committee organized educational events, helped with interviews, wrote articles, investigated properties and provided necessary feedback throughout the process.

Introduction

Our nation’s industrialized food system contributes to decline in human health, negative environmental impacts and economic hardship for our rural communities - in particular the small and mid-sized farmers. The growing interest among consumers to buy locally and organically grown food may indeed be a response to the aforementioned challenges. In 2008, \$4.8 billion was spent on local food; by 2014 that number had increased 138% to \$11.4 billion⁶.

Our nation has seen an increase of 150% in the number of farmers’ markets over the past decade. The value of agricultural products sold directly to consumers in Washington, Carroll and Frederick Counties rose by \$2,900,000 between 2007-2012⁷ (see Figure 1). Yet, despite this rapid growth in direct farmer-to-consumer sales, 99% of our food in the USA is purchased from venues that source through wholesale markets. Of the \$16.8 billion spent each year on fruits and vegetables in the Washington DC metropolitan area, less than 7% is spent on those produced locally⁸.

Figure 1 Between 2007-2012 direct sales of agricultural products from Washington, Carroll and Frederick Counties in Maryland increased \$2.9 million, from \$6.6 million to \$9.5 million.



The Frederick Food Hub (FFH), a place that markets local food, aggregates and distributes it to fulfill regional institutional demand is envisioned as an intervention to advance Community FARE’s mission *to help safeguard a diverse and healthy local food economy that will preserve farmland integrity and biodiversity and ensure that food grown here is accessible to residents of Frederick County and its regional neighbors*. Creating the infrastructure to connect farmers to fair and transparent market opportunities is perhaps the best way to improve the vibrancy, viability, and diversity of regional agriculture. It is, in fact, the disappearance of this infrastructure – both social and physical – that has contributed to the decline of rural economies in many regions of the country while food systems have shifted from a regional orientation to a global one.

⁶ USDA Economic Research Service.

⁷ Maryland Grown I: How we grow compares with what we eat, April 2015, Johns Hopkins Center for Livable Future.

⁸ (Arcadia Food Hub, Alexandria VA <http://www.arcadiafood.org/programs/food-hub>)

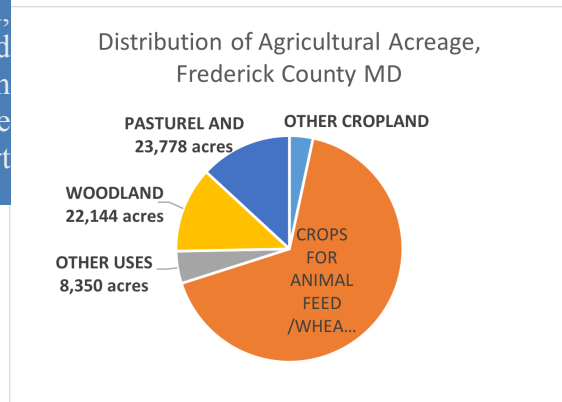
In communities like Frederick and the surrounding counties, the disappearance of farm activity has been exacerbated by population growth of the Washington, DC and Baltimore suburban sprawl. The Frederick Food Hub seeks to counter these trends by offering a viable economic alternative for farmers and policy makers to justify investment in the growth of sustainable agriculture and implementation of wise land use legislation.

The Food Disconnect

As demand grows, agricultural counties like Frederick, Carroll and Washington in Maryland are poised to grow more, sell more and eat more local food. The 3 counties combined have over 3300 farms and over 451,000 acres zoned in agriculture. Much of that

A recent Johns Hopkins Center for a Livable Future study reports that most food produced locally does not stay within the state and is consumed by people outside of Maryland. And, that consumption numbers for fruits and vegetables are much higher than production numbers, meaning our food dollars are leaving the state to buy fruits and vegetables and transport them here.

farmland is tied up in commodity crops that are shipped elsewhere to feed animals. A look at the current numbers for Frederick County alone demonstrates what might be achievable for local food supply. The County has 181,512 acres of land zoned for agriculture. In 2007, 70% of that was in use for crops of which 66% (120,948 acres) was in production of commodities/animal feed. The remaining crop land, 6,110 acres, could theoretically be utilized for human food⁹.



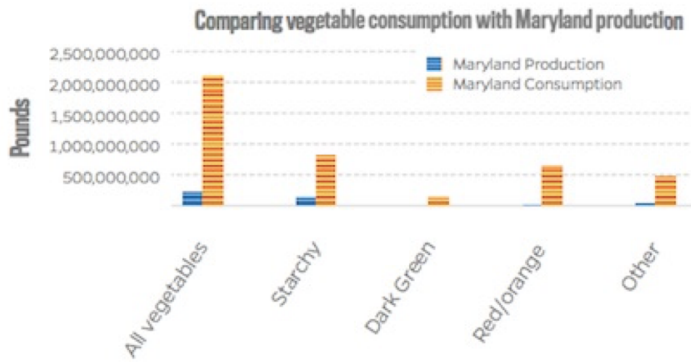
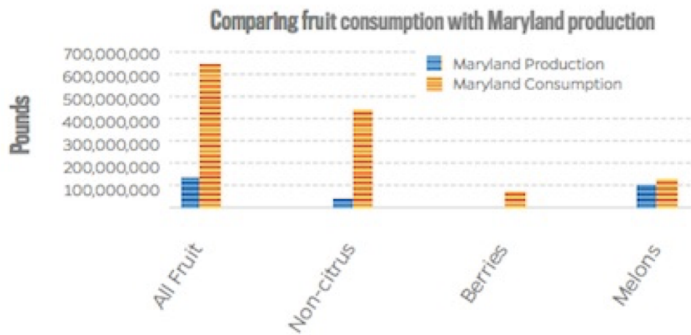
According to estimates made in 2011 (Fergusson, Frederick County) just 2,665 acres is needed to produce enough berries, melons, vegetables and fruit to satisfy resident demand. With 6110 acres of cropland currently not in use for commodity/animal feed production (see Figure 2) is more than enough to meet local fruit, vegetable, berry and melon demand. Within Frederick County alone we have the land available to supply more than enough produce to feed our own, and produce enough to send to other regional institutions.

