

Chicagoland Food Hub Feasibility Study



October 2023

Executive Summary

Background

The United States Department of Agriculture (USDA) defines a food hub as “a business or organization that actively manages the aggregation, distribution, and marketing of source-identified food products primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail, and institutional demand”.¹ Food hubs have the potential to help transform local food systems and empower producers to better serve communities. Multiple models of food hubs exist, each with distinctive goals, benefits and challenges. Food hubs are one example of how organizations are working to reconceptualize current food systems in order to better meet the needs of people all across the United States (US).

A parallel initiative aimed at supporting the development of local food systems is the Good Food Purchasing Program (GFPP). GFPP seeks to transform the way public institutions purchase food by improving transparency and aligning food procurement around five core values: **local economies, health, valued workforce, animal welfare, and environmental sustainability**. The California-based Center for Good Food Purchasing (The Center), leads advocacy for and evaluation of GFPP adoption across the United States. In partnership with the Chicago Food Policy Action Council (CFPAC) and the Center, the City of Chicago and Cook County adopted GFPP as a resolution, in 2017 and 2018 respectively. City and County departments and agencies have committed to purchasing an increased share of food that aligns with GFPP requirements.

As such, there is an opportunity for food hubs to leverage values-based institutional procurement strategies, such as the GFPP, to support small, local producers and feed a broad and diverse group of individuals across the region.

Food producers, particularly those who identify as Black, Indigenous, or People of Color (BIPOC), can utilize food hubs to increase their ability to sell to institutions, and participate in reshaping the local foodshed to be more equitable and values-driven.

Objective

The purpose of the Chicagoland (Chicago metropolitan area) Food Hub Feasibility Study is to identify and explore the pathways through which food hubs can amplify and empower Chicagoland food producers, particularly those who identify as Black, Indigenous, or People of Color (BIPOC), to increase their ability to sell to institutions, and participate in reshaping the local foodshed to be more equitable and values-driven.

Goals

The Chicago Food Policy Action Council (CFPAC) convened this research team in early 2020 to consider how food hubs might serve the needs of Chicagoland BIPOC producers. In studying broader efforts to facilitate a shift toward food production and distribution channels that center the needs of communities and emphasize sustainability and equity, it became apparent that many of these endeavors overlook BIPOC communities. It was critical that any recommendations offered in this report needed to prioritize racial equity and support BIPOC communities through ownership of key infrastructure, self-determination, and recognition of existing and ongoing grassroots and community-led initiatives to address food apartheid and food sovereignty in Chicagoland.

¹US Department of Agriculture, 2022. Food Hubs. <https://www.nal.usda.gov/legacy/afsic/cooperatives-and-food-hubs>

Key Recommendations

Food hubs offer localized models for food distribution and access. Underserved communities have historically sought alternative pathways to address food apartheid by shifting power dynamics in the food system through alternative sourcing methods, activism, advocacy, and community leadership. There are numerous approaches and models that food hubs may take to achieve case-specific priorities of their stakeholders. While there is no universally applicable model, there is an immediate need for food hubs in Chicagoland that address three key goals:

1. Bridging the gap between specialty crops grown locally and the food product mix and scale demanded by local institutions.
2. Augmenting the capacities of local BIPOC producers to build relationships with buyers at GFPP-committed institutions.
3. Supporting ongoing BIPOC-led food mobilization and aggregation projects focused on minimizing coordination burdens and seeking to reuse, share, or invest in necessary infrastructure.

A range of food hub business models are currently operating in this ecosystem. In fact, Cook County boasts one of the highest concentrations of USDA-recognized food hubs in the US. There is room for food hubs that support establishing and engaging in building new customer relations particularly with institutions. The food hubs can be both small or large depending on their distinct goals such as nourishing communities of color or seeking financial profitability and business growth.

Three distinct models for food hub operations are applicable to the Chicago region: **decentralized network of hubs, coordinating umbrella organization and centralized hub.**

- The **decentralized** bold network of hubs in which several smaller food hubs or other food aggregation models, each serving specific neighborhoods or community areas, cooperate to share resources and services.
- The **coordinating umbrella organization** has several distinct businesses providing services to farmers and food to customers, including logistics and meal preparation. The businesses under the umbrella organization can serve smaller or larger geographic areas.
- The **centralized** bold hub model offers aggregation, storage, processing and distribution in a dedicated space, working with a large number of producers and serving larger volume institutional or wholesale customers in a broad geographic region (city to region).

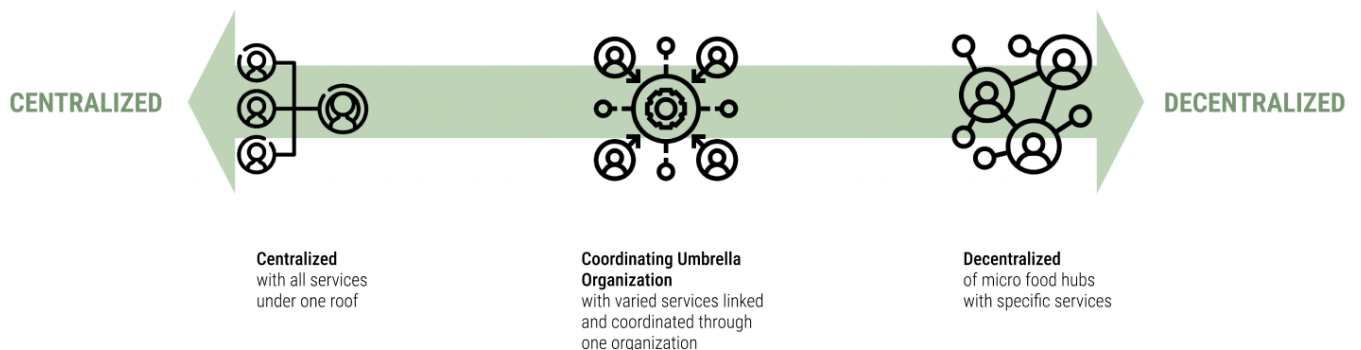


Figure 1: Three distinct food hub models for the Chicago region

Authors

Weslynn Ashton, washton@iit.edu
Ursula Hersh
Veronica Paz Soldan
Jahanzaib Qureshi
Marlie Wilson, mwilson@chicagofoodpolicy.com

Graphic Design

Carolina Silva
Deepakshi Tulshan

Acknowledgements

Funding for this project was made possible by the U.S. Department of Agriculture's (USDA) Agricultural Marketing Service through grant AM190100XXXXG135. Its contents are solely the responsibility of the authors and do not necessarily represent the official views of the USDA. The Chicago Food Policy Action Council would also like to thank the Illinois Specialty Crop Block Grant and the Chicago Community Trust/Kinship Foundation's Food Land Opportunity Grant for funding to support the development of this resource.

We are grateful to the many people who generously gave of their time, experience and knowledge during interviews, workshops and other activities associated with the research and writing of this report.

Food Businesses

Chicago Botanic Garden - Windy City Harvest: Angela Mason
City Farm: Gerard (Alex) Pate
Dream Hub: Kevin Echevarria
Fresh Picks: Irv Cernauskas
Green City Market: Taylor Choy
Gourmet Gorilla: Jason Weedon
Fifth Season Cooperative: Tatum Evans
Forty Acres Fresh Market: Liz Abunaw
Healthy Food Hub: Fred Carter
Imani Village: Patricia Eggleston & Juliette Tyson
Iyabo Farm: Johari Cole Kweli
LEAF Food Hub: Liz DeRuntz
Local Foods: Sean Shatto
Midwest Foods: Alex Frantz
Proviso Partners for Health (PP4H)/ Real Foods Collective: Lena Hatchett & Jack Hertenstein Perez
The Common Market: Haile Johnston & Eliana Pinilla-Ryhal
The Urban Canopy: Alex Poltorak
Urban Growers Collective: Erika Allen & Lauralyn Clawson
Wisconsin Food Hub Cooperative: Sarah Lloyd

Food Ecosystem Partners

Chicago Food Policy Action Council: Rodger Cooley & Dakarai Howard
City of Chicago: Jennifer Herd & Ruby Ferguson
Cook County: Amy O'Rourke & Keith Winn
Community Food Navigator: Bahati Aimee, Sydney Coyle & Deepa Gupta
Illinois Stewardship Alliance: Liz Moran Stelk
Kola Nut Collaborative: Mike Strode
Upside Down Consulting / ChiFresh Kitchen: Camille Kerr
Wasted Food Action Alliance: Jen Nelson & Stephanie Katsaros

M-CERF research collaborators

Chicago State University: Daniel Block
DePaul University: Howard Rosing, Sydney Coyle, Alyssa Hepker & Connor Scoltock
Roosevelt University: Laura Nussbaum-Barberena

Content

| | |
|---|----|
| Project Background | 6 |
| Institutional Procurement and Good Food Purchasing Initiative | 6 |
| Purpose and Scope of the Project | 7 |
| Methodology | 7 |
| Food Hubs Overview | 9 |
| Why Focus on Food Hubs | 9 |
| Food Hub Typologies | 9 |
| Organizational Structures | 13 |
| Role in Food Supply: Why Are Food Hubs Important? | 14 |
| Chicago Food Landscape | 15 |
| Overview of Chicago food landscape | 15 |
| Organizations and Initiatives advancing local food promotion and food justice | 15 |
| Producer perspectives | 19 |
| Institutional demand | 24 |
| Food Aggregation in Chicagoland | 27 |
| Organizations currently classified as food hubs | 27 |
| Current Chicagoland initiatives functioning like food Emerging food hubs | 29 |
| Opportunities for Food Hubs | 36 |
| Financial Considerations | 38 |
| Resources | 46 |
| Glossary | 47 |

The Metro Chicago Good Food Purchasing Initiative

The California-based Center for Good Food Purchasing (the Center) has been instrumental in the rollout of “good food” values-based procurement across the United States. The Center advocates for “institutions that enroll in the Good Food Purchasing Program [to] commit to meeting the baseline standard in each of the Program’s five values, incorporating the Good Food Purchasing Standards and reporting requirements into solicitations and contracts, establishing supply chain transparency to verify performance, and reporting on progress annually”.²



Figure 2: The Good Food Purchasing Values

In 2017, Chicago Public Schools adopted the Good Food Purchasing Program (GFPP), followed by the Chicago Park District’s wellness programs and a resolution adopted by the City of Chicago to cover all of their departments’ food purchasing practices. Cook County Government, which oversees the food-procuring institutions of Cook County Health, Cook County Department of Corrections, and the Cook County Juvenile Temporary Detention Center, adopted GFPP as a resolution in 2018. As of publication, the Chicago Park District’s Summer Food Service Program, Chicago Public Schools, Chicago Department of Family and Support Services’ Emergency Food Assistance Program, Cook County Jail, Cook County Health, and the Cook County Juvenile Temporary Detention Center have all completed a GFPP Baseline Assessment to analyze the percentage of their food purchases that are aligned with Good Food Standards.

Following the adoption of GFPP, CFPAC and partners identified that a broader platform was needed to 1) address racial justice in the food system, 2) assess and improve readiness of various actors, particularly producers and buyers, and 3) leverage the economic power of public food purchases to shift the broader local food system to center its five core values.

The Metro Chicago Good Food Purchasing Initiative (GFPI) was launched at the end of 2019 to provide an umbrella platform for implementing and evaluating the impact of local GFPP implementation. It brings together a broader swath of food system stakeholders, including: city and county personnel, food systems advocates, producers, institutional buyers, food service providers and community members.

It aims to enable public and private parties involved in providing food to communities to make purchases that advance a good food system for all: one that provides healthy, fair, local, humane, and sustainable food through racially equitable, transparent, and accountable supply chains.⁴

Through funding from the USDA Agricultural Marketing Service’s Local Food Promotion Program, the Metro Chicago GFPI team was interested in examining how food hubs, particularly those structured as cooperatives, could play a role in this system transformation. Food hubs have been used by BIPOC farmers and business owners to create alternative food system infrastructures and strengthen collective economic and social capital to gain access to markets, including institutional and wholesale buyers.⁵

²Center for Good Food Purchasing, 2022. <https://goodfoodpurchasing.org/about-the-center/#local-partners>

³Ibid

⁴National Sustainable Agriculture Coalition, 2020. <https://sustainableagriculture.org>

⁵Chicago Food Policy Council, 2022. <https://www.chicagofoodpolicy.com/procurement-net/blog/nsac-co-hosts-webinar-on-black-farm-cooperatives/>

Purpose and Scope of Project

The Chicagoland Food Hub Feasibility Study explored the potential for developing food hubs in the Chicago region. In particular, the potential for cooperatively-owned, BIPOC-led initiatives were emphasized. The study began with a comparative analysis of food hubs across the United States, to examine trends in the sector and identify success factors in distinct models. This was followed by a Chicago-focused market analysis, including a survey of farmers and a series of interviews and workshop engagements with existing food hubs, aggregators, and farmers to determine what niches and business models are most needed and likely to succeed. The analysis gauged options for how such businesses would operate, under a set of assumptions such as:

- Diverse goals and values among those interested in food mobilization and aggregation
- Physical and intangible assets that need to be acquired
- Finances required to run the business
- Technology that will be incorporated
- Relationships with institutional buyers that need to be established
- Marketing strategies that will be executed.

Principles

This report highlights the need to center BIPOC communities in reshaping the landscape of food systems and supply chains. It emphasizes the disparities in mainstream food channels and discuss mechanisms for promoting equity. It explores the feasibility of food hubs and discuss the tools that they need to be successful. Food hubs have the potential to enable communities to work towards food sovereignty and improve access to healthy and nutritious foods.

How to Use This Report

It is hoped that this work will serve as a resource for those interested in understanding (1) various models of food hubs and (2) potential food hub development opportunities in Chicagoland. This report offers a framework for those interested in developing their own food hubs, partnering with existing hubs, or broadening their business models. Our work is concentrated on the Chicagoland area and its foodshed, defined here as the region within a 300 mile radius of the city. However, many of these principles are applicable to other cities and regions.

Methodology

Over the course of two years, a variety of methodologies were used to better understand and critically evaluate the pathways and business models that would best meet the needs of local producers and communities.

Quantitative Methods

- Statistical analysis of USDA National Food Hub data and business profile data from Mergent Intellect
- Statistical analysis of online survey of producers within a 300-mile radius of Chicago
- Statistical analysis of institutional food purchases available through Good Food Purchasing Program Baseline Assessments of local institutional purchasing conducted by the Center for Good Food Purchasing

Qualitative Methods

- In-depth interviews with food distributors and aggregators, food service providers, and text analysis to identify – common themes and trends
- Workshop sessions with Chicagoland food system stakeholders and members of the public to share progress, obtain feedback and refine findings and relevance
- Research and trend analysis of different food hubs and cooperative business models

Coronavirus Pandemic

“The COVID-19 pandemic shines a spotlight on the relationships between public health, the food system, and racial/ethnic inequities.”⁶

The work on this project commenced in February 2020, a few weeks before cities and countries around the world shuttered public activities and instituted travel restrictions in response to the COVID-19 pandemic. Several critical disruptions affected the course of the research, including (1) the closing of public institutions, such as Chicago Public Schools; (2) the interruption of long conventional food supply chains, and a respondent acceleration in demand for locally produced food; (3) the murder of George Floyd, and ensuing calls for racial justice across American cities that put on emphasis on redressing harms and the dearth of economic opportunities in Black communities.

Across Chicagoland, many grassroots initiatives emerged addressing emergency food access in communities across the region, performing local food aggregation and distribution functions, much like food hubs. These included farms, farmers’ markets, food service providers, churches and mutual aid groups, which were built on pre-existing relationships and initiatives led by communities and food advocates. These experiences significantly influenced the direction of the research, and the expansion of the definition, nature and structures that food hubs might play in the region.



