

## CASE STUDY

# GROWN Locally: A Rural Food Hub in the Upper Midwest

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## INTRODUCTION

Small-scale farms catering to local markets face unique challenges like lack of marketing funds and limited access to production and distribution infrastructure. Such problems are amplified in rural regions where consumer demand for local foods may be smaller and dispersed. To address these issues, local food hubs provide producers the opportunity to pool resources for marketing, production, and distribution. Since 2000, the GROWN (Goods Raised Only With Nature) Locally food hub has brought producers together to supply vegetables, fruit, dairy, meats, and other products to consumers in their rural northeast Iowa region. While the food hub faces a range of challenges from consumer-producer communication to climate change, GROWN Locally is still expanding. What opportunities does the food hub provide, what successes and challenges does the group face, and what lessons will GROWN Locally producers take with them moving forward?



**Fresh, Local and Sustainable Food**

<http://www.grownlocally.com/>

### What is GROWN Locally?

GROWN Locally serves a five-county region in northeast Iowa and has expanded to include portions of southeast Minnesota, and southwest Wisconsin. The region is overwhelmingly rural—the largest city is Decorah with a population of around 8,000—and agriculture dominates the landscape. In an effort to provide smaller farms the opportunity to reach larger local markets, GROWN Locally formed to aggregate the products of producers and has since grown to include around 30 farms in the region.

“The primary advantage to growers is access to more or bigger markets that you might not have if you were working on your own,” said Paul Young, who operates Tir na n 'Og Farm and has supplied produce to GROWN Locally since 2004. To aid local farmers in sales and distribution, GROWN Locally purchases packaging materials in bulk to save money and delivers products twice a week during the growing season. Essentially, the food hub operates as a clearinghouse for growers but the benefits extend to consumers as well. GROWN Locally is a middleman for

purchasers, making it a one-stop-shop for those interested in buying more local foods—either for large institutional cafeterias or personal kitchens.

Farmers join GROWN Locally as probationary members for the first year. During this time they have access to technical support and mentorship. After the first year, they must buy a \$100 non-refundable membership share. GROWN Locally negotiates prices with institutions and distributors and may negotiate a lower price for products with producer approval. In exchange for its services, GROWN Locally retains 20 percent of the selling price. A volunteer Board of Directors also helps keep overhead costs low. The food hub is committed to environmentally sustainable agriculture. While they do not sell anything under an organic label, all producers agree to grow crops using the minimum amount of chemical fertilizers, pesticides, or herbicides. “Only two or three of our growers are certified organic, but most of us follow organic practices,” said Young. The food hub places a strong emphasis on food safety and inspection, perhaps as a result of their reliance on institutional demand. They conduct annual safety audits of every farm, require individual liability insurance for members, and have a \$5 million umbrella insurance policy.

### Successes

GROWN Locally’s rural location forces them to cater predominantly to larger institutions. “We don’t have any big markets in the area, and it takes a lot of time to transport goods across the region,” Young said. “It makes it difficult to make ends meet. There are a few larger markets in Decorah, and we are generally relying on one or two larger customers.”

One of those larger customers is Luther College, a liberal arts college in Decorah with an undergraduate student enrollment of around 2,500. Since 2006, the college has expanded its local food commitment from one locally-sourced meal per semester to a 35 percent local food purchasing goal by May 2013. “It (local foods) is really part of the culture here,” Maren Stumme-Diers, Sustainable Foods Educator for Luther College, said. “Local foods are discussed on tours and campus visits and when the administration made the commitment (to 35 percent local foods), that just added the impetus for more local food purchasing.”

In the 2012 growing season, Luther College signed a Letter of Understanding with GROWN Locally committing to purchasing \$90,000 of foods. That total wound up being closer to \$30,000 after drought led to crop failures and lower-than-expected yields. However, the college remains one of the food hub’s largest customers and the school signed a new Letter of Understanding with GROWN Locally in March 2013 for the upcoming season. “Luther College is one of the biggest institutional buyers in the region, so we can have an impact on our economy and producers,” Stumme-Diers said. “Working with a food hub should provide us with a more diverse assortment of products from a variety of farms since they are all grouped.”

The Oneota Community Food Cooperative in Decorah has also contributed to GROWN Locally’s success. With 6,000 square feet of retail space and over 4,000 members, the Coop has expanded from a small buying club in the early 1970s to a large storefront boasting over \$790,000 in local food sales in 2011 from 80 producers, ranging from produce to locally roasted coffee to meats.



