

Evaluation of the Intervale Center Food Hub:

Documentation of the Process to Develop and Implement the Food Hub

January 2010

***Center for Rural Studies
University of Vermont***

Michele Cranwell Schmidt, MPA, Evaluation Coordinator

Table of Contents

Introduction	3
Project Implementation	3
Staff Roles, Authority and Communication.....	3
2007 – Clarifying staff roles and authority	3
2007 – Streamline staff communication.....	3
2008 – 2009 - Role refinement.....	4
Project Management.....	5
2007 - Identifying and addressing “start-up” issues.....	5
2007 – Feasibility of grant goals: ownership of the Food Hub.....	5
2007 – 2008 – Managing through organizational transitions.....	5
2008 –Operating a business within a nonprofit environment	6
2008 – Improved staff collaboration and communication	6
2007-2009 - Collaboration with project partners	6
2009 – Additional staff resources.....	7
2007-2009 - Reasons behind project success.....	7
2009 – Sustainability.....	7
2009 – Ideas for future activities.....	8
Project Outcomes	Error! Bookmark not defined.
Supporting a Community of Farmers.....	9
Relationship building	Error! Bookmark not defined.
Assessing farmer needs	10
Technical assistance	11
The Food Hub.....	Error! Bookmark not defined.
Developing the vision for the Food Hub.....	Error! Bookmark not defined.
2007-2009 – Financing the Food Hub.....	9
The Food Basket: Connecting Producers to Consumers.....	12
Brokerage and storage models: Expansion of the Food Hub	15
Ownership models of the Food Hub	16
Conclusions	19
Recommendations	21

Introduction

The Center for Rural Studies (CRS) at the University of Vermont is the evaluator of the *Food Hub Project* of the Interval Center in Burlington, Vermont. This project is funded by a Sustainable Agriculture Research and Education grant awarded for the project time frame of 5/1/2007 to 12/30/2009. This process evaluation report documents the process to develop and implement the Food Hub project over the course of the grant. CRS conducted four focus groups with SARE project staff in November 2007, April 2008, November 2008 and December 2009. The evaluator also reviewed records and other pertinent documents and information provided by SARE staff to inform this report. Data collected focuses on the development of the Food Hub, including project implementation, challenges faced and how they were addressed, grant activities, and overall accomplishments and outcomes. The following summarizes the main themes discussed at these meetings.

Project Management and Administration

Staff Roles, Authority and Communication

2007 – Clarifying staff roles and authority

The grant began in 2007 with a partially new staff to carry out the activities of a grant written by a former staff member. Staff commented that they experienced initial growing pains, as new individuals became familiar with the Intervale Center and the grant team learned each other's working styles and determined how to proceed with the project's implementation. As part of the team learning curve, several staff mentioned that they were unclear on their level of authority, specifically decision making authority to act on behalf of the grant or authority to provide information on behalf of the grant. For instance, a staff person noted that developing the consumer survey was a tedious and time consuming process because collective input was gathered. Staff wanted parameters to define these structures, and project directors wanted staff to be empowered to make decisions, recognizing the importance of ensuring accountability. Realizing the inefficiency of the collective approach for the survey development, the team dedicated one person to be responsible for this project. However, other projects, such as enterprise analyses, may require multiple people to be involved because of varying expertise. Related to staff roles and authority, staff also felt that the SARE grant positions needed clarified job descriptions and responsibilities, which was partially because two positions were new to the Intervale. A goal was set to have clear job descriptions by 2008.

2007 – Streamline staff communication

An additional part of clarifying staff roles and authority was to streamline communication with project partners and other grant contacts, such as farmers. This would ensure that grant contacts worked consistently with staff based on his or her expertise or an existing relationship and redundant follow-up was minimized. Staff explained that a project partner called the office and spoke with all four staff members at different times, rather than having one point person as their main contact. Fortunately all staff who spoke with this person provided consistent information, which was another area addressed by staff.

Staff recognized the need to develop and agree upon a clear and consistent message to describe the project when reaching out to organizations and individuals. A suggestion was made to circulate a list of project partners and identify a key staff contact that has the primary working relationship with each partner.

2008 – 2009 - Role refinement

By 2008, staff reported having moved beyond the initial learning curve of understanding their individual and collective roles and responsibilities; staff roles were notably more refined, concrete and specialized based on individual skills and strengths that emerged from working together for a year. One staff person explained, “Without making a clear effort, we have each fallen into a specialization where each person is the main contact for a certain area” alluding to how individuals became the point person concerning different aspects of the project.

Notably, throughout 2008 Sona demonstrated significant growth in her leadership capabilities to coordinate the Food Basket and be the primary contact and liaison with farmers. Based on her strong performance, directors empowered her to make decisions and carry out tasks, checking in with other staff as needed. Sona felt this shift in her responsibility and authority improved the efficiency and effectiveness of her work. Staff recognized that their initial “democratic process is great but it can be lengthy and causes things to run at a slower pace.” Mandy took on the task of developing the Food Basket website with assistance from a web designer. Travis shifted in his role to become the PI of the project after Kit Perkins resigned from her position at the Intervale Center. However, staff noted that prior to her leaving she had stepped back from micro managing grant activities once it was clear that the project was well-managed. Additionally, when the new PI was out of the country for three weeks other staff better realized their roles and specializations based on strengths and expertise.

