

Food Hub Advisory Council Meeting Summary – November 2, 2015

Present: Rachel Lord, Robbi Mixon, Kyra Wagner, Emily Garrity, Paul Castellani, Brad Cesar, Margo Reveil, Hannah Hemibuch, Heidi Chay (telephonically)

10am – 12:30pm @ Inletkeeper office, Homer

Homework Items:

| Who | What | Timeline |
|----------------------|---|--|
| ALL | Brainstorm ideas for name and logo. Be broad in geographic scope! | Please send to Robbi by December 1. |
| Paul/Emily (others?) | One-on-one conversations with restaurant owners/buyers | Be ready to bring feedback to our December 8 meeting if possible |
| Emily | Opportunistically gather ideas/feedback/etc from folks in New England! | Be ready to bring feedback to our December 8 meeting if possible |
| Hannah | Help find a fisherman to sit at the table | Hope to have someone on-board by December 8 meeting |
| Robbi | <i>See list on the last page</i> | Will start sending information out to the group over the next few weeks to discuss and percolate on. |
| Robbi | Flier and outline for November 12 vendor meeting | By Wednesday, November 4 th for emailing with a weeks' notice. |
| Margo | Bring a flier to the Saturday winter market vendors on the November 12 meeting | Saturday, Nov 7. |
| Rachel | Type up meeting summary, send out emails for upcoming meetings (Nov 12 and Dec 8). Ask Susan Houlihan to sit on the Advisory Committee. | At least a week in advance for emails, and get Susan on-board as soon as possible! |

Brief Meeting Summary

- I. Introductions around the table. Heidi noted that she's participating as a representative from the Central Peninsula. There's a small group of producers looking to do a similar effort up there. Rachel noted she's been trying to get someone to the table who would represent finfish direct marketing interests. Hannah will help get someone on board! Seldovia Village Tribe has not yet selected a person to serve on the committee, however we look forward to getting someone on board when they do.
- II. Rachel provided a re-cap of the overall project and funding, emphasizing points that this is a pilot project that's funneling through Cook Inletkeeper for the duration of the grant, but

after that point if it's successful it should be developed such that it can stand on its own. The project is 2-years in length, and dovetails with Inletkeeper's mission as it works to encourage local foods, reduce food miles/carbon footprints, and increase food security.

- III. Presentation by Ryan Crum at Local Food Marketplace (Eugene, OR). Ryan gave a thorough overview of the software/technology they run for food hubs. We were able to see the sides of the software used by customers, producers/vendors, and food hub administrators. See the Q&A at the bottom for various questions raised during this presentation. A few points made during the presentation:
- i. Doesn't replace Quickbooks or need for bookkeeper/accounting system. Data are exportable for integration into QB.
 - ii. A lot of flexibility as to how the software is set up.
 - iii. The group agreed we'd like to have producers be able to log-in and manage their own information/products/etc.
 - iv. Vendors set their prices, and then the food hub sets a mark-up rate on top of that. Usually runs 20-40%. The customer only sees the final price. Different customer types (i.e. retail vs wholesale) can be set to different markup points.
 - v. After their initial set-up, vendors should only need to spend 10-15 minutes per week updating their information online.
 - vi. Sales tax is dealt with on a state-by-state basis.
 - vii. EBT can't be accepted online, but EBT payments can be accepted at pick-up and tracked in the software.
- IV. Next steps/meetings:
- a. Producer/vendor meeting: Thursday, November 9 at 6pm, location TBA. Goal to provide an overview of the project, a timeline, and an opportunity for discussion and feedback.
 - b. Advisory Council meeting: Tuesday, December 8th at 10AM, Cook Inletkeeper office. A lot of work needs to be done, so will look to members to do their "homework" (see page 1!) and provide feedback in between meetings. We'll look to have concrete items on the table for decisions during our meetings in order to stay on schedule for a spring roll-out of the food hub.

Questions & Answers

Should anyone else be sitting at the table for the Advisory Committee? The group discussed restaurant owners/buyers, but agreed that at this point having one-on-one discussions followed by a focus group would probably be the best use of their time. Rachel will ask Susan Houlihan (Alpenglow) to participate as a non-food product representative.

Will this be competition for individual farmer CSAs (or other sales)? Emily sees it as a potential to grow a customer base with wider opportunity for producers to market products.

Question to LFM: Can there be both retail and wholesale sales through the software? Yes. Quite a few food hubs they work with do both – most start with retail and then morph to wholesale. The

administrators can set up different customer types so when someone or an entity logs in they can see different items and prices depending on their 'type'.

LFM: Can the software accommodate different communities/sub-regions? Multiple distribution points are common, but generally come from one central aggregation point and then trucked out to those points. It is possible to work to develop different drop points that have completely separate producers and products available.

