Toward a 12-Month Regional Food System
Final Report of the USDA 2016 Value Added Producers Grant
Lakehouse Farm, Grant Recipient
Joslyn Institute for Sustainable Communities, Grant Administrator
Final Report
USDA 2016 Value Added Producers Grant
Planning Grant: Establishing a 12-Month Regional Food Hub/Public Market in Southeast Nebraska

Produced with the help and support of the Lincoln office of USDA Rural Development, Nebraska Investment Finance Authority, and Jerry & Renee Cornett of Lakehouse Farm

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# Table of Contents

**Definitions** .................................................................................................................................................. 2

**Executive Summary** .................................................................................................................................. 3

**Chapter 1: Introduction** ........................................................................................................................... 4

**Chapter 2: Summary of First Food Hub & Public Market Feasibility Study** ............................................. 8

**Chapter 3: Results of Surveys and Focus Groups** ...................................................................................... 10

- Winter 2017 – Online Producer Survey ........................................................................................................ 10
- June 12, 2017 – Wholesale Food Professionals Meeting ........................................................................... 10
- November 30, 2017 – Community Luncheon Conversation ...................................................................... 11
- January 23, 2018 – Community Evening Conversation ........................................................................ 11
- March 10, 2018 – All Stakeholder Half-Day Meeting ............................................................................. 11
- Summer 2018 – Face-to-Face Producer Interviews .................................................................................. 12

**Chapter 4: Public Opinion for Qualities and Characteristics of a Future 12-Month Market/ Current Profile of Lincoln’s Desire for Local Food** .................................................................................. 15

**Chapter 5: Travel to Existing 12-month Food Hubs/Public Markets** ......................................................... 17

- Quad Cities Food Hub, Davenport, Iowa, 2/4/2017 *(now closed)* ......................................................... 17
- State Farmers Market, Raleigh, North Carolina, 4/6/2017 ....................................................................... 18
- Historic City Market, Kansas City, Missouri, 6/28/2017 ........................................................................ 19
- Mill City Market, Minneapolis, Minnesota ............................................................................................... 20
- Hollywood Farmers Market, Los Angeles, California, 10/25/17 .............................................................. 20
- Grand Central Market, Los Angeles, California, 10/26/2017 ................................................................. 20

**Chapter 6: Options for Value Added Strategies for Producers** ................................................................ 22

**Chapter 7: Beyond the Grant: Services/Organizational Structure/Business Structure** ................................ 24

**Chapter 8: Beyond the Grant: Financing: Creation and Sustaining Produce Volumes and Markets Consistencies** .......................................................................................................................... 26

**Chapter 9: Beyond the Grant: Marketing** .................................................................................................. 27

**Chapter 10: Recommendations** ............................................................................................................... 30

**Appendices**

I. Feasibility Analysis: Regional 12-month Food Hub/Public Market and Support Facilities— Omaha/Lincoln Metro Regions, Southeast Nebraska, 2015 ................................................................. 33

II. Meeting Report; Establishing a 12-Month Food Hub/Public Market in the City of Lincoln and Lancaster County, Nebraska, Serving Southeast Nebraska and the Surrounding Region—Wholesale Food Professionals Meeting, June 2016 ............................................................. 33

III. Face-to-Face Producer Surveys, Summer 2018 .................................................................................... 33

IV. LNK Market Community Conversations—University of Nebraska Public Policy Center, 2018 ........ 33
Definitions of Terms as Used in This Report

Food Hub
USDA: Our working definition of a food hub is “a centrally located facility with a business management structure facilitating the aggregation, storage, processing, distribution, and/or marketing of locally/regionally produced food products.”
https://www.usda.gov/media/blog/2010/12/14/getting-scale-regional-food-hubs

Public Market
A Public market is a year-round, carefully crafted, intentional and diverse medley of owner-operated shops, stalls and/or “daytables”. Public markets exist to fulfill a public purpose, showcase a community’s unique character and culture while serving its everyday shopping needs. They typically focus on the sale of a full array of fresh, healthful, value-added, and prepared foods – often locally grown or produced. They are sometimes rounded out by crafts and/or a variety of needed neighborhood businesses. They usually include a seasonal, outdoor farmers market component. Public markets prohibit chain stores and franchises. They focus on businesses that are locally owned and operated which highlight the best of local foods, crafts, music, heritage and culture.
https://publicmarketdevelopment.com/what-is-a-public-market-2/
Executive Summary

In September 2016, Jerry and Renee Cornett of Lakehouse Farm received notification of the successful award of the Value-Added Producers Grant. They contracted with the Joslyn Institute for Sustainable Communities (JISC) to complete the grant objectives, which included: Survey producers and consumers to determine their perspectives on a local 12-month Food Hub/Public Market; host meetings of producers, consumers, and combinations of both to discuss the outcomes of the surveys and gather additional comments and perspectives; and visit 12-month Food Hub/Public Markets across the country to gather information and advice, and to determine lessons learned by successful operations.

Immediately that fall, a diverse Steering Committee was created. Steering Committee members include: Jerry and Renee Cornett (grant recipients/local producers); two additional local producers; JISC personnel (Grant Contractors); a University of Nebraska-Lincoln (UNL) agronomy professor; the Director of the UNL Buy Fresh Buy Local Program; and a Nebraska Legal Aid Food & Farm Attorney. The Committee met twice a month starting in November 2016.

Over the course of the last two years, we have fulfilled our primary objectives. Online surveys were conducted; four meetings were held with producers, wholesale consumers, and retail consumers (the “man/woman on the street”); successful 12-month Food Hub/Public Markets were visited (regionally and on both coasts); and face-to-face interviews were conducted with producers.

Four Major Take-Home Messages

First – Lessons Learned from established 12-month Food Hubs / Public Markets

Our visits to regional and national 12-month Food Hubs / Public Markets proved to be invaluable to future planning. We learned:

- Establishment of a 12-month Food Hub / Public Marked will take major, collaborative planning, despite support in Southeast Nebraska being pledged, and encouragement being consistently offered.
- Not to initially bite off more than we can chew; be patient and take on this project in phases.
- Public and private funding and support will be necessary for several years before a 12-month Food Hub/Public Market becomes financially viable.
- Community involvement is essential; thankfully we have been shown that will be the case in Lincoln.
- The USDA, land-grant universities (including UNL), and more than a few national organizations, such as the Wallace Center, offer financial and technical assistance to communities in the process of planning and establishing 12-month Food Hubs / Public Markets.

Second – Lessons Learned from Surveys, Focus Groups, Meetings, and Interviews

Based on research in Lincoln, Lancaster County, and Southeast Nebraska, we found that we are faced with a dilemma:

- There is currently not enough local food production in the region to support a 12-month Food Hub/Public Market;
- On the other hand, producers are not willing to expand / increase their production unless there is a reliable market for their produce and products (i.e., a 12-month Food Hub/Public Market).

Both of the issues above must be addressed simultaneously for a 12-month Food Hub/Public Market to be successful in this region.
The Production Issue:

- Local producers that we have met with and/or spoken to over the last two years have indicated that they are willing to increase production if there is a market available—a positive as we look towards the future.
- Face-to-face interviews of selected producers garnered more information to help us move forward. Some stated they are steadily increasing their production and/or already grow year-round. Those producers are watching and listening for future developments and the establishment of a 12-month Food Hub/Public Market.

The Market Issue:

- Community members (consumers) have indicated that they would love to see a 12-month Food Hub/Public Market open in the downtown Lincoln area—another positive. A number of these folks have also indicated that they are willing to work on a Steering or Planning Committee to address these issues.
- The Joslyn Institute for Sustainable Communities has been researching the “market” part of the equation. Several physical locations in Lincoln are being explored as potential 12-month market sites. Discussions/presentations/research materials have been given to the Lincoln City Council, the Lincoln Mayor’s office, and other City of Lincoln/Lancaster County representatives. Positive feedback is encouraging.

Third – Collaboration, Inclusivity, Transparency

“A rising tide lifts all boats.”

Collaboration, inclusivity and transparency will be crucial to the successful establishment of a 12-month Food Hub/Public Market in Lincoln which will serve the Southeast Nebraska region. As stated in the grant proposal, this is meant to be a collaborative effort, not a competitive effort. We plan to move forward with that understanding.

We fully understand that there are many, many people in the Eastern Nebraska region involved in local food production, sales, public policy, nutrition, equity of access, etc.—some long-standing and respected enterprises, some new.

Ultimate success of this collaborative venture will depend upon all regional stakeholders, in the broad scope of a comprehensive local food system, having a place at the planning and decision-making table from Day 1. Ultimate success will also depend upon all stakeholders understanding that they are valued and necessary partners in the planning and decision-making process.