⁶National Sustainable Agriculture Coalition, 2020. <https://sustainableagriculture.net/blog/nsac-co-hosts-webinar-on-black-farm-cooperatives/>

Food Hubs Overview

Why Focus on Food Hubs

While the terminology is relatively modern, the concept of food hubs is one that has evolved from centuries-old practices. The current food system has largely eliminated the middle sector that once defined the relationship between farmers and consumers in regional economies. “Middle market structure, or short supply chains, encompassed regional exchange between direct sales (no supply chain) and monopoly supply chains. This now missing middle sector was centralized in cities and was once the mainstay for independent farmers, transporters, wholesalers, middlemen, processors, and retailers”.⁷ Middle agriculture infrastructure integrated various intermediaries and logistical support to bring together urban and rural networks. Regional foodsheds utilizing this “self-organizing middle market structure worked interdependently with continental-scaled food supply chains until their eclipse by the latter during post-WWII prosperity”.⁸

Food hubs mimic the strategy of short supply chains and middle agriculture infrastructure. They seek to break down barriers to market access by amplifying the collective power of local producers through combining and streamlining a diverse compendium of goods and services including production, distribution and marketing pathways.⁹

A wide variety of services, organizational structures and stakeholders have come to fall under the umbrella term of food hub. But, more importantly, there are many organizations that share the essential goals and frameworks of food hubs but have not been formally classified as such. These groups may categorize themselves as food sheds, packaging buildings, or producer cooperatives, among others. These diverse models are united by their focus on supporting local producers’ ability to enter and serve communities in ways they could not achieve individually.

⁷Rodman-Alvarez, S., et al . 2020. Delivering more than food: Understanding and operationalizing racial equity in food hubs. <https://www.canr.msu.edu/resources/delivering-more-than-food-understanding-and-operationalizing-racial-equity-in-food-hubs>

Food Hub Typologies

In 2020, the research team conducted a statistical analysis on food hubs listed in the USDA’s Food Hub directory¹⁰ on Characteristics and Trends Among Food Hubs in the United States. Results in this section are sourced from that study,¹¹ unless otherwise indicated.

Types of Food Hubs

There are many models of food hubs that help empower local producers and increase consumer access to fresh local producers.

The analysis of USDA-listed food hubs demonstrates the range of services offered– from providing operations and infrastructure, to expanding producer capabilities, to designing services aimed at better meeting community needs.

Food hubs typically pursue one of two broad strategic approaches, aligned with the size and types of customers they serve. The first focuses on the more tangible aspects of food aggregation and distribution to producers in order to serve larger wholesalers or institutional buyers. This approach requires significant physical infrastructure and usually generates higher sales. The second approach focuses more on servicing community needs and providing intangible services to producers, and may not even utilize physical infrastructure, generally resulting in lower sales.

⁸Luoni, Stephen. 2021. Food Hubs and Rebuilding Missing Middle Market Structure in Agriculture: The Social in Supply Chain Development. *The Plan Journal* 6(1). https://www.theplanjournal.com/system/files/articles/Luoni_Vol6_Issue1_1.pdf

⁹Rodman-Alvarez, S., et al . 2020.

¹⁰ US Department of Agriculture, 2022. Local Food Directories. <https://www.ams.usda.gov/local-food-directories/foodhubs>

¹¹Qureshi, J. and W. Ashton. 2020. Characteristics and Trends among Food Hubs in the United States.

The USDA published a series of reports focusing on the general operations and viability of food hubs. In Volume III of this series, *Running a Food Hub: Assessing Financial Viability*, analyses focused on two of the most common food hub operational models (Wholesale and Direct-to-Consumer) and three key operational periods (Breakeven, Growth, and Viability).

Wholesale Food Hub

- May be more focused on retailers as the main customer base.
- Product offerings may include more of a variety of items that aid in expanding the seasonality of sales.
- Delivers products to end customers and does not rely on volunteer labor, instead relying on dedicated labor to repack items and deliver product.

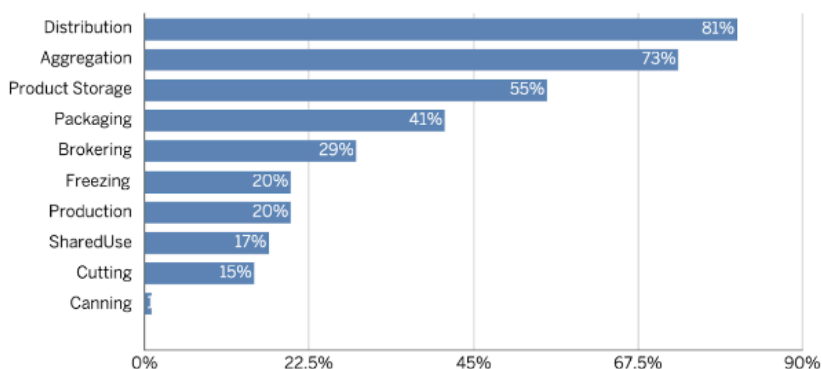


Figure 3: Operational Services Offered by Food Hubs

Data Source: USDA

Direct-to-Consumer Food Hub

- Sales tend to focus on fresh produce.
- Distribution is made directly to end consumers, with pick-up locations at customer residences, workplaces, or other designated sites.
- They are operated by a mix of staff and volunteer labor.
- They usually charge retail prices for their products.

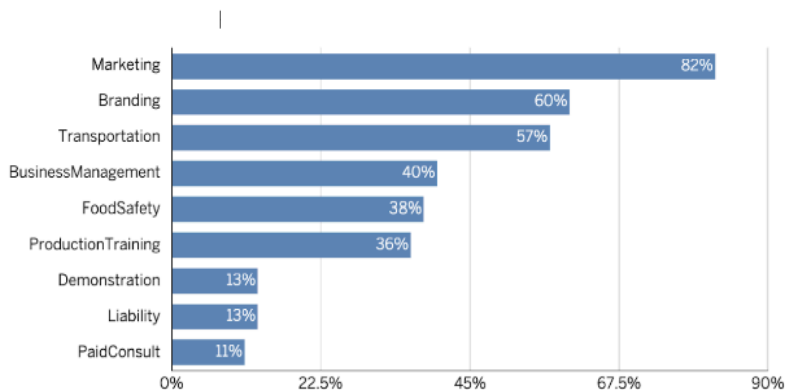


Figure 4: Producer Support Services Offered by Food Hubs

Data Source: USDA

In conducting our own research, we determined that the majority (68%) of the 248 food hubs in the USDA’s directory actually serve both wholesale/institutional and individual buyers. Based on this finding, we decided to include an additional ‘hybrid’ categorization.

¹² USDA. 2017. *Running a Food Hub Vol III: Assessing Financial Viability*. <https://www.rd.usda.gov/publicationforcooperatives/sr-77-running-food-hub-volume-3-assessing-financial-viability>

Hybrid Clusters

Our analysis further distinguished nine different hybrid food hub models based on the characteristics of their customers, size, and service offerings.

Institutional Sellers

These food hubs operate a retail-driven distribution model that provides mainly to wholesale/institutional buyers with aggregation, distribution, marketing and storage with the addition of some value added services. In addition to these core services, they offer an online system where their buyers can place orders.

Wholesale Distributors

This is a highly wholesale distribution-driven model where wholesale buyers are prioritized over retail customers. These are likely the food hubs which started off as primarily wholesale food hubs, but with the addition of online ordering systems and a few extra drop-off points in their delivery routes they were able to evolve to this hybrid class.

Wholesale Farmers Markets

Like buying clubs, these food hubs have a mixed retail distribution-driven and consumer-driven model, but are more engaged in farmers markets and their own farm stands to reach individual consumers. Like all hybrid food hubs, they have their selection of institutional buyers. Not all of these food hubs offer online ordering or transportation with delivery; instead most of them are engaged in local wholesale markets.

Online Farmers Market

This is the largest cluster, with mainly consumer-driven models, most of whom operate as online farmers markets with delivery services or as part of community-supported agriculture models (CSAs). They maintain some smaller wholesale buyers as well with restaurants being the most common. Their models suggest smaller scale operations.

Institutional Sellers

N= 15
Average Sales Revenue
\$18,411,892

Business Model
– Retail Driven
– Large Facilities
– Online portals
– Delivery
– High revenues

Customers
– Primary - Large Institutions
(Mainly Public Institutions)
– Individual buyers

Food Hubs
– Gourmet Gorilla
– Royal Foods Service
– Common Market

Wholesale Distributors

N= 20
Average Sales Revenue
\$1,452,187

Business Model
– Retail Driven
– Large Facilities
– Online portals
– Delivery
– High revenues

Customers
– Large Institutions (monstly large retailers)
– Individual buyers (Pickup points)

Food Hubs
– Western Montana Growers Cooperative
– Nebraska Food Cooperative

Wholesale Farmers Markets

N= 20
Average Sales Revenue
\$966,953

Business Model
– Retail + Customer Driven
– Large Scale Farmers Markets
– Medium to high Revenues

Customers
– Small institutions
– Individual buyers

Food Hubs
– Eastern Market Detroit

Online Farmers Markets

N= 34
Average Sales Revenue
\$609,017

Business Model
– Consumer Driven
– Online portals
– Delivery + Pickup locations
– Low to medium Revenues

Customers
– Small institutions
– Individual buyers

Food Hubs
– LEAF Food Hub
– Irv & Shelly's Fresh Picks

Other Models

Several other models exist and are pursued by smaller numbers of hubs. These are briefly described below.

Modern Buying Club: These food hubs operate as a hybrid of a retail-driven and consumer-driven model. Many of these hubs have robust online systems to cater to individual buyers as well as institutional buyers. Their operations also require transportation services to get their products to their customers. These hubs are deeply connected to their communities and offer a range of support services.

Specialists: These hubs have more unique models that include both wholesale buyers as well as institutional ones. Some deal in specialized products such as juices, cheeses and chocolates which cater to niche markets such as specialist stores or sports teams. Others may operate more as a social enterprise with a range of goals such as providing culinary training to those with high barriers to unemployment or partnering with corner stores in areas with limited access to fresh, nutritious foods.

Mobile Farmers Market: In these mobile retail units, most customer types are served by the food hubs with more concentration on privately owned wholesale buyers such as restaurants and caterers.

Outliers: These hubs are more well rounded in their services and their customer base. In addition to the core services, branding and business management appear to be common services.



Organizational Structures

Food hubs have a variety of legal structures, which govern how they operate internally and externally, with key differentiating aspects such as sources of capital, tax liability, information sharing and risk management. Among the food hubs analyzed, about half are structured as **for-profit enterprises**, one-third are non-profit organizations, and only 13% are cooperatively owned businesses.

Food hubs operating as **for-profit enterprises** are driven by the financial imperative, and conduct activities that enable them to maintain and grow profitability in their operations. For-profits may access grants, particularly during their start-up phase, but are generally expected to support themselves through revenues and (equity) investments from their owners. Limited liability corporations (LLCs) are a commonly observed legal structure for food hubs, as there are relatively few restrictions on ownership and management. Larger food hubs may be established as S or C corporations, with attendant restrictions and benefits.

Non-profit food hubs, are focused on delivering social impact or value, over financial performance. Revenues are expected to contribute to their operating expenses, but most depend on external grants and fundraising to maintain financial viability.

Cooperative businesses are owned and controlled by the people who have a stake in its operation, such as workers, customers or independent partners. These stakeholders finance and operate the business for their mutual benefit. Cooperatives are of particular interest in this study, as they present an ownership structure that **enables a larger number of individuals to benefit from ownership stake in food hubs**. Table 1 indicates that only 23 of the 248 food hubs in the USDA directory are structured as cooperatives, with producer-ownership being the most common structure. The table also indicates the average sales for each type of cooperative and the number of farms involved in each model.

Table 1: Characteristics of Food Hub Cooperatives

| Types of cooperative | Number | Avg. number of farms | Average Sales Revenues |
|---|-----------|----------------------|----------------------------|
| Consumer-Owned Owned by the consumers who purchase and consume the products sold by the business | 2 | 49 | US\$ 1,236,346 |
| Producer-Owned Owned by the producers, which in this case would be the farmers themselves or the intermediaries (such as distributors) | 6 | 79 | US\$ 265,932 |
| Worker-Owned Owned by the employees and professional worker | 14 | 29 | US\$ 861,709 |
| Multi-Stakeholder Owned (Hybrid) Owned by producers, consumers, workers, or in some cases, anyone willing to purchase a membership | 1 | 35 | US\$ 250,000 |
| Total | 23 | | \$661,092 (Average) |

Data source: USDA & Mergent Intellect

Role in Food Supply: Why Are Food Hubs Important?

Food Hubs and Racial Equity

Food hubs can address system inequities and shift power dynamics toward underserved communities through three main approaches:

Building Capabilities:

- Provide services and funding for training, certifications, and education of BIPOC growers.
- Support large infrastructure building.
- Broaden access to established market opportunities.

Strengthen Self-Determination:

- Dispense resources to increase BIPOC property ownership and land security.
- Challenge discrimination stemming from the legal system and policy implementation.
- Improve access to capital funds and create alternative markets.
- Center BIPOC communities in key decision making spaces and leadership roles.

Increase community care:

- Invest in and create programs to increase food and healthcare access in BIPOC communities.
- Establish key partnerships with values-aligned organizations.
- Nurture relationships, internally and externally, that uplift BIPOC communities and provide opportunities for ongoing, actionable feedback.¹⁴

Despite the role food hubs have historically played in combating racism and societal inequities, the 2017 National Food Hub Survey found that regarding non-financial goals, most hubs rank addressing racial disparities lowest.

“White voices now dominate the mainstream narrative around food hubs. Other social missions, including strengthening local supply chains, often overshadow a commitment to racial equity.”¹⁵

Many food hubs choose to prioritize profitability and scalability in ways that neglect racial equity. Further, the report¹⁵ asserts that some hubs adopt an anti-racist stance as a virtue-signaling tactic, rather than as a genuine means of supporting BIPOC communities.

It is crucial that food hubs fully integrate racial equity within their business models and organizational cultures. A succinct and interdisciplinary resource is *A Racial Equity Implementation Guide for Food Hubs: A Framework for Translating Value into Organizational Action*¹⁶, which warns of the risks of omitting racial equity from the work of food hubs: “Understanding the work of food hubs as primarily engaged in growing local supply chains, without a focus on racial equity, leaves the door open to recreating the injustices of the mainstream food system, albeit on a geographically intimate scale. Left unchecked, food systems based on industrialized agriculture mirror the inequities and racialized concentration of wealth and power that degrade our communities.”¹⁷

¹⁴USDA. 2015. Running a Food Hub Vol II: A business operations guide. https://www.rd.usda.gov/files/SR_77_Running_A_Food_Hub_Vol_2.pdf

¹⁵Rodman-Alvarez et al., 2020

¹⁶Jones, T. et al. 2018. Racial Equity Implementation Guide for Food Hubs: A Framework for Translating Values Into Organizational Action. <https://www.raceforward.org/practice/tools/racial-equity-implementation-guide-food-hubs>

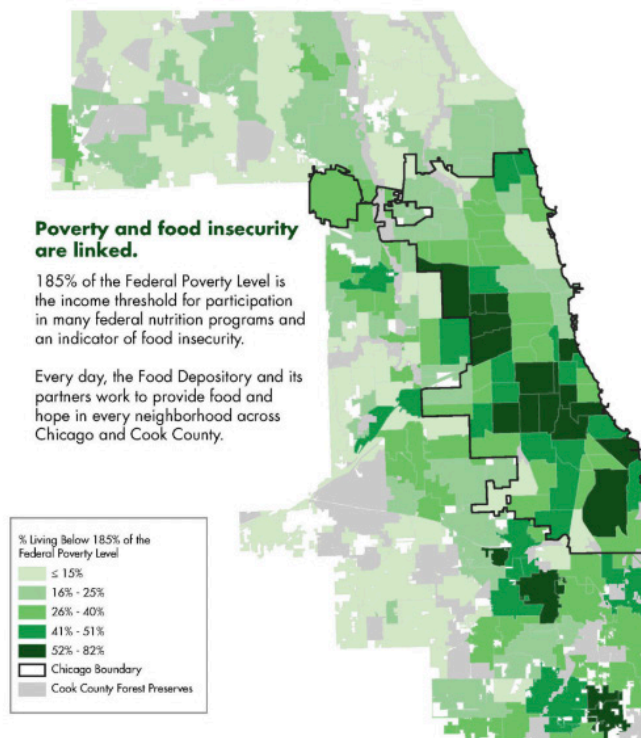
¹⁷Ibid.