Figure 2 Total agricultural acreage: 181,512

Total cropland acreage: 127,054:

- 120,948 is growing feed for animals and wheat
- 6110 is available for food and fiber production.

⁹ USDA Agricultural Census 2012.



Community FARE collected data that show there is an abundance of fallow farmland on small and mid-sized farms. We understood from our survey that in large part farmers are reluctant to increase acreage without secure markets for their products, and scaling up presents labor and investment challenges many are not able to face.

For the most part, small and mid-sized farms in Frederick, Carroll and Washington Counties do not produce enough to easily gain access to mainstream distribution networks. They often lack resources for business development, marketing and transportation.

In 2015, Community FARE learned that over 86% (of the farmers who responded to our survey, N = 55) said that marketing support was needed, and they were reluctant to increase production on fallow acreage without solid market opportunities. Those same farmers collectively farm over 3,000 acres; among them they have another one-thousand acres lying fallow that would be farmed if markets existed.

Truth be told, markets for wholesale do exist, gaining access is the challenge. [This suggests that the supportive services of a food hub are needed to facilitate access to wholesale markets.](#)

Snapshot of Frederick MD and the Frederick Food Hub work so far

In 2014, thanks to support from the Fox Haven Organic Farm and Learning Center, several organizations, businesses and farm owners we initiated our work with a grower survey. The survey was sent to 212 small and mid-sized farms in Frederick, Washington and Carroll Counties to assess interest and need in creating a value-based food aggregation/distribution and marketing center; “a food hub.” The survey results from 55 growers (see Appendix 1) indicated interest, potential and need for a food hub and created momentum to take the next steps in the feasibility analysis. Key challenges and opportunities underscored in the survey findings were:

- Sixty-five percent (65%) of the farmers expressed interest in having a local aggregation, distribution and marketing facility, (and that was before a presentation by the Wallace Center that clarified the importance of food hubs in building market demand and subsequent potential for scaling up).
- The respondents collectively farm over 3000 acres. In addition, they have amongst them 1,051 acres of fallow ground that many said would be put into production with easier

access to markets; over 72% of the 55 survey respondents reported that if demand for their products were greater they would expand production.

- A majority of the producers who responded grow vegetables, fruits and eggs and sell them at farmers' markets. Many of the small and mid-sized farmers spend several days a week driving their produce to markets in Washington DC and Baltimore.
- Seventy-three percent (73%) of the survey respondents are USDA Certified Organic, followed organic practices, but were not certified, or a mix of the two.
- Eighty-six percent (86%) of respondents were interested in support for marketing their product.
- Fifty-two percent (52%) make only 25% of their living wage in farming. From follow up conversations we learned that all who were working as part time farmers were interested in full time farming.

Through subsequent interviews (December 2015-March 2016) we learned that many of the high value farmers' markets are saturated and not accepting additional growers. In 2015, Farm Fresh (<http://freshfarmmarkets.org/>) received 150 applications for its 13 Washington DC markets but could only accept 130. Several farmers we spoke with want market diversity, with much more of their market share in wholesale to institution.

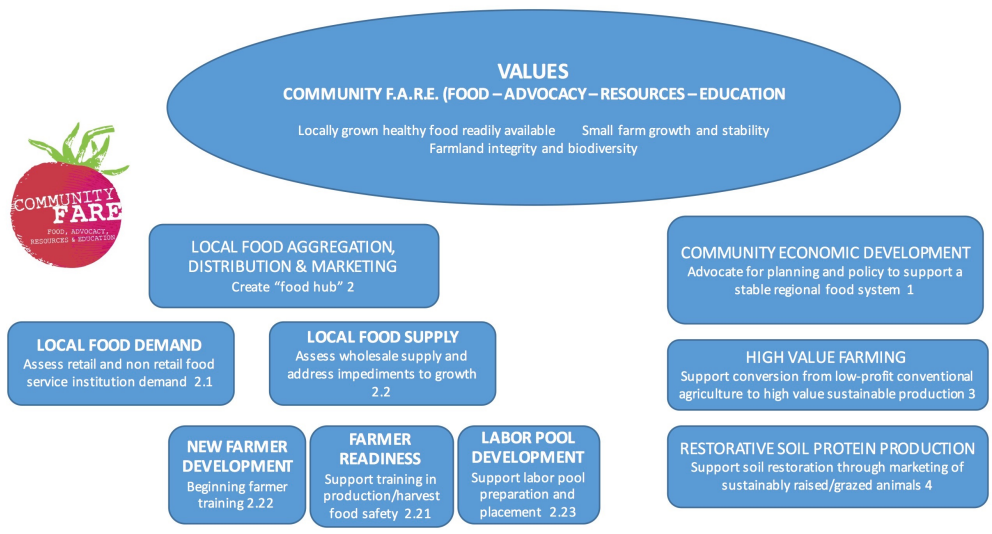
Barriers and Constraints to achieving Community FARE's value mission

In a 2008 opinion poll in Frederick County, residents overwhelmingly said that one of the major threats to our region was loss of agricultural land and farming. Citizens and leaders alike have expressed their *hope* for the continuation and success of local agriculture yet we have no programs to aggressively address the farmland and farming losses that have plagued our region. Having data to substantiate claims and target projects is critical. *The future of agricultural production and the viability of productive, diversified, and sustainable farms are far too important to be left to hope.*

Community FARE asked questions during the survey and interviews with farmers to identify constraints and barriers with supply that need to be addressed for more land to be producing sustainably grown/raised product for institutional markets. The work plan diagram (Figure 5) illustrates what we see to be critical components to promote sustainable agriculture in Frederick County and surrounding jurisdictions.

Community FARE is working to address new farmer development, farmer readiness and labor pool development through partnerships and alliances for training, education and collaborative projects with government and private organizations in our region, state and nation. By creating a center to market, aggregate and distribute local food, we intend to enable more small scale farmers in our region to make a higher percentage of their income from farming, improve food security, create jobs and increase access to local food in food desert areas in urban and rural Frederick County and the surrounding region.