Fourth – General observations of the Steering Committee

- Neither the City of Lincoln nor the State of Nebraska has a distinctive “food culture” of the type that we typically associated with other countries or regions (i.e., Italian, Chinese, Tex-Mex, Cajun, etc.).
- Food deserts in Lincoln and Lancaster County have been identified by the USDA (USDA Food Access Research Atlas https://www.ers.usda.gov/data-products/food-access-research-atlas/). As stated in the grant proposal, these populations have been and will continue to be considered in future planning (i.e., location of a facility, SNAP Food Benefits, etc.).
- Thoughtful development—and maintenance—of gratifying and trusting relationships (i.e., facility & producers, facility & consumers, producers & consumers, etc.) will be paramount to the success of this venture.
- The Steering Committee determined that although a 12-month Food Hub can (and in many places does) exist without being associated with a 12-month Public Market, the outcomes of this grant indicate the two will prove to be complementary to each other in Southeast Nebraska. In other words, a physical location/building is associated with a Public Market and appears to be part of the equation in people’s minds in this region—a destination, a place to gather, a sense of community, a connection to community. We believe a physical space
can evoke local culture and/or local food culture, something that grant outcomes proved we are lacking in this region.

In Conclusion . . .
We are poised to move forward.

Full discussion of grant outcomes and next steps follows.
Chapter 1: Introduction

Basic information related to this grant, the stated goals and objectives, and stated outcomes from the application are briefly discussed in this chapter. Comments related to continuing trends, slight changes in goals, etc. are highlighted in blue.

This grant was submitted during the summer of 2016. Several points that underscored the trend/need to increase production and consumption of local foods were discussed in the grant application. These are copied and pasted below in italics:

National and Local Trends

- There is an ever-strengthening trend towards growing food locally (in urban and rural settings) and purchasing / consuming locally grown food across the nation. Lincoln, Nebraska, and the surrounding region are no exceptions to that trend.
- Another national and local trend—“consumers are willing to pay a premium if they know about the origins of local and regional food” (USDA Rural Development Service Report 73 “The Role of 12-month Food Hub/Public Markets in Local Food Marketing,” January 2013).

Climate Change

According to the “Understanding and Assessing Climate Change: Implications for Nebraska” report published by the University of Nebraska-Lincoln in 2014 (http://snr.unl.edu/download/research/projects/climateimpacts/2014ClimateChange.pdf), climate change will require adaptation by regional farmers and ranchers. Professor Charles Francis, a publication contributor, state “Spatial diversity can provide greater resilience in cropping system performance by mitigating the impacts of severe weather events”—including drought and intense rain events. He concludes that spatial diversity (which is typical of small to mid-sized local/regional farms) “represent an ecological intensification that could have potential to increase and stabilize yields under conditions of weather uncertainty.”

Lincoln–Lancaster County Food Policy Council

For several years, a group of devoted “local food” experts, first known as the Local Foodshed Working Group (2014), have worked to develop the Lincoln–Lancaster County Food Policy Council (charter ratified April 2016). A Food Policy Report (highlighted in a recent newspaper article, attached as supplementary material) discusses both positive and negative issues in the city of Lincoln. Community Crops (12 urban garden sites) and Lincoln farmer’s markets (seven currently active) are thriving. These are testaments to the citizens of Lincoln and to the regional interest in growing, selling, and purchasing local foods. The same report also discusses the unfortunate existence of food deserts in the city of Lincoln. Food deserts are prevalent across the country—it is an issue that demands attention.

Food Distribution Systems

Food distribution systems are “One of the main constraints to the entry and expansion of local foods is the lack of distribution systems for moving local foods into mainstream markets” (USDA Rural Development Service Report 73 “The Role of Food Hubs / Public Markets in Local Food Marketing,” January 2013; http://www.rd.usda.gov/files/sr73.pdf). We did not explicitly address food distribution systems during the grant period, although the issue was discussed in the context of other issues.

The trends and information above still hold true today.
VAPG Goals & Objectives / Expected Outcomes

The primary Goals and Objectives of this Planning Grant are as follows:

- Travel to at least two established/successful Food Hubs / Public Markets and bring related information to the project discussion (Six Food Hubs/Public Markets were visited)
- Form a Steering Committee of regional Producers; meet and determine next steps
- Form a Steering Committee of regional End-Users/Consumers; meet and determine next steps
- Bring both Steering Committees together for a joint meeting to explore the potential of creating a Regional 12-month Food Hub/Public Market and to determine next steps

NOTE: Rather than two separate steering committees, one Steering Committee was formed, with diverse membership. Members included: Jerry and Renee Cornett (grant recipients/producers); two additional local producers (Jones & McKiernan); JISC personnel (Steward, Wanek, Woudenberg, & Vondracek); a University of Nebraska-Lincoln (UNL) agronomy professor (Francis); the Director(s) of the UNL Buy Fresh Buy Local Program (Kolojechick-Kotch & Falter); a Nebraska Legal Aid Food & Farm Attorney (Swoboda); and the UNL Cooperative Business Development Specialist (Cranford).

The expected direct and/or indirect outcomes included the following:

- Increased networking of producers and end-users/consumers (met)
- Discussion of, statement of next steps towards, and/or the potential preliminary establishment of a regional food distribution system (12-month Food Hub/Public Market) (met)
- Increased success and financial stability for regional producers (expectation: will increase with 12-month Food Hub/Public Market establishment)
- Increased agricultural-related revenue for the region (expectation: will increase with 12-month Food Hub/Public Market establishment)
- Increased end-user related revenue for the region (restaurants, markets, etc.) (expectation: will increase with 12-month Food Hub/Public Market establishment)
- Increased health and well-being of regional consumers (increased distribution to all end-users/consumers, but particularly food deserts, public schools, rehabilitation facilities, etc.) (expectation: will increase with 12-month Food Hub/Public Market establishment)
- Increased sustainability of regional agricultural production (expectation: will increase with 12-month Food Hub/Public Market establishment)
- Increased adaptation to regional climate change (expectation: will increase with 12-month Food Hub/Public Market establishment)
Chapter 2: Summary of First Food Hub & Public Market Feasibility Study

Feasibility Analysis: Regional 12-month Food Hub/Public Market and Support Facilities
Omaha/Lincoln Metro Region & Southeast Nebraska
Produced and Published by the Joslyn Institute for Sustainable Communities, 2015
(Please see full report in Appendix I)

Executive Summary As Taken From The Above Feasibility Analysis

"Why do people—especially talented Creative Class people, who have lots of choices—opt to locate in certain places? What draws them to some places and not to others? Economists and social scientists have paid a great deal of attention to the location decisions of companies, but they have virtually ignored how people, especially creative people, make the same choices.

Place itself is the key factor—quality of place—to sum it up.

Generally, one can think of quality of place as cutting across three key dimensions:

- What's there: the combination of the built environment and the natural environment; a stimulating, appealing setting for the pursuit of creative lives.
- Who's there: diverse people of all ethnicities, nationalities, religions, and sexual orientations, interacting and providing clear cues that this is a community where anyone can fit in and make a life.
- What's going on: the vibrancy of the street life, café culture, arts, and music; the visible presence of people engaging in outdoor activities—altogether a lot of active, exciting, creative goings-on."

Re: What Draws Creative People? Quality of Place, Urban Land, Urban Land Institute, October 2012

The City of Lincoln has a unique opportunity, through the surplus designation of its Pershing Center, to create a quality place that, alongside the State Capitol, the new Centennial Mall, the new Pinnacle Bank Arena and historic Haymarket, and the University of Nebraska campus, can become one of the three or four most attractive places within the city environs.

The high-volume interior space of the original auditorium/arena does not present an easily convertible space for new uses. However, a design approach can be taken, and is presented in this study, that will give the users and the visitors a feeling of outdoor space that has been enclosed for comfort and informal uses. Also, the structure and finishes of the 50+ year-old building are in excellent condition, and a city that has come to be recognized for its sustainability and “green” uses of resources should be very deliberate and thoughtful about preserving, retrofitting, and reusing the structure before any demolition decision might be made.

This study presents design proposals, funding and financial projections, characteristics of necessary organizations and administrative structures, allied supporting networks of producers, markets, and distributors for a 12-month operation of mixed uses compatible with the supply and demand for local foods. The volume and enclosure of this building can become an active, attractive, high energy place—a quality public market—for food, energy, ideas, community information, and the arts.

