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Tools for Community Self-determination

“Food Production Nodes” Build a Web of Support Around a Food Hub

By Ken Meter

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South Carolina’s innovative \$9.5-million investment plan for local food promises to fill a gap for food hub planners nationally.

Commissioned jointly by the state’s departments of agriculture and commerce, the plan will invest \$5 million in helping groups of South Carolina farmers build facilities on or near their farms — washing, packing, cooling, and storage infrastructure — that help them reach local markets. Funds will be drawn from existing rural investment allocations.

By funding several sites across the state, and integrating them into a seamless network, South Carolina hopes to inspire farmers to ramp up production for rapidly emerging markets. This network of producers creates the web of supportive relationships that is required for a food hub to flourish. Each cluster of farms serves as a “node” that strengthens that web.

Inspiration for the plan was drawn from Grow Food Carolina (GFC), an emerging food hub in North Charleston. Drawing upon both donations and food sales, the hub expects to be self-supporting in its sixth year of operation. Located close to a culinary center, it serves a wide variety of chefs and grocers. Yet one of the key issues identified by GFC leaders was that the farmers who supply them often lack the capacity to properly prepare the foods they grow to ensure readiness for wholesale markets.

The plan also responds to the needs of farmers’ co-ops across the state that lack suitable facilities for cooling and storing food near their fields. New washing and storage facilities should also help many farms pay heightened attention to food safety, increasingly demanded by buyers and federal inspectors.

The core element of the investment plan is to create a competitive grant process that will support small clusters of South Carolina farms (“food production nodes”) that wish to sell to local consumers. Growers will only be funded if their proposal puts forward a solid business plan showing a clear path to sustainability. Those that foster collaboration among the growers will be given priority.

Each node will become a connection point for local foods in its own community. By sharing common facilities, farmers will gain new efficiencies as they strive for local markets. Able to produce and sell more quality food, farmers will have the choice of selling to local

institutions or stores, with the surplus being channeled to food hubs near metro areas. By opening their farms to local school tours, and hiring local youth, each farm cluster will also become an educational facility that will help South Carolina youth learn how to grow, cook, and eat healthy local foods for decades to come.

South Carolina’s investment plan also presents new options for dozens of food hub initiatives across the U.S. Local groups are currently spending hundreds of thousands of dollars to hire consultants to write feasibility studies for proposed food hubs — yet many of these studies show there is simply not enough food production for local markets to support the operation of these proposed food hubs.

In response, many communities have scaled down their early hopes for building a central aggregation and distribution facility, opting to take simpler steps, such as building internet platforms that help local farmers and buyers connect. Others have hired staff who serve as “brokers” connecting farmers and buyers. These are sensible strategies — yet further investment also needs to be made, both to grow new farmers, and to assist emerging farmers to obtain the equipment they need to efficiently sell to local markets.

USDA studies have shown that aggregation and distribution businesses often require sales of \$1.5 million or more to approach self-sufficiency. One of the more successful existing food hubs, Co-op Partners Warehouse in St. Paul, is a \$20 million business. It operates as a wholly owned subsidiary of a co-op grocery store, The Wedge, yet manages costs very carefully. Building this capacity in the Twin Cities has been a forty-year process, in which consumer interest was built in small steps as farm production was ramped up in small steps. Two previous co-op warehouses in the Twin Cities region failed along the way; Co-op Partners was able to learn from their experience.

Transitioning from a situation in which little food is produced for local markets to one in which production is ample requires a difficult balancing act. At each step of the way, supply and demand must be balanced. Buying or leasing a vacant building for a food hub may be a fruitful strategy if philanthropic can fill the gap.

The new investment plan for South Carolina, “Making Small Farms into Big Business,” was created by Ken Meter and Megan Phillips Goldenberg of Crossroads Resource Center. The Minneapolis firm, selected through a national competition, interviewed more than 150 food system leaders in the Palmetto State, reviewed published literature, and compiled quantitative data covering trends in the state food system.

The plan also calls upon the state to ensure that every consumer buying fresh local produce knows the name of the farm where it was grown.

Copies of the plan are available at <http://www.crcworks.org/scfood.pdf>.