

POTENTIAL DISTRIBUTION SYSTEMS FOR KENAI PENINSULA FARMERS

A COMPARISON OF VARIOUS MODELS



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INTRODUCTION

There are many ways that food is distributed around Alaska. There are already complex supply chains of food coming up regularly from the Lower 48, but we have seen over the last few years that there are some weaknesses in these long supply chains. This makes local food look all the better when it comes to planning for a resilient food system in Alaska.

In this study we are looking at basic characteristics of our food distribution system in Alaska, some concepts that would be important to consider if starting your own distribution business, and some case studies to learn from.

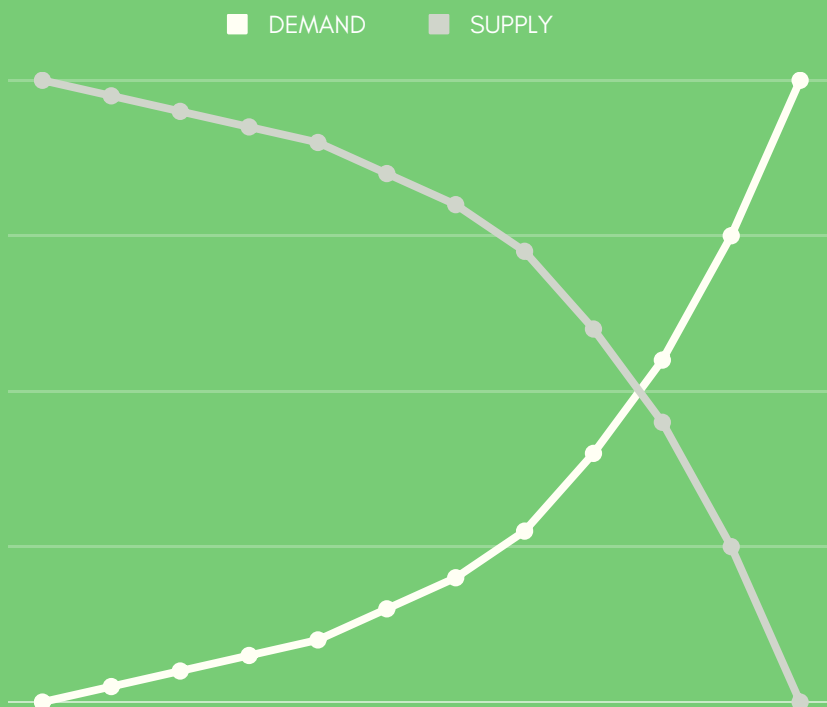


FIGURE 1.

Supply & Demand: The ideal goal for a distributor is to hit right where supply and demand curves meet.

SUPPLY & DEMAND

ECONOMICS 101

We don't all grow the food we eat. We need to get food that is grown and prepared in one place to a place where people want to buy it. This is one of the basic theories of economics: Supply and Demand. A distribution business is in the middle between these two factors. It is important that a business plan for a distributor take into consideration the idea that we buy things we need at different rates. When we really need it, we are willing to pay more. When we have plenty of it we aren't willing to pay much for it.

The more supply drops, the more people will be willing to pay for it. The best place to aim a business plan is at that perfect place where the two lines cross and you have exactly enough supply to meet the demand.¹

When considering a distribution system, look at all the details about your supply: do you have enough product to meet demand? Is it so expensive that no one will

buy it? Is there enough of it specifically at the time that people want it? Is there enough variety that customers will find what they are looking for?

Then consider all the details about the demand: are there enough people in your region who would want your products? Are they able to use your ordering method so that access is easy? Is your product popular in the region? Do you need to educate your consumers about the value of your products?

This may seem too elementary to even discuss. But supply and demand is the engine that runs all distribution. It is very important to analyze it well when creating a new distribution business or looking at the strengths and weaknesses of an existing system. This may entail customer surveys to understand demand or regular communication with producers to stay on top of supply. Regardless, a successful distributor will have a good understanding of these basics.

¹ Fernando, J. (November 7, 2021), *Law of Supply and Demand in Economics: How It Works*, Investopedia, <https://www.investopedia.com/terms/l/law-of-supply-demand.asp>

FOOD SUPPLY CHAINS

AND COVID

From that simple concept of supply and demand we have created a food supply chain in the US that is quite complex. The vast majority of products go through various hands as they leave the producer to go to distributors and value-added producers in order to be sold at restaurants, at grocery stores or to the consumer. The weak links in US supply chains became obvious thanks to the Covid-19 pandemic. There were many industries that felt the shocks of supply chain breakdown and some took longer to recover than others.²

Food production, unlike other forms of economic activity, is seasonal. Whereas some companies simply buy their parts and assemble products to meet demand, farmers and ranchers have to grow and raise their products. It takes a certain number of weeks to grow a vegetable and a certain number of months to raise an animal to production age. If anything happens to the supply (a drought, a disease, etc), then demand will outrun supply and prices will simply rise. However, as we discovered during the first months of the pandemic, if demand falls abruptly (due to restaurant closures, for example), supply must be thrown out, discarded or plowed under.³



² By S. Helper and E. Soltas. (2021, June 17). *Why the Pandemic Has Disrupted Supply Chains*. WH.org. <https://www.whitehouse.gov/cea/written-materials/2021/06/17/why-the-pandemic-has-disrupted-supply-chains/>

³ U.S. Bureau of Labor Statistics. (August 2020) *The impact of the COVID-19 pandemic on food price indexes and data collection: Monthly Labor Review*. <https://www.bls.gov/opub/mlr/2020/article/the-impact-of-the-covid-19-pandemic-on-food-price-indexes-and-data-collection.htm>

There has been a great deal of analysis into supply chain breakdowns since the first months of the pandemic. This analysis has shown that pandemic is not the only disruption that will cause supply chain problems. The USDA has identified different aspects of supply chain disruptions that can be addressed in the short term, but also notes,

*"Other vulnerabilities have been of longer-term concern, such as the risks posed by the nation's aging transportation infrastructure, cybersecurity threats, impacts of climate change on farm production and resources, animal disease outbreaks that affect supply, food safety related recalls that can disrupt marketing channels, workforce health and pre-pandemic labor supply challenges facing farms and food industries, and unequal access to agri-food markets by historically disadvantaged groups and underserved communities."*⁴

The shortest possible food supply chain is to grow/harvest your own or to buy directly from the producer. This is where small-scale, direct to consumer, local agriculture managed to shine during the pandemic. Lower 48 producers of crops destined for large-scale processing and packaging for large-scale consumers lost demand for their products overnight when restaurants closed during the lockdown.² Local producers, on the other hand, were able to shift their sales easily from restaurants to community supported agriculture options.⁵



⁴ USDA. (2022, February 24). *USDA Agri-Food Supply Chain Assessment: Program and Policy Options for Strengthening Resilience*. Agricultural Marketing Service.

<https://www.ams.usda.gov/sites/default/files/media/USDAAgriFoodSupplyChainReport.pdf>

⁵ *A burst of homegrown food, farming in Alaska*. (May 2020) Food and Environment Reporting Network.

<https://thefern.org/2020/05/a-burst-of-home-grown-food-farming-in-alaska/>

LESSONS FROM COVID-19

One of the most important lessons from the pandemic was regarding the volatility of demand. While meat prices jumped in early 2020 due to meat packing plants lowering output because of illnesses among workers, they later plummeted after restaurant closures showed us that most people eat large quantities of meat at restaurants, not at home. Despite restaurant closures, the demand for eggs skyrocketed in April of 2020 simply because so many families were staying home and decorating eggs with their kids for Easter.² It is not always easy to predict how demand for production will go.