In the context of its existing urban setting, the new Pershing Market can become a major extension of the historical references now being installed along Centennial Mall, and the market and its traffic generators should be incorporated as a major feature in the current redevelopment planning underway for the east and south Capitol Districts of downtown Lincoln. Developed as proposed in this feasibility study, the Pershing Market will become a major pedestrian and bicycle traffic generator to and along the length of Centennial Mall—the Mall and its
other Civic Center facilities will become more central, and less of an edge to Lincoln’s downtown.

In addition to the analysis of the Pershing Market, this study outlines, in equal emphasis, the pros and cons of existing and future local food production and markets for local food consumption in Nebraska. The study has discovered a surprising strength of existing inventory of farmers and ranchers already engaged in local foods production across the state, i.e., throughout the state we have identified more than 600 self-described local food producers, 300 of whom are located within 150 miles of the Lincoln/Omaha metro markets.

A large part of the existing local food producers already have a working relationship with the Nebraska Food Cooperative to assist them with the distribution of their produce. So, in reality, a Nebraska “Food Hub” already exists, but its sustainability is in doubt due to the producers having only loose connections to markets (the majority of which are seasonal farmers markets, operating at varying scales of traffic and sales volumes). An additional barrier to the capture of a larger share of the retail and wholesale food market lies in the fact that these producers are largely independent operations that must manage not only the growth/production, but also the marketing and distribution of food from field to market to table.

Similar to the recommendations we have made for the financing, organization, and operations of the Pershing Market, we have also made recommendations for the financing, organization, and operations of a *Southeast Nebraska Rural/Urban 12-month Food Hub/Public Market* that would seek sustainable relationships among a growing inventory of producers, and to growing retail and wholesale markets within the growing population of the Omaha/Lincoln metro region.

This project, with strategies for financing of infrastructure and annual operations and contractual connections between cooperating farmers, ranchers, and the markets for retail and wholesale consumption of local foods in Lincoln and Omaha is feasible, and the demand is growing. Responsible leadership has emerged to guide the development of the Rural/Urban 12-month Food Hub/Public Market; included planning and design studies have shown that there are practical opportunities to retrofit and convert the Pershing Center into a collection of self-supporting enterprises—without sole reliance upon public funding. This project is a significant and unique opportunity for a public/private urban/rural development that will benefit future progress, growth, and a healthy distinction of the entire Lincoln/Omaha metro region.

**Commentary: Relationship between the 2015 Feasibility Study and the VAPG Planning Grant**

The recommendations of the Feasibility Study were reviewed and discussed frequently during the Planning Grant. Recommendations were particularly discussed during public meetings and conversations, as those attending these meetings/conversations are residents of Lincoln or of the surrounding region. Underuse and/or disuse of Pershing Auditorium (highlighted as an ideal place for a 12-month Food Hub/Public Market in Lincoln in the Feasibility Study), its location, the layout of the interior, etc. are of general knowledge to local citizens.

*This* was the major consideration and difference between the Feasibility Study and the Planning Grant. The VAPG Planning Grant Steering Committee did not focus on Pershing Auditorium as the facility where the 12-month Food Hub/Public Market would ultimately be located. The Steering Committee focused instead on the City of Lincoln as a viable location for a 12-month Food Hub/Public Market.

Ultimately, the VAPG Planning Grant Steering Committee concluded that the City of Lincoln is a viable location for a 12-month Food Hub/Public Market, as is thoroughly discussed in the following chapters.

Ongoing research, site analyses, and public/private conversations will determine a final recommended site for Lincoln’s food hub and public market.
Chapter 3: Results of Surveys, Focus Groups & Face-To-Face Interviews

VAPG Grant-Related Activities:
1. Winter 2017 – Online Producer Survey
2. June 12, 2017 – Wholesale Food Professionals Meeting
3. November 30, 2017 – Community Luncheon Conversation
4. January 23, 2018 – Community Evening Conversation
5. March 10, 2018 – All Stakeholder Half-Day Meeting
6. Summer 2018 – Face-to-Face Producer Interviews

A summary of the activities follows.

1. Winter 2017—Online Producer Survey
   - Conducted / analyzed by the Lincoln-Lancaster County Food Policy Group in conjunction with the VAPG Steering Committee
   - Twenty-seven (27) participants; Eastern Nebraska
     - Respondents sell their produce/products in an average of 3.65 markets, including the following: wholesale; retail; farmers markets; restaurant sales; online sales; on- and off-farm stands; schools/institutions; CSAs
     - 63% and 64% of respondents are interested in a direct-to-consumer year-round market and a direct-to-consumer market outside of the traditional farmer’s market season, respectively
     - 54% of respondents are interested in a co-op model for a year-round market
     - 26% are interested in consolidated off-site storage space, with 63% replying “maybe/not sure”
     - 52% use delivery services, with 46% interested in using delivery service in the future
   - Limitations: small sample size; participants self-selected to participate
   - Next steps: Interview producers for qualitative data; publish white paper; expand survey
   - Follow-through: Face-to-face producer interviews conducted during the summer of 2018 (see #6 below)

2. June 12, 2017—Wholesale Food Professionals Meeting, “Establishing a 12-Month Food Hub/Public Market in the City of Lincoln and Lancaster County, Nebraska: Serving Southeast Nebraska and the Surrounding Region” (Please see full report in Appendix II)
   - Facilitated by University of Nebraska Public Policy Center in conjunction with the VAPG Steering Committee
   - Thirty (30) dinner participants, including: VAPG Steering Committee; Nebraska Public Policy Center; local producers; Lincoln-Lancaster Food Policy Council; restaurants; grocery stores; University of Nebraska Dining Services; Southeast Community College Culinary Program; chef, local hospital; Nebraska Department of Education (Farm-to-School Program, Nutrition Services); high school Food Service Director
   - Introductory material and online producer survey results presented
   - Breakout group discussion:
     - Opportunities: Communication between producers/buyers; create new consumer awareness and habits; chefs can educate (“convert”); dependable produce schedule allows long-term planning in institutions; collaboration/cooperation will “raise all boats”; wholesale promotes use of seconds (e.g., ugly fruit); education of youth in the community
     - Challenges: Pre-processing may be necessary (e.g., pre-cut fruit) for some institutions; reliable quantity of produce; cost / perception of cost; storage; food safety regulations; linking food with human and environmental health; change the regional food culture (food culture=convenient and cheap); producer/consumer/youth education (health, benefits to local business & environment); climate and weather (produce dependent on good weather / climate change considerations); farm to market transportation.
     - Solutions / Recommendations: Work together to amplify strengths and develop reliable/trusted rela-
tionships; increase local food production to match needs of willing wholesale customers; devise effective communication network; consumers—educate, demonstrations, etc.; interview consumers to see what they want; expand seasonal production (e.g., the use of high tunnels/hoop houses); well thought out and communicated plan

3. November 30, 2017 – Community Luncheon Conversation (Please see full report in Appendix IV)
   - Facilitated by University of Nebraska Public Policy Center in conjunction with the VAPG Steering Committee
   - Fifty (50) luncheon participants; Community members made up the majority of the luncheon attendees, with a number of food-related subject matter experts also in attendance
   - Introductory material and pre- and post-meeting surveys
   - Breakout group discussion
   - Outcomes discussed in University of Nebraska Public Policy Center report (see below, after #4)

4. January 23, 2018 – Community Evening Conversation (Please see full report in Appendix IV)
   - Facilitated by University of Nebraska Public Policy Center in conjunction with the VAPG Steering Committee
   - The location of this Community Conversation (a downtown neighborhood community center) and the invitation list (residents of the surrounding neighborhood) were deliberately chosen to garner feedback from the “persons on the street”
   - Twenty-four (24) conversation participants, including: VAPG Steering Committee members (5); Nebraska Public Policy Center (1); community members (18)
   - Introductory material and pre- and post-meeting surveys
   - Breakout group discussion
   - Outcomes discussed in University of Nebraska Public Policy Center report (see below)

From LNK Market Community Conversations: Primary Report, Author: Lisa M. Pytlik-Zillig, Ph.D., University of Nebraska Public Policy Center:
The intention of the two meetings above (#3 and #4) was “to explore the range of possible reactions to a downtown Lincoln ‘public market’ or ‘local food market’ and to provide organizers with additional information on the reasons for different reactions. All in all, it seemed that the overarching sentiment among those involved in the conversations was one of ‘excitement + local self-doubt.’ That is, people were excited and enthusiastic about the prospect of a year-round Lincoln market, but had hesitations about the design of the market, its funding, and whether or not the Lincoln community and broader public could or would actually support the market by shopping there and engaging with the market in other ways necessary for its success.” (Please see Appendix IV for the full report.)