By the end of 2008 and beginning of 2009, Sona’s full time job was managing the Food Hub, marketing the CSA and supporting new marketing outlets for farmers. Travis continued to be the PI of the grant and supports Sona’s work by providing project oversight. Travis also manages other grant funding and projects that support the Food Hub. Mandy’s involvement in SARE activities decreased significantly in 2008 and 2009 as the Food Hub moved from conceptual to implementation, which was an expected shift. She commented that until the Food Basket reached a sustainable staffing capacity, she provided support for the producer survey and the launch of the Food Basket CSA venture. Mandy’s role focused mainly on reporting grant outcomes. Additionally, Mark reduced his level of involvement with the Food Hub, as originally planned. His main tasks in 2008 and 2009 were completing a storage analysis to assess storage capacity and conducting CSA shareholder evaluation surveys with an online survey tool and reporting on findings.

Project Management

Staff identified key areas within project management in the process of developing the Food Hub and carrying out grant activities, including areas of opportunities and challenges addressed over the course of the grant.

2007 - Identifying and addressing "start-up" issues

Staff openly acknowledged the various challenges that they faced at the start-up phase of the project, as noted above. Several commented that in the first six months of the grant, they identified and addressed these issues to increase the project's efficiency and effectiveness.

2007 – Feasibility of grant goals: ownership of the Food Hub

The new staff charged with carrying out the SARE grant and meeting the grant goals questioned whether or not some of the goals were feasible to accomplish with the time, resources and funds available from the grant. Staff felt that the grant goal of farmer financial investment and ownership of the Food Hub up front was not a realistic expectation for a start-up venture. Mandy explained, "It is tough to pitch shared ownership of a food hub that does not yet exist. Pitching a vision and getting immediate buy-in is difficult, but hopefully trust will grow in the community." However, staff were able to circumvent this requirement to start the venture. Because the Intervale Center secured funds additional to the SARE grant to support the Food Hub development, the Intervale Center provided the initial monetary investment to start the project with the hope that farmers would eventually buy in to the concept. Intervale ownership of the Food Hub allowed staff to explore with farmers different ownership models rather than rush into a model that would not work.

As with any grant or project, oftentimes the end result does not align with the initial vision. As one staff member commented, "The intent of shared ownership [of the Food Hub] remains, but how it gets implemented may change quite a bit." Being flexible and modifying project goals or scope is necessary to achieve grant and project success. Noting that information gained during this exploration process guides changes made to the project, one person said, "Changes are not reactions to something that went wrong; they are based on experience and learning of a better path to take." Yet the challenge of meeting grant goals without compromising a more realistic approach to carry out the project remains.

2007 – 2008 – Managing through organizational transitions

The Intervale Center went through several organizational transitions over the course of the grant that impacted staff work and project management. Staff turnover that occurred from the time the grant was written to implementation posed a challenge as the former employee's vision did not necessarily reflect the vision and work of current staff. Additionally, some project partners identified in the original grant proposal were no longer available to support grant activities. Staff had to cultivate old and new relationships with partners to carry out specific grant funded activities. Staff maintained

grant activities as the Intervale Center went through a turnover of the Executive Director position, including hiring an interim and permanent ED in 2008 who currently holds this position. This change in leadership caused some delays in upper management and Board decision-making and approval of grant activities and budget expenditures, such as signing a lease to rent a wholesale product storage space and approving the overall grant budget.

2008 – Operating a business within a nonprofit environment

Staff time was strained by limited administrative resources to support traditional business operations of bookkeeping, invoicing, accounting and other administrative duties while meeting the high quality standards of the Intervale Center. These peripheral tasks, which are essential to CSA operations (such as invoicing), require some staff time to be diverted from project operations. In addition, staff faces the challenge of functioning as a business within the environment, rules and constraints of a nonprofit organization. A staff person explained, “We are a nonprofit functioning in a business market and have to go through a chain of command up to attending a Board meeting to receive approval to accomplish tasks.” For instance, an authorized signature was required to rent a storage facility for the Food Hub; however SARE staff did not have the authority to sign the lease, which required going through a chain of command to obtain permission and authorization starting with the Board of Directors and downwards.

2008 – Improved staff collaboration and communication

Staff indicated that their collaboration and communication improved as they moved beyond the project’s start-up. Staff commented that they have good internal communication because they work in the same office and can readily speak with one another.

2007-2009 - Collaboration with project partners

Throughout the course of the grant, grant activities strengthened partnerships with other nonprofits and organizations, the business community, individual consumers and farmers. SARE staff consulted with CRS to assist in developing the producer survey. CRS also completed a consumer survey of Chittenden County residents to determine the demand for local foods and the components of an ideal Community Supported Agriculture model. Other project partners include the Vermont Fresh Network, the Northeast Organic Farming Association of Vermont, Black River Produce, City Market, Fletcher Allen Health Care, Sodexo, Red Tomato, Deep Roots and the Intervale Community Farm. Partners supported staff in various ways, such as by attending meetings, providing a contact list of Vermont farmers for the producer survey, advising on products and assisting with the feasibility process. In 2007, a possible “next step” identified for improving grant operations was to form an advisory board for the Food Hub to bring in outside expertise. While an official advisory board was not formed as of 2009, many partners continue to provide advisory, consulting and support roles for the Food Hub.