So, what does this mean for someone looking into building a new distribution system? The World Economic Forum has some advice. Even though these questions are aimed at all industry, they are quite appropriate for the food system as well.⁶



⁶ Jean-Pierre Krause, J-P. (2021, May 20). *4 questions you need to ask of your post-COVID-19 supply chain*. World Economic Forum. <https://www.weforum.org/agenda/2021/03/covid-19-pandemic-impact-global-supply-chain/>

4 QUESTIONS TO ASK ABOUT YOUR SUPPLY CHAIN STRATEGY

1. ***Does it need to be further diversified?*** As you will see in the case studies, many of those interviewed attributed their success to having a diverse supply and different kinds of sales platforms.
2. ***Do I need to localize manufacturing?*** Some food items in Alaska are easier to transport from long distances than others. Canned foods can be stored easily and can be shipped anywhere, but if dealing with a product like frozen meat or chilled oysters, the farther the shipping, the more risk there is to distribution failures.
3. ***Should I invest in digitalization?*** This question is quite pertinent as we discuss online food hubs and ordering platforms in Alaska. Going digital can be a successful tool for complex distribution systems involving multiple producers, locations and customers, especially in Alaska's remote villages.
4. ***Can I make it more customer focused?*** Understanding the customer is key when it comes to being adaptive to the volatility of demand.

TRANSPORTATION & STORAGE

While supply and demand affect distribution, they are mostly out of the distributor's control. There are two of the key aspects, however, that are the core responsibility of the distributor: the transportation and the storage.

In a state as large as Alaska, the distance and difficulty in getting food out and around definitely is a barrier. For delivery around town, there are tricks that can help with efficiency of delivery such as apps that take your list of locations and tell you the most efficient routes. But if a distributor is going to be transporting food for long distances year-round, a vehicle that is appropriate for all road conditions will be necessary. As some of the larger distributors like Safeway have learned, the vehicle may also need heating as well as

cooling, depending on the location and time of year.⁷

If distribution goes beyond the road system here, suddenly distributors are dependent on the ferry system, air cargo, or barges. A study out of Southeast Alaska, *Transportation Barriers and Recommendations: Lessons Learned from Building a Food Hub in Southeast Alaska*, shared some insights as to the best way to address these challenges. These suggestions include coordinating a network or cooperative of farmers to share on shipping costs, growing large quantities of storable crops like root vegetables to capitalize on bulk rates and investing in medium and long-range planning to make sure the venture succeeds.⁸

⁷ Homer Soil and Water Conservation District and Safeway staff. (January 2022). Personal communication during Lower Kenai Peninsula Community Asset Mapping Workshop—AFPC Regional Food System Partnership project.

⁸ Peacock, C & Nu, J. (October 15, 2020) *Transportation Barriers and Recommendations: Lessons Learned from Building a Food Hub in Southeast Alaska*. Southeast Alaska Watershed Coalition.
<https://www.alaskawatershedcoalition.org/2020/10/transportation-challenges/>

Interestingly, the majority of recommendations on the list refer to different ways to secure cold storage. When it comes to moving food around, it makes sense that refrigeration would be necessary for transport of meat and seafood, but cold storage also makes the difference between selling all products in a day or being able to stock up for specific days of sale or for specific large-scale customers.

When the shocks of the pandemic rumbled through the food system, cold storage was identified as a key component to resilience. Nationally, as of June 2022, almost 3.3 million square feet of refrigerated warehouse space was under construction. That is 1000% more than was built in 2019.⁹ Cold storage is important in Alaska as well. On the supply side of the equation, many farmers have identified cold storage as their number one inhibiting factor to growing the farm.¹⁰

When shipping food to locations off the road system, there has been a history of spoiled and ruined food due to lack of storage.¹¹ So whether looking at the distribution system as a whole or designing a small-scale-business to help local farmers, considering cold storage options is a must for any distributor.



⁹ Carbine, A.J. (2022, September 13). *Cold Storage: A Hot Topic for Regional Food Systems*. New Venture Advisors, LLC. <https://www.newventureadvisors.net/cold-storage-a-hot-topic-for-regional-food-systems/>

¹⁰ Homer Soil and Water Conservation District. (2018). *Growing local food: A survey of commercial producers on the Kenai Peninsula*. <http://www.homerswcd.org/user-files//GrowersSurveyReport-HSWCD-2018.pdf>

¹¹ Naiden, A. (2022, February 25). Utqiagvik store received bypass mail almost two months late after months of bad weather. *The Arctic Sounder*. http://www.thearcticsounder.com/article/2208utqiagvik_store_received_bypass_mail_almost

BUSINESS MODELS

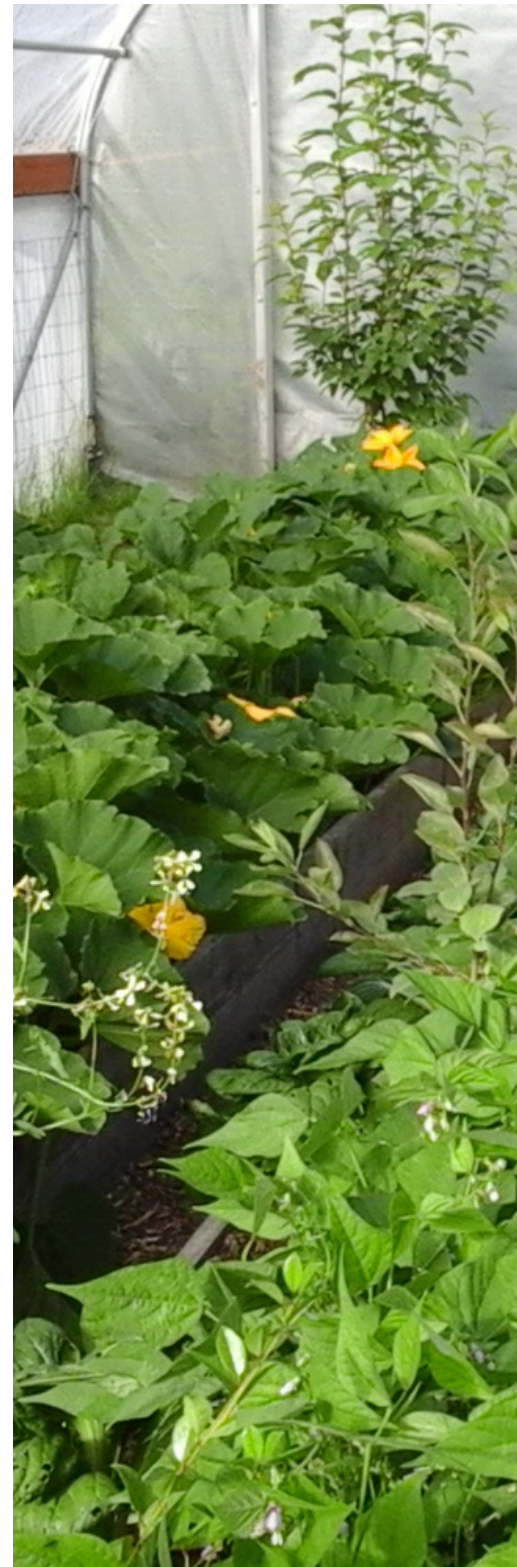
Most commonly today you will see a distribution business referred to as a food hub. The USDA defines “food hub” as “a centrally located facility with a business management structure facilitating the aggregation, storage, processing, distributions, and/or marketing of locally/ regionally produced food products.” Food hubs have the ability to bring the local food from our small-scale farmers up to a regional market.¹²

There are many ways that this can be done. A food hub can be:

- Created by a group of farmers who create a cooperative
- Run by a board of directors and an executive director/coordinator as a non-profit
- Run by an individual or partnership as a for-profit

Though all of these business models seem like they would be very different, those differences are most important to the distributor. Since these differences are internal financial structures, the buyer and the seller may not see much difference. There are, however, differences in operation that can affect the producer and the customer and therefore affect the supply and the demand.

A distributor’s supply can be affected by the way they operate in subtle ways. One such factor has to do with the definition of direct sales. There are Cottage Food Laws that allow certain low-risk foods to be prepared and sold direct to consumer without a DEC-approved kitchen. Usually, when a product is sold from a producer to the consumer it is considered a direct



¹² Barham, J. (2017, February 21). Getting to scale with regional food hubs. USDA. <https://www.usda.gov/media/blog/2010/12/14/getting-scale-regional-food-hubs>

sale but not when it goes through a distributor then the customer. But in Alaska, the Alaska Food Hub has an exemption that allows it to sell cottage foods within certain guidelines since it functions as a sort of local food facilitator: part virtual farmers market, part technical support service. This allows the Alaska Food Hub to increase its available supply and sell value-added products that other distributors may not. These concepts will be discussed further in the section on regulations and case studies.