Chicago Food Landscape

“Food systems are at the center of a brewing storm consisting of a rapidly changing climate, rising hunger and malnutrition, and significant social inequities.”¹⁸

Chicago is a complex and deeply divided city that remains segregated by race and socioeconomic status.¹⁹ The city’s foodscape reflects this divide; many low-income and BIPOC-majority communities lack access to fresh and nutritious food. The conventional food supply networks often fail to integrate the needs of diverse stakeholders at all levels of the supply chain. They have also served to worsen the disparities in food access and nutritional consumption within marginalized urban communities. Poverty and food insecurity remain fundamentally intertwined (See Figure 5).



Income data source: U.S. Census American Community Survey 2015-2019 5-year estimates. In 2019, 185% of the Federal Poverty Level for a household of 1 was \$23,107 annual income and \$47,638 for a household of 4. Map prepared on 10/8/2021

Figure 5. Poverty and food insecurity in Chicago and Cook County, Illinois.
Source: Greater Chicago Food Depository²⁰

Organizations and initiatives advancing local food promotion and food justice

In addition to the GFPI, which focuses on institutional procurement of local, values-based food, several other ongoing initiatives in the region emphasize support for local farmers and the creation of avenues for them to supply food that nourishes local communities.



City of Chicago Food Equity Agenda and Food Equity Council

In 2020, the Mayor’s Office, the Greater Chicago Food Depository, and the Departments of Public Health (CDPH) and Family and Support Services (DFSS) assembled a multidisciplinary team of food system experts to ascertain priorities for reducing unequal access to food in the region.

Through a series of five workshops, the working group collectively identified five high-impact priorities to advance beginning in 2021:

1. Eliminate barriers to food pantry expansion.
2. Market and maximize nutrition programs and benefits.
3. Leverage City and institutional procurement to support local BIPOC growers, producers, and food businesses.
4. Eliminate barriers to urban farming.
5. Support BIPOC food businesses and entrepreneurs, especially with access to capital.²¹

¹⁸Fanzo, J. et al. 2022. Sustainable food systems and nutrition in the 21st century: a report from the 22nd annual Harvard Nutrition Obesity Symposium. The American Journal of Clinical Nutrition, 115(1). <https://academic.oup.com/ajcn/article/115/1/18/6370594>.

¹⁹Chicago Community Trust and Chicago Metropolitan Agency for Planning. 2009. GO TO 2040, Chapter 3: Food Systems Report. <https://www.cmap.illinois.gov/documents/10180/31446/012610+FOOD+SYSTEMS.pdf/67bf510e-62f8-4cec-ae58-c91f0212aef3>.

²⁰Greater Chicago Food Depository, 2022. <https://www.chicagosfoodbank.org/get-involved/learn/community-data-map/>.

²¹City of Chicago, 2021. Chicago Food Equity Agenda. https://www.chicago.gov/content/dam/city/sites/food-equity/pdfs/City_Food_Equity_Agenda.



In 2022, the City of Chicago established a Food Equity Council, which formalized the collaboration between City departments, sister agencies, and community partners. The Council is intended to advance these five short-term priorities and “bring transparency, accountability, and cross-sector collaboration to create an equitable local food system”.²²



Cook County Good Food Task Force

As recommended in the Cook County Board of Commissioners’ 2018 resolution to support GFPP, the Cook County Department of Public Health (CCDPH) convenes a quarterly Good Food Task Force responsible for overseeing implementation of the County’s Good Food Purchasing Policy. The Task Force discusses challenges, shares solutions, celebrates successes, and identifies collective opportunities to advance GFPP with Cook County’s major food-procuring entities: Cook County Health, Cook County Jail, and Cook County Juvenile Temporary Detention Center. The Task Force includes County department and agency leaders and key food system stakeholders: Chicago Botanic Garden, Chicago Department of Public Health, Chicago Food Policy Action Council, Chicago Zoological Society, HEAL Food Alliance, IFF, Illinois Public Health Institute/Alliance for Health Equity, Illinois Stewardship Alliance, Opportunity Knocks, Proviso Partners for Health, South Metropolitan High Education Consortium, South Suburban Mayors and Managers Association, University of Illinois Extension, Urban Growers Collective, USDA, and West 40 ISC.

In 2022, the Cook County Good Food Task Force released a microgrant opportunity for local food producers and providers to partner with emergency meal sites across Suburban Cook County. Leveraging CDC Health Equity grant dollars, the Task Force awarded \$125,000 in funding to support 6 entities with growing and preparing food for community members in high-need areas.

Chicago Food Policy Action Council’s Networks

In addition to its work coordinating GFPI, the Chicago Food Policy Action Council (CFPAC) began convening diverse stakeholders during the Covid-19 pandemic to address emergency food access across the region.

These convenings raised awareness of the food hub-like initiatives that were launched or expanding to address long supply chain challenges, particularly sourcing of hyper-locally-grown food to meet community needs. CFPAC’s Covid-19 rapid response has evolved into a sustained “Chicago Food Justice Rhizome Network”²³ that hosts monthly network-wide meetings for all who are interested in advancing food justice and sovereignty across the region. Working groups regularly meet to focus on building more community-driven food access initiatives, advocating for food chain workers’ rights, and coordinating innovative infrastructure development to support the local food system.

Another current initiative that CFPAC coordinates is the Productive Landscapes Task Force, which is focused on identifying and overcoming barriers to the use of urban, public land for growing food, and building strategies to increase public land access to be used as productive landscapes.²⁴

CFPAC also provides support for the Midwest Collaborative for Equity, Research, and Food Justice (M-CERF). M-CERF is a group of university, government, and community-based researchers who collaborate with communities in Chicago’s foodshed to answer questions related to food equity and support transitions to more equitable food systems. Members include professors and students from Chicago State University, DePaul University, Illinois Institute of Technology, Roosevelt University, and University of Illinois-Chicago. Together they have been actively involved in the “GFPI Evaluation Team” to assess the landscape of local food production in order to understand how GFPI activities will impact local farmers and food businesses, especially those that are owned and controlled by those who identify as Black, Indigenous, Latinx, and People of Color.²⁵

²²City of Chicago, 2022. Advancing Food Equity. <https://www.chicago.gov/city/en/sites/advancing-food-equity-in-chicago/home.html>

²³CFPAC. 2022. Chicago Food Justice Rhizome Network. <https://www.chicagofoodpolicy.com/rhizome-home-page>

²⁴CFPAC. 2022. Productive Landscapes. <https://www.chicagofoodpolicy.com/productive-landscapes>

²⁵CFPAC. 2022. Midwest Collaborative for Equity, Research, and Food Justice. <https://www.chicagofoodpolicy.com/m-cerf>



Community Food Navigator

The Community Food Navigator is a community-stewarded project that centers achieving an equitable, just, connected food system that is led by the work of Black, Brown, and Indigenous growers, farmers, organizers, advocates, workers, and stewards of the land. In 2022-2023, the Navigator's work is focused on strengthening connections across participants and encouraging dialogue and storytelling that expand the narrative about who participates, what they do and how community-led food is characterized in the Chicago region. The Community Food Navigator is developing and stewarding spaces in person and digital, starting with a mobile app, where participants can share resources and knowledge, can find and make connections to support food growing, mobilization, and culturally rooted learning and education across the entire food lifecycle.



Advocates for Urban Agriculture (AUA)

Advocates for Urban Agriculture is a long established organization that works to promote urban farming and agriculture in Chicago and Cook County.²⁷ As a coalition of growers, individuals and businesses across the region, AUA has successfully advocated for, and created programs to provide critical resources for urban farmers, including mentorship, access to water, and capacity building grants. In 2022, AUA started offering group GAP training for farmers in the region that aims to reduce the significant cost of GAP certification for small, urban farmers.

Illinois Stewardship Alliance (ISA)

Illinois Stewardship Alliance is a statewide alliance of farmers and eaters who use their voices and choices to build a more just and regenerative local food and farm system.²⁸

The Alliance connects, trains, and provides a platform for farmers and eaters to share knowledge, grow their businesses and educate policymakers. The Alliance works with policymakers to advocate for policy and regulatory changes that could better support the needs of local farmers.

ISA helps organize 'Buy Fresh, Buy Local' which is a statewide local food directory and promotion program that aims to be the go-to local food resource for customers, making it easier for them to find and support local farmers who meet their product needs from across the state.²⁹ The free, searchable database includes information about products, certifications, product attributes, and business types.

As of Fall 2022, over 300 farms and farmers markets, as well as food cooperatives, grocers, artisanal food and beverage producers and farm-to-table restaurants and food service providers that source local ingredients were registered in the directory.

Other organizations

Several other Chicago-focused organizations and associations provide a range of technical services, business development support and financing to growers and food related businesses with a goal of boosting the local economy and urban food ecosystem (See Table 2).

²⁶ Community Food Navigator. 2022. <https://communityfoodnavigator.org/>

²⁷ Advocates for Urban Agriculture. 2022. <https://www.auachicago.org/>

²⁸ Illinois Stewardship Alliance. 2022. <https://www.ilstewards.org/>

²⁹ Illinois Buy Fresh Buy Local directory: <https://buyfreshbuylocal.org/illinois/>

Table 2: Organizations and associations providing technical, business development, policy and financial support to Chicagoland growers and food businesses.

| Associations/ Coalitions | Technical assistance, training and mentorship | Business development support | Financing |
|--|---|--|--|
| <u>Chicagoland Food & Beverage Network</u> | <u>Angelic Organics Learning Center / Stateline Farm Beginnings</u> | <u>Good Food Catalyst</u> | <u>The Working Farms Fund</u> |
| <u>Naturally Chicago</u> | <u>University of Illinois Extension</u> | <u>Southland Development Authority</u> | <u>Food:Land:Opportunity</u> |
| <u>Grow Greater Englewood</u> | <u>Neighborspace</u> | <u>Real Foods Collective</u> | <u>Chicagoland Regional Food System Fund</u> |
| <u>Chillinois Young Farmers Coalition</u> | <u>Urban Growers Collective</u> | <u>Business of Food LLC</u> | |
| <u>Local Food Farmer Caucus</u> | <u>Chicago Botanic Gardens - Windy City Harvest</u> | <u>The Hatchery Chicago</u> | |
| <u>Illinois Farm to School Coalition</u> | <u>Growing Home</u> | | |

Producer perspectives

The team conducted an online survey of farmers in the 300-mile Chicagoland foodshed in Winter 2020-2021 to:

- Understand the key demographic and business characteristics of Chicagoland growers, especially whether there were significant differences between BIPOC -owned vs white-owned operations.
- Identify what are the most common GFPP practices and where additional support is needed, especially with respect to BIPOC owned operations.
- Identify characteristics of producers who do and don't sell to institutions, especially with respect to BIPOC owned operations.

in addition to direct mail, we also reached out to farmers via university extension offices in the four states, as well as through CFPAC's mailing lists and social media. We collected 204 valid responses to the survey between December 2020 and February 2021, and analyzed the data using SPSS, Tableau and R.

A. Producers in 300-mile radius

In collaboration with Dr. Howard Rosing of DePaul University and his graduate research assistants, we compiled MS Excel Spreadsheets and ARCGIS databases with the names, locations and contact information for currently active farms across the Chicagoland foodshed. The majority of these farms were located in Illinois, Wisconsin, Indiana, and Michigan. We emailed approximately 1200 farmers and invited them to participate in an online Qualtrics survey to understand what types of "good food" practices they were engaged in. We defined "good food" practices related to GFPP values categories: safety, nutrition, environment, labor, animal welfare and local economy. In

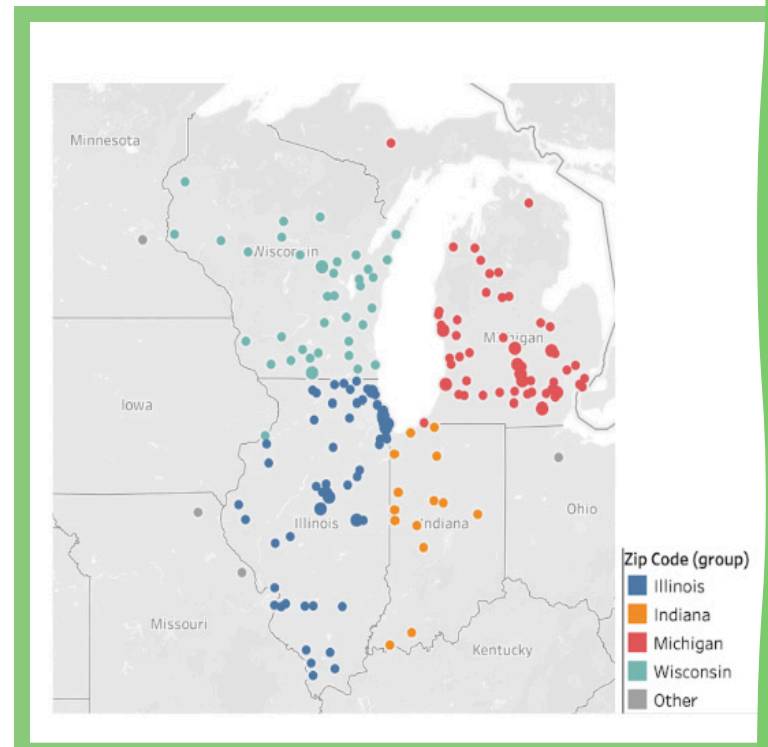


Figure 6: Approximate geographic location of respondents to producer survey

B. Characteristics of local producers

Of the 204 valid responses, about 12% (25 individuals) identified themselves as Black, Indigenous, or other Person of Color (BIPOC).

Half of the businesses (51%) were family owned farms, while 37% reported being woman-owned, and 12% BIPOC-owned. One quarter (24%) reported annual revenues of less than \$10,000, and 11% with revenues over \$500,000. The vast majority (62%) were very small enterprises with less than 10 employees.