5. March 10, 2018 – All Stakeholder Half-Day Meeting, “Lincoln Public Market: What We’ve Learned and What’s Next” (Please see full report in Appendix IV)
   - Facilitated by University of Nebraska Public Policy Center in conjunction with the VAPG Steering Committee
   - Forty plus (40+) meeting participants, including: VAPG Steering Community members; Nebraska Public Policy Center; USDA Lincoln Office; Nebraska Investment Finance Authority; University of Nebraska; local government/civic representatives; producers; consumers; local food-related non-profits and organizations; etc.
   - The intention of this meeting was to share the results of the two previous meetings (#3 and #4 above). All results were detailed and presented to participants.
   - Breakout group discussion

Outcomes
Most important outcome—a number of attendees expressed a desire to be part of a committee to move the project forward. All participants will be contacted when a Community Steering Committee is being formed.
Breakout groups brainstormed the following for consideration by a future Community Steering Committee:

- **Transportation:** public vs private; City funding = StarTrans/Mayor’s office; transportation hubs & parking; markets and restaurants; people who work/play downtown but live outside can drive in, park, use downtown shuttle/tram to get to work/play. After work, shuttle/tram takes you to your car, you eat and/or shop then head home.
- **Policy:** strategy to inform policy makers and staff
- **Organization/Structure:** probably non-profit; tiered; who is allowed in; seasonal shifts in allowable booth percentage; beginning farmers; nutrition education; cook/prep classes; local vs. national goods; less than 50% non-food booths; greater than 25% fresh produce
- **Entertainment Center/Community Center:** gathering space; playful/fun; university population; market to the community; production pipeline; adaptable marketing; indoor playground; excited!
- **Funding:** co-op; sell individual & organization memberships; have Nebraska Extension rent space to run classes/use in-house gardens for teaching; apartments; NU Foundation; USDA; CHE; LCF; NIFA; City funding/support; bus routes/downtown tram; Mayor’s office—staff time, some dollars, volunteers, use their resources to address issues/challenges; partnership of the market between a non-profit entity and for-profit organization; revenue sources: stall fees, space rental, meeting space, event space, sell ad space (TV); philanthropic: for-profit new tech millennials; health systems/insurance—Children’s, CHI Health, BC/BS, Medica, Bryan, Banks (Community Benefit dollars); financial set-up needs to reflect Lincoln's culture—e.g., Pinnacle Bank Arena; flexible—funding needs will change over time; need at least five years of funding to become sustainable/self-sufficient

6. **Summer 2018 – Face-to-Face Interviews with Producers (Please see full report in Appendix III)**

- Conducted by a University of Nebraska undergraduate Intern employed by the VAPG Steering Committee for that purpose
- Six Face-to-Face Interviews; questions open-ended
- **Questions and Brief Answers:**
  - Can you realistically increase production to sell at a 12-Month Indoor Market?
    1. Already produce 12-months; can easily increase to accommodate larger market
    2. Already produce 12-months; can easily increase to accommodate larger market
    3. I produce grains and such that can be sold year-round; would diversify if there was a market
    4. We could increase some products, but we are out of land
    5. Yes, not a problem
    6. Yes – we are currently looking for a bigger building, parking lot and store
  - What conditions would be necessary to make it work?
    1. I just need a guaranteed place that I know is going to be open to selling.
    2. At this time, I really don’t have any conditions because I am already at a production capacity to fit a 12-month market.
    3. If there is a market with customers available, I should be able to make it work.
    4. We are currently at an age where we are trying to decide if we should expand our operation, or if we should hold steady and keep it manageable without huge labor or land increases.
    5. We would have to know that a market is available. That is our number one condition.
    6. Our main problem is working with the weather. Producing and selling in weather that’s rainy, snowy, etc. makes it difficult to attract customers. Overall it hurts your business.
  - What would you like to see happen?
    1. I would prefer it was run more like a grocery store or like a co-op with Open Harvest, or if it’s run more like a group of restaurants who are trying to buy as much local product as possible and if they have a choice, they will buy from someone like me first.
2. I would like to see more done to pull in customers.
3. Depending on how you plan on setting up the market, it would be nice to see spaces set spaces up for each farm. Another idea that I already use with my customers at the Farmer’s market is a platform to place online orders that customers can then pick up at the market.
4. Storage is huge for us. Another idea for dealing with excess or “imperfect” produce, would be utilizing some shop or cellar where they take in that excess and turn it into fermented items like sauerkraut, kimchi, or even something like a fermented carrot recipe. Additionally, if there were by chance a USDA butcher within the market, even if it was a tiny operation, farms with poultry would benefit significantly from that.
5. I would prefer a CSA or wholesale style for retail versus farmer’s market stands.
6. I think it is important to include every farmer and operation from big to little in this project. Every size of operation should hopefully get a spot.

What is the outlook for your operation that would help you achieve maximum profits?
1. Right now, I am at a place where I have extra product that is not selling. So, I am looking for more markets that are set up in a way that doesn’t make me feel like I am just going to another regular farmer’s market.
2. Hard to say, but mostly we must stop over producing and figure out our labor which is pretty much the same with every farm.
3. On the farm, to achieve maximum profits, it always comes down to labor and marketing. If we can take care of marketing, then it is just left with finding labor to help do the work for our production.
4. At this time there are a lot of possibilities for things we could do to increase production and make our operation more profitable. We could add more kinds of proteins like more eggs or meat, add more high tunnels, which would both require more land. We have reduced our cattle herd because we lost some of our pasture land that we rented and us being certified organic makes it difficult to increase that again.
5. The more you sell, the more you make. It’s that simple. I don’t need any more land or anything like that. I need more market. We have scaled back in the last 24 months because we did not have a market for everything we produced. We used to have a CSA type Food Hub in Omaha that we sold a lot too, but that was only in the growing season. Eventually, that failed, and we had to cut back drastically.
6. Every year we start planning for the next year. We take in to consideration all our seeds, where we are going to plant things, etc. I also keep track in a planner of what I sell each year and set goals for myself. I like to set my goals for the next year, so it is fresh in my mind. I track daily, weekly, and monthly goals and I always try to beat my goals from the last year. My planner helps us keep track of where we are at and where we need to be as an operation. We are always adding to our goals for our business.

What is your vision for your farm in the coming years (e.g., 5 years)?
1. I would like to be in every single grocery store with my products. Lincoln, Omaha, Freemont, Bellevue, and Hastings, that whole window of opportunity. If I had the opportunity to be in all those places, that would be about double the production that I have now. So, the 5-year goal is to be at that place with 2 or 3 employees helping during that harvest window.
2. The same thing pretty much. Work on our production and labor in a balanced way to maximize profits.
3. A 5-year plan for our farm would start with adding more mobile coops for our laying hens. We also began having bees last year which is environmentally beneficial, but it is also a fantastic shelf-stable product. I would like to get my operation to about two and a half acres eventually. After our first couple of years, we have been able to get things down and be consistent which is
the continuous goal.
4. Pretty much the same thing as our outlook for maximum profits.
5. We intend to be here producing, but unfortunately, right now we don’t know what kind of changes are going to be required of us to keep in the produce business. I honestly don’t know.
6. For the farm we try to grow consistently. Typically, we avoid growing “new” things that people aren’t very familiar with as we know they won’t sell very well. We want to avoid being stuck with a bunch of excess produce because it doesn’t keep and that’s a loss.

☐ Is there anything else you would like to add?
1. As soon as you had an operation set up, it would be helpful for producers to know what customers are needing and wanting. If I don’t get that kind of feedback, then I don’t know if it didn’t sell because it was priced too high or if it was because they simply didn’t want it. The number one thing for producers is going to be that constant feedback.
2. I am a little nervous about projects like this, because I have been approached before on similar things and they don’t usually work out. If it works it would be great, but when it comes to year-round markets it is hard to get them going.
3. It’s important to find those farmers who are willing to produce year-round for something like this. Also, from a farm standpoint, ideally if we can come to a large local market like this and drop off the product and not have to go and sit for hours with that product, that would be beneficial regarding time. It would also be a lot easier to plan things out that way.
4. Realistically I could see us operating a booth 2–3 days at the most. The expectation for farmers to manage booths seven days a week is a bit unrealistic. Some of the larger farms will probably have an easier time with that. It is also difficult to know what to harvest, how much to harvest, and we would have nothing to go off of for a customer base in a public market so that would be difficult at first. We would need to know what kind of traffic there will be. Also, looking at the timeline of when a public market would become available, you would have to have producers in place who could meet that demand currently or could scale up relatively quickly.
5. I would imagine that some of the other growers in the area had the same bad experience I did with the wholesale hub in Omaha failing. Everyone is going to be a little bit gun shy about how it’s going to work. The farmer in me says if you can sell it, we can grow it. One concern I have off the top of my head is when you have a market like the one you are envisioning, and you have multiple growers involved, how do you decide who is producing what for what time periods? I understand that nobody has a specific answer for that problem, but it is something to keep in mind. For some of that extra product, the food bank will absorb some of that product, but there are times where they won’t take the product.
6. I think that the 12-month Food Hub/Public Market would be easy to do for the 5 months out of the year that we have good weather but getting people in during those winter months might be hard. People just aren’t used to availability from producers at that time. It is difficult to understand the demand of customers.