Another factor that will affect a distributor's supply is simply the price they are willing to pay for the production. Many small-scale farmers in Alaska can sell their production direct-to-consumer for 100% of the profit. If a distributor is involved, either the farmer needs to lower his prices so the distributor can take a cut or the distributor will raise the price to the customer. If the farmer has to lower the price too much, then the farmer will not be as likely to supply the distributor with those products.

But if the distributor charges too much to the customer, the demand for the product goes down. To bridge this gap, many distributors offer wholesale prices when a

consumer wants to buy larger quantities. Wholesale accounts for restaurants are common, but more so in the Lower 48 where farms are bigger and have the advantages of economies of scale that include larger farms, more mechanization and larger markets. Some locations record farmers receiving only 15 cents on the retail dollar when selling through traditional channels. In Alaska, on the other hand, a farmer who has direct-to-consumer options may¹³ consider 75 cents on the dollar too much of a cut in revenue to bother with selling to a food hub, much less a wholesale price on top of that.

Regardless of how the business plan for a distribution business takes shape, all these different models and tactics are important to take into consideration.



¹³ Argus Farm Stop, *Our Mission*. Retrieved September 2022 from <http://www.argusfarmstop.com/our-mission>

REGULATIONS IN ALASKA

The Alaska Department of Environmental Conservation (DEC) enforces regulations for use of locally produced products in restaurants or institutions. In addition to Alaska-specific regulations, some federal regulations exist that businesses distributing local foods must abide by.

In the interest of clarifying Alaskan regulations, below is a list of regulations affecting use of different kinds of locally produced or processed foods in restaurants, grocery stores, and institutions. The listed web links provide more information:

- Alaska Food Code, Alaska DEC
 - <https://dec.alaska.gov/media/1034/18-aac-31.pdf>
- Farm to Restaurant Fact Sheet, Alaska Division of Agriculture
 - <http://dnr.alaska.gov/ag/FactSheets/FarmtoRest2014.pdf>
- Produce Safety Rule, Alaska DEC
 - [https://dec.alaska.gov/eh/vet/produce/#:~:text=The%20Produce%20Safety%20Rule%20\(PSR,compost%2C%20manure%2C%20fish%20waste\)](https://dec.alaska.gov/eh/vet/produce/#:~:text=The%20Produce%20Safety%20Rule%20(PSR,compost%2C%20manure%2C%20fish%20waste))
- Cottage Food Facts, Alaska DEC
 - <https://dec.alaska.gov/eh/fss/food/cottage-food-facts>
- Food Establishments Webpage, Alaska DEC
 - <https://dec.alaska.gov/eh/fss/food/>

REGULATIONS BY TOPIC

SOURCED FROM THE ALASKA DEC

Approved source

Alaskan farms are considered an “approved source” by the DEC and may sell to restaurants, grocery stores, institutions, at farmers markets and to the public.

Vegetables and fruits

No permit or certification is required for raw, whole produce; this is commonly known as the “first cut rule.” Crops can be washed, trimmed of roots or unwanted top parts, just not further altered. The only produce item with restriction is sprouts due to the high incidence of foodborne illness associated with them.

Produce Safety Rule

A federal rule that applies to growing, holding and distribution of produce. Farms selling less than \$25,000 worth of produce annually are exempt. Those selling less than \$500,000 worth of food annually can receive qualified exemption if more than 50% is sold to direct users of the food, including restaurants and retail stores. Most Alaskan growers are either exempt or meet criteria for qualified exemption.

Though the produce safety rule only directly applies to produce growers, it can be very beneficial for distributors of local foods to understand it. The Alaska DEC offers produce safety rule classes each year both in-person and remotely. If you would like to register for or request a training, please contact the Produce Safety Team at 907-375-8200 or producesafety@alaska.gov.

Poultry

Farmers can sell directly to restaurants, grocery stores, hotels and households if they slaughter fewer than 20,000 birds a year and neither

buy nor sell poultry products they don't raise themselves, and as long as the birds are properly labeled and sold within Alaska. Poultry can be dressed— defeathered, eviscerated and heads and feet removed— but cannot be cut-up or marinated. The DEC has no restrictions on poultry sales to hospitals, though hospitals may have their own internal regulations.

Meats

All red meat animals (such as cattle, pigs and goats) must be slaughtered in a USDA inspected facility to be sold to restaurants, institutions or stores. This also applies to farm-raised game animals such as deer, elk or bison (though some regulations differ for reindeer). For Kenai peninsula producers, the nearest USDA FSIS-certified facility is in Palmer, 250 miles away.

Dairy

Milk must be Grade A and pasteurized, both of which are typically not affordable or inaccessible to small-scale dairy producers.

- *Shared Animal And Raw Milk/Products* - In 2021 the Alaska legislature passed HB22, touted by advocates as the “free the cheese” bill, allowing small herd-share dairies to sell value-added products like cheese into the Alaska Market. Similar to Community Supported Agriculture (CSA), herd-shares allow a consumer to pay a producer up front to “own” a portion of the herd so that technically they are paying for the producer to take care of and milk their portion.

Eggs

Can be sold directly to restaurants, institutions and grocery stores, though hospitals may have added requirements. They must be clean and sound, in a package that protects them from breakage and contamination, be delivered in a way that keeps them at 45° F or below and labeled according to Alaska Food Code and Alaska DNR

specifications. Safe handling instructions exist for eggs that have not been specifically treated to destroy all viable salmonellae. They also must remain under the restricted egg tolerances for the United States consumer Grade B. Farms with more than 5,000 hens need to have an onsite egg grader.

Fish and shellfish

Must be caught by commercial fishers and sold by certified distributors. Fishermen can apply to become certified distributors to sell theirs and others' catch. Sport caught fish is not allowed to be purchased, but restaurants can prepare a customer's sport-caught catch for them. Farmed oysters need to have samples from each batch sent off to the DEC for testing, and restaurants must keep the slips that state which batch of oysters they are serving. Smoked or canned fish or shellfish products are highly regulated and require a seafood processing permit from the State of Alaska through the DEC. Restaurants are free to smoke seafood or any other foods for flavor, but not as a means of preservation.

Cottage foods

These are foods that are "non-potentially hazardous"² and have been processed by a home-based food business, including baked goods, jams, pickled or fermented vegetables, and confections. These items can be sold at farmers markets or other outlets where the customer interacts directly with the value-added producer. While home-based businesses can sell to direct to the consumer, in order for them to sell to restaurants, grocers or institutions these items must be prepared in a DEC approved kitchen.

Foraging

There are no restrictions in Alaska about selling foraged goods, except for special labeling requirements and quality assurance in the case of mushrooms.

FEDERAL REGULATIONS

U.S. FDA Food Safety Modernization Act (FSMA)

The U.S. Congress enacted the FSMA in 2011 and since then the U.S. Food and Drug Administration (FDA) has finalized seven major rules to implement the law. The rules target specific actions at each point in the global supply chain to reduce contamination and ease the implementation of changes. FSMA rules only apply to foods regulated by the FDA; foods that are regulated by other agencies like the USDA, for example meat, poultry, and many dairy products, are not subject to FSMA rules.

The rules did not all become finalized or take effect at once, rather they have been further developed on a roll-out basis. Compliance dates for large companies began taking effect for large companies in 2016, for mid-sized companies in 2017, and for small businesses most compliance dates began in 2018. All producers that sell over \$25,000 (gross) in produce will be subject to FSMA regulations, though exemptions do exist in certain instances. Food preservers, direct-to-consumer sales to restaurants, home gardeners, retail food establishments, and farmers markets are exempt from FSMA rules. Violations of FSMA rules may be treated as criminal acts, so it is important that food producers and distribution businesses understand which of the rules apply to them.

Full text of the FSMA: <https://www.fda.gov/food/food-safety-modernization-act-fsma/full-text-food-safety-modernization-act-fsma>

Summary of the FSMA:

<https://www.nist.gov/blogs/manufacturing-innovation-blog/food-safety-modernization-act-nutshell>

The seven FSMA rules cover:

- Preventive Controls for Human Food
- Preventive Controls for Animal Food
- Produce Safety
- Foreign Supplier Verification Programs
- Third-Party Certification
- Food Defense (intentional adulteration)
- Sanitary Transportation

The Alaska Manufacturing Extension Partnership Center can help small businesses to navigate and understand the FSMA.