2009 – Additional staff resources

By 2009, the Intervale Center had hired a new finance manager, who implemented a new management system and provided additional support for the Food Hub venture. Responsibility for invoicing shareholders and making payments to farmers shifted from the core SARE staff to this finance manager. Additionally, staff implemented the use of PayPal for shareholders to remit payments online, which was an added customer convenience. Support for SARE activities was also provided by consultant services from Allen Matthews of the Center for Sustainable Agriculture at the University of Vermont. Allen and his graduate research assistant, David Farrell. Matthews provided guidance and support in developing the Food Hub based on his experience managing a similar model in Pennsylvania, Penn's Corner, determining farmer needs and evaluating the feasibility of the farmer ownership model.

2007-2009 - Reasons behind project success

The Food Basket, as a part of the larger Food Hub venture, has been a very successful initiative to connect producers to consumers and give farmers a fair price for their products. One reason behind the project's success is that Vermonters have a high level of awareness of supporting local producers, value farming and desire to eat local foods. In addition to a captive customer base, the Intervale Center has a 20 year history of working with and supporting farmers and is well-recognized by consumers for the nonprofit's mission. Farmers also have good relationship with the Intervale Center, which facilitated farmer interest in testing out this new venture. The SARE staff also had a complimentary mix of skills and expertise in place as well as longstanding relationships with producers that facilitated project success. Finally, the receipt of grant funds accessed by the Intervale Center to support the business venture start-up period contributed to the project's success. The Intervale Center leveraged grant funding to support sales and build project sustainability at a slower process that was driven by both a mission and a bottom line.

2009 – Sustainability

Staff discussed project sustainability, specifically if the business venture of the Food Basket could become self-sustaining and support a paid coordinator's position. Over the course of the grant, revenue from CSA shares increased over time with expansion of membership. However, the business has not yet broken even. The majority of revenue, 70%, was returned directly to farmers, meeting the grant goals of supporting farm viability and providing a fair price to farmers. The Intervale Center retained 30% of revenue to cover fixed overhead costs and rent and subsidized other start-up expenses, such as staff salary, vehicles and infrastructure with grant funding. Staff projects that the venture will break even by 2012 given continued expansion of share sales and consistent pricing of products to cover all costs. Staff also noted the possibility of applying for loan financing for the Food Basket business venture now that a successful business model and plan is in place. While grant funding was available, staff held off on borrowing money to allow time to develop the model, learn from experience and ensure fair prices to farmers. Additional grant funding may perpetuate the challenge of meeting outcomes and

restrictions tied into grant funding with the reality of running a private enterprise, which requires a level of flexibility and experimentation that grant funds do not always allow.

2009 – Ideas for future activities

Staff suggests seeking grant funding to develop software and information management systems as well as to pay for consultant services for marketing and brand development. Staff also recommends conducting shareholder surveys, and perhaps community surveys, on an annual basis to determine customer needs, build relationships and generate new ideas. Staff recognize that there is a benefit to the farm community to be a part of this CSA model but would like to further define the value of the CSA model to the consumer. This information could inform household level education materials distributed to customers and community members and not just at workplaces. Another area that staff would like to explore is to transfer the CSA model to serve restaurants and institutions, which would require increased production and sales but could generate a higher profit margin for farmers.

As an incentive for businesses to become involved in the Food Hub and Food Basket, staff plans to promote and market CSA shares as part of wellness programs offered by employers and insurance companies. For instance, consumers could receive a rebate for their share membership or use a Health Savings Account to pay for their share because of the health benefits of eating more vegetables. Insurance companies could also offer incentives to employers, encouraging them to become a part of a CSA to offer employees access to fresh fruits and vegetables delivered weekly.

Development of the Food Hub

Developing a Vision of the Food Hub

At the grant onset the Food Hub was a concept and an idea without a clear vision. However, the activities of this grant, such as the consumer and producer surveys, prompted staff to develop a clear message and mission of the Food Hub. One staff person did some background research on writing a mission statement and project goals, which led to the group holding a “visioning” session. Each staff person was asked to answer specific questions to help articulate their individual and collective vision for the project. Everyone had a slightly different interpretation of the project; however a common theme among all responses was to support farmers through this grant. As a result of this exercise, staff developed a statement about the Food Hub and also realized that because of their differing interpretations of the grant, they needed to keep their message about the Food Hub consistent when speaking to the public about the project.

Staff also noted the challenge of shifting their focus from defining the Food Hub and developing a collective vision to implementing the work. One person commented, “We can get too involved in the process...It’s hard to know when to leave the process phase and move to outcomes.” This processing phase was referred to as “analysis paralysis.” However, completion of the consumer and producer surveys helped staff move the project forward from conception to implementation.

Staff and evaluators conducted various types of background research to inform the development of the Food Hub. CRS completed the consumer survey of Burlington residents to understand the demand for a multi-farm CSA. SARE staff conducted a survey of farmers or producers to understand their interest level in participating in the Food Hub, a multi-farm CSA and other types of analysis such as an enterprise analysis. Further, SARE staff completed a literature review and interviews with people who have developed similar models around the country. With much of this newfound information, staff updated their website with information on local food and an annotated bibliography so that this information is available to the public.