Face-to-Face Survey Outcomes
Although it is a very small sample size, producers indicated they would consider expansion of production if there was a reliable, 12-month market available. Producers understandably need to avoid excessive risk; this will need to be carefully considered by the future Community Steering Committee.
CHAPTER 4: Public Opinion for Qualities and Characteristics of a Future 12-Month Market/Current Profile of Lincoln’s Desire for Local Food

From LNK Market Community Conversations; Primary Report Author: Lisa M. Pytlik-Zillig, PhD, University of Nebraska Public Policy Center (Please see full report in Appendix IV.)

Major Findings

Positive Visions
The range of reasons that people reported for being excited and favorable toward a market included a number of beliefs and hopes regarding what the market might be like. Five themes seemed to especially capture the conversation participants’ visions of what the market could be:

- A downtown market that would be good for Lincoln’s economic development.
- A downtown market that would meet needs of area residents and workers, as well as certain needs that extend beyond downtown.
- A year-round market that would advance sustainability, health, and educational goals.
- A market that would showcase Nebraska’s unique culture and be a place where culture and community are developed.
- A market that is fun, relaxing, enjoyable, has “something for everyone” and has a great atmosphere.

Concerns and Barriers
The range of concerns that were raised suggested a certain amount of caution and “local self-doubt” about the appeal of the market to Lincoln residents and the market sustainability. Across data sources, the following themes relating to concerns and barriers were raised:

- A downtown market might create or be subject to negative competition with other businesses.
- Financing: Views ranged from “I don’t want a downtown market to be publicly funded” to “the market needs to be publicly funded.”
- Will a LNK Market be feasible and sustainable?
  - Nebraskans are not part of a “public market” or “local food market” culture.
  - Farmers may not be able to meet the demands of a year-round market.
  - The logistics of the market may form a barrier that cannot be overcome.
  - The actual market will not have the features and advantages of the “envisioned” or hoped for market.

Brainstormed Solutions and Facilitators
Conversation participants went beyond offering their range of views to offer ideas and solutions to the challenges and concerns they had identified. Participants offered ideas about the following:

- General facilitators of success (such as ample parking, descriptions of pleasant atmospheres),
- how food and health culture might be changed and how the public might increase in knowledge about local food and sustainability issues over time through education and engagement,
- and solutions to other concerns such as the need to plan and build the market in cooperation with instead of competition with other businesses, the importance of taking food stamps/SNAP, and discussion of how locations such as Pershing might help with market logistics.

Measured Attitudes and Attitude Stability

15
While the main focus of our study was on the ranges and types of qualitative responses, the quantitative part of the survey allowed for comparisons among different viewpoints as well as an assessment of the stability of various attitudes in the course of discussion. In the pre-post survey results, there was evidence that conversation participants tempered their excitement somewhat in the face of various concerns; as well as increased their estimated likelihood of attending the market.

For example, as shown in Figure 1, the overall average agreement that a downtown market would address Lincoln’s food desert issues and revitalize the downtown area were less endorsed at post than at pre. This may reflect an increased amount of “local self-doubt” by conversation attendees as concerns and barriers were discussed. At the same time, however, as shown in Figure 2, non-expert residents increased their rated likelihood of visiting the market at least monthly and at least weekly or more often. It is possible that as non-expert residents were faced with concerns about the sustainability and funding of such a market, they reacted by increasing their own commitment to visit the market themselves.

Finally, it is notable that when asked what market features would increase the likelihood of people attending the market either occasionally (e.g., 1–2 times per year) or frequently (e.g., at least monthly), the least rated features were the offering of daily living products (e.g., toilet paper, toothpaste), crafts/homemade goods, and non-locally produced foods. However, the rated importance of non-locally produced foods increased from pre to post as likely to increase both frequent and occasional visits to such a market. Meanwhile, some of the most highly rated market features were the offering of an attractive atmosphere, local food, and ethnic restaurants. From pre- to post-conversation, the importance of atmosphere increased in importance for frequent (at least monthly) visits and the inclusion of ethnic restaurants and cultural festivals or activities/events both were rated more highly for encouraging occasional visits (1–2 times per year).
Chapter 5: Travel to Existing Food Hubs/Public Markets

Steering Committee members visited six established 12-month Food Hubs/Public Markets, as follows:
1. Quad Cities Food Hub, Davenport, Iowa; 2/4/2017 (now closed)
2. State Farmers Market, Raleigh, North Carolina; 4/6/2017
3. The City Market, Kansas City, Missouri; 6/28/2017
4. Mill City Market, Minneapolis, Minnesota
5. Hollywood Farmers Market, Los Angeles, California; 10/25/17
6. Grand Central Market, Los Angeles, California; 10/26/2017

A summary of the visits follows.

1. Quad Cities Food Hub
Davenport, Iowa
February 4, 2017 (Permanently closed December 2017)

History
The building used by the Quad Cities Food Hub and its neighbors has a 100-year history related to food. In 1917, the building was used as a drop-off point for produce.

In 2010, the Mayor of Davenport, Iowa, visited the Eastern Market in Detroit. He was so impressed by the Detroit market that he returned to Davenport determined to replicate that success. He set the process in motion by creating a Steering Committee who worked with the City and the City Council to create the Quad Cities Food Hub. The property is owned by the City of Davenport and is located on the Iowa side of the Mississippi River adjacent to a bridge crossing to Illinois.

Present-Day Activity
The Food Hub has 1) a retail grocery store, 2) an Education Center (food preservation, arts & crafts, cooking demos, gardening, etc.), 3) a consignment crafts store/non-profit sales store (70% profit to crafters/non-profit, 30% profit to Food Hub), and 4) a commercial kitchen (CSA bags/boxes, grocery store value-added products, education center activities, cooking demos, etc.).

The Quad Cities Food Hub purchases produce/products from and sells to the populations of the following cities and their surrounding areas: Davenport, Iowa; Bettendorf, Iowa; Rock Island, Illinois; Moline, Illinois; East Moline, Illinois (population approximately 500,000, most of which live on the Iowa side).

The Quad Cities Food Hub shares space with several other retail businesses and with a 12-month indoor farmers market.

Organizational Structure
The Mayor’s office created a Steering Committee to establish the Food Hub. 501(c)3 non-profit status was chosen as the organizational structure. There is a 12-member volunteer Board of Directors.

Finances
A $100,000 USDA grant was acquired for equipment, technology, and to fund two employees. An additional grant for $600,000 was acquired with the intent of creating 30 jobs within the community. A federal grant covers staff salaries. The City of Davenport does not charge rent or utilities. When the grant is over, however, the Food Hub will pay the city 10% of its profit in lieu of rent and utilities.
Human Resources

- Operations Manager
- Retail Store Manager
- Marketing and Funds Development Coordinator
- Local Food Coordinator
- Kitchen Coordinator
- Accounts Coordinator
- Education and Events Coordinator
- Inventory and Merchandising Specialist
- Store Associates (3)

Notes Of Interest
The Food Hub grocery store offers locally made products (such as soda, locally roasted coffee, pasta, etc.), meat, eggs, dairy products, beans, spices, fresh produce, etc. Produce during the winter months is “off the truck from co-ops” that have cold-storage. The grocery store also offers paper products and cleaners, making it a one-stop shop for customers who need the convenience. The City of Davenport continues to be an active partner.

Additional Note on their Closing:
The Quad Cities Food Hub closed its doors in December 2017. A related article (link below) offered the following reasons: “Some of it is the (lack of new) funding and some of it is our bottom line,” said Liz Hogan, operations manager. “As we see more local food in grocery stores, a nonprofit likes ours is no longer relevant.”

2. State Farmers Market
Raleigh, North Carolina
April 6, 2017

History
The first evolution of the State Farmers Market was in 1914 and was located near downtown Raleigh. In the late ’40s the state conducted a survey that concluded the market had outgrown its first location. In 1955, the market was relocated to a newly developed 17-acre property. It was at this location that the farmers market section was leased to the North Carolina Department of Agriculture (NCDA) and then would be later purchased by the State of North Carolina. By the ’70s the market has once again outgrown its location. In 1991 the current farmers market opened on 75 acres near North Carolina State’s campus.

