

# Local Food Hub Startup and Development Fund: (\$250,000 one-time)

Local Food hubs are fresh and processed food aggregation and distribution centers that focus on locally grown and produced food. While most food distribution companies that operate locally are actually bringing in most or all of the food they sell to their wholesale food service providers and grocery stores from around the country and the world, local food hubs source from local farms and food manufacturers exclusively or as much as possible. Clients for a food hub include schools and school districts, restaurants, cafeterias and in-house food service providers at hospitals, universities and corporations, senior care facilities, day care facilities, etc.



In its most basic form, a food hub is a distribution warehouse with dry, room temperature storage, a large walk-in refrigerated cooler, a walk-in freezer, and one or more specialized delivery trucks/vans for pickup and delivery. Many food hubs are now also offering at least basic processing of raw agricultural products to make those products easier to sell to food service organizations. This could include equipment to chop, wash and bag lettuce, slice and bag apples, slice and bag carrots, etc. Some hubs also have flash freezing equipment. While even minimal processing adds to the startup and ongoing costs of the food hub, processing provides additional revenue streams that make many food hubs more sustainable and successful.

## **A WIN FOR UTAH FARMERS:**

- 🏠 A food hub would provide a reliable distribution source for medium size and larger farms
- 🏠 The aggregation feature of a food hub would allow small farms to enter wholesale markets

## **A WIN FOR UTAH CONSUMERS:**

- 🏠 More local restaurants, grocery stores, hospitals and schools would have consistent access to local food, especially farm fresh food.

## **A WIN FOR THE UTAH ECONOMY:**

- 🏠 Utah State University estimates that every \$1million in sales will result in \$2.31million in economic output (2.31 multiplier effect)
- 🏠 Eventually each hub could generate \$5.1million in direct output, resulting in \$12.8 million in total economic output, and 32.9 jobs generated by the food hub.

# Local Food Hub Startup and Development Fund:







Though there are several hundred food hubs nationwide, there are currently no operational food hubs in Utah. Because food hubs work best if their clients and most of their suppliers are approximately 50 miles away or closer from the distribution facility, and because Utah is the 12th largest state in the country in geographic area, Utah could potentially support multiple food hubs located regionally within the State. There are several private businesses and public agencies and organizations interested in starting food hubs in Utah. Funding is an issue for most or all of these groups. They may have some of the money but start up costs can be extensive.

Therefore, a Local Food Hub Startup and Development Fund should be created. This would be a competitive grant fund that would use \$250,000 from a one-time Legislative appropriation. The grant would be available to cooperative groups of farmers, private businesses or local government agencies to supplement or match funds they provide to start a food hub.

UDAF could help provide additional details and guidelines for the grant fund and manage the fund. Ideally, this would be broken up into multiple smaller grants within a range of \$25,000 to \$150,000 for equipment supplies, personnel, etc., following State purchasing guidelines. The money would be used to fund land acquisition or construction of buildings. The grants would be one year in duration and not renewable.

## Conclusions (Based on Research from USU)

-  A food hub may require financial backing from public or private groups to get started.
-  A food hub has the potential to generate millions for Utah's economy, create dozens of jobs, and generate substantial tax returns.
-  The results here only look at potential impacts from successfully starting a food hub.
-  These are broad illustrative assumptions. Actual results may differ depending on how a food hub evolves.