2007-2009 – Financing the Food Hub

Because of the complex nature of the Food Hub, the SARE grant was one of several funding sources to carry out the development and implementation of the Food Hub. The Intervale Center was able to leverage SARE grant funding to apply for and receive additional funding. The background research that staff conducted for the SARE grant was utilized to inform and justify additional grants. The SARE grant leveraged an additional \$150,000 in grant money to fund part of the Development Director’s position so this person could devote some time to fundraising for the Food Hub. Staff also attributed the Food Hub project as a factor that reinvigorated the Food Entrepreneurship Center project at the Intervale. In discussions with staff at subsequent focus groups, they commented that other grant funds enhance the SARE project because they allowed for a more in-depth producer survey to be completed. Overall, staff felt that the outcomes proposed in the SARE grant were larger than what available funds could realistically cover and

recommended to take note of this experience when writing future grants. Regardless, SARE funds allowed the Intervale Center to leverage additional, unrestricted money to support the Food Basket, which were used, for instance, to develop professional marketing materials.

Building a Community of Farmers

SARE staff recognized at the project's onset that building relationships with farmers was an essential component of achieving grant goals. Though the Intervale Center had a longstanding history with the farming community, SARE staff took numerous steps to communicate with farmers about the Food Hub, gain their trust, generate interest and build a community of collaborating farmers who share their collective expertise to support individual livelihoods. SARE staff initially surveyed farmers in January 2008 to gauge their needs and interests and made subsequent in person and telephone follow-up to gather more detailed information. This communication and exchange initiated important relationship building between staff and farmers. This communication also defined the original pool of farmers who participated in Food Hub activities. Staff also conducted subsequent surveys of farmers, using an online survey tool to minimize staff time and resources required for a mail survey.

Throughout the course of the grant, several meetings were held with SARE staff and participating Food Basket producers to collaborate and communicate on details such as: the CSA model and operations, product pricing, share mix and the determination of which farms would provide various products to the mix. Staff also communicates with farmers through an email distribution list, which has been used to gather information and photos from farmers for marketing materials, in person at the food drop off site and by telephone on at least a weekly basis during the CSA season. SARE staff also hosted several celebrations that brought farmers, staff and CSA shareholders together to meet, socialize and celebrate milestones, such as the first week of Food Basket share delivery.

Relationship building efforts paid off. In 2009, farmers indicated a high level of trust in Sona and the Intervale Center to coordinate the CSA and other Food Hub processes. Staff noted that farmers recognized the value of collaborating and aggregating their resources and expertise. In addition, several smaller groups of farmers were negotiating ownership of the CSA and were considering serving larger markets together, such as restaurants and institutions using the CSA model.

Assessing farmer needs

Staff completed the producer survey in January 2008 to gauge farmer interest in participating in a multi-farm CSA, potential share makeup and the need for technical and business assistance services. The producer survey was also critical to assessing farmer needs for cold storage, technical assistance and brokerage support. The survey packet, including a cover letter, the questionnaire and a postage paid reply envelope, was mailed to 301 food producers in Vermont. The survey packet also included information about technical assistance opportunities. Producers were informed that participation was voluntary and results would be kept confidential.

The sampling frame was developed by aggregating farmer contact information from the directories of various organizations. These organizations included: NOFA-Vermont's Vermont Organic Farmers' Directory Association; Vermont Grass Farmers Association: Directory of Grass Fed Products; Vermont Maple Sugar Makers Association, Vermont Maple Foundation: Sugarmaker Directory; and the Vermont Agency of Agriculture: Buy Local, Buy Vermont Online Directory. Each respondent was designated a unique identification number to track response rates and appropriately follow-up with non-respondents. Staff sent an additional mailing and made telephone calls in attempts to increase the survey response rate. A total of 124 farms responded to the survey for a response rate of 41%. Farmers shared details about their primary production activities, current marketing practices and potential for expansion into growing local food markets. From survey results, staff defined the pool of farmers who were interested in exploring the multi-farm CSA model.

Technical assistance

Included in the producer survey outreach materials was information about technical assistance that Intervale staff could provide farmers, such as conducting an enterprise analysis. Staff noted that respondents did not readily express interest in utilizing technical assistance services. Following the survey completion, staff carried out additional assessments, in person or by phone, with individual farmers to gather more detailed information and determine interest levels for conducting a business enterprise analysis. Staff initially tried to develop a few "tracks" or categories of services to support farmers; however, farmers never followed up to receive assistance.

Rather than providing formal, individual technical assistance, SARE staff found that the best way to meet farmers' needs was to answer questions on an ongoing, as needed basis. Farmers who had similar questions or areas of concern were also offered to network with each other as peer to peer assistance. Staff also referred farmers to work with partnering organizations that can provide them with specific expertise. Sona provides technical assistance with Food Basket farmers by phone and in person on a weekly basis as part of the enterprise operations. Though staff has not completed a full and detailed enterprise analysis with farms, farmers have received varying levels of business and financial planning support, such as feedback on product quality, quantity, diversity and pricing. SARE staff has also worked with farms to determine the feasibility of accessing new markets and assisting start-up farmers with business planning. Sona describes this technical assistance as "applied and real time training" and an "open environment to support farmers" as they need it. This assistance is offered to all Food Basket producer farms as well as Intervale farms. Staff is also open to identifying other needs and ways to support farmers through the Food Hub.