Moving healthy food into schools, hospitals, supermarkets, restaurants, food banks and other institutions
Community F.A.R.E.'s work in Frederick County MD and the surrounding region



Research and Analysis

Food Distribution Collaboration and Competition Analysis

Community F.A.R.E.'s Frederick Food Hub business model is driven by a mission *to help safeguard a diverse and healthy local food economy that will preserve farmland integrity and biodiversity and ensure that food grown here is accessible to residents of Frederick County and its regional neighbors*. The Frederick Food Hub (FFH) is proposed as a wholesale distributor of locally and regionally produced foods, sourced directly from local and regional farms, in either a “market-ready” form or in raw form that it will process into a market-ready product. Frederick Food Hub will work directly with regional farmers to move their products to nearby markets, eliminating the various intermediaries typically present in the current long-hauling, industrialized food distribution chain. Additionally, we hope to create market demand for greater production, incubation of new food businesses and the growth of local processing activity. Community FARE believes that the food hub business will drive product diversification, expansion and access of healthy food for the citizens of Frederick County and surrounding jurisdictions. We believe that FFH fills a niche in our community; it complements other efforts to bring local food to our local population such as farmers’ markets, food to fork events, community-supported agriculture and home delivery of local dairy and products.

One of the critical decision points in this process requires an analysis of the many business operational models used to move local food to institutions. The options we consider are:

Wholesale Distribution

Model: “The Classic Model,” where the food hub owns trucks and a warehouse, and offers aggregation and distribution of local foods to wholesale customers.

Example: The Common Market, thecommonmarket.org, or Cherry Capital Foods, cherrycapitalfoods.com

Retail Partner Hub

Model: The food hub works with a retail chain on sourcing, pricing, and marketing of local foods. The food hub might take care of the aggregation as well, and lease warehouse space from the retailer’s warehouse.

Example: Good Natured Family Farms: <http://www.goodnaturedfamilyfarms.com/>

Marketing

Model: The food hub develops a local brand, packaging, and marketing material to differentiate local products, and coordinates logistics and relationships between conventional distributors, transportation logistics groups, and the farmers. The food hub does not take possession of food and is therefore an “infrastructure-less” food hub.

Example: Red Tomato, www.redtomato.org

Virtual Food Hub

Model: The food hub sets up an online marketplace where farmers post what foods and quantities they have available, and buyers can order online at specified times. Buyers and sellers have hard deadlines for posting, ordering, and delivering food to an aggregation point or directly to customers.

Example: Chesapeake Farm to Table: <http://www.chesapeakefarmtotable.com/about/>

Example: Lone Tree Foods: <http://www.lonetreefoods.com/how-it-works/>

Producer Co-op:

Model: The food hub of growers works together to coordinate crop production to complement one another rather than compete. They grow for their own markets and grow for the co-op that works to provide market access. The markets are divided fairly and decisions are made cooperatively. The co-op provides services that each individual farmer could not give on his/her own

Example: Tuscarora Growers Cooperative: <http://tog.coop/>

Example: Lancaster Farm Fresh: <http://www.lancasterfarmfresh.com/>

CSA Food Hub:

Model: The food hub buys food from farmers in the region, aggregates it and distributes it to individual consumers who place subscription or weekly orders for mixed

Example: Hometown Harvest <http://hometownharvest.com/>

There are many food hubs and businesses developing in our region that can support our goals or conversely compete within the local food space. Our attempt in this section is to analyze nearby and regional organizations and businesses aggregating, distributing and marketing local food, as well as wholesale distributors selling food to institutions in our area. We seek to discern where there is potential collaboration for improvement of the regional food system, or if a business could compete and perhaps even lessen the likelihood of Community FARE promoting its values and achieving its goals.

The following list is comprised of suggestions from colleagues in our regional foodshed and from the Wallace Center list of “Food Hubs” and a web search for nearby values-based food distribution hubs. When conducting interviews with retail and non-retail institutions in our region we learned of wholesale distribution businesses that sell produce and meat to them; for the most part these businesses do not share our value of supporting local farms, protecting farmland or providing healthy locally grown food access to the local population. They are in the business of supplying food and, in general, their sourcing decisions are based on the best (cheapest) price. Some of them are working to source locally; just one has reached out to farms in this area and will begin in 2016 to source from a Carroll County farm.

In order to simplify this analysis and recognize the differences between the organizations and businesses, they are categorized:

- Non Profit Value Based (NPVB), local food wholesale to institution (including restaurant)
- Cooperative Value Based (CVB), local food wholesale to institution (including restaurant)
- For Profit Value Based (FPVB), local food wholesale to institution (including restaurant)
- For Profit (FP), wholesale to institution (including restaurant)

NPVB, CVB, FPVB, FP	Value	Food Source	Customer Base (include County)	Overlap (considering values)
NPVB: Arcadia Foods,	Equitable/sustainable local food system in Wa, DC area	Unable to get specific information, believe small to mid-sized farms in VA	Institutions and Individuals (CSA mobile market)	No