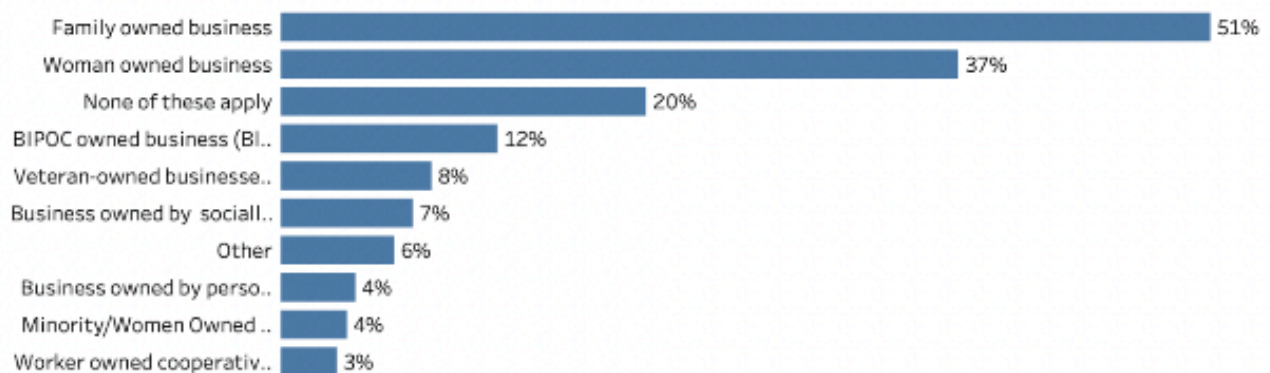


Figure 7: Farm ownership characteristics of survey respondents

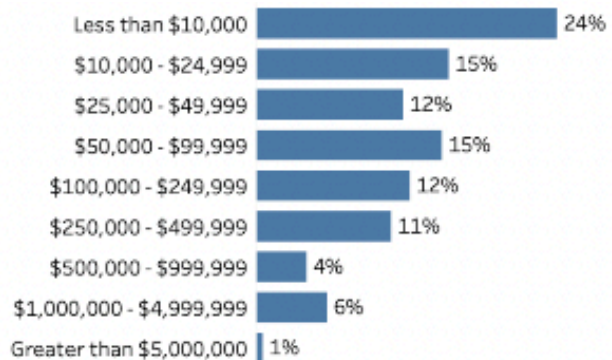


Figure 8: Approx annual farm revenue of survey respondents

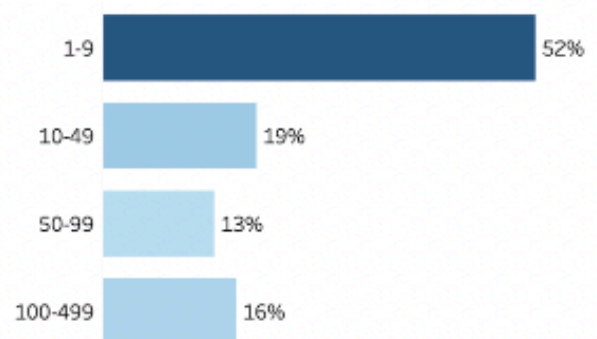


Figure 9: No. of farm employees of survey respondents

³⁰Note that there was a concerted effort to reach and include BIPOC farmers in the survey population, so their perspectives may be over-represented in the sample.

C. The experience of BIPOC farmers

Table 3 details some of the characteristics distinguishing BIPOC-owned farms in the sample. BIPOC-owned farms tend to be very small, with few employees (92% have less than 10 employees) and low sales (84% sell less than \$49,999 per year). There are no significant differences in the sales channels used by BIPOC-owned farms, or the food safety training and certifications they possess.

With respect to GFPP-related practices, BIPOC-owned farms put a higher priority and have made commitments to hiring people from their communities, particularly women, people of color, and other socially disadvantaged persons. They also put strong emphasis on partnerships with community-serving organizations as well as worker-owned cooperatives, in support of local economic development. Growing culturally-relevant, nutrient-rich crops appear to be a much higher priority for BIPOC producers.

Table 3: Differences in business characteristics and GFPP practices between BIPOC and non-BIPOC owned farms

| Variables | Breakdown | BIPOC owned farms (n = 25) | non-BIPOC owned farms(n=179) |
|---------------------------------------|--------------------------|---|---|
| Business Structure | LLC | 10 (40%) | 75 (42%) |
| | Sole proprietorship | 6 (24%) | 47 (27%) |
| | Partnership | 2 (8.0%) | 9 (5.1%) |
| Annual Sales | Less than \$49,999 | 21 (84%) | 83 (46%) |
| | Over \$50,000 | 2 (16%) | 93 (52%) |
| No. of Employees | <10 | 23 (92%) | 147 (83%) |
| Certifications / Food Safety Training | None | 10 (40%) | 60 (34%) |
| | FSMA | 6 (24%) | 52 (29%) |
| | GAP | 2 (8.0%) | 20 (11%) |
| Sales Channels | DTC (online) | 9 (36%) | 91 (51%) |
| | DTC (in person) | 13 (52%) | 110 (61%) |
| | Farmers market | 15 (60%) | 103 (58%) |
| | CSA | 11 (44%) | 60 (34%) |
| | Food Hub | 3 (12%) | 24 (13%) |
| | Institution | 1 (4.0%) | 13 (7.3%) |
| GFPP-related Practices | Hiring priorities | BIPOC - 16 (64%), Women - 16 (64%) | BIPOC - 50 (28%), Women - 77 (43%) |
| | Nutrition priorities | Choosing culturally-relevant, nutrient-rich crops - 16 (64%), Produce value-added products - 8 (32%) | Choosing culturally-relevant, nutrient-rich crops - 66 (38%), Produce value-added products - 68 (38%) |
| | Local economy priorities | Partnerships with community organizations - 10 (40%) Partnerships with worker-owned cooperatives - 4 (16%) | Partnerships with community organizations - 15 (8%) Partnerships with worker-owned cooperatives - 7 (4%) |
| | Environmental priorities | Carbon - 13 (52%) Water - 9 (36%) Hazardous materials - 16 (64%) Certification - 3 (12%) | Carbon - 95 (53%) Water - 83 (46%) Hazardous materials - 127 (71%) Certification - 39 (22%) |

D. What is grown

As we focused on reaching local producers growing food for local and regional markets, the majority of respondents (68%) grew specialty crops, including fruits and vegetables³¹, with 15% also involved in preserving, canning and/or other manufacturing with fruits and vegetables. Twenty-eight percent were involved in animal production, and 5% in dairy production. Only 13% produced commodity crops such as soybeans, corn or wheat. Some 30% indicated they were involved in other agricultural activities.

While the survey did not ask these producers the specifics of what they were growing, the most common fruit and vegetable crops grown in the region include “apples, asparagus, green beans, blueberries, cabbage, carrots, sweet and tart cherries, cranberries, cucumbers, grapes, onions, peaches, plums, peas, bell peppers, potatoes, pumpkins, raspberries, strawberries, sweet corn, tomatoes, tree nuts, and watermelon.”³² Local producers also grow a variety of leafy greens in both outdoor and indoor environments, including lettuce, collard greens, chard, and kale, among others.

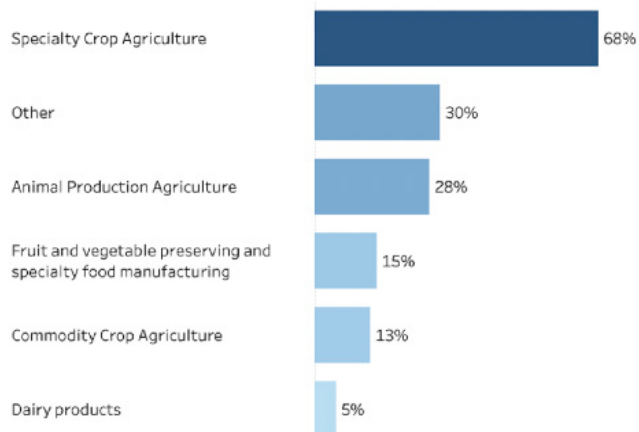


Figure 10: Sub-categories of agriculture that the survey respondents operate within

E. What markets are served

Markets served are highly diverse, with no single channel being served by a majority of the respondents. The largest share of respondents sell direct to household consumers, across four channels: in person sales (19%), farmers’ markets (19%), online sales (16%) and CSAs (11%). A fair number sell to the middle market, such as restaurants (12%), distributors and wholesalers (7%), cooperative groceries (4%) and conventional groceries (3.5%). Only 14 respondents (7% of the sample) sell directly to institutional buyers.

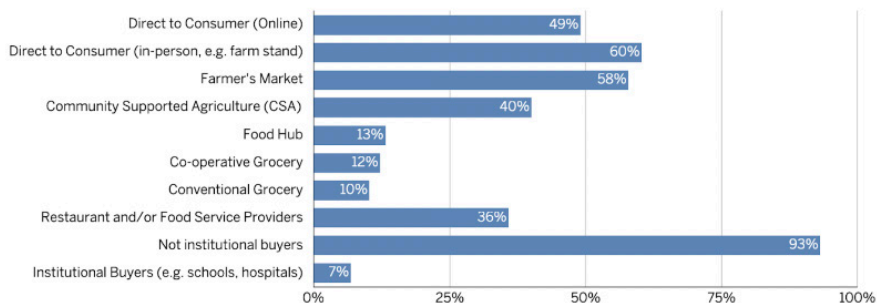


Figure 11: Sales channels used by survey respondents

³¹See USDA for a more complete definition of specialty crops - <https://www.ams.usda.gov/services/grants/scbgp/specialty-crop>

³²Johnson, A. and L. Wright Morton. 2015. Midwest Climate and Specialty Crops: Specialty crop leader views and priorities for Midwest specialty crops. <https://store.extension.iastate.edu/product/Midwest-Climate-and-Specialty-Crops>

F. Producers serving institutions

The survey sought to understand whether there were important differences between those farms that currently sell to institutions, and those that do not. There were statistically significant differences in several key variables between those selling to institutions and those who are not, including annual sales, business structure, race/ethnicity background of owners, and certifications. USDA Food Safety Modernization Act (FSMA) training was the most popular safety training among all respondents (43% among institutional sellers vs 27% for

non-sellers, and 28% overall), with GAP certification more popular among those selling to institutions (29% among institutional sellers vs 10% among non-sellers). Another significant difference among these groups was that 64% of institutional sellers produce value-added products, while only 35% of non-institutional sellers did (See Table 4).

Table 4: Differences in business characteristics and GFPP practices between farms currently selling to institutions and those that do not sell to institutions

| Institutional Sellers | | |
|---|---|--|
| | Sells to Institutions (n=14) | Does not sell to institutions (n=190) |
| Business structure | LLC – 9 (64%) Sole proprietorship – 0 (0%) | LLC – 76 (40%) Sole proprietorship – 53 (28%) |
| Annual sales | Less than \$249,999 – 6 (43%) Over \$250,000 – 8 (57%) | Less than \$249,999 – 152 (80%) Over \$250,000 – 34 (18%) |
| BIPOC ownership | 1 (7%) | 24 (13%) |
| Good Agricultural Practices (GAP) certification | 4 (29%) | 18 (9.5%) |
| Produce value-added products | 9 (64%) | 67 (35%) |

Number (and percentage) of respondents matching business characteristics

Challenges to selling to institutions

The survey asked those who do not sell to institutions about the barriers that prevent them from doing so. Respondents reported scale, infrastructure and connections as the top reasons, where scale refers both to the small volumes of produce that they generate as well as their staff and managerial capacity to enter contracts or MOUs with large buyers. Infrastructure refers to facilities where they might aggregate produce with others, such as food hubs, as well as equipment needed to process and/or distribute food to the institutions. Connections refer to a lack of relationships with institutional buyers or interest in doing business with them.

*"The agricultural system is still oriented to large producers. If you're a vegetable grower, it's hard to get crop insurance. Subsidies for large producers put pressure on pricing which makes it hard for smaller producers. And, land cost. A new farmer can't afford a farm, because huge subsidized corporations bid up the price of agricultural land."*³³

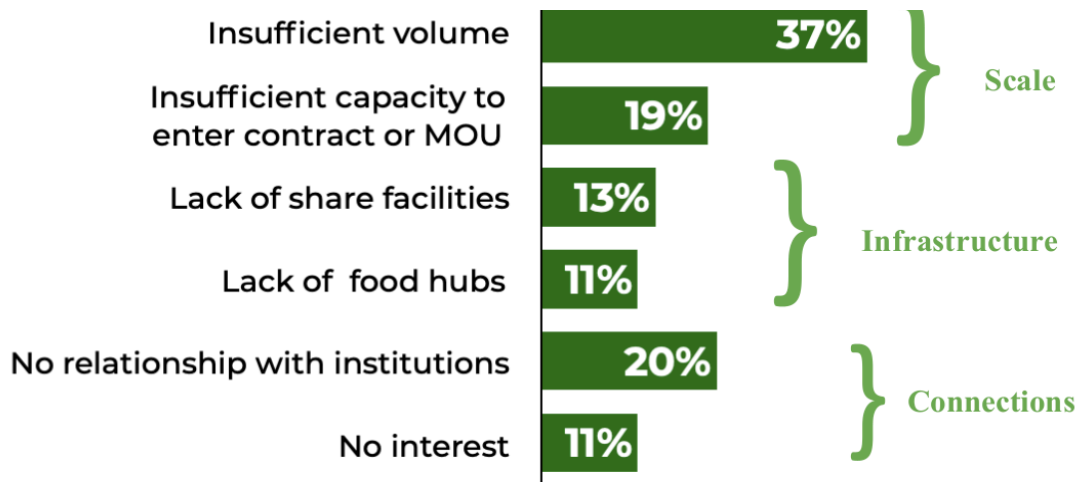


Figure 12: The challenges survey respondents face when attempting to sell to institutions

Institutional demand

City of Chicago and Cook County institutions that have committed to the GFPP share their purchasing data with the Center for Good Food Purchasing to assess how their food purchasing meets GFPP requirements, set targets for improving with respect to the GFPP values, and monitor progress. Prior to GFPP adoption, most contracted food vendors had never received a request from their customer for such detailed information about the food products supplied to them. The data have not been readily accessible due to how new the policy is, the current lack of transparency in the supply chain, and the absence of explicit language that requires this data reporting compliance in current contracts with food

service management companies. It is important to note that GFPP coordinators have worked to ensure that new contracts include this expectation.

Given these challenges with data availability, the current data collected and analyzed by the Center for Good Food Purchasing has included incomplete information for many products purchased, wide variance in reporting periods depending on the institution, and no standard way of reporting product quantities.

³³Interview with Irv Cernauskas, Fresh Picks

A. Purchasing data

For this study, purchasing data were obtained for five city and county agencies: Chicago Public Schools, Chicago Park District, Department of Family and Social Services, Juvenile Temporary Detention Center and Cook County Health. We attempted to standardize purchase data by 1) using dollars spent for various food products, 2) normalizing spending across institutions for a period of one month, and 3) categorizing products purchased by type and level of preparation. These data represent a snapshot and may not be generalized for all the agencies and all time. Nonetheless, we use these data to be indicative of the types of products and preparation, in order to inform how local producers might attempt to

| The top ten food items purchased (by dollars spent) | |
|--|--|
| All items | Specialty crops |
| <ul style="list-style-type: none"> • Turkey bologna • Cinnamon cakes • Peanut butter • Jelly • Baby carrots • Ground chicken • Applesauce • Soy crumble • Cookies | <ul style="list-style-type: none"> • Potatoes • Plums • Apples • Grapes • Greens for salads • Baby carrots • Squash • Celery |

Figure 13: The top ten food items purchased (by dollars spent) by the five city and county agencies

meet the recent needs of local public institutions.

For the calculated month, US\$3.4M is estimated to have been spent on food products across the five institutions. Approximately US\$1.6M was spent on value added products (47%), US\$1.5M on animal products (46%), and US\$238,000 on specialty crops (7%). Most of the spending (45%) went towards food items that had a high level of pre-processing, such as being pre-cooked or including mixed ingredients; 34% of items had been preserved or frozen, 16% were raw and 5% had minimal processing, such as being shredded or diced. Processed meat products, such as turkey salami, turkey bologna and ground chicken, represent the largest category by spending.

B. Procurement practices

Most of the public institutions in the City of Chicago and Cook County outsource their food services to a third-party food service management company (FSMC). Depending on the meal program or food environment, the institution typically enters into a 3 to 5 year contract with an FSMC to source, prepare, and serve all the food required for their program during that period. Given the size and scale of these contracts, solicitations for FSMCs require formal bidding processes in which all interested vendors make their offer, and the institutions then determine which supplier best meets their needs, with a critical deciding factor being the cost of supplying that food.