Staff commented that the original producer survey was mailed out to the larger Vermont farming community, offering technical assistance to this larger population. However, based on demand and interest level staff focused their resources on respondent farmers. At some future point staff may reevaluate the demand and interest of the larger farming population to receive these services.

The Food Basket: Connecting Producers to Consumers

The Food Basket multi-farm CSA model works to build a sustainable food system by connecting consumers to producers through conveniently located workplace drop off sites. Table 1 shows the outcomes of the Food Basket CSA that has successfully operated for 2008 and 2009 seasons, with notable expansion over time in the number of drop off sites, shareholders, sales revenue and dollar returned per farm. The CSA meets consumer demand for a variety of product mixes and share types without straining the resources of a single farm and efficiently utilizing the expertise of niche farms. Farm profitability is supported by increasing access to markets and receiving advanced working capital and fair prices for farm products.

Table 1. Outcomes of the Food Basket CSA Seasons, 2008 and 2009

	2008 CSA season	2009 CSA season
Number of shares sold	125	200 – a 60% increase
Spring-Fall sales revenue	\$70,000	\$110,000
Percent returned to farmers	70% or \$49,000 (average \$1,633/farm)	70% or \$77,000 (average \$3,850/farm)
Number of pick up sites at workplaces of 100+ employees	7	20 – including original 7 sites
Number of farms providing various product mix	30	20
Winter sales revenue	\$31,000	\$76,000

2008 – Piloting the Food Basket CSA

Based on the results of the producer and consumer surveys conducted in the first year of the grant, staff proceeded with piloting a multi-farm CSA season that ran from June to November 2008. The “Food Basket” CSA aimed to meet the desires of shareholders by having drop off sites with pre-packed shares rather than “pick and pack your own” pick up site. All outreach materials were developed using the results of the consumer survey. In preparing for this pilot CSA, staff presented a workshop at the NOFA VT and NOFA MA conferences on “innovation and distribution” to continue their outreach.

Preparing the venture

Using the results of the producer survey, 30 farmers participated in the pilot CSA and each share was designed based on what products each farmer was able to provide. In developing the model for each share, it was a challenge to determine the amount of product that each farmer would supply to the Food Basket. To inform this model, SARE staff drafted a business plan to develop estimates for the amount of product from each farm. After several collaborative iterations of the business plan, shares were finalized for the pilot CSA. Types of shares included vegetables, fruits, cheese, bread, eggs and meats.

In May 2008, staff secured a 4300 square foot leased warehouse space in the nearby town of Winooski, Vermont and purchased two delivery vans and a walk-in cooler. A part time person was hired to assist in preparing food for delivery to sites. Staff marketed the Food Basket and solicited shares from January to March 2008. As of mid May, all CSA shares were sold, allowing 25% of sales to be given to farmers as advanced capital. Staff commented that financial support provided by the SARE grant and other grant funds made the pilot year of the CSA possible.

Minimizing competition

Throughout the first year of the Food Basket, staff took efforts to co-market CSAs run by individual farms, many of which also supplied product to the Food Basket. By marketing on behalf of individual farms and the collective group, staff worked hard to ensure that farms sold their shares and that the Food Basket did not create unnecessary competition. The goal of creating the Food Basket was to have additional people eat more fresh, local food, rather than shifting consumers from existing CSAs to the Food Basket.

Shareholders

During the pilot year, Table 1 shows that the Food Basket had drop off sites at seven businesses in the Burlington area serving 125 shareholders (totaling \$70,000 in sales). Staff solicited a variety of businesses, focusing on large institutions that employed 100+ employees. This strategy reached employees who picked up their share at their worksite. Initial sites included: Fletcher Allen Health Care/University Health Center, General Electric Health Care and the Vermont Energy Investment Corporation. The remaining four sites were secured close to the start date of delivery, including Gardener's Supply Company, the Vermont Student Assistance Corporation, the Vermont Department of Health and Dwight Asset Management.

Staff noted that soliciting sites was not an easy process. The model of targeting businesses as drop off sites offers the marketing opportunity of reaching a larger, targeted audience to purchase shares and generate awareness of the local agricultural movement. Though management staff at certain businesses was interested in participating as a drop off site, issues such as use of parking space, customer traffic and security clearance did not make this feasible. Management staff was generally hesitant to get involved with a food share drop off service that required approval from building management or a landlord. Some businesses also chose to wait until the second year of the project to see how well the first year went before committing as a share site.

Addition of a winter share

Shareholders who participated in the Food Basket from June to November 2008 were surveyed to gather their feedback and develop future plans. Based on survey results, SARE staff decided to offer a winter share option for the same seven business sites. The winter share generated \$30,000 in sales and helped fulfill customer demand for an "extended growing season" and year round access to local foods.

2009 – Second season of the Food Basket

Building on the success of the pilot year, the Food Basket continued into a second year of membership with the same original seven sites, plus 13 additional locations and 200 total shareholders (generating \$110,000 in sales revenue). The Food Basket was supplied by 20 core farmers, down from the original 30 in 2008, as farmers self-selected to remain in or drop out of the venture. Fewer farmers coupled with a 60% increase in number of shareholders resulted in higher sales volume and dollar return per farm. Based on customer demand, the Food Basket sold winter shares in 2009 for a total of \$76,000 in revenue (see Table 1 for 2009 data).