Alexandria, VA				
NPVB: Local Food Hub, Charlottesville VA	Local food access	5-10 acre (avg) farms in VA	Institutions and CSA, Charlottesville, DC	No
NPVB: Poolesville Food Hub, MD	Local food access, in study phase	Plan in development, most likely Montgomery County Agricultural Reserve	Montgomery County/DC	No
NPVB: Common Market Philadelphia	Strengthen regional farms, local food access to Philadelphia community	Farms (avg size 125 acres) in NJ, PA, MD within 150 mile radius	Public and independent schools, universities, hospitals, retail food coops, supermarkets, non profit organizations, elder care facilities, value added producers, food trucks	Not currently.
CVB: Garrett Growers (100% farmer owned)	Sustainably produced food, marketing service at low cost to growers	Small and mid sized Garrett County Farms	Local (Garrett Co) restaurants, grocers and through a weekly Veggie Box subscription delivered to homes and businesses.	Could be product source
CVB: Valley Co-op	Community involvement and sustainability	Small and mid sized farms	Individuals: retail and online sales, Hagerstown MD	Source from growers in tri-county area
CVB: Common Market Coop	Sustainability through food purchases	Organic/150 mile radius, buy from 12 farms in Frederick, Washington and Carroll Counties	5100 individual members and their families	Yes, but CMC is interested in buying from food hub and gave us a list of products
CVB: Tuscarora Growers Coop	Organic, sustainable farms	44 member producers and an additional 15 growers	PA, DC, MD retailers, restaurants, CSAs and farmers markets	Some competition for markets
FPVB: Hometown Harvest	Local, sustainability, support small farmer extend growing season w greenhouses	33 MD farms, 13 PA farms, 4 VA farms	Delivery to homes in DC, MD, VA using 5 refrigerated trucks	Source from local farms.
FPVB: Chesapeake Farm to Table	small farm support, sustainability	18 small sustainable farms	Restaurants in Baltimore, online ordering	Not currently.
FPVB: My Organic Market	To protect and restore the environment	100% organic, interested in local	Retail grocery stores in MD (8), PA (1), VA (5), Washington DC (1), 4 more stores coming soon	Not currently.
FP: Performance Food service, New Windsor MD	X	Unsure	Institutions, offer menu planning, special orders	No
FP: Coastal Sunbelt, Savage MD	X	Hired person to find local farms, have begun sourcing in Carroll County.	Sell non-locally grown food to institutions.	Very little now, but are actively pursuing sources in tri-county area
FP: Food Pro (formerly FPC), Frederick MD	X	unsure	Restaurant supply, food service distributor in N VA, MD, DC and PA	No
FP: James Avery Clark and Sons, Frederick MD	X	Jessup MD	Distributor of food to 200 restaurants and other institutions in Frederick City and County; small, uses fax and telephone only.	No

This analysis reveals that there is most likely a lot of space for collaboration and networking to augment locally sourced sustainably grown farm product in our community. We will probably encounter competition for product with the Common Market Co-op (Frederick, MD), the Valley

Co-op (Hagerstown) and with Hometown Harvest. However, our aim is both to support farmers who wish to move from direct sales to wholesale, and who wish to expand production so that we enhance the movement of local goods and support the local farm economy. Increasing demand is a strong driver for increasing production. Additionally, while we did not analyze the potential supply and demand for value-added product; there appears to be ample interest to investigate that further.

Wholesale Demand for Local Food

Potential markets for the Frederick Food Hub (FFH) were identified and categorized by 1) retailers, 2) retail food service, and 3) non retail food service. Breaking this down further we sorted potential customers:

- Retailers – food co-ops and grocery stores
- Retail Food Service – restaurants and coffee shops
- Non Retail Food Service – institutions and caterers

Community FARE (CF) interviewed 6 retail, 3 retail food service and 8 non retail food service institutions using a 28-question questionnaire to assess potential markets and interest. CF's team was comprised of at least 2 interviewers, one who served as a scribe.

The survey questionnaire was designed to obtain information from potential markets in order to assess strategic opportunities and potential, such as: business operation, core values, purchasing and replenishment processes (including ordering, delivery and billing), local sourcing and local sourcing interest, quality and packaging requirements, customer demographics and barriers to sourcing food locally.

Below are the specific questions asked to potential buyers, procurement managers, owners and chefs.

Operations

1. What is your ordering process?
2. How often are items ordered?
3. How do you place your orders (phone, fax, email, website)?
4. What are your delivery expectations? (pick up, delivery, etc.)
5. What types of products are you interested in?
6. How is your food service operated?
7. How many meals do you serve on a regular basis (day/week/month/year)?
8. Do you cook from scratch? What kitchen constraints or cooking restrictions do you have?
9. What are the demographics of your customers?

Food

10. What drives your purchases: product quality, social values, or price [quality organic for produce, pastured for meats, dairy, poultry, eggs]
11. How do you value the local / organic / conventional options? (local/organic; local/conventional; organic; conventional)
12. Do your customers care or ask for local or sustainable foods?
13. Do you purchase locally produced agricultural products? If so, what local products do you purchase?
14. For locally produced items, how important is it to maintain the identity of farms producing them (branding)?
15. Is buying local a stated priority for your business or administration?
16. How much cost flexibility do you have for higher quality items?

17. What are your quality requirements for produce, dairy, and animal products? [USDA grades; organic vs. conventional, pastured animal vs. CAF products]
18. Do you require food to come from GAP certified farms?

Vendors

19. How much of each item do you purchase every year and what price do you pay?
20. How many suppliers do you have?
21. Who are the vendors you work with? Do you have a broadline distributor? Do you have a produce vendor in particular?
22. Can your current vendors meet your demand for local food?
23. How much do you buy from regional sources?
24. Are there products you wish you could have that you can't currently find?
25. How much flexibility in order size is important?
26. What barriers are there to sell to you?
27. Does Fresh Point deliver to you?
28. How important is buying from one vendor for you?
29. What do you see as barriers to purchasing more locally produced foods?

Retailers – food cooperatives and grocery stores

In Frederick, Carroll and Washington Counties there are approximately 100 retail grocery stores, including food cooperatives. Not included in this number are the many corner stores and country retail locations (restaurants that also have a retail counter) that sell goods but aren't in the grocery business. In addition, there are farm stands that aggregate foods from farms and that could serve as retail outlets. With one exception, Community FARE interviews were focused on retail outlets where clients seek to purchase local and sustainably grown food, i.e. the “low hanging fruit” markets.

One retailer chain with stores throughout the Mid Atlantic has set itself a goal of sourcing 15% local by 2020. It is unclear at this point if this retailer will use the services of a food hub for its produce; their expressed preference is to work directly with mid-sized farms directly. Another retailer is interested in working with a food hub, but does not order online and will need to inspect the food hub facility before agreeing to work together (i.e., this will not work for a virtual food hub).

Community FARE was able to obtain lists for products that these retailers typically buy - something that should help guide growers in their 2017 planning.

Retail Food Service – restaurants and coffee shops

There are hundreds of unique, family, menu, sit down, casual and fine dining restaurants in Frederick, Washington and Carroll Counties. Among them there are top chefs, restaurant events and special attractions, and ample opportunity to not only supply the normal produce from our farms but also to test out new varieties for our chefs to work with. Additionally, there are coffee shops, sandwich shops, specialty pizza places and innovative eateries starting up in Frederick City that draw hundreds nightly.