Address:

1901 Bragaw Street, Suite 199
Anchorage, AK 99508
(907) 786-0412

<https://alaska-mep.com/>

Food Traceability under FSMA

The U.S. Food and Drug Administration's (FDA) Food Traceability Law's final rule became effective on March 1, 2012.

This rule governs the establishment and maintenance of records by businesses that source foods. This rule applies to businesses that manufacture, process, pack, transport, distribute, receive, hold, or import food for humans or animals, and foreign persons who transport food in the U.S. Farms and restaurants are exempt from the food traceability rules, however, most distribution businesses must comply, particularly if they engage in transport of the food.

The types of information that businesses subject to the rule must retain include previous source or origin of the food, the immediate recipient of the food or destination points, date, description and route used to transport the food. There are five alternative methods for food transporters to meet the requirements for this rule. Records must be kept for a duration of six months to two years, depending on whether the business transported the food and also the type of food being handled. If the FDA finds there is reason to believe that food associated with a supply chain may be associated with threat of serious health threats to consumers, they may request records and these must be provided within 24 hours of request.

Full text:

- *Code of Federal Regulations - Title 21 - Food and Drugs*
<https://www.govinfo.gov/content/pkg/CFR-2021-title21-vol1/xml/CFR-2021-title21-vol1-sec1-352.xml>

This FDA document is a handy nine-page reference that describes the regulation, who must comply, which types of persons or enterprises may be exempt, and how records must be maintained.

- *Guidance For Industry: What You Need To Know About Establishment, Maintenance, and Availability of Records Small Entity Compliance Guide* <https://www.fda.gov/media/88292/download>

Food Traceability under FSMA: Proposed Changes

A new section of the Food Traceability Rule –Section 204– is scheduled to be finalized in November 2022 and implemented in January 2023. This new section is known as “Requirements for Additional Traceability Records for Certain Foods” and is expected to impose additional traceability recordkeeping requirements and establish a Food Traceability List that identifies foods that will require additional recordkeeping.

The proposed rule provides exemptions for certain types of foods and food handlers,

FDA document – *Proposed Rule: Requirements for Additional*

Traceability Records for Certain Foods At-A-Glance:

<https://fda.report/media/142303/Proposed+Rule+Requirements+for+Additional+Traceability+Records+for+Certain+Foods+At-A-Glance.pdf>

FDA document on the proposed exemptions and modified requirements:

<https://www.fda.gov/media/142302/download>

FDA page on the Food Traceability List:

<https://www.fda.gov/food/food-safety-modernization-act-fsma/food-traceability-list>

IMPORTANT NOTE: Food producers and distributors, or anyone else handling food is advised to check for new provisions on a regular basis.

Official FDA site on the proposed changes to the rule:
<https://www.fda.gov/food/food-safety-modernization-act-fsma/fsma-proposed-rule-food-traceability>

This website features frequently asked questions regarding the following topics:

- Critical tracking events
- Food traceability list
- Originating
- Growing
- First receiver
- Transformation
- Shipping
- Creation
- Movement of food within the same organization
- Farms
- Retail food establishments
- Implementation
- Commingled raw agricultural commodities
- Traceability lot code
- Miscellaneous

CASE STUDIES



ALASKAN DISTRIBUTORS



ARCTIC HARVEST DELIVERIES

For Profit
Owner-Operated

INTERVIEW WITH KYLA BYERS, OWNER, 1-10-22

<https://www.arcticharvestak.com/>

Arctic Harvest Deliveries got started in 2015 with the vision of helping to fill a key gap in Alaska's local food system – distribution.

“Our mission is to promote and increase accessibility to Alaska Grown products statewide. That is why we always source Alaskan products first. Local food is fresher, more nutritious & more flavorful; it creates a means for economic growth within the state; and it increases our food security. It's our passion and that's why we are the only distributor so committed to local.”

“Since 2015 we have focused on sourcing 100% of our products from Alaskan farmers, ranchers, fishermen and food entrepreneurs. A lot has happened since then!” Over the last six years they have expanded their focus from primarily serving restaurant clients with wholesale ordering of Alaska grown produce to include a range of options for home buyers. In addition to wholesale produce sales,



ARCTIC HARVEST DELIVERIES



they now offer home buyers options for farm share boxes and a la carte ordering of locally raised meats, eggs, milk, honey, Alaskan seafood and locally crafted pantry products. They work with over 30 Alaskan producers located in the Matanuska-Susitna Valley north of Anchorage, though they source meats and other products from producers on the Kenai Peninsula and other places around the state. They deliver throughout the Anchorage Bowl area, as well as the nearby communities of Girdwood and Palmer and Wasilla in the Matanuska-Susitna Valley. Currently, their ordering and delivery services do not extend south to the Kenai Peninsula. In 2021 Arctic Harvest began collaborating with another small distributor, Farmstand Local Foods in Seattle, WA (see their profile below) to supplement their inventory with fresh produce from small farms in northwest Washington state during winter and shoulder season months when Alaskan produce is scarce, ensuring fresh produce is available year-round from farms as close to local as possible.

Wholesale:

The goal of the wholesale program is to offer Anchorage area chefs the option to order all the local products they need from one source. Larger distributors serving the area carry several varieties of Alaskan

produce from larger farms, such as carrots and potatoes, but since Arctic Harvest's model works with small-scale, diversified farms they are nimble enough to source specialty produce or other local products, including Alaskan meats and grains. Another fact that separates Arctic Harvest from the larger distributors is that most products are harvested to order, so produce is no more than one or two days out of the ground before customers receive it.

As the go-between service for local farmers and chefs, they have cultivated relationships with all parties in the exchanges. They consult with chef clients and facilitate planning with farmers each winter for the upcoming season to help the supply and demand meet up. They have found relationships in this type of business are important (a theme echoed consistently by other distributors interviewed for this study). *"We also think it's important to cultivate mutual understanding between chefs and farmers directly. This is why we have started organizing farm field trips as a way for these two key players in the local food system to get to know each other better."* Arctic Harvest works with roughly 80 wholesale customers. Chef clients can log in weekly to the online ordering system and deliveries are made Mondays, Wednesdays and Fridays year-round.

Farm Shares:

The Farm Share program offers subscriptions to individual households for weekly or biweekly boxes of fresh produce (a CSA box); they put together roughly 350 farm shares per week. The produce boxes are customizable, giving customers choice in what they receive week by week as well as the option to add-on local eggs, milk, honey, meat, seafood and Alaskan-crafted pantry staples like locally roasted coffee to their delivery. Again, the aim is to offer one-stop shopping for Alaskan products through online shopping, and customers may opt out without charge on weeks when they do not wish to receive a delivery. Farm shares are offered July through October and in two sizes – standard or small, and they now also offer monthly Alaskan raised meat shares (cuts of beef, pork, chicken and less common products like rabbit, yak and bison when available) and Alaskan seafood shares as fully customizable, stand-alone subscriptions. Deliveries are dropped off at public pickup spots in various locations and home delivery is available for an additional fee, depending on location.



Online Farm Stand Store:

Their Online Farm Stand Store is open during the months outside of Alaska's peak harvest season – fall, winter, and spring – not during the busy summer months. It functions like an online farmers' market, where customers can pick and choose from the products available that week and may order as often or as little as they like – no subscription required. The store carries Alaskan produce, mushrooms, ferments, meat, seafood, eggs, dairy, and pantry items like Alaskan grains, pasta, coffee, honey, and beginning in 2022 also added harvested-to-order produce from small farms in northwest Washington State to accommodate demand for seasonal foods as close to local as possible.

"The global pandemic and resulting supply chain complications have highlighted just how critical in-state food security is for all of us. That's why we focus on Alaska Grown, first. However, our in-state supply, especially in the winter months, is just not large enough to accommodate the in-state demand. This expansion will allow us to provide you, our customers, a greater variety of fresh food during the lean winter months in Alaska. And will allow us as a company to grow, so that we can continue supporting Alaska farmers and tackling local food security issues."