Refining the pre-planning model

Based on the 2008 practice of ordering from and paying farmers for products in advance of the CSA season, this model was more formally implemented in 2009 to prepare the product mix for the second year during the fall and winter prior to the growing season. The CSA coordinator and farmers pre-planned products to be supplied by each farm and farmers were paid up front for their product. This model allowed farms to plan ahead for growing crops designated for the CSA and ensured farms access to a steady and consistent market and revenue stream. Sonja also supplemented any unintended product gaps by continuing to purchase products in “real-time” on a weekly basis, which offered farmers additional product outlets and income.

Shift in storage space

Another change in 2009 was shifting the warehouse and cold storage space from Winooski to a recently renovated building that is owned by the Intervale Center and located adjacent to the Food Basket staff offices. This space was less expensive than the leased space and provides a source of revenue by renting part of the storage space to area farmers. By owning this space, the Food Basket can ensure that the building and property is adequately maintained as an asset. Staff noted that the new location makes managing the Food Basket business easier as it connects staff and farmers to this storage and packaging site. Shareholders can also visit the Intervale Center and view the storage space to better connect them to the Food Basket. The storage facility also uses a code access pad lock so that farmers can drop off delivery items at their convenience rather than designated times. Staff noted that overall the storage space is smaller than the previous space but staff makes the space work because of the reduced cost and convenient location.

Addition of sites and shareholders

A total of 20 business sites supported 200 shareholders in 2009. The original seven sites returned for the second year and 13 other sites were added, including: two sites at Burton Retail and Manufacturing, two sites at Fletcher Allen Health Care, two sites at Champlain College, and one site each at St. Michael’s College, Pomerleau Real Estate, Vermont Campaign to End Childhood Hunger, Dealer.Com, Ben and Jerry’s Factory location, Key Bank, Colchester Family Medical Practice and PKC Corporation. While most sites still only allow shareholder pick up by employees, the site at Gardener’s Supply Company is considered an Intervale Center pick up and is available to people interested in being a member but are not employed by designated worksites.

In 2009, new shareholders at businesses were solicited in various ways. While some businesses posted a marketing email to an employee-wide listserv, some sites were hesitant to send out a mass email depending on company policies. Staff emailed previous members to invite their return and asked them to promote membership to their co-workers. Staff also advertised shares through posters and informational tables at business sites.

Product drop-off/pick-up

Staff notes that the most efficient drop off model would be for staff to drop off pre-packaged shares and move on to delivery at the next site, yet in 2009 a staff presence was still required to manage the drop off/pick up process at four sites. However, this connection between staff and shareholders during product pick up is valuable and critical to preserving relationships and receiving feedback.

Brokerage and storage models: Expansion of the Food Hub

The Food Hub is a multi-faceted concept that started with the development and implementation of the Food Basket multi-farm CSA. Staff intentionally took a phased approach to building the Food Hub because of the time needed to plan the Food Basket to successfully get the venture off the ground. To support the Food Basket, staff expanded onsite cold storage capacity to rent to area farmers, allowing for increased production and distribution specifically through the winter farm share. With farmer collaboration in place, staff and farmers are exploring different ownership models for the Food Basket and storage space, as well as accessing other larger markets, such as restaurants and institutions.

Brokerage models

Another aspect of the Food Hub is the potential for the Intervale Center to facilitate a brokerage model, similar to the CSA model, with multiple farms supplying product to wholesale markets such as restaurants and institutions. A third of respondents to the producer survey showed interest in starting or expanding brokerage services, as many farms already have individual contracts with restaurant outlets. As part of the phased approach of developing the Food Hub, Food Basket farmers are exploring this option now that they have built a foundation of rapport and trust with each other and Intervale staff. In 2008, staff noted having helped individual farmers obtain larger accounts with natural foods retail markets in the area such as City Market and Healthy Living.

To further develop the restaurant brokerage model staff assessed interest levels of chefs and potential pricing points. Staff also considered the possibility for the Intervale to provide billing coordination. The brokerage model with restaurants could function similarly to the CSA household model. Farmers would drop off product at a central location, and staff would package and distribute it to restaurants.

As of 2009, staff commented that “brokerage is now viewed as their idea,” explaining that farmers are interested in transferring the aggregate model to serve other markets. Farmers are taking on this concept with more ownership and involvement than they did initially with the Food Basket because of the relationships built and success achieved in the past few years. Staff anticipates that a “farmer investment team” will launch in 2010 for various aspects of the Food Hub.

Storage space

As part of the Food Hub concept, the initial producer survey included questions to assess the need and demand for storage space. As few respondents indicated this need, storage space sought out by the Intervale Center met the needs of the Food Basket CSA. Mark conducted the original research for leasing warehouse space, assessing storage capacity in terms of space per pounds of food (dry, cold, wet and frozen food), cost of rent, cooler and freezer space and general climate/moisture control. In May 2008, the Intervale leased a 4300 sq foot warehouse space in the nearby town of Winooski, Vermont to provide storage and packing space for the Food Basket. Staff noted that this space could potentially provide the infrastructure for all Food Hub activities in the future. The main drawbacks noted were that the space had an overhead rental cost and the structure was not located on the Intervale property.