We chose to interview a traditional Frederick restaurant owner, a downtown restaurant that has been buying local for decades, and another newer restaurant that has been buying and promoting local since it opened 7 years ago. We didn't even scratch the surface within the restaurant scene; there is tremendous opportunity to explore.

Due to the hectic and constant -demand -nature of the chefs' job, it has become apparent that the only way to get their attention is to offer - and show them - product. Having product lists in hand and going to their place of business may be the best way to begin to build those relationships. Farm to Fork, an annual event in Frederick County that celebrated local food in restaurants, will not continue in 2016. Aside from the few restaurants who have made the effort to find farmers who can produce for them, and deliver - all with relative ease of transaction - there are few easy opportunities for chefs to find and use locally grown fruits, vegetables and proteins.

Non Retail Food Service – institutions and caterers

There are three college campuses in Frederick County, two in Carroll and two in Washington County. Frederick County Public School system alone has 68 schools and in 2015 there were 40,720 students enrolled; the schools serve over 20,000 meals each day. There are 25,551 students in the Carroll County Public Schools, and more than 22,000 in the Washington County Public Schools. The Maryland School for the Deaf, a state institution located in Frederick City, serves about 500 meals/day. There are 32 private preschools, elementary, middle and high schools in Frederick County alone with approximately 3600 students. There are correctional institutes, hospitals, retirement and assisted living facilities where meals are prepared daily for residents and visitors.

The public school systems serving the 3 counties service well over 60,000 lunches daily. The potential is much greater than that. And then there are the colleges and universities. We believe that with the pressure on to increase local food access, there will indeed be a demand within many of the schools in the near future. Getting started with several of these opportunities and testing them will clarify the processes, the challenges and the preparedness necessary for the 2017 growing season planning.

Wholesale Supply of Local Food

As demand grows, agricultural counties like Frederick, Carroll and Washington in Maryland are poised to grow more, sell more and eat more local food. The 3 counties combined have over 3300 farms and over 451,000 acres zoned in agriculture. Much of that farmland is tied up in commodity crops that are shipped elsewhere to feed animals. A look at the current numbers for Frederick County alone demonstrates what might be achievable for local food supply. The County has 181,512 acres of land zoned for agriculture. In 2007, 70% of that was in use for crops of which 66% (120,948 acres) was in production of commodities/ animal feed. The remaining crop land, 6,110 acres, could theoretically be utilized for human food.

For this Feasibility Study, 13 farms were chosen for more in-depth interviews from the dataset developed during our 2014-15 survey, from our personal contacts at open markets, from the Amazing Grazers Network farms (Appendix 10), Maryland Department of Agriculture Certified GAPs farms and USDA Certified GAPs farms within Frederick, Carroll and Washington Counties (Appendix 11) and from the USDA/MDA list of Certified Organic Farms in Frederick, Carroll and Washington Counties (Appendix 12). The farms were classified as fruit farms, vegetable farms, meat farms and diversified farms (where the farm produces fruits, vegetables, meat and eggs).

Community FARE conducted on-farm interviews to see their operations and more clearly understand the farmer and their family's personal and business challenges and opportunities. During those farm visits we asked thirty-four questions (below) about general farm operation information, farm product, wholesale market readiness of product, marketing and sales, farm expectations from a food hub, and other needs and interests.

1. How long have you been farming?
2. Where is your farm located?
3. Is farming your full-time (or primary) occupation?
4. Briefly describe your farming operation
5. How much land do you farm?
6. Is your farm currently operating at full capacity?
7. Do you have plans to expand (or contract) your farming operations in the near future?
8. What is produced at the farm?
9. What are the "marketable" products?

Frederick County

- 1308+ farms
- 181,512 acres zoned for agriculture
- produces \$150 M/yr in agricultural products
- more farms/county of any in MD
- more certified organic farms/county of any in MD
- 10% of all the state's farmland

Washington County

- 860 farms
- 129,600 acres zoned for agriculture
- ranks 1st in Maryland for sales of fruits, tree nuts and berries
- 1st in inventory of hogs, pigs and ducks
- 3rd in inventory for sheep and lamb

Carroll County

- 1150 farms
- 140,000 acres zoned for agriculture
- produces \$87 M/yr in agricultural products
- average farm size is 139 acres
- 3,283 harvested acres in vegetables

10. Is there a product or products that you specialize in or have a reputation for?
11. What is the annual volume produced at your farm?
12. Describe the volume in terms of seasonality.
13. Are there specific production cycles that pertain to your operation or type of operation?
14. Wholesale Market readiness of products:
 - What do you produce that is market ready for wholesale trade? How so?
 - What do you produce that is not market ready for wholesale trade? What needs to be done in order to make it market ready for wholesale trade?
15. What resources do you have at your farm (or at your disposal) to prepare products for market?
 - Do you have any of the following: packing line for produce, sorting, grading, storage, cooling, refrigeration, and freezing facilities.
16. Do you participate in any certification programs such as organic certification, food safety certification, GAP certification, special product licenses (e.g., raw milk license), or any other regulatory or voluntary certification program? Please describe.
17. Do you have any barriers to accessing capital?
18. Describe how you sell the production from your farm?
 - wholesale / direct retail
 - sales handled internally at farm by owner, operator, employee
 - works w/ external agents or brokers or other (e.g., member of wholesale cooperative).
19. Describe customer base
20. Describe experiences with various customer types, especially any experiences with wholesale distributors (including cooperatives)
21. If you are already selling wholesale, describe the following:
 - communication with customers
 - system for filling orders, packing, and shipping
 - ordering cycle by week and season
 - how you get your product to market
 - preference regarding delivering to your customers or having them pick up at farm
 - producer willingness to supply under contract at fixed price
22. What are your terms of payment with your wholesale customers?
23. If you are selling directly to a wholesale customer, how do you come up with a price?
24. Do you have any fixed or long-term pricing (and / or volume) arrangements with any customers? If not, do you have an interest in this sort of arrangement?
25. What arrangements do you have with brokers, sales agents, cooperatives in terms commission rates or other means of payment for their services?
26. How much time do you spend with sales and marketing?
27. Is it important to you to maintain your farm's identity or brand in the market?
28. How important is the "brand" and "identity" of the customers you sell to, especially if they are re-selling your products (as in the case of wholesale distributors)?
29. What barriers and / or obstacles do you face in trying new or alternative approaches to sales and marketing?
30. What sort of services could a wholesale distributor offer in order to interest you in working with them? (This can include sales & marketing services, facilities, packing, cold storage, processing and / or other market preparation.)
31. What terms of payment do you expect from a wholesaler?