The large volume, expected costs and diversity of food needed in the contracts means that one of only a handful of large, diversified, food service providers are most likely to win these contracts. Just three major corporations, Compass Group, Aramark, and Sodexo, hold contracts with nearly half of all institutions in the US.³⁴

Some agencies are required by law to grant contracts to the lowest bid. In 2022, the Illinois General Assembly enacted a change to the school procurement code that gives schools the option to use a more complex RFP to determine their food service management companies rather than having to accept lowest bids.³⁵

³⁴Fitch, C., and R. Santo. 2016. Instituting change: An overview of institutional food procurement and recommendations for improvement. Baltimore, MD: Johns Hopkins Center for a Livable Future. Online at http://jhsph.edu/research/centers-and-institutes/johns-hopkins-center-for-a-livable-future/_pdf/research/Instituting-change.pdf

³⁵Illinois General Assembly. 2022. Public Act 102-1101. <https://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=102-1101>

Selling to institutions would thus require small producers and/or the food hubs they are supplying to either become a subcontractor to an FSMC, become a contracted supplier with one of the FSMCs main distribution companies, or establish contracts directly with institutions outside of the normal supply chain channels. For the City of Chicago and Cook County, very little has been explored in terms of pursuit of the last option, given the current structure of public food procurement and the exclusivity of contracts executed with FSMCs. Note that in other parts of the US, some institutions are developing direct relationships with local suppliers.

Minneapolis Public Schools has created a process to source at least 25% of their food purchases directly from local farms, cooperatives and food hubs. The Farm to School program selects partner farms, typically located within 100 miles of the Twin Cities, through an annual competitive bidding process. Selection criteria include: “product quality, environmental sustainability, price, customer service, supplier diversity, and how grower values align with MPS nutrition goals.”³⁶

One FSMC representative indicated that they mainly obtain food products from national distributors such as Sysco, but source some products from local distributors such as Midwest Foods and Local Foods for particular clients who demand it. They commented that food hubs, in general, have a bad reputation for not being financially viable and thus unreliable in the long term. They recommended working with GFPP committed institutions to identify food products that are less price sensitive and less accessible through conventional supply chains in order to determine the viability for specific local products competing with conventional items.

“[T]he big choke point is, how can you build the relationships with the buyers that are based on a commitment? And not just a convenience? ... when your kale or collards harvest is bad that week, and you normally have been supplying the buyer with 30 cases a week, and suddenly you just have 10? Well, how can we build up the relationship so they’re not just like, you didn’t get us those collards... We’re punishing you for the next three weeks.”³⁵

A local distributor who supplies to one of the large FSMCs stressed that while institutions may tell the FSMC that they want to buy local, there is a complex workflow that needs to be fulfilled to make it happen. Chefs need to have an awareness of what is locally available and when, in order to set their menus, and the distributors to have in stock in the warehouse at that time. The system is not streamlined: distributors need at least a 2-day lead time for orders, but many chefs want to order the night before, which leaves little room to acquire what might not be on hand. Further, chefs are incentivized to spend as little as possible in order to keep within their budgets.

38

C. Challenges

For institutional buyers, the major challenges to implementing GFPP and sourcing from small, local food suppliers include:

- Funding for public meal programs at the federal, state and local level doesn’t currently meet the need.
- Contract language needs to change to enable flexibility in purchasing from diverse sources (including those with MWBE certification).
- Contract language changes are also needed to ensure data collection and analysis for compliance and optimal impact of GFPP.
- Supply chain challenges (from COVID, inflation, climate change) disrupts food supply chains and cause shifts in institutional priorities (e.g. emergency food response).
- Reliance on processed and readymade products in institutional settings results from a lack of space, cooking infrastructure and equipment, and adequate skilled staffing— preventing meal providers from preparing meals with more whole or, minimally processed products that may be more readily accessible from local food growers and producers.
- There is a lack of public education and exposure to what is culturally relevant healthy eating. This is exacerbated by disparity in spending between the large budgets of fast food chains and processed foods compared to food literacy programs.

³⁶Minneapolis Public Schools. 2022. Our Food: Partner Farms. <https://cws.mpls.k12.mn.us/farms>

³⁷Interview with Sarah Lloyd, Wisconsin Food Hub Cooperative, 2021.

³⁸Interview with Alex Frantz, Midwest Foods, 2021.

Food Aggregation in Chicagoland

The USDA food hub directory indicates that Cook County, Illinois has one of the highest concentrations of recognized food hubs in the country. In addition to these recognized food hubs, several other entities perform similar functions of aggregation, processing, distribution and providing support services to local farmers. This section describes these current entities

as well as some of the emerging food hubs and aggregators in Chicagoland. We interviewed a sample of organizations, performed desk research and informally interacted with others in order to capture the heterogeneity of food hubs and how they may shift their priorities to meet the needs of different groups.

Organizations currently classified as food hubs

The structure of food hubs varies widely depending on the organization and their specific needs. Hubs range from large, centralized units to decentralized micro-networks. Eight entities in Chicagoland are classified as food hubs by the USDA, but only four were interviewed by our research team because of their high level of involvement and influence on the local food ecosystem.



[Fresh Picks](https://www.freshpicks.com/)³⁹

Fresh Picks is the oldest operating food hub in the Chicagoland region, founded in 2006. Fresh Picks works closely with family farms and producers across the Midwest to create a trusted local food chain primarily serving retail customers, as well as some small businesses.

A major aspect of this approach involves working with their farmer partners to plan who will grow what in anticipation of customer demand.

They currently offer local and organic fruit, vegetables, herbs, grass-fed meats, milk and dairy, sustainably sourced fish, farm fresh eggs, seasonal farm boxes and pantry staples, available for purchase through an online platform. They also offer fresh fruits and vegetables, flowers, and other seasonal products in their Community Supported Agriculture (CSA) boxes. To address seasonality, they also work with organic brokers to offer out of season produce, as well as carry some packaged goods.

³⁹Fresh Picks, 2022. <https://www.freshpicks.com/>



[Gourmet Gorilla](#)⁴⁰

Established in 2010, Gourmet Gorilla provides on the order of 40,000 meals per day to early childhood, K-12 schools, and institutions throughout Northern Illinois and Wisconsin. It operates out of the Pilsen neighborhood in Chicago. Meals include breakfasts, snacks, lunches and suppers that feature ~70% locally sourced food (from Indiana, Iowa, Michigan, Wisconsin). "Collaborating within regional food systems around the Midwest food shed, Gourmet Gorilla works with food hubs, rural farmers, urban agriculturalists, dietitians, nutritionists, talented chefs, and organic food manufacturers."⁴⁰ In addition to its meal provision programs, Gourmet Gorilla also offers educational resources on healthy food curriculum, the value of fresh healthy and sustainable food, garden projects, and ecological awareness.



Healthy Food Hub
a Black Oaks Center Initiative

[Healthy Food Hub](#)⁴¹

The Healthy Food Hub is an offshoot of the Black Oaks Center for Sustainable Renewable Living, located in the historic Black farming community of Pembroke, 60 miles south of Chicago. Healthy Food Hub seeks to nurture the development of a local food system between Pembroke and Chicago, providing opportunities for farmers to grow food predominantly for African-American communities on the south side of Chicago. Their mission is to "create a just holistic local food system to transform urban to rural communities through education, entrepreneurship, and access to healthy, affordable food."⁴²

Started in 2009, the initial customers were ~500 families at the Betty Shabazz Charter School, who paid membership fees and received bi-weekly produce. The school provided a site for delivery, staging and collection of produce, and later moved to other schools. Fred Carter suggested that there is an opportunity to create "micro" food hubs in neighborhoods across the city, which can serve as collection and distribution sites for food grown in those neighborhoods, as well as a dropoff site for food grown in peri-urban areas.⁴³



[Local Foods](#)⁴⁴

Local Foods was started in 2013 to provide a more efficient avenue for connecting local farmers and restaurants in Chicago. Restaurants remain the largest customer base, and they are complemented by retail customers at their storefront with some meal preparation and home delivery. They work with produce, meat, dairy and grain farmers across the Midwest, but mainly within 300 miles of Chicago. As a provider of solely local food, Local Foods recognize that they will not be a sole supplier for any of their customers, and focus on sourcing local products that customers may be willing to pay a premium price for, in order to distinguish themselves on excellent customer service and consistency.⁴⁵



[Fifth Season Cooperative](#)⁴⁵

Fifth Season is a multi-stakeholder cooperative based in Waukesha County, Wisconsin that has been in operation since 2010. Its approximately 40 member-owners are growers, food processors, distributors, buyers and workers, and they consider themselves more as a cooperative rather than a food hub. Products are sold under the Fifth Season label to institutions, co-op groceries, CSAs, mainly to customers in Wisconsin, but their frozen vegetable blends (potatoes, root vegetables) have been supplied to an FSMC serving Chicago Public Schools, and they are interested in further reaching into the Chicago market because of its scale. Critical infrastructure for the co-op includes docks, cold storage at their warehouse, in addition to insurance to their members. They note that aggregation of produce is their largest profit center among the various services offered.⁴⁶

⁴⁰Gourmet Gorilla, 2022. <https://www.gourmetgorilla.com/>

⁴¹Healthy Food Hub, 2022. <https://www.healthyfoodhub.org/>

⁴²Ibid.

⁴³Interview with Fred Carter, Healthy Food Hub, 2021.

⁴⁴Local Foods, 2022. <https://localfoods.com/>

⁴⁵Fifth Season Cooperative, 2022. <http://www.fifthseasoncoop.com/>

⁴⁶Interview with Tatum Evans, Fifth Season Cooperative, 2020.



[LEAF Food Hub⁴⁷](#)

The Little Egypt Alliance of Farmers (LEAF) Food Hub was started in 2016 by a group of seven farmers, as an online platform for selling their produce to communities in southern Illinois. Though organized as an LLC, LEAF functions as a cooperative. They offer aggregation, packing, marketing and distribution services. The latter is supported by 12 retail points and home delivery services in 6 counties. While they desire to sell to institutions and broaden into the Chicago market, they are functioning at capacity. Additional farms, infrastructure and time are needed to expand their operation to accommodate these new customers.



[Wisconsin Food Hub Cooperative⁴⁹](#)

The Wisconsin Food Hub Cooperative is a farmer owned cooperative started in 2012, resulting from a public-private partnership between Dane County, the Wisconsin Farmers Union (WFU) and farmers. Currently 18 farms are member-owners of the cooperative, with one Minnesota-based grower who is not a member-owner. The co-op leases a 9,000 sq ft refrigerated warehouse for aggregation, storage and distribution. The co-op and its farmers use Local Food Marketplace⁵⁰ software to plan and manage sales: farmers input volumes and varieties of produce they expect to have ready in a given week, and the hub coordinates buyers for those crops, places orders for what they expect to sell and then arranges delivery to the warehouse. While some farmers transport their own pre-packaged goods to the warehouse, the co-op leases refrigerated trucks for collecting and delivering produce, and offers delivery services as a separate function, noting that this is the most profitable aspect of their current business model. Additional services offered include liability insurance, bulk purchasing (such as packaging), group GAP certification, and dedicated salesperson and manager to the enterprise, ensuring professional operation.

Other Chicagoland Food Hubs

In Illinois, existing food hubs may serve the Chicago metropolitan area or other population centers or rural areas: The Mandolini Company, Moss Funnel Farms and Illiana Ag Alliance, but were not interviewed by the research team. Similarly, outside Illinois, Northwest IN Food Hub and This Old Farm are food hubs that serve Chicagoland customers, but which were not interviewed.

Current Chicagoland initiatives functioning like food hubs

There are also several organizations across Chicagoland that operate using food hub models without formally identifying themselves as such, and are not listed in the USDA Food Hub Directory. The following organizations are a non-exhaustive list of groups mobilizing locally-sourced food to BIPOC (and other) communities across the region. It is important to note that many of these organizations have ongoing collaborations with each other, as well as with other organizations not listed here.



[Chicagoland Food Sovereignty Coalition Food Rescue Hub⁵¹](#)

The Chicagoland Food Sovereignty Coalition (CFSC) is a coalition of autonomous mutual aid groups throughout Chicago that are working together to cultivate food sovereignty and autonomy for all people in all communities. CFSC is structured as a food rescue hub rather than a traditional food hub, meaning that their work focuses on salvaging and utilizing food that would otherwise be lost, and bringing food to the most vulnerable in communities across the city and county. They have accomplished this primarily through identifying and securing cold storage space and creating community agreements. They are run entirely on a volunteer basis and do not seek to publicize their efforts with an aim of protecting grassroots food sovereignty and the dignity of individuals using and sharing their services.

⁴⁷LEAF Food Hub, 2022. <https://www.leaffoodhub.com/>

⁴⁸Ibid

⁴⁹Wisconsin Food Hub Cooperative, 2022. <https://wifoodhub.com/>

⁵⁰Local Food Marketplace, 2022. <https://home.localfoodmarketplace.com/>

⁵¹Chicagoland Food Sovereignty Coalition, 2022. <https://www.chifoodsovereignty.com/initiatives>



ChiFresh Kitchen⁵²

ChiFresh Kitchen is a Chicago-based Black- and woman-owned business that operates as a worker-owned cooperative to prepare culturally-affirming meals for communities across Chicago. During the pandemic, they collaborated with other local urban agriculture and food preparation organizations such as Urban Growers Collective and Cooperativa Visionarias to prepare and deliver emergency food to communities across Chicago. Coming out of the pandemic, they have secured space and vehicles for food preparation and delivery. They source their produce directly from local urban farms, but have noted that having more operating (values-aligned) food hubs in the region would make their work easier as they would be able to access input from various farms through one access point, rather than having to do this coordination themselves.



Inner-City Muslim Action Network⁵³

The Inner-City Muslim Action Network (IMAN) is a community organization that fosters health, wellness and healing in the inner-city by organizing for social change, cultivating the arts, and operating a holistic health center. The organization seeks to redefine and equalize food ecosystems through a series of initiatives. IMAN’s Corner Store Campaign addresses the long history of injurious business practices, ingrained racial tensions, and unhealthy food options that typifies many inner-city corner stores. In 2021, they launched the IMAN Food & Wellness Center, along with programs Farmer’s Market, Backyard Garden and Community Kitchen, which aim to source fresh produce from gardens and farms within the city. In 2022, they opened the Go Green Community Fresh Market, to sell “fresh foods, ready-to-eat meals and essential groceries”, as well as provide space for building and supporting community development in the Englewood neighborhood.^{54,55}



Midwest Foods is a mid-size wholesale distributor known for having the largest network of regional growers in the Chicago food industry. While it does not identify itself as a food hub— as a large portion of their sourcing is not local— local sourcing is a significant component of their business. Midwest sells to mainly large institutional clients that require farms they are sourcing from to have GAP certification and food safety training. It purchases products from partner farmers and provides a range of services to them, such as training assistance, crop planning and developing marketing materials. They typically “swap out” conventional supply chain products for local ones when they are seasonally available, and where there is sufficient local volume to give the farmers fair prices for their crops. Their mission is to strengthen local food chains “through relationship building between chefs and farmers by providing the opportunity for customers to buy from and support local and sustainable farms for years to come”. In the last seven years, they have incorporated some diversification of their business model to include “grab and go” items at distribution sites, as well as a division to cut and process vegetables for easier use by chefs.