With the core group of Food Basket farmers determined in 2008, staff conducted a follow-up survey by email to this group to reassess their storage needs. Results identified the need for cold storage of product to be sold over the winter months, such as potatoes and carrots. Sona and Travis also assessed the potential to shift storage from the Winooski warehouse space to cellar space of a barn located adjacent to staff offices. This space was assessed in a similar fashion to maximize the use of storage space based on types of products stored and overall demand. For the 2009 Food Basket season, the Intervale Center renovated the cellar space and shifted Food Basket product storage from the Winooski warehouse to this space. Additionally, part of this space was rented out to local farmers. Because the space uses a combination lock system, farmers can manage and move inventory at their convenience. Staff also noted that an additional dairy barn is slated for construction by the Intervale Center, which could provide additional future storage and packing space for the Food Hub.

Ownership models of the Food Hub

Staff hosted a farmer “meet and greet/informational” meeting in January 2008 to provide an overview of the Food Hub and the general vision for the project and promote the pilot year of the CSA. A total of 45 farmers were invited based on the results of the producer survey. Travis provided the overview and discussed various challenges and threats, current farm interaction with customers and ways to minimize competition with existing CSA farms. Staff hoped farmers would show initial interest in participating because the CSA concept would provide an additional market and revenue stream.

Farmers indicated that they were interested in learning more about the model, but they did not want to take part in conducting preliminary research to explore different models and were not ready to invest. Farmers wanted tangible evidence of demonstrated success

before they invested time and money into this project. Staff felt that seeking farmers' financial investment and ownership of the Food Hub up front was not a realistic expectation for a start-up venture.

As an alternative, the Intervale Center secured SARE and other grant funds to support the Food Hub development and start the business with the hope that farmers would eventually buy in to the concept and seek transfer of ownership. Launching the business venture without a full farmer cooperative allowed staff to explore different ownership models rather than rush into a model that would not work. Staff have been "flexible to let the process evolve organically and have been able to justify and back up all changes" they made from the initial grant proposal.

During and after the successful 2008 CSA season farmers who chose to remain with the Food Basket began to "gel" as a collective and think about ownership models for the CSA. Observation of the fall 2008 planning meeting by the evaluator showed that farmers were eager to collaborate with one another and the Intervale Center and appreciated the leadership from the Intervale Center and particularly Sona to coordinate this work. Farmers also showed interest in making a financial contribution to the Food Basket as several eagerly were "ready to get out [their] checkbook[s]." Sona noted that because farmers get a fair price and profitable return for a high volume of produce, they take the Food Basket account very seriously. Producers specifically commented that they received an excellent price for their product and were earning a profit margin of 70%, which was higher than most other market outlets.

Rather than accepting checks at random, staff took an intentional process to build interest and momentum in gaining trust and personal investment, which would eventually lead to financial investment and a shift in leadership and coordination toward a cooperative model. Beginning at the January meeting in 2009, farmers demonstrated collaboration and ownership of the CSA by using "we" and "our" when discussing the project. Staff also recognized in 2009 that core farmers emerged as natural leaders of the group, expressing interest to work together more formally. Staff decided to discuss ownership ideas during more intimate conversations with farmers who showed a strong level of interest rather than spending time on this concept with the full group of 20 farmers with varying interest levels. Sona noted that "some farmers want more decision making power while other farmers just want to supply product and get paid for it."

By the end of the grant period, staff and farmers continued the discussion of Food Basket ownership, noting that it was premature to talk about ownership of the upcoming storage and brokerage models within the larger Food Hub. During the final staff focus group in December 2009, staff brainstormed questions that need answering in order to further develop this model. The apparent conclusions drawn are that core farmers are committed to the Food Hub because it is a profitable account and like working with Sona in her coordinating role. Perhaps commitment is more important than financial investment at this time until the business grows to be self-sustaining and surpasses the need for grant support. Staff anticipates that a "farmer investment team" will form in 2010 for various

aspects of the Food Hub. However, questions posed by staff surrounding the ownership model include:

- Do farmers need to own any or part of the Food Hub? If the business can be self-sustaining to cover overhead costs and Sona's coordination position and generate a return for farmers, do farmers need to invest, or should they maintain the current "hassle free" relationship?
- If farmers were asked to write a check, how much would they be willing to invest in the Food Hub?
- Farmers already show commitment to the CSA model, but would they only need to invest money if the project needed working capital, such as to purchase a large delivery truck?
- Once the business exceeds a certain scale and profit margin, is it appropriate to continue working within a nonprofit organization to access grant funding?
- Should the business focus on whittling down to a small core of farmers so that the ownership model is less complicated?

Conclusions and Recommendations

The following points highlight aspects of the Food Hub project that were critical to the project's success and should be considered in replicating this model elsewhere.