32. What are your expectations regarding problem and / or dispute resolution? (includes quality issues, contractual disputes (i.e., price adjustments, changes in market situations, etc.)
33. Are any of the following points important to you with regard to the customers you work with?
 - Ownership
 - Legal organization that provides opportunity for vendor ownership such as a cooperative or shareholder in other-than-cooperative legal structure
 - Transparency
 - Core values and mission
 - Fair trade
 - Terms of payment
34. Describe how you would envision working with a wholesale distributor like the Frederick Food Hub
35. Do you have interest in:
 - identifying workable economic models to increase value/acre
 - business planning for scaling up and potential financing for it
 - extending your growing season:
 - Would you be interested in extending your growing season? (some growers might not, for quality of life reasons, some farmers really prefer to just concentrate their growing during the main season, so it'd be good to ask as a follow up: if you want to extend your season, why? if not, why?)
 - If yes to question 1, what crops would you plan to grow in the winter months?
 - What markets would you plan to sell through in the winter months?
 - What are the limiting factors keeping you from growing year-round/for a longer season (e.g. infrastructure, available labor in the winter, etc.). In other words, what are the top 3-5 things you would need to grow & sell in winter?
 - What resources do you already have that you could draw upon if trying to move to year-round growing? (e.g. people might already have some season extension structures, or main season labor they want to keep employed year-round, etc.)
 - obtaining food safety certification; where are you in the process
 - learning techniques for wholesale product harvesting and preparation
 - Finding loans for expenses to meet the goals that you have set for yourself

The interviews were often combined with a farm visit that gave us a better all around understanding of farm families' strategies for success, their assets and strengths, vulnerabilities and challenges.

Fruit Supply The tri-county area has hundreds of acres in orchards of apples, peaches, plums and berries. We collected information on some of them through our survey in 2015, but lacked time to follow up with many of them to get more information on their wholesale interest. We looked at three that have shown interest in working with a wholesale distributor/aggregator.

Vegetable Supply In 2007, Frederick County Agricultural Economic Development Office calculated that we needed 2821 acres to meet the demand for the most commonly eaten vegetables in the County. At that time there were only 533 acres planted in vegetables; what an opportunity! Through our interviews with 4 vegetable farmers we learned of their enthusiastic interest to see wholesale and work with a food hub to expand their market options.

In this research alone we interviewed vegetable growers who collectively have access to one-sixth of that area needed to provide all the vegetables necessary to meet local (Frederick County) needs. Through continuation of this research and data collection for use in the Frederick Food Hub Virtual (online) Market Place, we can gradually augment the acreage in wholesale production to eventually feed our people food that is grown here. There are more than “just planting” challenges to increase this acreage and provide for the people of this county. Community FARE will work to address those challenges.

Meat Supply Data from a 2012 survey of cattle ranchers indicated that there was interest in finding local processing and markets to replace selling live cattle to finishers in the Midwest. Community FARE has an interest in promoting rotationally grazed grass fed beef and free range protein farming systems that bolster soil health, plant diversity and water infiltration/absorption and minimize overland water flow, soil erosion and stream health, and maximize greenhouse gas sequestration. We are looking at our program development through a lens of supporting the best land management practices, and fully intend to explore ways to incorporate carbon farming into our work.

We interviewed 4 meat farms, all with varying management practices. Two are part of the Amazing Grazers Network. Two are looking for opportunities to grow their production and expressed interest in becoming “Amazing Grazers.”

Appendix 13 presents the USDA certified meat processing facilities accessible to the ranchers in our region. Most ranchers we spoke with were satisfied with the facilities they used but thought there was ample opportunity for another processor as there was a lot of demand on the processing facility’s services.

Supply from Diversified Farms (that sell fruit, vegetables, meat and eggs)

Both of these diversified farms show great promise for wholesale sales. At the time of interview neither had received food safety certification. Due to the nature of their farm, where there is both animal and vegetable, we will require GAP certification for them.

Potential Economic, Social and Environmental Impact of the Frederick Food Hub

Economic Impact Analysis

The Frederick Food Hub (FFH) is envisioned as a regional intervention to advance Community FARE’s mission *to help safeguard a diverse and healthy local food economy that will preserve farmland integrity and biodiversity and ensure that food grown [in and around Frederick County] is accessible to residents of Frederick County and its regional neighbors*. Creating the infrastructure to connect farmers to fair and transparent market opportunities is perhaps the best

The Frederick Food Hub has the potential of having regional economic impact of nearly \$8 Million over five years while creating close to 50 local jobs

way to improve the vibrancy, viability, and diversity of regional agriculture. It is, in fact, the disappearance of this infrastructure—both social and physical—that has contributed to the decline of rural

economies in many regions of the country while food systems have shifted from a regional orientation to a global one. In communities like Frederick and the surrounding counties, the disappearance of farm activity has been exacerbated by suburban sprawl from Washington, DC and Baltimore. The Frederick Food Hub seeks to counter these trends by offering a viable economic alternative for farmers and policy makers to justify investment in the growth of sustainable agriculture and the implementation of wise land use legislation.

At the center of this strategy is the Frederick Food Hub, which seeks to establish itself as a fair and transparent intermediary between regional demand segments and food producers in the Maryland counties of Frederick, Washington, and Carroll. In order for FFH to be an effective and sustainable intervention, it needs to operate as a viable social enterprise and demonstrate the ability to sustain itself financially after a period of startup investment. This study analyzes the potential economic impact of the Frederick Food Hub using a regional development tool provided by the Bureau of Economic Analysis (BEA) called the Regional Input-Output Modeling System (RIMS II), see the study flow chart and explanation of methodology in Appendix 14. While this economic analysis does not attempt to demonstrate a detailed financial model of proposed activity for FFH, it does build upon the study of the food hub as a business model that has emerged in more than 225 communities throughout the country. Studies commissioned by the USDA have identified the key sales levels and margins needed to reach break-even are \$1.7M in five years, based on surveys of the food hub sector and intensive aggregate financial modeling.