Present-Day Activity
The State Farmers Market is open 365 days a year, 24 hours a day and hosts 3.5 million visitors per year. More than 500 vendors sell products and goods at the market. The site has two restaurants, three buildings dedicated to farmers and producers to sell their products through vendor spots or wholesale. In addition, the market hosts five wholesalers who supply local grocery stores, restaurants, institutions, and retail stores.

Organizational Structure
North Carolina stands alone in the role the state plays in the market. North Carolina Department of Agriculture and Consumer Services, Division of Marketing actively manages the State Farmers Market along with three additional markets in Charlotte, Colfax, and Asheville. The NCDA also supports a marketing campaign call “Got to be NC” which promotes local foods across the state.
Finances
The market’s budget averages 1.5 million dollars per year. The State Market in Raleigh is completely self-sufficient, generating revenue within.

Human Resources
The market employs 17 full-time staff ranging from management to grounds maintenance. Five of these positions are security guards to ensure the property is safe for 24 hours a day, 365 days a year.

Notes Of Interest
- State funding has helped the farmers markets throughout the state and helped promote local foods and produce
- There is no rhyme or reason as to the location of the market; takes a lot of marketing if the location is not a familiar or new one
- Complicated system of produce distribution throughout the east coast which supplies some of the produce for wholesale

3. Historic City Market
Kansas City, Missouri
June 28, 2017

History
The City Market was established in 1857; The City government took possession in 1931.

Present-Day Activity
Retail property (30 to 40 business tenants/museums), three pavilions for the sale of farm products (180 stalls), and a commercial kitchen. 12-month operations.

Organizational Structure
The City Market is owned by the City of Kansas City and managed by the KC Commercial Realty Group. The City Market has two components: 1) the Historic City Market; and 2) the Farmers’ Market. The City of Kansas City has a Market Oversight Committee that meets with City Market and Farmers’ Market personnel on a quarterly basis.

Finances
The City Market has an annual budget of $1.4 million, most of which is generated internally. Although the City Market has been “in the black” for the most part, the City of Kansas City will meet a shortfall (subsidize) to keep the City Market solvent, and maintain and improve the property.

Human Resources
There are seven full-time and one part-time City Market employees: 1) City Market Manager; 2) Farmers’ Market Manager; 3) Farmers’ Market Assistant Manager; 4) Commercial Kitchen Manager / Administrative Assistant; 5) Marketing and Events Director; 6) Property Maintenance Supervisor; 7) one full-time Custodial Superintendent; and one part-time Custodial Superintendent.

Notes of Interest
Managers (City Market, Farmers’ Market, and Commercial Kitchen) stress that city involvement is essential to their success. The managers report that operations are constantly changing/evolving. The City Market is becom
ing a tourist destination, particularly with the revival of streetcar service. All tenants are retail. Restaurants are locally owned. Local start-ups are welcome. Ethnic grocery stores are welcome as long as all produce is labeled for source.

4. Mill City Market  
Minneapolis, Minnesota

**History**
Mill City Farmers’ Market was founded in June 2006 by Brenda Langton, chef/owner of Spoonriver Restaurant, in collaboration with the Mill City Museum.

**Present-Day Activity**
The Market operates year-round. During May–October it operates outside in a parking lot adjacent to the Mill City Museum in downtown Minneapolis, with over 60 vendors. The outdoor market is every Saturday morning, 9 am–1 pm and typically has 3,000-6,000 visitors. During November–April the market moves indoors to the atrium of the Mill City Museum with approximately 30–40 vendors and a smaller footprint for each vendor. The indoor market is every other Saturday, 10 am–1 pm, and typically has 1,000-2,000 visitors.

**Organizational Structure**
Mill City Farmers Market is a 501(c)4 non-profit that seeks funding from local businesses, corporations, individuals and grants. In 2017 MCFM founded a 501(c)3 Charitable Fund to expand the Market’s educational programming, farmer and food maker grants, and food access work. The market has a Board of Directors and Advisory Committees. The Charitable Fund also has a separate Board of Directors.

**Finances**
See Organizational Structure above; the market seeks funding from a variety of private and public sources, to also include stall fees.

**Human Resources**
The market has five staff members, however, we do not know how many are full-time/part-time, etc.

**Notes of Interest**
The market has a mix of farm vendors, prepared foods (to include many ethnic foods from local restaurants), art/craft vendors, and spaces available for community booths.

5. Hollywood Farmers Market  
Los Angeles, California  
October 25, 2017

6. Grand Central Market  
Los Angeles, California  
October 26, 2017

The two markets above were visited one day after the other. Market administration was not available to meet during either visit. Therefore, the information that follows is based on visual observations. Both markets have
evolved into local food preparation restaurants. There is limited fresh produce, however the downtown Market has organic meat (within 1500 miles). It is very high quality (good brand) and attracts customers interested in sustainability. At the time of this visit, during October, the L.A. Central Market was celebrating its 100th year.
Chapter 6: Options for Value Added Strategies for Producers

Value-Added Challenges and Opportunities for the Small-scale Producer in the Lincoln Area
Jerry and Renee Cornett, Lakehouse Farm and Prairie Plate Restaurant

The USDA generally defines value-added products as:
1. A change in the physical state or form of the product (such as milling wheat into flour or making strawberries into jam).
2. The production of a product in a manner that enhances its value, as demonstrated through a business plan (such as organically produced products).
3. The physical segregation of an agricultural commodity or product in a manner that results in the enhancement of the value of that commodity or product (such as an identity preserved marketing system).

Necessarily, the definition is very broad, however, the primary goal is for the farmer/producer to capture more of the overall value of the product. This can occur either through additional money spent or a greater loyalty from the consumer, both increase overall revenue. In 2015, farmers received 8.6 cents per dollar spent on food in the US; slightly less than the 9.3 cents per dollar spent on wholesale trade (source: USDA, Economic Research Service, Food Dollar Series). There is certainly room for growth.

Increasing this percentage may sound straightforward; it is anything but. Regarding value-added opportunities that change the physical state or form of the product (jams, salsas, etc.): there is no ‘formula’ for success. Consumers can be incredibly difficult to decipher regarding processed food. Additionally, what is successful in one region of the US may not be successful in other regions: looking at trends in other regions may not be a reliable way to predict success (it could also put you on the downside of a waning trend). Economics, demographics, culture and a host of other variables come into play, sometimes even within the same region. This is certainly our experience in the Lincoln Market.

Below are some observations, in a challenge vs. opportunity context, from our five years in the area:

Challenges
1. Market research?
Most literature on Value-added opportunities begins with “researching the market”. Exactly what this means and how much the producer can afford is an open question. There is USDA grant money available for market research and if you are exploring significant capital investment for your value-added product, it is probably the only way to go (and banks will be wary of lending money without market research). Even with market research, however, you may not receive the answer you need. Equally challenging is the consumer “doesn’t know what they don’t know”—market research may not indicate if demand can be created for a value-added product.

2. A saturated and extremely competitive market
10 years ago, the consumer seeking unique and specialty produce, meats, and cheeses had limited choices in the Lincoln area. No longer. In the last five years, several national specialty grocery chains arrived in the area and established grocery stores had to adapt to the new environment. The net result is a fierce competition for the consumer’s food dollar. While large corporations can devote more resources to marketing and offer pricing strategies (loss leaders, daily specials, etc.) to gain consumer loyalty, the farmer/producer in the direct-to-consumer market has little room to compete on price alone. Other strategies must be employed that will be discussed below.

3. Food culture
Food culture in the Lincoln area is not as strong as other cities in the region. Anecdotally, this is corroborated by
many of our customers at the Farmers’ Market. A recent spate of independent restaurants closing had us wondering about the state of independent restaurants in the area, more so when the building remained vacant. Generally speaking, recently closed restaurants are a cost-effective place to start a new restaurant. When a space remains vacant, it can be indicative of a weak market. The arrival of numerous specialty grocery stores may indicate the culture is changing, however, no one should expect the shift to occur rapidly.

What this means for the producer is what works elsewhere may not work here and trials with new products may take much longer to be positively received.

Opportunities

Despite the challenges of developing value-added products, there are some relatively low-cost and simple starting points:

1/ Physical segregation of an agricultural commodity or product in a manner that results in the enhancement of the value of that commodity or product (such as an identity preserved marketing system)

We can’t overemphasize the value of branding and placing that brand wherever your product goes (farmers market, delivery service, packaging, etc.). Who you are, ideally with a simple logo that is recognizable even on small packaging, is vital in the direct-to-consumer market. For example, lacking adequate market signage, you will discover many of your frequent market customers will walk right by your stall without “seeing” you. Next week, they will wonder where you were! (True story). It is not enough to have the name of your farm on a small sign; in a retail environment like a market where there are many distractions, a picture is worth a thousand words.