ABOUT WORKING WITH FARMS

Numbers

They work with roughly 45 farms (including the new small farms in northwest Washington), though not all of them at all times. They are always looking for more farms to work with to meet local demand. There could come a day when they set a cap on the number of producers, but that is not in the foreseeable future.

Size of farms

Everything from VanderWeele Farm at hundreds of acres to small backyard farms growing on an acre or less. Their “sweet spot” is farms growing on several acres. They’ll work with farms in that whole range of sizes as long as they can provide a minimum quantity of any one product that Arctic Harvest would like to carry.

Do you have any other product availability guarantees needed from the producers?

“We do annual crop planning with all of our producers. We essentially have a good idea at the end of the year of how much we bought, who we bought it from, what we need more of, etc. So we’ll go back to our producers and figure out what they can plan to grow for us. And then if there are

any gaps, we’ll try to find producers to fill them. We don’t do contracts, we do a grower agreement with a few other stipulations about drop off or pick up, which both parties sign. Having a crop plan is our preference because we do need to have some certainty that we’ll have the variety of products we need, especially for the farm shares. We can also buy items from farmers that we haven’t planned for if we’d like to add that one-off item into or we need it that week, but priority will go to those who we have built these plans with.”

Quantity requirements?

This varies per product. For the farm share boxes they can more easily work with farms offering smaller quantities (ex. 30 portions that can go into farm boxes – 30 bunches of beets, 30 onions, 30 heads of cauliflower), and that quantity can vary by product and by harvest. These minimum quantities are not required weekly for farms that they work with because that would be impractical with Alaska’s limited harvest seasons for each vegetable crop. The farms simply must have enough available throughout the season to make it worthwhile to include their products in the rotation. But Kyla and the team have built

flexibility into the model, so they can buy smaller amounts from the smaller farms by using set aggregation and pickup sites rather than driving around to those smaller farms. Flexibility is a core part of Arctic Harvest's business model. *"We want to support people that are new to farming and just getting into it. But we also want to make sure it's worth our while. And also, certain products we just really need and we're willing to work with people on more, for example."*

How do you handle it when a farmer doesn't have the supply they predicted?

"We try to create redundancy. We're trying to avoid sourcing any one product from only one farmer. It's written into the agreement that if they don't have a product one week, we'll try to find it from somebody else; there's no policy of three strikes you're out. We'll call other farmers in our network who might have it, who perhaps didn't want to commit to selling the product to us but have extra and are willing to sell some that week. Or maybe their price was a lot higher but we're willing to pay their price that week because we need the product. However, if the farm we've made an agreement with consistently doesn't have the product they said they would, we have the right to nullify

the agreement and look elsewhere for it. We haven't really had to do that yet."

Do the majority of your farms offer wholesale quantities and prices?

Quantity is wide-ranging and those who can offer wholesale amounts will be plugged into the system; pricing is, however, a separate and complex side of the arrangement.

PRICING

There are baseline prices. Arctic Harvest can also work with individual farmers determined by:

- differing prices for bulk wholesale products versus individually portioned, attractive bunches that would be well suited for farm share boxes or the online store,
- need of the product,
- cost to the farmer to produce it.

Wholesale prices to the customer are already established. If the price offered by a producer fluctuates from that, the difference is not usually passed on to the customer. However, for the farm share boxes, since those are sold at a flat rate per box they can adjust the offerings in the box each week to meet

the value of produce the customer has subscribed to. For example, a batch of beautiful organic produce comes in that costs more than Kyla's team typically pays. They can adjust the value of the products that go into the boxes that week, maybe include some lower cost items, while making sure there's a good variety of products available.

- growing practices will affect the prices offered; they will pay more for organic or sustainably raised products.

The larger farms in this network already have prices established for selling produce to grocery stores or other wholesale buyers, which Arctic Harvest honors. These prices then act as a baseline for products from the smaller farms they work with, and there are higher baselines for organic produce. There is also flexibility to work with farmers who feel they cannot accept the baseline prices (primarily the smaller farms), particularly if it is for a product they really desire at the time or an attractive addition to the farm share box. Generally, however, priority goes to the farmer who can offer the product at the lower price.

How do you determine markup?

They have come to understand what the market will bear for individual products and

have a flat markup by percentage for most items. Again, however, there is flexibility built-in to work directly with individual farms. If they get an exceptionally good deal from the producer at the producer's set price, they may decide to bump the markup a little bit; alternatively, if a producer is charging more than the typical price for a product they want that week, they may find it infeasible to apply their standard markup and may reduce it a little bit. Ordinarily, the markup for produce is higher than for the meat from small Alaskan farms, who cannot match the low prices of producers from large industrial-scale farms further south. This means the meat sales are generally less profitable than produce is. Products that are offered retail rather than wholesale, such as seafood or value-added products like salsas and jams, come from the producers with suggested retail prices, so Arctic Harvest honors those prices. The markup structure has been working for the business, partly due to the low overhead costs they have compared to similar businesses elsewhere.

Do you have any requirements for growing practices?

They have no specified practices required for produce, but they have a strong preference for organic growing methods

over conventional methods. They visit the farms they may like to work with before starting a business relationship and learn how the food is grown, then pass that information on to consumers. They choose not to have strict growing practices requirements because they haven't found it beneficial to limit what they can source from an already somewhat small pool of producers, which would limit the business itself. Transparency on growing practices to customers is how they approach working with farms using different growing practices.

They do have standards that animal products are ethically and humanely raised. Requirements for chickens and laying hens include space per square foot, that they have access to the outdoors, air quality and condition of their coops. For other livestock, they visit the farms they work with to make sure that animals have access outdoors, are being treated well, and that the animals are healthy and in good living conditions.

Food Safety Considerations

They require that the larger farms are USDA GAP certified (Good Agricultural Practices) or they're too small to require GAP certification, they must have a farm safety plan and have taken the Produce

Safety Rule course offered by the Alaska DEC, to ensure that the farm has taken the appropriate steps and has a working knowledge of on-farm safety practices.

FACILITIES, DELIVERY & LOGISTICS

Facilities

- One refrigerated box truck
- One cargo van
- 120 sq ft of a shared walk-in cooler space. The estimated electricity cost for their portion of the walk-in cooler is \$150/mo.
- Two 6 ft chest freezers
- A refrigerated Conex box and coolers at the aggregation location in the Mat-Su Valley where farms can put chilled and frozen items for farm shares
- Leasing additional cooler and freezer space from a commercial kitchen
- Non-cold storage space: a storage unit houses the custom-made boxes used for the farm shares, which cannot be purchased at less than 5000 units, roughly 17 small pallets, which is nearly a one-year supply.
- Their warehouse workspace

Their warehouse is in a shared space offered to them by the Anchorage nonprofit Seeds of Change. There they have space to line out coolers as they pack farm share boxes, room for several tables and enough space to stack boxes before they are packed. There are also a few shelves for pantry items like honey and jams but they are beginning to need more storage for shelf-stable items. At time of writing, they are looking for a larger warehouse space with an office (they currently do not have one), which will raise their overhead costs but is becoming necessary.

Collecting the products from farms

"We go to the Mat-Su Valley for pick-ups from farms. In the summer, we go up the valley every day, five days a week. Larger farms in the Palmer area will put their product on pallets for us and use a forklift to load them onto our truck. Smaller farms in the Valley will typically drop-off at our aggregation site, which is a refrigerated Conex. We don't have time to visit each farm and the farmers seem to appreciate having that aggregation location because of their distance from Anchorage. It makes more sense for us to make one trip out than for them all to come into town to drop off."

Farmers harvest that morning and Kyla's team collects everything with the box truck that afternoon. They are limited in the number of stops they can accommodate in one day and Kyla says she thinks the aggregation logistics as they grow as are going to become more important. For products from further away (ex. Fairbanks, Delta Junction, Homer or Southeast Alaska) the producer must ship the products to Arctic Harvest's warehouse in Anchorage. At first they did not have a refrigerated truck and driving around to pickups in the Mat-Su Valley and back to Anchorage meant the product had to spend hours in the truck. They found that having a refrigerated truck for those pickups was important, but they can utilize the unrefrigerated cargo van for around-town deliveries.