Based on the five-year aggregate sales data projections of FFH, totaling \$4,976,359 in final demand change after discounting to the present dollar value (2016), the Frederick Food Hub

holds the potential for the following regional economic impacts based on the application of RIMS II (model, see Appendix 14 for explanation) multipliers:

- **Final Demand Output of \$7,995,768-** This value includes the projected sales of FFH and of all the backward-linked industries, such as the farms, farm-input industries and service providers, as well as the markup on product which covers internal operating costs and the external services of FFH.
- **Final Demand Earnings of \$1,671,325-** This is the value of income paid to workers within FFH and in the backward-linking support organizations.
- **Final Demand Job creation of 48.85 Full Time Equivalent (FTE)-** These positions are both part-time and full-time jobs and includes job creation within FFH and backward-linking support organizations.
- **Final Demand Value Added of \$3,961,345-** This value is comparable to Gross Domestic Product. Value Added is the sum of total output across all industries minus the intermediate inputs (the goods and services used in production of final goods). Value Added is a non-duplicative measure that describes the net output of FFH's activity; for this reason, it is named the "Value Added."

See Appendix 14 for more information on RIMS II and its use to estimate economic potential for the Frederick Food Hub.

Social Impact Observations

A healthy food system is the foundation for a healthy society, something the U.S. sorely lacks. Over two-thirds (70.7%) of US adults over 20 years of age are overweight, including obesity. Childhood obesity ranges from 17.7% (ages 6-11 years) to 20.5% (12-19years)¹⁰. Over half of Maryland's adults are obese or overweight¹¹. All of these people are at risk for many chronic conditions including diabetes, heart disease, cancer, arthritis, stroke and hypertension, and can also suffer associated mental health impacts. Their condition most definitely impacts quality of life. The cost to Maryland in workers compensation, medical bills and lost productivity for overweight, obesity and physical inactivity exceeds \$3 billion/year¹⁰.

Environmental Impact Observations

To fully consider the environmental impact of a food system we must consider food production, processing, distribution, sales, purchasing, preparation, consumption and waste disposal. This section briefly examines just three pieces in the food supply chain: food production, distribution, and food waste - and makes mention of what environmental stewardship could look like.

¹⁰ Center for Disease Control and Prevention (2011-2014) <http://www.cdc.gov/nchs/fastats/obesity-overweight.htm>

¹¹ City of Frederick Resolution No 15-13 Obesity Prevention – Healthy Eating Active Living

Food Production- Land conversion means environmental impact. Moving soil impacts soil biota, changes water regimes and increases soil gas exchange with the atmosphere. There are several ways to minimize the impact upon the biotic and abiotic factors and influence stewardship. Some of those are: choose land for farming that is already degraded/converted so as not to disturb a natural area; farm using organic practices that minimize soil and water toxins, disturbance and erosion; manage ranching operation to minimize soil disturbance and increase native grass diversity; support crop diversity and hedgerows to benefit pollinators; and consider water use, infiltration and runoff in production planning. Food production for local markets can be one way to engage and support our small to mid-sized farms to feel a part of a community that cares about and promotes sustainability and land stewardship in farming.

Concern over greenhouse gases (GHGs) and the role of agriculture in their emission or sequestration has penetrated the USDA's program development and there are now many ways farmers can improve their land management to sequester GHGs. Conversations about food production are amiss if they do not include carbon farming. Community FARE sees the opportunity to utilize our relationships and communication with farmers (through the Frederick Food Hub Marketplace News) to bring them information on existing programs. Additionally, as buyers/consumers become more "climate change" savvy and the Food Hub matures we should be able to utilize the informed marketplace to drive some farmers to improve their stewardship practices.

Distribution- The Leopold Center for Sustainable Agriculture reports that the average fresh food item on our dinner table travels 1,500 miles to get there. Between 1968 and 1998, world food production increased by 84 percent, population by 91 percent, while food trade increased 184 percent. On average the typical American meal contains ingredients from at least five countries outside the USA. Long hauling food means use of fossil fuels and increased atmospheric greenhouse gases. In 1965, there were 787,000 combination trucks registered in the United States that consumed 6.658 billion gallons of fuel. Thirty-two years later, in 1997, there were 1,790,000 combination trucks that used 20.294 billion gallons of fuel. There was an 11.6% increase in US greenhouse gas emissions between 1990 to 1999. Maximizing local consumption of food grown in Frederick, Carroll and Washington Counties will logically minimize the need to long haul food and burn fossil fuels along the way.

Waste Disposal- In 2014 Frederick County alone produced about 157,000 tons of trash. The EPA estimates that of all waste, food makes up 14.6%, which means we are sending almost 23,000 tons/year of food to the landfill in Virginia – costing county taxpayers over \$500,000/yr. At the landfill the food waste is buried, to slowly rot, ferment and produce hundreds of tons/year of methane. A system could be developed in conjunction with a food hub to utilize this food waste for compost - that enables county farmers to reuse some of this valuable "waste" for soil amendments. Or, small composting facilities could be set up to not only make compost but also harvest and utilize the methane produced. Frederick County currently set a goal of reducing its annual waste load by 40,000 tons, mostly by removing food waste and composting it locally.

Community FARE, as an active participant in the regional food system development, sees that it will be able to support growing the local food economy, bring local nutrition to the mouths of our local eaters and protect our natural resource base by supporting sustainable agriculture in our region.

Site Recommendations for the Frederick Food Hub

Community FARE believes that building an online market place (Frederick Food Hub – Virtual Market Place, FFH-VMP) with photos to demonstrate what is available and to test a broader diversity of food from our local farmers will be a logical progression to facilitate the behavioral change within institutions to source their food from local farms.