2/ The production of a product in a manner that enhances its value, as demonstrated through a business plan (such as organically produced products).

Enhancing the value of your product can be put another way: differentiating your product from others, even though they may visually appear similar. What are the unique attributes? A tomato is not just a tomato:

a. it’s an heirloom tomato,

b. a sauce tomato,

c. a high/low acidity tomato,

d. a tomato from seeds passed down through the family for five generations,

e. etc.

3/ A change in the physical state or form of the product

This is the value-added we normally think of when the term is used, however, it’s probably the most difficult to achieve. Again, no obvious answers, but here are a few considerations:

a. Try it! Conversations with local producers and our own experience tell us that the customer will try new and unique products (but not too unique…), however, they are price sensitive with these experiments. In general, $4–$5 is what most consumers are willing to pay for a new product. Producers should factor this into their decision-making process and determine if the product can be economically “down-sized” in terms of quantity (quart to pint, for example) to bring the price into this range. Once consumers are familiar with the product and demand has been created, larger sizes can be introduced.

b. Products that the industrial process finds difficult to replicate,

c. Products that you can’t find in the average grocery store,

d. Products that have a historical connection to the region,

e. Unique, producer-developed blends (spices, meat cures, fermentation, etc.). Don’t only trust your taste! Enlist others you trust to give you honest answers and don’t be afraid of criticism; it could save you a lot of time and money.
Chapter 7: Beyond the Grant: Suggestions for Future Consideration
Services / Organizational Structure / Business Structure

Food hub services, organizational structure and/or business structure were not specifically addressed in VAPG grant activities. Because of the positive tone in which this planning grant ended, however, there are stakeholders who wish to move forward with this project. Therefore, this information is offered as a starting point for future discussion.

Below, please find information garnered from USDA publications/websites related to food hub services, organizational structure, and business structure.


Services Provided by Food Hubs/ Public Markets

Producer Services
- Actively linking producers to markets
- On-farm pick up (transportation and distribution)
- Production and post-harvest handling training
- Business management services and guidance
- Value-added product development
- Food safety training
- Liability insurance

Operational Services
- Aggregation
- Transportation and distribution
- Brokering
- Branding and market development
- Packaging and repacking
- Light processing (trimming, cutting, freezing)
- Product storage

Community Services
- “Buy Local” campaigns
- Distributing to “food deserts” (transportation and distribution)
- Food bank donations (transportation and distribution)
- Health screenings, cooking demonstrations
- Food stamp redemptions
- Educational programs
- Youth and community employment opportunities

Organizational/Operational Structure (Models)

Food hubs can be:
- Wholesale,
- Retail,
Food hubs can have as much, if not more, variety in their operational structure as other businesses. A food hub can be:
- Privately held,
- Publicly held,
- Non-profit, or
- For-profit.

Ownership can be divided, just as any other business, into:
- Sole proprietorships,
- Partnerships,
- Corporations,
- Cooperatives, or
- LLCs (limited liability companies).

**Business Structure**

An important beginning step in creating and implementing any business is to determine how it will be structured. Though many of the following classifications of a food hub are interrelated, they can be divided into three broad categories:
- Tax designation,
- Legal structure, and
- Operational model.

The business structure of a food hub—or any type of business—will determine many aspects of the operation, including tax liability, sources of capital, general risk management, information flow and sharing, and even opportunities for growth and expansion. Basically, business structure determines how the business operates, both internally and externally.

There is no single clear choice for the “best” or “preferred” structure or operational model when forming a food hub. The “best” for any individual situation can be chosen by closely examining the needs of the food hub owners and stakeholders, as well as the business environment in which the food hub will operate.
Chapter 8: Beyond the Grant: *Suggestions for Future Consideration*

**Financing: Creation And Sustaining Produce Volumes And Market Consistencies**

Financing was not specifically addressed in VAPG grant activities. Because of the positive tone in which this planning grant ended, however, there are stakeholders who wish to move forward with this project. Therefore, this information is offered as a starting point for future discussion.

Below, please find: 1) Information garnered from USDA publications/websites related to financing, and 2) Steering Committee reflections as to how a future planning committee may move forward.

From USDA Materials: “The Role of Food Hubs in Local Food Marketing”, USDA Rural Development Service Report 73, January 2013 (NOTE: this information is also included in Chapter 10—Recommendations)

8. Identifying all sources of technical and financial support, including those considered less conventional.
   a. There are emerging areas of public and private financial support for food hubs, including micro-lenders, private investors, economic development entities, and nonprofit community-based organizations.
   b. There are also businesses with technical expertise in processing, distribution, or transportation with which a hub could contract to more efficiently execute some of the more complex or cost-prohibitive functions of direct marketing through a hub. At issue here is how comfortable the stakeholders are with alternative lenders or certain subcontractors. This sort of “comfort level” assessment is an important component in developing a strategic business plan for a food hub.
   c. Donated or shared equipment and facilities can substantially reduce the capital required to start and operate the food hub.
   d. It is essential that members, producers, and owners have “skin in the game.” That is, all owners need to have a capital stake in the success of the venture.

From: *Financing Food Hubs and Other Healthy Food Enterprises*—https://www.ssawg.org/foodhubs/
USDA Grants for Food Hubs based on “Stage of Business Development.”

**VAPG Steering Committee Reflections:**

Below is a list of potential general/local sources for funding.

- State and local funding
- Opportunity Zone funding
- Federal New Markets Tax Credits
- USDA grants/loans
- Philanthropic grants
Chapter 9: Beyond the Grant: Suggestions for Future Consideration
Marketing

Marketing was not specifically addressed in VAPG grant activities. Because of the positive tone in which this planning grant ended, however, there are stakeholders who wish to move forward with this project. Therefore, this information is offered as a starting point for future discussion.

Below, please find: 1) Information garnered from USDA publications/websites related to marketing; and 2) Steering Committee reflections as to how a future planning committee may move forward.

USDA Materials:

Understanding the market is vital for a successful business. A distinguishing feature of a food hub is its ability to adapt to suit the demand of customers in a given region. This includes the ability to adapt its operations to changes in the market.

Choosing a Sales Focus
A food hub will often sell product at wholesale, directly to consumers at retail prices, through a CSA-type Business model, or through some combination (hybrid) approach. Typically, a food hub focuses on one or two approaches for sales, so food hub owners will need to evaluate the area and the potential of each market as well as the viability of the food hub reaching and selling through these markets.

A wholesale market for a food hub typically includes larger buyers, such as:
- Restaurants,
- Institutions such as assisted-living facilities, hospitals, schools, and colleges,
- Resorts,
- Military bases,
- Local or regional grocery store chains.

A food hub focusing on direct marketing to consumers will either have an actual location where customers can shop for and purchase products, or it will facilitate direct sales using online ordering and pickup locations. With this model, the food hub can reach individuals, families, and some larger buyers, such as restaurants. The customer base for a CSA-type food hub also usually includes families or individuals.

CSA food hubs do not usually sell to larger buyers. Depending on the scale of the food hub, it may have the potential to sell to many different markets. Typically, a food hub will focus on one main market, but its leaders should be cognizant of other markets in the area that could provide options if more outlets are needed.

Promotion
To stand out in the marketplace, particularly when faced with competition, a food hub must communicate its mission and commitment to local foods by creating some form of contact with its producers and customer base.

Price Sensitivity
In general, marketing systems must be selected that generate differentiated products that consumers demand. To enter into a quality, high-end market, a food hub must promote the concept of product differentiation and communicate why its products are different from others available in the area. This can take place through produc-
tion, processing, or through attribute identification, such as “organic.” Three important features that can be focused on may include:

- Local foods and the connection to family farms
  - Surveys show that the American consumer has compassion for farmers, especially local ones. The “locally produced by family farmers” connection is a valuable marketing tool. Most consumers support small and medium-sized producers who add to the quality of their rural communities in many ways.

- Flavor and nutrition
  - Because “local” is often viewed as a premium product that is fresher or more flavorful than grocery store varieties of the same item, promoting these attributes can result in higher prices for the food hub’s products. If a product is recognized for quality and taste, sales will increase.

- Preserving open spaces/education
  - In some areas, especially those near urban centers, viable small farms can help slow the rate of urban sprawl and provide “close in” educational opportunities for school field trips and other groups wishing to learn about how food is produced.

**Branded Products**

Consumer confidence and trust are directly contained in the brand name; the value of this brand identity often goes well beyond the actual items being sold. The higher the quality of the product, the more likely it can be differentiated from competition. This can lead to less price sensitivity for that product, resulting in higher sales margins. Some food hubs further differentiate and promote their products through development of their own brand/label. The brand and trademark ultimately chosen by the food hub should be used in all communications materials.