LFM: Can a vendor generate a list of products even if they aren't available right now (i.e. during the winter when there's more time)? Yes. As a vendor you select which items get listed from week to week.

LFM: Does the software include email newsletters, etc? No. You can export a list of customer email addresses and use MailChimp or another third party software for this kind of thing.

LFM: How does credit card integration work? Many new food hubs find that the fees associated with accepting credit cards outweigh the benefits. Fees are associated with a merchant account and 'authorize.net', the platform they use for accepting credit cards online. An alternative to people entering their credit card information online is to accept credit cards in person during the pick-up using Square or another third party product which has much lower fees.

LFM: Can the software include annual fees for customers and vendors? Yes, through an additional add-on module. You can also do the same thing manually using a separate spreadsheet to track payments and charging a line item fee annually.

LFM: What are the fees/pricing for the software and add-on modules? You can get a good start on the website for what the prices are, however it's best once you figure out more of what you're looking for to sit down with the LFM folks to get a more accurate picture. At this point probably the starter or standard packages look like a good fit for our pilot.

LFM: What kind of timeline do you usually see with new food hubs for getting started? It usually takes around a week to get the nuts & bolts ironed out administratively, and then can take up to a couple of months for training etc. Ryan thought if we were ready to go right now (early-November), we could be up and running for the start of the year (January). So roughly 2 months once we have our ducks in a proverbial row.

LFM: How are your servers set up, etc – what happens to our food hub if you go out of business? Servers are all with a third party company that is well known and respected. Knock on wood they have had no major problems to date. LFM is in a strong financial position and feels confident in their ongoing service. That being said, as a customer you own your data and if a transition needs to happen they can help make that work.

LFM: Do you have a team of software developers? Are they contractors or in-house? LFM has a team of in-house/on-staff software developers.

Should the food hub be a stand-alone entity with its own liability insurance, etc? Yes, probably should. Need to figure out all that should entail.

Could we utilize some kind of cooperative agreement to use the Farmers Market EBT swipe machine? Good question to keep in mind down the road.

When and where will the drop off/pick up location be? Pros and cons to coupling with Wednesday Farmers Market days (farmers already coming into town, congestion/busy etc). The day is still up in the air. Emily will check with the Brewery about using their space. Kyra suggested checking with the folks at Wild Berries, however some concern about needing a dependable space over the longer-term. That space does have potential, however, with cold storage and other potential community use opportunities.

Will the food hub staff/volunteers box orders for customers? It was suggested that NO – customers bring their own boxes/bags and pick out their orders themselves. Farmers/vendors bring the orders in the morning and have them pre-bagged and labeled according to their ‘pick ticket’. Staff/volunteers check them in and make sure they brought the right stuff. Customers then come later and pick up their items, and check out with staff/volunteers. We should consider asking vendors to donate a day each season/month (?) to volunteer to help run the pick-up.

How will the food hub price the mark up to be reasonable and to cover costs? It will be hard to know up-front what kind of volume we’ll be moving, and so hard to figure out where to price appropriately to cover costs. Ryan had noted that 20-40% mark-ups were the norm with their customers at LFM. We might consider starting at 25%. All agreed on the following points:

- We need to keep costs low to be viable.
- At the outset the prices need to be reflective of long-term viability. i.e. include fees & reasonable mark-ups even though the pilot is being funded. That will help not only be realistic for the future, but also will hopefully create a cushion to help transition in year three.
- Costs and necessary fees to cover those costs will be dictated by volume of product sold and the amount of volunteer time and buy-in we get from the community.

How will we educate customers about farmer practices, especially given the lack of official organically certified growers? Make sure to include a page on the website that explains why we have few (if any) officially “organic” certified growers in Alaska. We can stay away from faux certifications by requiring all vendors/farmers to include a description of their practices in their individual description page, and then encourage customers to ‘Know Your Farmer’.

Should there be consistency in pricing between vendors? General consensus was no – encourage vendors to consider other prices and set accordingly, similar to the Farmers Market.

Do we have a sense of the number of producers/vendors that will be interested at the start? More will likely jump on once it’s live and seems successful. At least 10...

Food Hub Development – Staff next steps:

Over the next few weeks, Robbi will be working on the following to bring to the group prior to our next meeting on December 8th:

- Develop a flier and outline for the November 12 producer/vendor meeting.
- LFM software package suggestions with pros and cons, taking into account our budget and including module add-ons. Include options and costs (if applicable) for Central Peninsula.
- What needs to be done to create a stand-alone food hub entity (incorporation and structure, website, liability insurance, permits/license requirements)
- Press release for general outreach, Inletkeeper blog post and web page for keeping resources, meeting summaries, etc.
- Draft starting food hub policies and policy questions for the group to ponder/answer, gathered from other entities, conversations, etc.