Proviso Partners for Health (PP4H) is “a community-driven, multi-sector coalition promoting community health, health equity, and transformational systems change in the Proviso communities of Maywood, Bellwood, Broadview, and Melrose Park.” PP4H focuses on addressing racial equity and food justice through their work, organized around “hubs”. One of these is the Food Justice Hub that “supports and strengthens the local food system through urban gardening, farm stands, and Veggie Rx, and increases the supply of and demand for fresh, locally grown, high quality produce.”⁵⁸ PP4H aggregates and distributes produce from local farmers ‘direct to consumer’, including delivery to homebound seniors and community members with limited mobility. They intend to incorporate a shared kitchen, processing space and cold storage on site. They believe that there is high potential for BIPOC owned and operated food hubs in the region, as these can be “more authentic and forward-looking, counteracting unconscious bias for Black-owned business.”⁵⁹

⁵²ChiFresh Kitchen, 2022. <https://www.chifreshkitchen.com/>
⁵³Inner-City Muslim Action Network, 2022. <https://www.imancentral.org/chicago/organizing-advocacy/food-ecosystems/>
⁵⁴Block Club Chicago, 18 February 2022. A Grocery Store Is Opening In Englewood Thanks To Organizers Who Pushed To Bring Fresh Food To The South Side. <https://blockclubchicago.org/2022/02/18/englewood-grocery-store-go-green-fresh-market-to-open-in-march-community-organizers-say/>
⁵⁵Go Green Community Fresh Market, 2022. <https://gogreenonracine.com/>
⁵⁶Midwest Foods, 2022. <https://midwestfoods.com/>
⁵⁷Real Foods Collective, 2022. <https://www.realfoodscollective.org/>
⁵⁸Proviso Partners for Health - Food Justice Hub, 2022. <https://www.provisopartners.com/about-us.html>
⁵⁹Interview with Lena Hatchett and Jack Hertenstien , Proviso Partners for Health, 2021



Urban Canopy⁶⁰

Founded in 2011, the Urban Canopy is a for profit business that started as an urban farm and has diversified into seven branches: Compost Club, Indoor Farm, Outdoor Farm, Local Unified CSA (LUCSA), Farmers Markets, non-local Distribution and Processing, which encompasses the food system from growth, distribution, and waste management. Though not formally a food hub, Urban Canopy aggregates produce from local farms for its LUCSA and processes produce into products such as pickles and jams, extending their shelf life for distribution and sale. The Urban Canopy also collaborates with the Chicagoland Food Sovereignty Coalition, connecting wasted but edible food from sources to communities across the city.



Urban Growers Collective⁶¹

Urban Growers Collective (UGC) is a non-profit organization that aims to “demonstrate the development of community-based food systems and to support communities in developing systems of their own where food is grown, prepared, and distributed within the community itself”⁶¹. UGC believes that urban agriculture can strengthen communities and create opportunities for healing and economic development. With its main farm in South Chicago, UGC offers training and business incubation to new farmers, including persons who wish to grow food for themselves or non-commercially, as well as those who are interested in developing commercially-viable peri-urban farms.

One of UGC’s methods of distribution is its Fresh Moves Mobile Market: a bus that has been converted into a mobile farmers’ market. “The ‘produce aisle on wheels’ works toward closing the ‘food access gap’ by bringing produce to schools, community centers, churches, and health clinics — places that folks already frequent — to make good food accessible in Black and Brown neighborhoods that have been historically divested”.⁶²

⁶⁰Urban Canopy, 2022. <https://www.theurbancanopy.org/home>

⁶¹Urban Growers Collective, 2022. <https://urbangrowerscollective.org/>

⁶²Ibid



Emerging food hubs



Dream Hub, located in Kane County, works to “connect innovators, growers, producers, sellers, and consumers to positively impact the communities they serve.” This food hub originated as a single-location incubator—Dream Kitchen—with plans to grow into a regional incubator with multiple distinct services, including a distributor, shared kitchen, food hall and market. They refer to these services as “spokes” that are designed to help entrepreneurs launch and expand their businesses. Kevin Echevarria urges that food hubs should focus on the “pieces of the pie” that they can have full control over, such as a salad bar for schools, and “start with a niche of local strengths then figure out how to contribute to the larger regional, national distribution model.”⁶⁴



Imani Village is a project of Trinity United Church on Chicago’s Southside that aims to empower community members in the Pullman, Chesterfield, Greater Roseland and Burnside communities. Growing and distributing food is a key tenet of the plan, with a food hub planned to provide fresh, nutritious produce to the community, employment for community members and business opportunities for local farmers.

The development plan for the village includes multifamily and intergenerational housing with a retirement community and gardens, community health center and a fruit orchard at their site on 95th St and S Cottage Grove Ave. The food hub will include a fresh food mini-market, a year-round farmers market, and a restaurant café. There is strong community support for a food hub with retail offerings, located near public transportation, given the dearth of fresh food offerings in the neighborhoods.



The Common Market⁶⁷

The Common Market (TCM) is a nonprofit regional food distributor with a mission to connect communities with good food from sustainable family farms. They strive to improve food security, farm viability, and community and ecological health, following five critical values:

- “Community: Rooted in community since our founding days, we believe in the potential to build collective power through collaboration across an interdependent food system.
- Diversity: We believe that all environments thrive with greater cultural and biological diversity.
- Local Investment: We believe that by building the strength of regional economies, we can promote equitable health and well-being in urban and rural communities.
- Stewardship: We believe that agriculture can be restorative to the environment. By developing markets for food that is grown with integrity and respect, we can help transform growing practices and heal communities.
- Transparency: At every step from seed to table, we are dedicated to building trusting relationships that ensure food safety, foster accountability and maintain traceability.”

⁶³Dream Hub, 2022. <https://dreamhubinc.com/>

⁶⁴Interview with Kevin Echevarria, Dream Hub, 2021.

⁶⁵Imani Village, 2022. <https://www.imanivillage.com/>

⁶⁶Illinois Tech 2021 Social Entrepreneurship Class project with Imani Village, based on interviews with Imani Village project leads Patricia Eggleston and Juliette Tyson, surveys and focus groups with community residents.

⁶⁷The Common Market, 2022. <https://www.thecommonmarket.org/>

Started in Philadelphia, Pennsylvania in 2003, TCM has since expanded operations to Atlanta, Georgia and Houston, Texas, and have recently hired a Great Lakes Director to develop a new hub based in Chicago. They are leveraging their experience in other regions, and being deliberative in community and stakeholder engagement to build relationships with producers and buyers as they plan their start-up operations in Chicago. They emphasize that this start-up might look different

than how they operate in other regions, as testing market demand and the desire on the part of farmers for different services may be unique to the Great Lakes. In general, they aim to own and operate their own warehouse facilities, transportation, processing and storage equipment, and management software. They offer a variety of services to their partner farmers in other regions, such as food safety training, GAP certification, wholesale readiness, and crop finance.

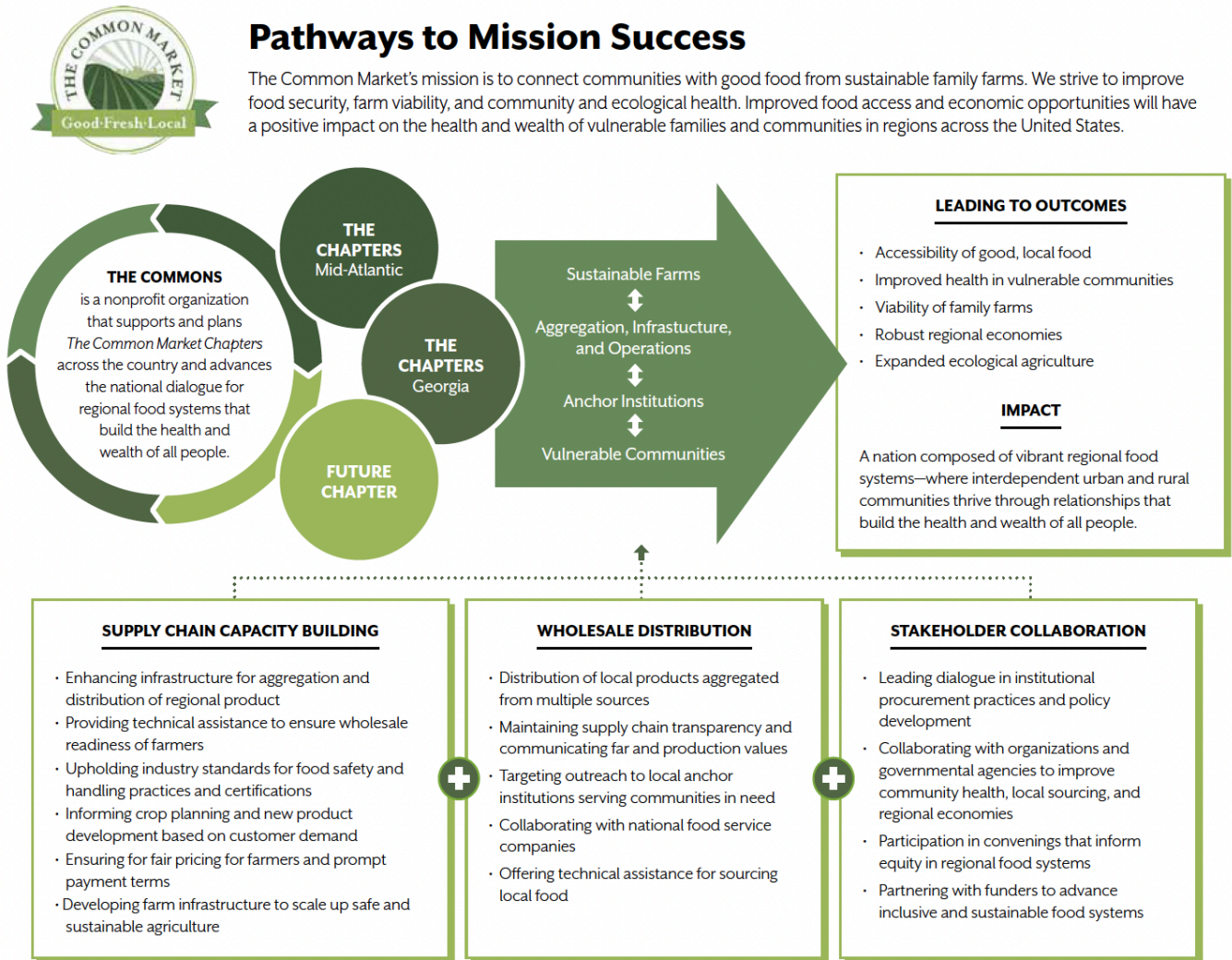


Figure 14: The Common Market's organizational model and key activities. Source: the Common Market⁶⁸

⁶⁸The Common Market, 2022. <https://www.thecommonmarket.org/about/the-common-market>

Grocery Co-operatives

A few consumer-owned cooperative grocery stores currently operate in Chicago and Cook County, but there has been an upsurge in interest and resource gathering to launch several new cooperatives, in various stages of development. Grocery cooperatives often put a priority in developing relationships with local farmers and food producers, and selling their products in their retail stores to both member-owners and the general public. Thus, they act like food hubs, in the sense that they provide a distribution and sales point for locally produced food.

Dill Pickle Co-op⁶⁹ has long been the only cooperative grocery physically located in the City of Chicago.

It was incorporated in 2005 and currently operates in the Logan Square neighborhood. Sugar Beet Co-op⁷⁰, located in Oak Park in suburban Cook County opened its doors in 2015. There are three City-based co-ops in development, including Chicago Market Co-op in the Uptown neighborhood, Wild Onion Market⁷² in Rogers Park. The Southside Food Co-op is a “Black-led, community-owned cooperative grocery store bringing affordable healthy foods, quality goods, and local products to South Side neighborhoods that have endured decades of disinvestment.”⁷³

Table 5. Existing, alternative and in-development Food Hubs in the Chicagoland region.

| Name | Year established | Location (County, State) | Customer types | Key services, infrastructure |
|---|--|-------------------------------|-------------------------------------|---|
| Chicagoland Food Sovereignty Coalition | 2020 | Chicago (Cook) | Consumers (free) | Food rescue, aggregation, storage, distribution |
| ChiFresh Kitchen | 2020 | Chicago (Cook) | Hybrid | Meal preparation & food services |
| Dream Hub | Dream Kitchen ~2008, Hub spokes are in development | Elgin (Cook/Kane, IL) | Hybrid | Aggregation, distribution, processing |
| Fifth Season Cooperative* | 2010 | Viroqua (Waukesha, WI) | Hybrid | Aggregation, distribution, processing |
| Fresh Picks* | 2006 | Niles (Cook, IL) | Hybrid (mainly retail) | Aggregation, distribution, CSA |
| Gourmet Gorilla, Inc* | 2010 | Chicago (Cook, IL) | Hybrid (mainly schools) | Meal preparation & food services |
| Healthy Food Hub* | 2009 | Pembroke (Kankakee, IL) | Hybrid | Aggregation, distribution, CSA |
| Imani Village Food Hub | In development | Chicago (Cook, IL) | Consumer | Imani Village Food Hub |
| Inner-City Muslim Action Network (IMAN) Food and Wellness Center, Go Green Community Fresh Market | 2021 | Chicago (Cook, IL) | Consumer | Distribution, grocery, food pantry |
| LEAF Food Hub, LLC* | 2016 | Cartersville (Williamson, IL) | Hybrid (mainly online) | Aggregation, storage, distribution |
| Local Foods* | 2013 | Chicago (Cook, IL) | Hybrid (mainly restaurants) | Distribution, processing (butcher, meal prep), retail store |
| Midwest Foods | 1998 | Chicago (Cook, IL) | Hybrid (mainly FSMCs, institutions) | Aggregation, storage, distribution |

⁶⁹Dill Pickle Co-op, 2022. <https://dillpickle.coop/>

⁷⁰Sugar Beet Food Co-op, 2022. <http://sugarbeetcoop.squarespace.com/>

⁷¹Chicago Market Co-op, 2022. <https://www.chicagomarket.coop/>

⁷²Wild Onion Market, 2022. <https://wildonionmarket.com/>

Three distinct models for food hub operations are applicable to the Chicago region: **decentralized network of hubs, coordinating umbrella organization and centralized hub.**

- The **decentralized network** of hubs in which several smaller food hubs or other food aggregation models, each serving specific neighborhoods or community areas, cooperate to share resources and services.
- The **coordinating umbrella organization** has several distinct businesses providing services to farmers and food to customers, including logistics and meal preparation. The businesses under the umbrella organization can serve smaller or larger geographic areas.
- The **centralized hub** model offers aggregation, storage, processing and distribution in a dedicated space, working with a large number of producers and serving larger volume institutional or wholesale customers in a broad geographic region (city to region).

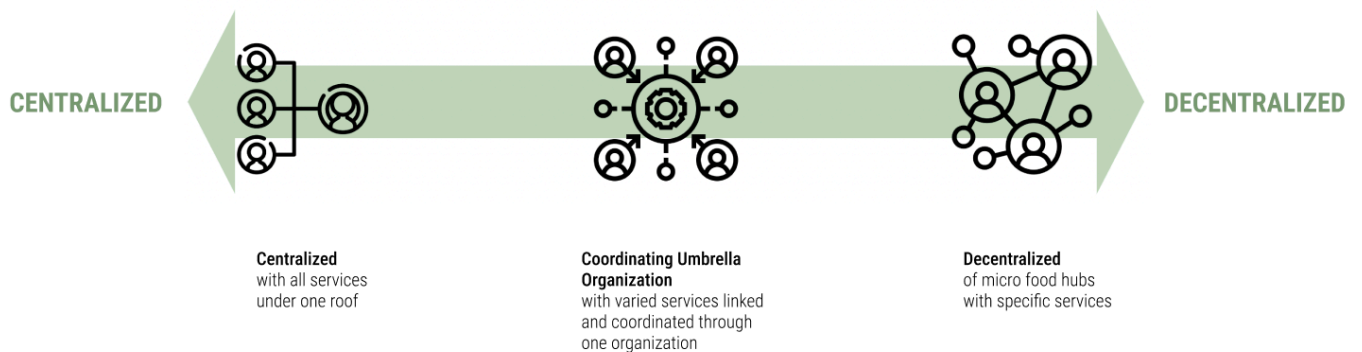


Figure 15: Three distinct food hub models for the Chicago region

The existing initiatives in Chicagoland can be categorized as falling into one of these three models as shown in Figure 16.