**Relationship Marketing**

The food hub should seek to cultivate relationships with its stakeholders and customers. Establishing clear communication channels with producers, customers, and the community can help the food hub respond to changing needs, keep the customers informed about products and their specific attributes, and provide awareness of seasonality, the quantity available, and the timing of deliveries. Food hubs often cultivate this type of marketing through face-to-face interaction with producers, consumers, and wholesale customers.

**Websites and Social Media**

Websites and social media outlets are other methods often used by food hubs as a primary method of marketing. A website offers a way for a food hub to explain its mission and provide customers with the hub’s history and information about its products and services. Using social media as a promotion platform can provide a significant cost savings over traditional promotional methods and allow a food hub to reach a large audience. Social media can also be tailored to reach core demographic groups such as the hub’s supporters. Social media can also foster enthusiasm among stakeholders to help spread the community mission and principles of the hub.

Social media websites offer an ideal opportunity to connect with people seeking local foods. They offer a more direct level of interaction between businesses consumers than traditional marketing methods. People can “like” posts made by the food hub; receive access to updates, pictures, and comments from the hub; provide direct feedback; and leave comments about the food hub for others to see, including recommendations, questions, or compliments/complaints.

Social media websites also offer ways to increase sales by posting promotions, coupons, and information about events to encourage sales of products. In addition, links can be provided to the hub’s website or a newsletter subscription page to increase traffic. All these options are free.
Blog sites and micro-blog sites offer platforms where users can post updates, share links, and connect with other users. They offer access to new and changing consumer markets that may not otherwise be accessible.

**VAPG Steering Committee Reflections:**
- This will require a thorough and detailed planning effort.
- Refer to and gather more information from existing markets.
- Create a marketing plan for both a Food Hub and a Public Market.
Chapter 10: Recommendations

Providing recommendations for the future was not specifically addressed in VAPG grant activities. Because of the positive tone in which this planning grant ended, however, there are stakeholders who wish to move forward with this project. Therefore, this information is offered as a starting point for future discussion.

Below, please find: 1) Information garnered from USDA publications / websites related to financing; and 2) Steering Committee recommendations as to how a future planning committee may move forward.

From: “The Role of Food Hubs in Local Food Marketing”, USDA Rural Development Service Report 73, January 2013

Roadmap for Food Hub Development

The development and evolution of food hubs are highly localized and dependent on several factors. Even so, there are some lessons that can be applied from reviewing examples from across the country. There appear to be some factors that contribute to success more than others, including:

1. Having a strategic plan with clear goals and a vision for developing the food system helps ensure that the hub’s original intents are maintained (for example, fair prices for farmers or sustainable agricultural production methods).

2. Getting all stakeholders engaged early in the process and defining their interests and areas of expertise. This limits some risk that may arise in fulfilling contracts with vendors and buyers and involves:
   a. Making sure there is a management or oversight team that is inclusive and that hears farmers’ concerns, as well as those of other businesses and investors.
   b. Ensuring that the team has individuals with skills and proven experience in financial management, the regulatory environment, marketing and packaging, inventory management and quality control, and that can engage meaningfully with farmer/business owners.
   c. Making sure that all parties are well matched in size and scale and operate with similar goals and values.
   d. Enlisting producers and members with previous experience growing and supplying food for local markets.

3. Understanding the location of different direct markets and how to access them.
   a. If the market outlet is geographically distant from the production unit, how will transportation occur and how can products be priced to cover those costs?
   b. Is backhauling feasible to generate revenue on an otherwise empty return load?
   c. If the market is one with a customer base that is less familiar with purchasing and preparing fresh foods (some urban or at-risk populations, schools without scratch cooking experience), education may be vital to the hub’s success.

4. Providing an educational program that may be an integral part of the hub development. This may include partnering with an outreach entity, such as a university Extension Service or nonprofit, that can deliver information about what the hub provides and when the product can be delivered to the consumer. Producers may need training on post-harvest practices, such as quality control, packaging and delivery. Likewise, there may be a need for training in coordinated practices, such as common production practices or season-extension techniques.
5. Reducing risk on the buyers’ side in order to access markets. HACCP (hazard analysis and critical control points) are mandated by law regarding certain products. In circumstances where a HACCP is not required by law, many end users may still request them to be implemented by producers or processors before receiving product. GAP (good agricultural practices) are also often required by end users’ products. While these plans are used to ensure consumers of the quality and safety of the products, they may necessitate additional costs in producer/business. Owner training and the development of specific protocols and quality assurance will most likely be required in order to meet the end user’s requests. Another type of producer support that may be necessary is securing affordable product liability insurance for individual vendors, or umbrella insurance coverage for vendors that can be purchased through the hub, since this is critical for hubs accessing institutional markets, such as schools or hotels. Such requirements for accessing a market may also cause some business owners to withdraw from the supply pool.

6. Providing capital for supply chain infrastructure, such as vehicles, storage facilities, and retail locations. Capital availability can be a significant barrier to starting local aggregation and distribution businesses. A certain level and type of infrastructure is necessary to operate a food hub, including:
   a. Technical infrastructure, such as billing protocols, Internet management systems and payment processes.
   b. Physical infrastructure may also be essential (such as product warehousing or processing capability) in order to ensure increased product quality and packaging control across suppliers. Distribution infrastructure may also be required.

7. Exploring a variety of business structures. Whatever that structure is, it must be one that helps the stakeholders meet their goals for financial, marketing and production planning and growth. It appears that a certain initial flexibility is key, and the management team should identify the point at which a particular business structure constrains further investment. An alternative structure (such as incorporating one business function or outsourcing distribution) may sometimes be the only way the hub can maintain its market share or expand into new markets.

8. Identifying all sources of technical and financial support, including those considered less conventional.
   a. There are emerging areas of public and private financial support for food hubs, including micro-lenders, private investors, economic development entities, and nonprofit community-based organizations.
   b. There are also businesses with technical expertise in processing, distribution, or transportation with which a hub could contract to more efficiently execute some of the more complex or cost-prohibitive functions of direct marketing through a hub. At issue here is how comfortable the stakeholders are with alternative lenders or certain subcontractors. This sort of “comfort level” assessment is an important component in developing a strategic business plan for a food hub.
   c. Donated or shared equipment and facilities can substantially reduce the capital required to start and operate the food hub.
   d. It is essential that members, producers, and owners have “skin in the game.” That is, all owners need to have a capital stake in the success of the venture.

9. Managing information efficiently. This is critical to the success of a food hub.
   a. Timely and accurate information flow between producers and consumers, or between producers and wholesalers, helps to minimize or avoid risks, such as price or marketing risk, production risk and some legal risks.
   b. Information management – supported by dedicated staff and technology – impacts the hub’s ability to manage orders accurately, to monitor product quality, and to convey product attributes to consumers and other vendors.
c. Information is needed to remain in compliance with certain Federal, State, and local food safety regulations, and to maintain transparent working relationships across multiple partners in a value chain.

VAPG Steering Committee Reflections:
- Reassemble the Steering Committee, review the report.
- Determine the knowledge and information that will be central to the next stage of planning.
- Engage the Steering Committee (or a new committee) in planning for next steps.
- Continuing progress for a Lincoln Market and Food Hub.
- Identify State local leadership.
- Identify City local leadership.
- Create public/private 12-month Food Hub/Public Market Planning Committee.
- Develop producer communications plan.
- Develop local funding & implementation team.
Appendix I: Feasibility Analysis
Feasibility Analysis: Regional 12-month Food Hub/Public Market and Support Facilities
Omaha/Lincoln Metro Regions
Southeast Nebraska
Joslyn Institute for Sustainable Communities. 2015.
http://www.ecospheres.com/food_hub_analysis.pdf

Appendix II: Producer / Wholesale Food Professionals Meeting Report
Wholesale Food Professionals Meeting Report
June 12, 2017
Lincoln, Nebraska
Establishing a 12-Month Food Hub/Public Market in the City of Lincoln and Lancaster County, Nebraska: Serving Southeast Nebraska and the Surrounding Region

Appendix III: Producer Survey and Face-to-Face Interviews
Face-to-Face Producer Interviews
Kayla Vondracek, JISC Intern.
Summer 2018.

Appendix IV: Consumer Surveys/Focus Groups
Nebraska Public Policy Center Report
LNK Market Community Conversations
Primary Report Author: Lisa M. PytlikZillig, PhD University of Nebraska Public Policy Center
Other Contributors: This report was prepared with assistance and feedback from the USDA Value Added Producer Grant Steering Committee
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