- The Food Hub is a multi-faceted concept that started with the development and implementation of the Food Basket multi-farm CSA. Staff intentionally took a phased approach to building the Food Hub because of the time needed to plan the Food Basket to successfully get the venture off the ground.
- Consider following a social entrepreneurship model that includes a social mission and a bottom line. By leveraging revenue generating opportunities, such as rent of storage space and CSA share sales, overhead costs and paid staff positions are supported and farmers can receive a fair price for their product and access advanced capital
- Establish a clear vision and purpose for the project, including who are the project's stakeholders and what are the desired outcomes. Such as promoting farm viability and fair prices for farm products, increased community nutrition and healthy eating habits, community economic development and a sense/taste of place to strengthen community ties to local farming.
- Clarify staff roles and authority as well as streamlining communication with project partners and other grant contacts, such as farmers. This ensured that contacts worked consistently with staff based on his or her expertise or an existing relationship and redundant follow-up was minimized. Staff also developed and agreed upon a clear and consistent message to describe the project when reaching out to organizations and individuals.
- Have a staff that can work well together and bring various expertise and strengths to the core coordination team.
- Establish a paid staff position to coordinate the CSA model, including regularly communicating with farmers, CSA sites and shareholders and overseeing product packaging and site drop off.
- Take efforts to build relationships between staff and farmers, including building a strong level of trust and rapport. Successful strategies include:
 - Surveys of farmers with follow-up done in person and by telephone;
 - Hold planning meetings consistently during the year so farmers expect when to make time for a meeting;
 - Communicate regularly with farmers through an email distribution list, in person at the food drop off site and by telephone (on at least a weekly basis during the CSA season);
 - Host celebrations including farmers, staff and CSA shareholders, focusing on CSA milestones achieved and recognition of changes in food production over the course of the seasons.

- Utilize grant funds to support the start-up costs of the business venture operating within a nonprofit organization. Staff and the project must be flexible to allow the model to evolve organically, including taking risks, experimenting, using creative solutions. Use of administrative/financial staff resources to support business operations such as billing and bookkeeping.
- Utilize marketing and promotional materials, such as a website, newsletter and email distribution lists to regularly communicate with current and potential shareholders.
- Determine an appropriate ownership model. Farmer financial investment and ownership of the Food Hub up front was not a realistic expectation for this start-up venture. However, with farmer collaboration in place three years later, staff and farmers are exploring different ownership models for the Food Basket and storage space, as well as accessing other larger markets, such as restaurants and institutions.
- Technical assistance to farmers can occur in many formats. Successful formats for the Food Hub include:
 - Staff answered questions on an ongoing, as needed basis;
 - Farmers who had similar questions or areas of concern were offered to network with each other as peer to peer assistance;
 - Staff referred farmers to work with partnering organizations that can provide them with specific expertise.
 - Food Basket farmers received technical assistance by phone and in person on a weekly basis as part of the enterprise operations.
- Utilize a pre-planning model so that farmers know what products and in what quantity they will supply to the CSA mix and are paid ahead of time, providing a consistent revenue stream to farmers.
- Locate a storage site that is adjacent to staff offices to facilitate storage organization and product drop off and packaging. To support the Food Basket, staff expanded onsite cold storage capacity to rent to area farmers, allowing for increased production and distribution specifically through the winter farm share.
- Minimize any unnecessary competition among farmers and their existing services. The goal of creating the Food Basket was to have additional people eat more fresh and local food, rather than shifting consumers from existing CSAs to the Food Basket.

Recommendations

Based on data gathered for the evaluation of this project's implementation, including staff recommendations specifically noted in this data, the following are recommendations staff should consider in future Food Hub efforts.

- Continue working with area businesses to leverage a large target market of their employees. Employee interest may encourage companies to consider brokering products from farmers to sell on site or serve in cafeterias. Employee interest in CSA membership may also trigger the formation of wellness programs within work places to support and encourage healthier lifestyles.
- To reduce the amount of staff time to coordinate and facilitate business drop off sites, perhaps a shareholder member could receive reduced or free membership in exchange of fulfilling this coordination position.
- Continue to provide opportunities for CSA members and farmers to connect, such as through profiles on a website or written materials, during pick up times, or at events such as community dinners, celebrations or "open houses".
- The Food Basket website could eventually be used as a tool for "real-time" brokering and buying from farmers and shareholder product selection.
- If staff feels it would be beneficial, consider forming a more formal advisory board for the Food Hub to bring in outside expertise.
- Continue to and work towards and monitor Food Basket profitability, based on staff projections that the venture will break even by 2012 with continued expansion of share sales and consistent pricing of products to cover all costs.
- Consider applying for loan financing for the Food Basket business venture now that a successful business model and plan is in place. Staff suggests seeking grant funding to develop software and information management systems as well as to pay for consultant services for marketing and brand development.
- Conduct shareholder surveys, and perhaps community surveys, on an annual basis to determine customer needs, build relationships and generate new ideas. Staff recognizes that there is a benefit to the farm community to be a part of this CSA model but would like to further define the value of the CSA model to the consumer. This information could inform household level education materials distributed to customers and community members and not just at workplaces.
- Utilize the marketing approach of promoting CSA membership and employer/insurance company cost sharing or reimbursement because of the health benefits of eating more vegetables.

- Continue expansion of the Food Hub to explore transferring the CSA model to serve restaurants and institutions, which would require increased production and sales but could generate a higher profit margin for farmers. Determine how much money farmers would be willing to invest into the Food Hub.
- Continue to offer winter share mixes to support farmers and provide consumer with local foods year round.
- Make available staff and consulting support for farmers who wish to continue collaboration with a specific group of farmers, such as those seeking shared ownership of the CSA or to serve larger markets together, such as restaurants and institutions using the CSA model.

For more information or additional copies of this report, please contact:

The Center for Rural Studies
206 Morrill Hall
The University of Vermont
Burlington, Vermont 05405
(802) 656-3021
<http://www.uvm.edu/crs>

Michele Schmidt, MPA, Evaluation Coordinator
mschmidt@uvm.edu