Bagged onions, Tir na n’Og Farm, <http://www.tnofarm.com/>

Last year the cooperative purchased approximately \$22,000 of food from GROWN Locally and is one of the food hub's largest local account for vegetables. "My involvement (with the food hub) has grown with GROWN Locally," Betsy Pierce, produce manager at the Oneota Cooperative, said. "They have become central to my purchasing because of their reliability; they have what I need."

### Challenges

Despite having Luther College and the Oneota Cooperative as large customers, GROWN Locally faces its fair share of challenges. The inability to keep a paid coordinator on board, increased demand for third-party certification, and even climate change produce challenges for the food hub.

Most positions are filled by volunteers, but the food hub does have a paid coordinator position to help increase the customer base and develop markets. Recently, however, the organization has struggled to keep the coordinator position filled, leading to some communication inconsistencies between purchasers and the food hub.

"They have had some turnover with coordinators and it can be a little frustrating to work with someone new every year," said David Lester, general manager at Oneota Community Food Coop. Pierce agrees and believes keeping the coordinator position full will be critical. "Primary to their success would be having a coordinator," Pierce said. "For the last six months, the growers have been running it without a coordinator, which makes it rocky. It gives the growers a better sense of how the business works, so it's good for them, but it can be difficult for us."

However, Stumme-Diers has voices a different perspective and believes working with producers has helped solve communication issues that arise when working with a coordinator. "Challenges come in communication, not necessarily between us and GROWN Locally, but between the coordinator and the producers," Stumme-Diers said. "The GROWN Locally coordinator works mostly with our purchasing specialist. So when things don't come into our dock, we have to contact the coordinator who has to contact the producers and there can be a disconnect. It has actually been really nice to sit down with producers this year and go direct."

Some of GROWN Locally's larger customers now require third-party certification of Good Agricultural Practices (GAP). Such certifications are designed to verify adoption of food safety procedures and some farmers are frustrated by the time and money devoted to the process. "We had a couple of wholesale customers that required all of our producers to be GAP certified, so now most of our active growers are GAP certified," Young said. "It costs me a couple thousand dollars a year to be GAP certified. I haven't changed anything, but now I have to pay more money to have someone come out to my farm and tell me I'm doing the right thing."

Although Stumme-Diers believes certification is important, she agrees that it can pose a major challenge to smaller farms. "It is a lot of paperwork and you have to pay to become certified, so that is why it makes sense to aggregate because you can spread the costs around," she said. "A lot of those certifications are built for large farming operations and not necessarily the smaller scale farms. There is work being done to lower the certification to smaller scales and I hope they can get it done, because the way it is now can be cost prohibitive." The economic burden is tough on small farmers, but GROWN Locally works to make the certification process easier by providing education, training, and mentoring. The food hub also works to have multiple audits done in one day to reduce and share travel costs.

### Lessons Learned and Moving Forward

One of the challenges GROWN Locally is looking to address is the absence of a central location. “We had been operating on various farms, but that was unreliable,” Young said. “We had to keep moving. I would recommend that you do not rely on a member or producer to provide a facility without a written lease or agreement. We have suffered in the past when members sold the farm or pulled out of the co-op.” GROWN Locally is addressing this issue by bringing everything under one roof, making purchases more convenient for consumers, and providing more services to members. “We don’t have any storage space,” said Young, “but we are in the process of acquiring a building for long-term storage for root crops that don’t require refrigeration. With the purchase of the building, we will also be opening a retail space. It won’t be an everyday thing, but probably two to three times a week.”



Scene at Tir na n’Og Farm, <http://www.tnofarm.com/>

Expanding year-round options for buyers is also important, particularly when one of the largest buyers is a college. “We try to schedule more shipments for when students are here in the fall and spring, but the fact is that the growing season is in the summer,” Stumme-Diers said. Luther College is looking at expanding its freezer space to do more processing and storage, but GROWN Locally is also hoping the new building will provide more opportunities for year-round operation.

“We do operate year-round,” Young said. “We have several growers who use hoophouses to expand their growing season. We also sell eggs, meat, honey, and whatever vegetables we can store. Even so, this is just another reason we can use more storage options in a new location.”