Any advice on the type of vehicle people should try to start out with for pickups and deliveries? Should they go straight for the pricey refrigerated truck, or start with a mini van? If you're starting small, are there any lessons learned or insights from your experience?

"That depends, I would say, on how long you're going to be holding product for. At first, we were just picking up from the farms and dropping it right back off to the

customers. We did that for four years and it was fine, the product we got was right from the farmer's cooler, so, it was fully cold. However, when it's super-hot out there we'd need to place over top to keep the cool in a little bit. But, in terms of price, reefer trucks are a lot more expensive than just a box truck. So, I think I would recommend a box truck as a good vehicle to start with. I wouldn't recommend only having a cargo van because it's so small. It's great for us to have the cargo van for around town. but if we only had one vehicle, the box truck would for sure be the way to go.

We also recommend insulating your box truck. The thin walls at the back of the truck can allow it to get really hot in summer or really cold in winter quickly. We insulated the walls and put plywood over that and then put foam board on the floor covered with plywood. We added a Cool Bot as well to keep the interior of the truck at a good temperature. It's a DIY way to go. It was a bit of a pain with welding and installing the inverter and the air conditioning unit for the Cool Bot, but it's way cheaper than a reefer truck. In the winter having the insulation plus a small heater back there is critical, if you're going to go year-round.

And, on the first truck we didn't have a lift gate, which meant a lot of manual labor lifting things on and off the truck. We have one now and it's awesome. We can roll a dolly right into the truck with the pallet onto the truck. So I would tell folks you don't need a lift gate but I would recommend it. It saves a lot of moving things around and physical labor having one."

Drop-off container standards

Farms use their own containers. Arctic Harvest asks for wholesale products to be in cardboard boxes or other single-use packaging because keeping track of that many reusable totes can be difficult. But for the farm shares farmers want to use their own reusable totes, labeled so they can be returned to the farm. Then the empty totes are brought back to the aggregation site for farms to pick up. Arctic Harvest will also help farmers source packaging or totes, as it can be difficult to get smaller quantities of good produce boxes.

Do farmers need to package retail items for individual sale or do you do it?

During cooler months, when the larger farms are supplying potatoes, carrots and like items, they simply package it as they

would for any grocery store. For the farms that don't already do that, Kyla's team will take care of bundling and bagging during the cooler months but during the summer they ask the producers to take care of that if possible. They will pay a higher price for pre-bundled goods to cover the labor the farms put in and prefer to buy as much of their product pre-bunched or bagged as they can.

Do you combine the individual types of food items together from all the farms, say all the zucchinis together, or are you trying to keep items from different farms separate?

"For the farm share boxes, it often gets lumped together. We usually only buy it from one or two people in a week, so we're not often dealing with several farms at a time for most items." They do aim to have items in the box identified by which farm they came from. For wholesale everything already comes in a box identified by farm and the farm name goes on the invoice to the customer as well. If supply from multiple farms is needed to fill an order the invoice would show what items are from which farms, so they're all trackable for the buyer – ex. one case of zucchini from this farm and one case from another.

Do you tend to have extra produce left at the end of the week?

"Yeah, we do sometimes and we're we didn't used to carry any inventory. We would bring it in as we needed it and might some leftover from the farm share box packing. But we're taking in more inventory now just to have products on hand to satisfy customers. With roughly 350 farm share boxes to fill each week during the summer, we order a little extra to make sure we don't run out of anything and can try to sell that to wholesale markets. It is actually nice having the two branches of the business. It's more work but it's nice and that we can have a place to feed some of that extra product to from either side."



FINANCE & ACCOUNTING ISSUES & STRATEGIES

Earning a Living - Income vs Expenses

Arctic Harvest's income has been sufficient to meet costs and be profitable, providing year-round employment for staff. Labor is their number one expense. Fuel for the trucks heading back and forth to the farms in the Mat-Su Valley and delivering around Anchorage is their next highest overhead cost (around \$2,000/year as of January 2022), and maintenance and upkeep for the vehicles, especially the refrigerated truck, adds on to expenses. The refrigerated truck needs to be serviced twice each year and any additional mechanical issues tack on costs as they arise. Other major business expenses include insurance coverages, rental fees at their warehouse, storage unit, their leased cold-storage and at the Conex drop-off site in the Valley. Kyla says she'd like to combine all three of the spaces they lease in Anchorage into one all-uses warehouse/storage facility. They also now pay a bookkeeper, which is a somewhat new cost but saves Kyla a lot of time.

Payment schedules- weekly? monthly?

Have you found What works better?

Not really, it just depends on the individual producer.

Have you been able to apply for any grants or outside funding to help your business?

They haven't spent much effort seeking outside funding. As a for-profit business, they've found it difficult to find grants they are eligible for, which Kyla finds somewhat frustrating because she feels they can do so much with some extra money. One new (since 2020) funding opportunity in Alaska open to for-profit businesses is the Microgrants for Food Security program, managed by the State of Alaska Division of Agriculture. Kyla's business could also be eligible for the USDA funded Specialty Crop Block Grants, also managed in Alaska by the Division of Agriculture, depending on the project and partners involved. But private foundations tend to focus funding toward nonprofits or similar organizations. When Arctic Harvest first got started, Kyla did a lot of searching into financial support from foundations or other sources, but found none she could apply for as a for-profit business. She finds that the federal or state government may be the best source for grants opportunities for for-profit business.

What about loans for your type of business? Have you found any loan opportunities through any of the USDA agencies that work with small, farm-based businesses or rural business development – the Farm Service Agency (FSA), Agricultural Marketing Service (AMS) or Rural Development (RD)?

None yet through USDA agencies. After speaking with USDA-FSA she found that their loan programs are meant for farms and that her distribution business didn't qualify.

In 2021 Kyla took out her first business loan through Cook Inlet Housing Authority (CIHA), an Alaska Native led organization that works to revitalize communities in Anchorage. One of CIHA's target communities is the Spenard neighborhood in Anchorage where Arctic Harvest is located, and Kyla says that the type of business they are and the goals of CIHA made for a great partnership. Having a track record as a successful business before applying for the loan was helpful. CIHA had favorable interest rates and Kyla likes working with them because they are hands-on, helping to make sure her business got an affordable loan and with planning and answering questions. She found this to be a very positive aspect of lending through them versus through a

bank – CIHA was more concerned with helping her small business than what profits they can reap from offering the loan.

Do you have any investors?

No.

LEGAL/POLICY

What are the most challenging legal or legislative hurdles you've had to overcome trying to run this business?

"Policies around meat. Any meat that we sell has to be slaughtered and butchered in a USDA certified facility. There are only three of those in the state. As you probably know, there's only one in Palmer, that's been a huge hurdle for us because we essentially have only one option down here and then if we want to get stuff from, you know, Homer, or we can't, because I'm they're just like unless, they're gonna drive their animals up here. You know. So that's been, has been hard."



ALASKA FOOD HUB

**INTERVIEW WITH ROBBI MIXON,
COORDINATOR, 2016-2022**

<https://www.alaskafoodhub.org/>

Nonprofit Food Hub
Online Sales Only



The Alaska Food Hub (originally called the Kenai Peninsula Food Hub) is an online farmers market for the Kenai Peninsula based in Homer, AK. Started in 2016, it has expanded from serving only the Homer area to include pick-up locations in Soldotna, Seldovia, Anchor Point and Ninilchik. In 2022 the Food Hub offered products from 40 producers, selling local produce, seafood, meats, eggs, cottage foods, and other home-produced goods, though quantities and types of products offered varies week by week. Fresh picked produce is primarily offered during the summer and fall due to Alaska's short outdoor growing season. Producers can post to the web platform what they have available each week. Consumers can then browse offerings from participating producers, select what they'd like, pay online, and pick up their combined purchases at one of the five locations around the Peninsula.

ABOUT WORKING WITH FARMS

Number of farms or other local producers they distribute local foods from – 40

Size range of farms – Ranges from backyard gardens, to 4 acre vegetable farms, to a roughly 20 acre pasture-raised livestock farm (fish and shellfish products not included).

Do all of your producers offer wholesale quantities and prices?