Range of Food Hub Organizations

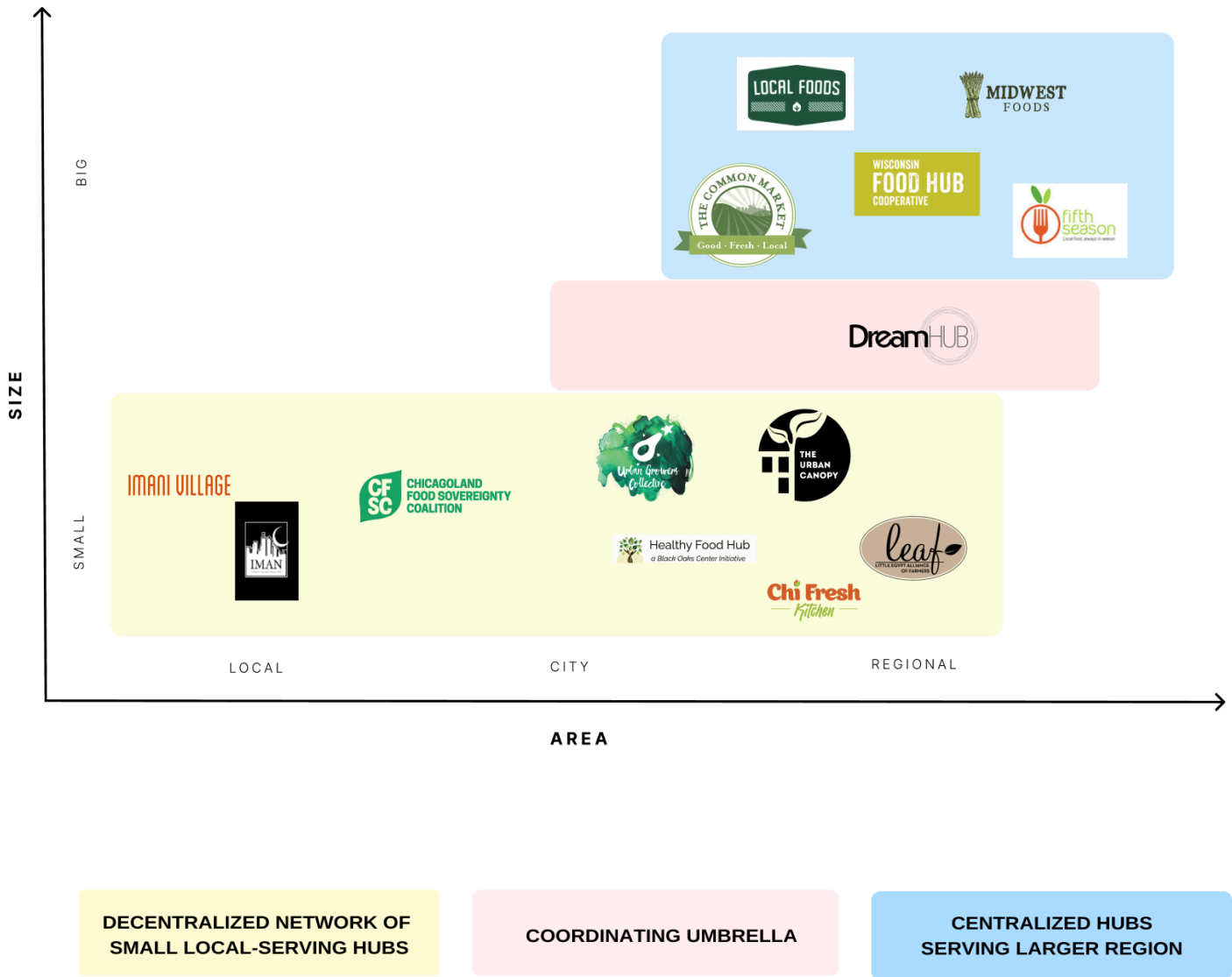


Figure 16: Existing initiatives categorized by size, geographic area served and food hub model

Financial Considerations

If they are to thrive, food hubs must have solid plans for financial viability. They need to have a good handle on acquiring sufficient capital for launch and start-up, managing operational expenses and maintaining positive cash flow, and securing funds for emergency or contingency use. The USDA's *Running a Food Hub: Assessing Financial Viability*⁷⁴ is a valuable resource for planning the financial model for a food hub.

Three important distinctions need to be made at the outset.

Financial goal: The organization needs to decide whether they will operate as a for-profit entity with profits benefiting the owners, or as a nonprofit with proceeds reinvested in the business, in order to prioritize achieving other goals such as supporting farmers' business viability or improving nutritional intake in communities.

Legal structure: The legal structure determines how the entity will be treated by government and other authorities, including how it will be taxed. Common structures include LLC, S corp, benefit corporation, cooperative,, and 501(c)3 for non profits.

Customer segment: A clear distinction is made between hubs that serve larger, wholesale or institutional buyers, versus those serving end consumers, as the financial hurdle is higher for the former. Hybrids that serve a combination of these customers lie in between.

In all cases, start-up capital is often sourced through a combination of debt (e.g., bank or Small Business

Development Center loans), equity financing (owner or investor capital), as well as government or private grants. In the case of cooperatively owned food hubs, they may also raise funds from member-owners, and may disburse profits or dividends to them.

While none of the existing or emerging food hubs in Illinois are structured as cooperatives, that model is working for nearby hubs like the farmer-owned Wisconsin Food Hub Cooperative and multi-stakeholder Fifth Season Cooperative, both in Wisconsin. In 2020, Illinois adopted a new law to recognize worker-owned cooperatives as legal entities, paving the way for initiatives such as ChiFresh Kitchen, which has done its own aggregation from local farms in the absence of food hubs with which they can work. The Chicago, Cook County and broader Illinois ecosystem for cooperatives is now poised to offer a variety of services, including legal, business incubation and business development services.⁷⁵

An important issue that was raised through our research questioned the focus on financial profitability versus serving community needs. It was noted that in the current system, "food is slow money. When you go purely economic and have capital investment it's hard to repay that in the time they [investors] want a return."⁷⁶ This makes it challenging to develop and implement a business model that simultaneously fulfills financial and social interests.

Many more social-goal-oriented hubs take a more bootstrapped approach to meeting these needs. For example, reliance on volunteers or sharing resources such as trucks, can enable food hubs or distributors to get started in the absence of large start-up capital. Financial investment in large-scale physical infrastructure might be tricky for most hubs.

⁷⁴ USDA. 2017. *Running a Food Hub Vol III: Assessing Financial Viability*. https://www.rd.usda.gov/sites/default/files/publications/SR77_FoodHubs_Vol3.pdf

⁷⁵Co-op Law, 2022. Illinois. https://www.co-oplaw.org/knowledge-base/illinois-2/#Legal_Support_for_Cooperatives

⁷⁶Interview with Fred Carter, Healthy Food Hub, 2021.

**Facilities:**

Lease/rent, new/repurpose
size, location,

**Labor:**

Contract/staff, expertise
of hours, specialization

**Equipment:**

Lease/rent, trucks, machines
packaging, storage

**Certifications:**

Certification process, subsize process
for producers

**Planning:**

Support current needs while investing
in future capacity

Figure 17: Typical costs for a food hub

Understanding the customers' needs and building relationships with them (especially in the case of institutional buyers) is critical. As profit margins in the food service sector are very low, profitable hubs need to ensure that the demand for their services is in place before making significant capital investments. Gourmet Gorilla noted that it was important to "get your customers first, keep your business model lean, rent first then build your own facility."⁷⁷

"Creating a food hub without demand is meaningless, and they'll go out of business. A rule of thumb is that it takes 2 million in annual revenue to financially sustain a food hub. That means you need 2 million worth of buyers. We should aim for more food hubs, but we need to have serious business planning informed by real, hard data before committing. There's a lot of working capital. If you only have the working capital for the first 3 years, you need to make sure you have the money coming in after those three years."⁷⁷

Costs

Current food hub operators encourage emerging hubs to slowly undertake fixed costs, and instead try to

access space, equipment and other infrastructure on a shared or leased basis. The cost of leasing a warehouse or space in industrial buildings differs significantly across the region, with downtown Chicago prices over \$2.00 per sq. ft. per month, while south and southwest neighborhoods are around \$0.50 per sq. ft. or less.^{78,79}

For physical infrastructure, there is no standard set of requirements to operate a food hub, given the array of food hub configurations. Infrastructure costs will vary significantly, depending on what activities a hub wishes to pursue. However, some basics include:

- Warehouses and associated equipment for collection, (cold) storage, and packaging of produce, for example, freezers, pallet racking systems and forklifts.
- Vehicles for picking up produce from growers and/or transporting to customers. Refrigerated vehicles, though more expensive, reduce perishability of produce, particularly in the hot summer months.
- Software and communications technology for inventory control and order management.
- Commercial kitchens and equipment for food processing and preparation.

⁷⁷ Interview with Jason Weedon, Gourmet Gorilla, 2021.

⁷⁸ <https://www.propertyshark.com/cre/commercial-real-estate/us/il/chicago/>

⁷⁹ <https://www.crexi.com/lease/properties/IL/Chicago>

Revenue structures

Food hubs across the US have a wide range of revenues, largely depending on these three factors. The highest revenues are earned by for-profit entities serving wholesale or institutional customers, while the converse is true - those serving retail customers and organized as nonprofits— have the lowest revenues. The median annual revenue is US\$225,279, with the vast majority of US food hubs earning significantly less than this amount.

In many cases, particularly during start-up, or for non-profit or community-serving organizations, grant funding is necessary to supplement revenue from produce sales, especially if serving a majority of lower income retail customers.

There is some degree of variability in revenue models, with structures dependent on the services offered, as well as the goals of the entity. With the majority of food hubs serving both institutional and retail customers, diversified revenue streams help to buffer hubs against shocks like supply chain disruptions. Current food hubs emphasize the need for securing contracts with customers, and crop planning with farmers to be able to satisfy that demand.

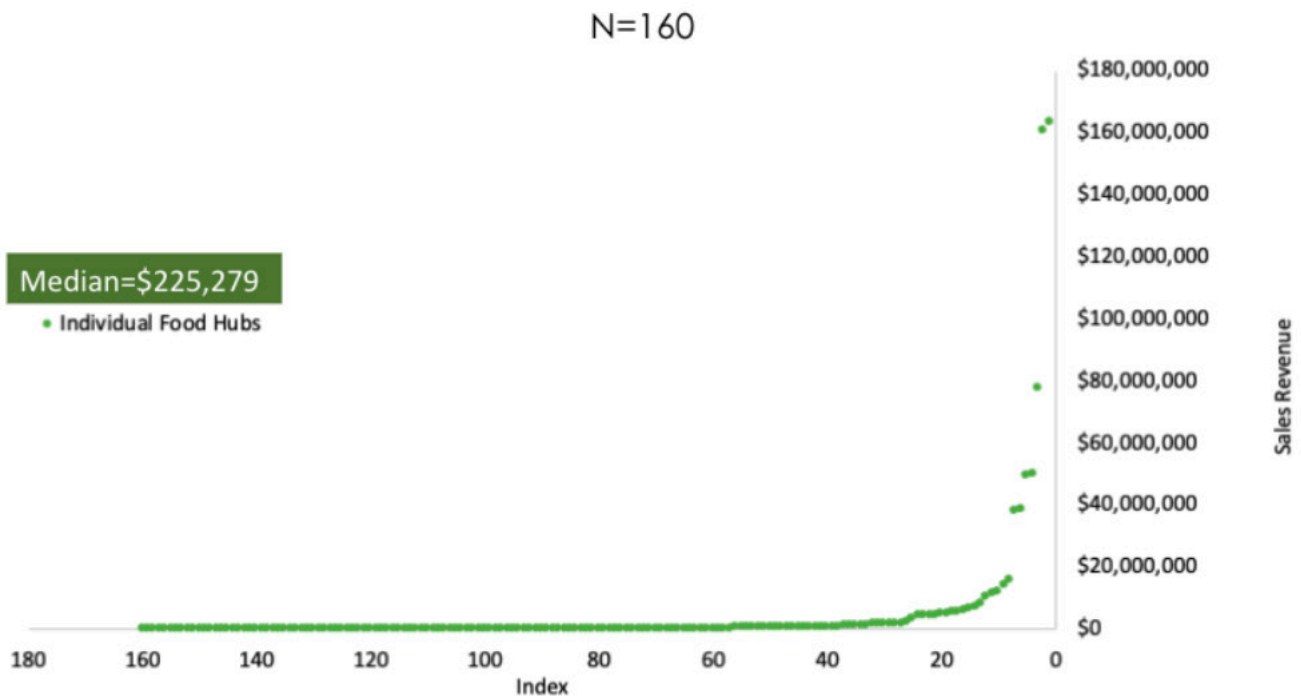


Figure 18: Annual revenues for 160 food hubs in the United States in 2018, ordered by revenue.
Data Source: Mergent Intellect

Many food hubs turn to a multifaceted service provision model. Hubs incorporate aggregation, distribution, sales, marketing, and crop planning (among others) to appeal to various stakeholders (see figure 17). Many organizations believe that these network links are what help their hubs succeed: “You can’t have just one element and make it”.⁸⁰ In order to maintain institutional partnerships, most food hubs also provided value-added foods that require some degree of preparation (e.g., cutting, freezing, cooking). Institutional demand for these products is much higher than for fresh fruits and vegetables, or items requiring more extensive preparation. One food hub indicated “if we were not doing value added production, you know, cooking, we wouldn’t be as profitable...”⁸¹

Revenues: Producer to Hub

Hubs sourcing goods from producers may:

- Pay the producers outright for their goods, at a pre-negotiated, at or above wholesale prices. Some hubs indicate that they pay producers an average price for particular products, weighing the distinct price points that different customers pay for the same product, in order to fairly compensate producers, no matter where their individual product may eventually be consumed.
- Take the goods on consignment in order to sell to customers, producers are paid after payments are received from customers, and hubs retain a percentage of the sales

- Charge producers a flat or percentage fee for services such as collection, distribution and sales of the products that they receive.

Revenues: Hub to Customer

Most commonly, hubs charge institutional or retail customers for the volume of goods sold, but in some cases, such as with community supported agriculture (CSA), customers prepay a set price for a basket of goods, which may change from one period to another. The flexibility of CSAs enables producers to provide what is available, rather than specific products demanded. For institutional customers, implementing a CSA-type model may be difficult because of limitations in kitchen facilities and staffing at their locations to manage a variable product

Financing options for starting food hubs range, but would offer the type of flexibility that local producers crave. Forward contracting agreements in which buyers and sellers agree on a price for a certain volume of particular products in the future might offer some of this flexibility.

Table 6. Activities and revenue models for food hubs.

| Types of Activities | First-mile aggregation | Last-mile distribution | Retail or diversified markets | Processing for convenience | Processing for preservation |
|---------------------|--|---|---|---|--|
| Revenue model | <ul style="list-style-type: none"> • Fee for service • Price per unit • % of sale | <ul style="list-style-type: none"> • % of sale • Commission | <ul style="list-style-type: none"> • Price per unit • Commission • % of markup | <ul style="list-style-type: none"> • Fee for service • Price per unit | <ul style="list-style-type: none"> • Fee for service/ facility rental • Price per unit |

⁸⁰ Interview with Fred Carter, Healthy Food Hub, 2021

⁸¹ Interview with Jason Weedon, Gourmet Gorilla, 2021.