Legal Business Structure Options

The Frederick Food Hub is currently a project of the 501c3 nonprofit corporation, Land and Cultural Preservation Fund, Inc./DBA Community F.A.R.E. While the Food Hub is in its initial phase we believe that the nonprofit status is the most appropriate to ensure its fiscal success. This will depend upon our success at getting grant support for operations and development and should be reevaluated depending upon the investors and lenders that come to the table with interest in supporting this growing social enterprise.

As the Food Hub develops we will want to consider other legal structures that could work best for the Frederick Food Hub. Other structures to consider are:

- Corporation
- LLC
- Non Profit Social Enterprise
- Cooperative
- B-Corps

We fully intend to see the business become financially sustainable yet want to ensure that it maintains its value-driven mission. Even if Frederick Food Hub were to spin off to become its own value-driven business, Community FARE fully intends to continue promoting its mission by securing grants for training, education and sustainable growing/ranching, while protecting water and soil, and feeding our local population healthy food.

Community FARE's Advisory Board is interested in future analysis of both a B-Corp and a Non Profit Social Enterprise for the Frederick Food Hub. A nonprofit social enterprise is a business, operated by a nonprofit, that generates revenues while also achieving the nonprofit's social, environmental or cultural mission. A social enterprise can help a nonprofit enhance its programs and services, and become more financially sustainable. A B-Corp is a company that uses the power of business to solve social and environmental problems; it's bottom line is to make a profit while promoting social and environmental change.

We do not believe that a grower cooperative is the logical way to develop this enterprise. Our local growers have never expressed an interest in a cooperative; most that we met with expressed an interest in working with a local aggregator, distributor, marketer - so that they could expand acreage and build their own businesses.

Conclusions and Recommendations

Opportunities

During investigative research on supply and demand, Community FARE identified opportunities to begin to change the supply chain, and replace long-hauled food with locally grown. As of June 2016, Community FARE has begun to explore those opportunities.

Initial Business Plan

At this point and time Community FARE believes that the Frederick Food Hub should ultimately implement a Wholesale Distribution Model for operation in Frederick, Maryland, with a warehouse for aggregation, trucks for distribution and a center for product marketing. However, we will implement this in phases by first launching a Virtual Food Hub, then incorporating the pieces of a Marketing Model to develop a local brand packaging and marketing material, while simultaneously developing a business plan for the Wholesale Distribution Model.

The first step (Phase I: 2016) towards building the Frederick Food Hub is to populate the Virtual Market Place (VMP) and map where food is coming from and going to. We will collect data on that movement until we are prepared to make a decision on location for a warehouse and other necessary infrastructure to grow and service more farmers and institutions.

Phase I. The FFH will begin operating as a virtual food hub using the Local Orbit online market place. Community FARE will begin to use the FFH Virtual Market Place (FFH-VMP) in June 2016 with sign-on by producers and buyers, and anticipate that the VMP will be used mostly as a marketing and educational tool. The target for this online market place will be restaurants and catering operations, an institutional opportunity that was least explored in the study. Community FARE would like to begin developing relationships with restaurants and their chefs and open the conversation about product diversity, and experimentation with new crop varieties. Frederick City and other municipalities in the region are home to some famous and successful restaurants. We intend to meet with chefs from those restaurants and test our online marketplace with them, believing that this portal will make ordering simple, and allow them to test out some product varieties unavailable to them currently. We will also revisit the most promising institutions from this study to show them the FFH-VMP and ask them to use it. This Phase I will help us gain experience on pricing, build clientele and move from planning to implementation.

Phase II. From the Virtual Food Hub model phase the FFH will begin to move into a marketing model to develop a local brand, delivery and marketing material, and, dependent upon financing and investment, will work at moving the operation to a wholesale distribution model. A business plan will be developed to move forward with purchase of trucks and a warehouse for aggregation and distribution of local food to wholesale customers.

There are hundreds of small and mid-sized farms in the tri-county area that Community FARE has yet to meet with and discuss selling wholesale through the online portal. We intend to first reach out to the GAP certified farms, and those most likely to become GAP certified if they have access to markets that require it. Our initial supply priority for the market place are the farmers

we have interviewed and who are interested in working with a food hub, GAP certified farmers, and Amazing Grazers.

Suggested Timetable:

June 2016 – Develop Virtual Market Place by signing on growers

June/July/August 2016 – Begin to demonstrate online Market Place to chefs and interested institutional buyers (identified in the feasibility study); assess their interest, collect lists of product demand

October-December 2016 Grower meetings to plan for 2017 growing season

December 2016 – Based on grower meetings make decisions on needs for drop-off points for aggregation, refrigeration and transportation

January – February 2017 Develop branding and labeling

March-October 2017 – implement aggregation, distribution and marketing utilizing the online Market Place, leased truck and aggregation points/refrigeration (tbd)

October-December 2017 – At this point there should be greater clarity on 1) if a warehouse is necessary, 2) if so, where it should be located and other related decisions.

Monitoring our success, or failure

As we clarify and pursue new opportunities, it is imperative that we know where we begin. Acknowledging Community FARE's mission: *to diversify, expand and safeguard a local healthy food economy that will preserve farmland, its integrity and biodiversity, in Frederick and surrounding counties, and ensure food access to the regional population*, we must quantify farmland in Frederick, Carroll and Washington Counties, the acreage currently in healthy pasture or certified organic (or using organic practices), and how much food grown in this tri-county area is sold to its residents in 2016.

For Frederick County we know that:

- there were 181,512 acres of farmland in 2012, the most farmland of any county in the state.
- the market value of agricultural products was \$150 million.
- the county lost 20,500 acres of farmland between 2007 and 2012 (the greatest loss of farmland in the state).
- agriculture generates an average of \$826/acre.

We will need to both get answers to the following 5 questions for all 3 counties, and to set up a way to track change:

1. How much farmland do we have?
2. How much farmland do we lose/gain per year?
3. How much farmland is in healthy pasture or certified organic crops (or using organic practices)?
4. How much do farmers generate/acre?
5. How much annual (food dollar) leakage is there?

Tracking those metrics is key to analyzing our achievements, contributions and hindrances to developing a locally grown-based food system in our tri-county region. With these data we will know if we are moving in the right direction to meet Community FARE's meaningful mission.