They do not have a wholesale component built into their platform. Producers may offer whichever quantities they would like, but there are no wholesale accounts or pricing for customers.

Growing Practices- are there any standards you require when vetting potential growers to work with? If so, has this created complications? –

No specific growing practices required. However, they aim to *“support sustainable, local, high-quality agricultural practices and support a Kenai Peninsula food system that, in-turn, preserves the landscape, water, soil, and air vital to a sustainable community.”*

The Food Hub strongly recommends that all producers attend and become familiar with the principles of GAP (Good Agricultural Practices) and GHP (Good Handling Practices) and have an active Food Safety Plan in place.

The Food Hub is actively monitoring new regulations as they are rolled out through the U.S. FDA’s Food Safety Modernization Act (FMSA).

ABOUT WORKING WITH FARMS (CONTINUED...)

Do you set a limit on the number of producers you'll work with?

No limit on number of producers.

Do you have limitations based on the distance the farm/kitchen is from the distribution center?

No limitations based on distance other than the producers must deliver products to the collection and distribution center themselves.

Minimum volume per week? Month?

Quantity and number of products offered any week is up to the producer.

Other product availability guarantees needed from producer? Or may producers opt-in week by week based on what they have?

Week by week-basis only.

Do farmers set their own prices?

If the farmers set their own prices, how do you structure the pricing to customers? Farmers set their own prices. The Food Hub then adds a 25% markup to sale prices to cover operating costs.

Do you buy the products from the producers outright, or is your platform designed as a service for producers to sell their own products (providing associated services such as coordinating and invoices)?

They do not buy products outright; it works like an online farmers market-the consumer selects and purchases the products.

FACILITIES, DELIVERY & LOGISTICS

What kind of facilities do you have?

Aggregation site - The main food aggregation and distribution site is at the Homer United Methodist Church (the same location as the local food pantry). They lease once-weekly use of the large room on the lower level of the church, which has plenty of space to arrange tables, organize, compile and arrange orders for individuals to pick-up during a designated three-hour window. There is space for totes from producers and for their own which are used to organize deliveries for the different customer pick-up sites around the peninsula. Producers deliver the products ordered from them during weekly ordering window to this site on the same day as the customers pick them up, which alleviates the need for refrigerated cold storage for items like produce. Temperature regulated items like oysters, frozen meats or sprouts are kept in coolers provided by the producer, which Food Hub staff monitors to ensure temperatures stay at safe levels. They have additional space for shelf-stable items at their office, which is off-site.

There is a second aggregation site at the Soldotna location, where products from central Kenai Peninsula producers is sorted for sales from customers located in that area. Less aggregation happens at this site, which allows the Food Hub to utilize a space at no additional cost that their supporting organization, Cook Inletkeeper, already leases for organizational needs.

Transportation - They own a non-refrigerated van to deliver orders to the drop-off locations in Anchor Point, Ninilchik and Soldotna.. They utilize local boat or small plane transport services to deliver orders at the drop-off location across Kachemak Bay in the village of Seldovia, which cannot be reached by road. There is no lease fee for these drop-off sites.

FACILITIES, DELIVERY & LOGISTICS (CONTINUED...)

Do you have any drop-off container standards? Do you provide containers for farmers to use when dropping-off products?

Producers bring products in their own containers, but the Food Hub asks that they be in easy to wipe materials (for sanitation concerns implemented during the COVID pandemic). The producers must also label their products and/or containers for identification.

Do you bundle things for individual sale or do the producers do that?

Any bundling required is done by producers.

Do producers deliver to you or do you pick it up from them?

Producers drop it off.

Do your delivery drivers need to have commercial driver's licenses (CDLs) or are regular drivers licenses sufficient?

A regular drivers license is all that is required by law.

Do you combine food from multiple farms (ex. all the zucchinis get intermixed) for the orders or do you sell farm by farm, item by item?

Each item is purchased individually from the farm offering it; no intermixing of products to fill orders.

Do you have extra produce or other foods left over at the end of the week?

With this model there is no fresh or frozen food inventory to maintain because producers drop-off only what was ordered from them that week for same-day pick up by customers. They do keep some shelf-stable products on hand.

SUPPLY AND DEMAND CHALLENGES

Services provided by the Food Hub:

- No credit card fees (Hub covers, normally 3.5%)
- Sales Tax is collected by Food Hub
- Reporting and tracking tools for production planning
- Low Overhead: membership and 18-25% markup
- Less waste= sales are guaranteed
- Collective marketing
- Expanded customer base
- Straight forward software & training
- Low input- save time for farming
- Education opportunities
- Transportation provided between some locations

Challenges Regarding Food Hub Vendors

Vendor Retention & Long-Haul Buy in
Mark-up can be off putting
Software learning curve
Production and diversity
Quality Control and Policy
Increasing quantities listed for sale
Transportation both ways, not just Homer products
How do we address Soldotna vendor concerns?

The Food Hub customer base has grown steadily over the first seven seasons, but purchases from the Food Hub by individuals tend to be for small quantities and vary in number from week to week. This online venue is a perfect example of how supply and demand need to grow at the same pace together, but seldom do. Customers who go online to see options to buy may not come back if they see few choices or a lack of what they want. This is clear from the fact that in its 3rd year of operation, the Food Hub still has a large number of consumers who have signed up but never made a purchase (Alaska Food Hub, 2019).

Producers, on the other hand, have a hard time committing to a growth in farm production or taking the time to supply more choice and quantity to the Food Hub when sales are inconsistent and small. Since the shift from small- to large-scale sales is possible with this outlet, despite growing pains, having the infrastructure in place for these kinds of sales is an asset to the local food economy.

EARNING A LIVING - INCOME VS EXPENSES

What sources of revenue support the business?

Memberships, grant funding and sponsorship by local nonprofit Cook Inletkeeper (environmental conservation org.), and the 18-25% markup combine to provide revenue and financial support for the enterprise.

What are your major expenditures?

- Staffing – “the human power to operate this” – the main cost.
 1. One administrator handling the behind-the-scenes operations and technology
 2. Two on-site coordinators in Homer, two more in Soldotna
 3. One delivery driver bringing products to communities up the peninsula; also helps with aggregation
 4. Utilize volunteers to help with coordination at aggregation/distribution sites; during peak season volunteers may be offered Food Hub credit to purchase products (a popular option). Others volunteer to help spread the word in the community through outreach efforts.
- Liability insurance for staff and the distribution sites in Homer and Soldotna
- Delivery van expenses – \$2,500 annual insurance, maintenance, fuel, etc.
- Software/web platform – costs \$2,300/year
- Lease cost at aggregation site in Homer – \$50/week for 45 weeks = \$2,250
- Marketing – mostly online, newsletter, plus flyers – budget \$500/year
- Printing, bookkeeping, computers, other indirect costs
- Lesser costs – tables, bins (last many years), paper bags. During COVID purchasing PPE, sanitization supplies.

EARNING A LIVING - INCOME VS EXPENSES (CONTINUED...)

Do your sales earnings meet or exceed your operating costs?

In 2020 and 2021 they were able to break even on costs through sales and gain a small amount of profit (difficult to ascertain for certain due to support hours from staff at their sponsoring nonprofit). However, in earlier years they relied on the support of grants and their sponsor organization, Cook Inletkeeper, to cover some of the operating expenses while the business became established in the community.

FINANCE & ACCOUNTING ISSUES & STRATEGIES

The online platform they use provides accounting and invoicing software. This greatly eases the workload and streamlines these processes.

Have you utilized grants to help get started or to maintain operations?

The first two years they were supported by a USDA Local Foods Promotion Program (LFPP) grant. Following that, they have relied on sales income as well as staff and financial support from their sponsor organization, Cook Inletkeeper, which also provides office space.

Businesses that support but do not actually produce small-scale agriculture can find it challenging to obtain business loans for their model of work. Are you aware of loans obtainable by nonprofit food distribution services like yours with favorable interest rates?

They are not aware specifically of any loans available to businesses doing this type of distribution and aggregation as they have not sought such loans.

LEGAL/POLICY

What are the most challenging legal or legislative hurdles you had to overcome and trying to run this business? In tandem with that, what state or federal laws do you think could be altered to make it easier for you to distribute foods from local small farm producers?