Financing options for starting food hubs

Depending on the food hub's legal structure, different types of financing may be available to it. In general, there are federal and state level loans and grants, including ones focused on supporting new businesses that aim to reach underserved communities.

Financial model considerations

Critical assumptions in establishing a financial model for a food hub center around:

- Who are the clients to be served: e.g., wholesale and institutional or retail and consumers. This determines the scale of the operation, with larger facilities needed to manage the volume demanded by wholesale customers.
- Where will you be located: e.g., city or suburbs; industrial or commercial building. The location determines property prices as well as infrastructure development costs.

- How will you approach property and equipment ownership: e.g., share space during start-up phase, then own or lease building; will the property require you to build or retrofit it, or is it move-in ready; might there be special opportunities to acquire space and equipment for your operations?
- How will you manage your operating calendar: operating in the temperate Midwest means there is a clearly defined outdoor growing season (approximately April through October). If focused exclusively on local food sourcing, you will need to consider whether and how you will satisfy customer demand in the winter months, and how your operations might change between these two periods.
- What services are offered: services such as cold storage, processing, kitchen, and training may require more specialized equipment and space configurations than a warehouse hub that serves to aggregate and distribute produce only.

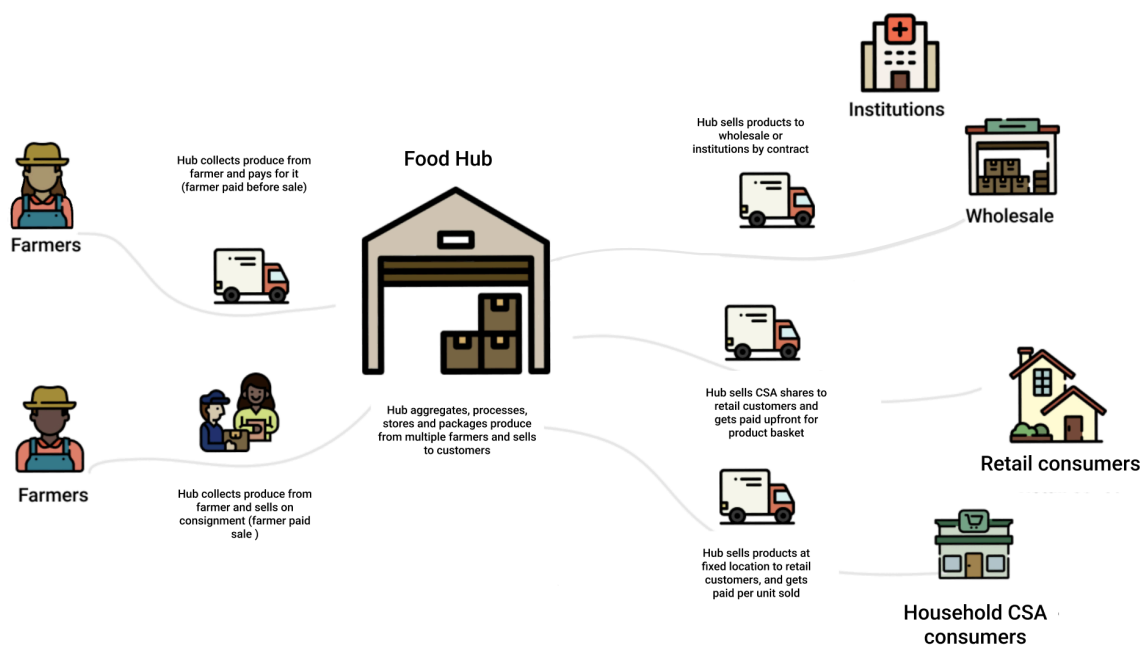


Figure 19: Activities, exchange of goods, services and money for participants in a food hub

Other key considerations

Customer Education

“It is about communicating value and difference and getting people to see why you should care where your food comes from.”⁸²

Food distributors identified education, as a soft infrastructure, for both household and institutional customers, that is vital for the success of food hub development: “Educating consumers on what is seasonal is extremely important because once people understand what is grown locally, this can create more demand for what farmers can produce.”⁸³ The global food network has created consumer expectations that cannot be realistically fulfilled by local food distributors, such as the availability of certain produce throughout the year. If consumers and institutions lack an understanding of local supply chains and what produce they can expect during different seasons, they may struggle to successfully partner with food hubs. Importantly, there needs to be intentionality in conversations with consumers and stakeholders.

Partnerships

Productive and dependable partnerships are integral to the sustained success of food hubs. According to the Wisconsin Food Hub Co-op, it is a struggle to “build relationships that are based on commitment, rather than convenience”.⁸⁴ Food hubs should strive to cultivate and maintain strong relationships with stakeholders and consumers: “A good business model is one where you already know your customer, and have them before you start anything. Get your customers first...”⁸⁵

Partnerships with institutions are especially challenging for many food hubs. In order to sustain these partnerships, organizations often turn to offering value-added foods and processing goods in-house. Institutions have less of a focus on raw, specialty foods and tend to request a majority of items that have some degree of

pre-processing. They also expect consistent and reliable provision of goods and services, with little adherence to the reality of the seasonal availability of produce in temperate climates like Chicago.

Justice and Equity

While many food hubs express a commitment to social justice, racial equity unfortunately tends to be overlooked. They may express an interest in promoting racial equity but are inclined to deem it secondary to financial goals (or even other social justice causes). Many food hubs recognize the exploitation of vulnerable populations that pervades dominant supply chains, and work to actively challenge and counter these trends: “The culture of pursuing cheap food is the greatest challenge, and externalities related to cheap food. The cost of exploitation of farmers, land, workers and animals [is a chokepoint]”.⁸⁶

In order address concerns around justice and equity, food hubs should:

- Enable farmers to work at a scale that is sustainable for them
- Build relationships and resources with communities and external partners to support underserved communities facing food apartheid.
- Encourage policies and practices that facilitate long-term strategic planning to enable serving underserved communities, such as using grants to supplement revenue generation.
- Center BIPOC voices in building up the local food supply.

⁸² Interview with Sean Shatto, Local Foods, 2021.

⁸³ Interview with Kevin Echevarria, Dream Hub, 2021.

⁸⁴ Interview with Sarah Lloyd, Wisconsin Food Hub Co-operative, 2021.

⁸⁵ Interview with Jason Weedon, Gourmet Gorilla, 2021.

⁸⁶ Interview with Haile Johnston, The Common Market, 2021

Flexibility and Scalability

One of the recurring challenges that we identified was the mismatch between the current capacities of small, individual producers and the ways in which they desire to serve communities. Scalability is a critical issue for many of these producers, as is the infrastructure for servicing the needs of institutional buyers, such as minimally processing, flash-freezing, or pre-cooking items.

Many founders of food hubs reported that one of their goals was to operate outside the constraints and pressures of mainstream supply chains. They recognized the disparities in food provision and ways in which BIPOC and lower income communities were neglected. Our current dominant food system revolves around just-in-time supply chains. The Healthy Food Hub, for example, believes that we need to redesign and restructure our food system to be locally based, sourced, and managed. This is one of the main reasons they started their own farm and sought to become a local distributor.

While food hubs do have more flexibility in many ways than traditional producers and distributors, they are still subject to the needs of stakeholders and consumers. They may struggle with creating a broad and reliable customer base. According to the Common Market, “One of the things we struggle with is consistent demand. Having standing orders allows you to plan and make commitments to suppliers and growers. While the GFPP is a good wedge into institutional procurement to change buying behavior, it relates more broadly to consistent demand. Large scale market buyers need to commit to regional food procurement.”⁸⁷

Certification

Many institutions and the food service providers that directly supply them require that their suppliers (e.g., farmers) have food safety or agricultural certifications. Food Safety Modernization Act (FSMA) training is a federal requirement for certain products that are consumed in raw form, such as salad greens and specialty crops.

⁸⁷ Interview with Haile Johnston, The Common Market, 2021.

⁸⁸ USDA, 2022. Good Agricultural Practices (GAP) Audits. <https://www.ams.usda.gov/services/auditing/gap-ghp>

USDA’s Good Agricultural Practices (GAP) certification is required by some private companies and institutions to “verify that fruits and vegetables are produced, packed, handled, and stored to minimize risks of microbial food safety hazards.”⁸⁸ GroupGAP has emerged as a pathway for farmers, food hubs, and others to collectively obtain GAP certification, lowering costs for those involved. Minority and Women-owned Business Enterprise (MWBE) certification may provide an avenue for food hubs to be more competitive in public procurement bidding processes.

Final Reflection

There are several opportunities for further research and development to improve local food systems and empower BIPOC communities. We recommend that the analysis of these systems and initiatives be continued. It is important to further understand the perspectives of institutions and how they can be motivated to not just adhere but exceed baseline expectations for commitment to programs such as the GFPP, as well as to explore ways that they can redesign their meal program contracts to create opportunities for producers at different volumes.

We hope to continue to share our research and findings to help foster dialogue around transforming food systems. We will continue to use in-person and online workshops and community-led meetings to involve more voices in the BIPOC community in these conversations.

We recommend that pilot programs be developed to investigate and support strategies to bridge the gap between institutional buyers and distributors. One focus should be on how institutions can be encouraged to diversify their food offerings, such as by identifying specific products that could be sourced locally, or specific meal or menu items that could be serviced from local offerings, such as salad bars. Given the current involvement of public systems in the GFPP, we believe that the relationship between government and food hubs may continue to evolve.

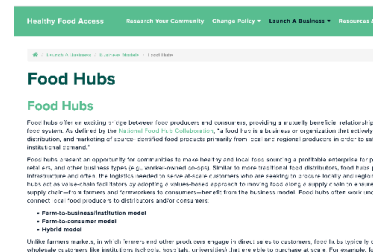
Finally, creating lines of open communication and welcoming continuous dialogue will be crucial. The sharing of information will help inform the development and structuring of new and emerging food hubs. Continued iterations and refinement will help hone the blueprint for strong organizational and business models.

Food Hub Business Model Planning Tools



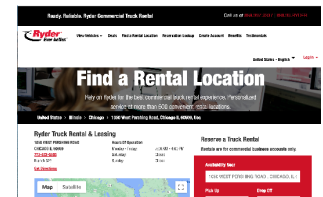
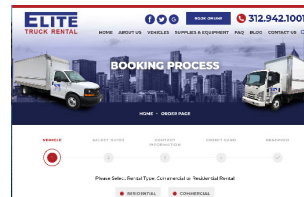
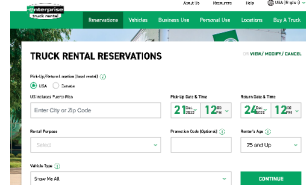
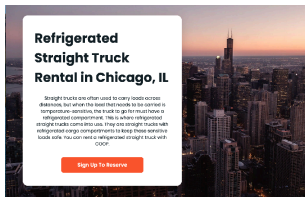
6 NEW TOOLS FOR FOOD SYSTEM PLANNERS

By Susan Scott & Marc Niles, Healthy Streets, Food Action Research, Toledo

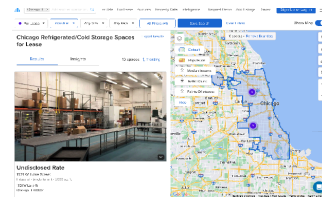
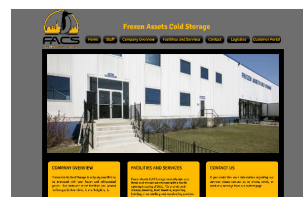
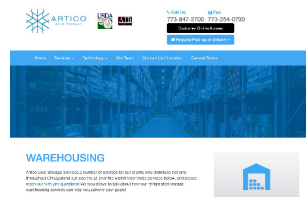
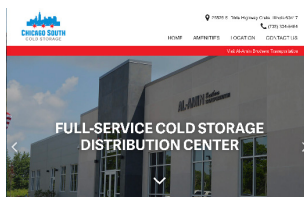


The following resources can be used to identify Chicago-specific costs, such as space and truck rental.

Truck – Refrigerated and Non-refrigerated



Facilities – Warehouses and Storage



⁸⁹ USDA. 2011. Mapping Food Deserts in the United States. <https://www.ers.usda.gov/amber-waves/2011/december/data-feature-mapping-food-deserts-in-the-us/>
⁹⁰ USDA. 2021. Food Access Research Atlas. <https://www.ers.usda.gov/data-products/food-access-research-atlas/about-the-atlas/>
⁹¹ Ibid
⁹² NRDC. 2021. Food Apartheid: Racialized Access to Healthy Affordable Food. <https://www.nrdc.org/experts/nina-sevilla/food-apartheid-racialized-access-healthy-affordable-food>
⁹³ US Food Sovereignty Alliance. 2022. <http://usfoodsovereigntyalliance.org/>
⁹⁴ Chicago Metropolitan Agency for Planning. 2009. Food Systems Strategy Report. <https://www.cmap.illinois.gov/about/2040/supporting-materials/process-archive/strategy-papers/food-policy>
⁹⁵ Ibid
⁹⁶ Ibid

Glossary of Critical Terms

Food desert: areas with limited access to healthy and nutritious food.

The U.S. Department of Agriculture identifies census tracts as food deserts if they meet both low-income and low-access thresholds:

- “Low-income: a poverty rate of 20 percent or greater, or a median family income at or below 80 percent of the statewide or metropolitan area median family income;
- Low-access: at least 500 persons and/or at least 33 percent of the population lives more than 1 mile from a supermarket or large grocery store (10 miles, in the case of rural census tracts).”⁸⁹

The validity of the term food desert has been called into question because of the way that it homogenizes and even disparages communities that are experiencing a far more complex issue. The National Resources Defense Council highlights two primary concerns with the term food desert: (1) it obscures the vibrant life and food systems in these communities; (2) it implies that these areas are naturally occurring (2021).

Food Access: The availability of food for people to eat. The USDA outlines the following as common indicators of food accessibility:

- “Accessibility to sources of healthy food, as measured by distance to a store or by the number of stores in an area;
- Individual-level resources that may affect accessibility, such as family income or vehicle availability; and
- Neighborhood-level indicators of resources, such as the average income of the neighborhood and the availability of public transportation.”⁹⁰

Food insecurity: The condition that may emerge from poor food access is known as, which is defined by the USDA as household-level economic and social circumstances of limited or uncertain access to adequate food.⁹¹ In studying food access, it is crucial to consider the racialized means of provision and distribution within supply chains. Structural racism has created severe and persistent disparities in

access to healthy and nutritious food.

Food apartheid: recognizes the role that systemic racism plays in shaping local foodscapes, “apartheid is a system of institutional racial segregation and discrimination, and these areas are food apartheds because they too are created by racially discriminatory policies.”⁹²

Food sovereignty: defined by the U.S. Food Sovereignty Alliance as “the right of peoples to healthy and culturally appropriate food produced through ecologically sound and sustainable methods, and their right to define their own food and agriculture systems. It puts the aspirations and needs of those who produce, distribute and consume food at the heart of food systems and policies rather than the demands of markets and corporations”⁹³

Food system: used frequently in discussions about nutrition, food, health, community and economic development, and agriculture. The food system includes all processes involved in keeping a population fed: growing, harvesting, processing, packaging, transporting, marketing, consuming, and disposing of food and food packages. Each step is also dependent on human resources that provide labor, research, and education.”⁹⁴

Foodshed: is the geographic area that is producing food for a given market; the term is adapted from the concept of a “watershed,” which refers to the creeks, streams, and rivers that feed into a larger body of water.”⁹⁵

Value chains: food systems or webs of relationships among the people who bring food to our tables: farmers, processors, distributors, retailers, and eaters. “Value” in this sense has two meanings. It refers both to the way economic value is carried through the chain and to the ways in which the values of environmental protection, fair labor treatment, health, and affordability are expressed.”⁹⁶

Chicagoland Food Hub Feasibility Study