The Alaska Food Hub feels that many of the regulations regarding small farms in Alaska are well-suited to fostering the continued growth of new farms that Alaska has been experiencing over the past decade and more. However, there are regulations at federal and state levels that they see as restrictive, causing hurdles for growth in sales and production of local food.

FEDERAL

- **SNAP benefits** – they have always wanted to be able to accept SNAP but the current law states that these food purchasing benefits cannot be used to purchase goods online. This leaves food hubs of this type outside of local food purchasing options for SNAP recipients because they're not a brick-and-mortar store and also not an in-person farmers market. At time of writing, most U.S. states are participating in a SNAP Online Purchasing Pilot through USDA, which is testing these sales primarily at larger corporations like Whole Foods, Safeway or Amazon, not small-scale regional foods outlets. However, Alaska is not yet participating in this pilot.

STATE

- **Infrastructure development** – need for more funding for local food system infrastructure in Alaska.
- **Dairy regulations** – has not been approved for online sales.
- **Direct seafood sales by Alaskan fishermen** – fisher-seller permitting is complex and can be challenging to achieve; multiple agencies involved.

LEGAL/POLICY (CONTINUED...)

- **Delivery van driver-** The food being delivered to the drop-off sites around the Peninsula must come from an Alaska DEC permitted site. Since the farmers and other producers bring their foods to the Food Hub's Alaska DEC permitted central aggregation sites, and the organizers packaging the food for delivery have food handling certificates, the Food Hub delivery van driver does not need such certification.

Is there a specific type of liability insurance you are required to carry as a food handling business?

General liability insurance is all that is required by law for this type of distribution business.

The Alaska Food Hub requires producers they work with who offer non-cottage prepared food (ex. salsas and hot sauces), meat or seafood to carry general liability insurance as well. Due to low risk of hazard, they do not require produce growers to carry this insurance, which would be a barrier to entry for many small farms. However, it is in their policy and contract with produce growers that the farm is held liable if a food-borne illness is traced to their crops.

What food traceability information do you require producers to provide (Food Traceability Law question)?

All products must be labeled in a way that is easily traceable to the producer for food safety and insurance reasons. This may be achieved in a variety of ways - twist ties, bags, food grade stickers and labels directly on produce, etc.

LEGAL/POLICY (CONTINUED...)

Are there any guiding documents on regulatory compliance that you think a new Alaskan distributor should use in developing their business?

- Alaska DEC Food Code
- The Alaska Farmers Market Toolkit has resources for Food Hubs and others selling locally produced food.
- Look to other successful food hubs who have developed their own their policies and learn from what they've included. These are often well-vetted places to start.
- The Alaska Food startup team spent time researching different food hub policies around the USA and cross-compared those with the Alaskan policies in place at the time. During this review and organizational policy development process, Robbi consulted the Alaska Food Hub advisory group, which included farmers and fishers who could help identify policy hurdles, such as the complex fisher-seller regulations. Having done this comparison between food safety and sales regulations around the country, and policies of individual food hubs in other states, Robbi found Alaska's laws to be easier to work with than in many other states, which eased the way for getting the food hub started. The Alaska Food Hub advises any startup food distribution businesses to spend time reviewing policies developed by similarly modeled entities when building their own guiding documents and policies.

TAKEAWAYS FROM EXPERIENCE

Are there any other Alaska specific hurdles and/or opportunities that you find exist for this kind of business?

Opportunity #1

- Trading products between regions – food hubs can be in a good position to do that.

Hurdle #1

- This would definitely require more infrastructure, such as cold storage – local food infrastructure is a major barrier in Alaska.

Robbi thinks this is an excellent opportunity because different regions of the state have differing needs and different attributes when it comes to local food availability. For example, in southeast Alaska, farmland is scarcer than it is in many parts of southcentral Alaska. There is opportunity to connect distributors of farm products from southcentral Alaska with current and up-and-coming providers in southeast Alaska and, in turn, bring items from southeast Alaskan mariculture or other marine-based products to people who do not live in maritime communities.

Several current examples of such collaboration include:

- The Alaska Food Hub offers kelp products from Juneau-based Barnacle Foods and smoked salmon products from Copper Valley Fish Collective.
- Arctic Harvest Deliveries has developed a relationship with Kodiak Harvest Food Co-op to provide produce.
- Some individual farms have begun offering CSA subscriptions to people from outside their immediate region by utilizing airlines to ship to other communities.
- The Alaska Marine Conservation Council's Catch 49 program sells fish from Alaskan fishers to people able to pick-up at sites in in several coastal communities, Anchorage the Mat-Su valley and Fairbanks

TAKEAWAYS FROM EXPERIENCE (CONT...)

- Both Blue Market AK in Anchorage and The Roaming Root Cellar in Fairbanks sell products from producers in several regions of Alaska.

The Alaska Food Hub sees much opportunity in discovering ways for inter-regional connectivity between local foods businesses, co-ops, food hubs or other small-scale distributors to work together to trade in foods from around the state.

Hurdle #2

- Low profit margins for local food businesses like food hubs.

Since small farms require more time per unit of product and other factors for Alaska's small farms, such as high costs to ship farm supplies to the state and lack of other benefits that large-scale farms enjoy, local small farms tend to charge higher prices per unit than do large-scale farms in the Lower 48 or abroad. In order to compete with other retailers shipping in products from large-scale farms, businesses like food hubs must aim to have prices that customers seeking local foods can accept, and that often translates into low profit margins in addition to smaller-scale sales levels.

What do you wish you had known before you started the distribution business?

- When the Alaska Food Hub was considering their application for the USDA LFPP grant to start the business, they had originally aimed to serve two local communities on the southern Kenai Peninsula – Homer and Seldovia. But after a networking event hosted by the Alaska Food Policy Council that brought together people from around the state who were thinking about food hubs, they decided to think bigger and utilize the grant to expand their scope to serve farms and residents in the central Kenai Peninsula as well. One takeaway

TAKEAWAYS FROM EXPERIENCE (CONT...)

- was considering the question: how many different communities can you support without doubling or tripling expenses?
- Advice for those starting a food hub: have some initial meetings with farmers and with potential customers. Make sure your farmers have a strong voice in what's going on, make sure they know that the operation is there to serve them. Work within your limited budget to try to meet the needs of the producers who you work with.
- Another takeaway: it may be wise to take the perspective that you don't always need to be moving towards expansion, that it may be beneficial to be content with the level of growth you have. Small operations can have big impacts too.

What are some benefits to the online platform you use?

After roughly two months of research into software platforms, the Alaska Food Hub chose to utilize Local Food Marketplace as their provider. Benefits they found were:

- Ability to scale-up or scale-down if desired
- Attractive reporting mechanisms
- There's a learning curve for navigating the software, but once understood it was easy to use
- Well-developed training tools and videos for vendors
- Responsive, quick customer service

Are there books, websites or other resources that you would advise others in Alaska to consult when getting into this kind of work?

- The Wallace Center has a community of practice called the Good Food Network that offers opportunities for connecting and networking with people from around the country who work in local food promotion. They host conferences on food

TAKEAWAYS FROM EXPERIENCE (CONT...)

hubs, webinars, provide documents, a food-hub how-to kit, and a variety of other resources that people who are interested in developing or supporting food hubs can access.

- Investigate different models to get ideas of what you can do. Compare funding that may be available for “sky is the limit” ideas versus ones that require a limited time to produce results and have a successful business underway. Talk with people and who are currently running food hubs to learn which mistakes to avoid. Build those kinds of supportive collaborations.

What would you say is the importance of relationships in your logistics with your growers and your buyers?

They have found that building relationships and trust are of huge importance in a business like this. For example, if a customer receives a product they're unhappy with, the Food Hub will offer a refund. If a producer provides product that doesn't meet standards, they'll have a respectful conversation about the issue. Building trust from the get-go through direct, but kind, communication goes a long way.

Is telling the stories of the farmers you work with important to your marketing or to your potential customers?

Yes. One of the barriers with online food hubs is that customers don't get to have the face-to-face interaction with the farmers they would at an in-person farmers market.

To generate that type of personal connection, the Food Hub writes a weekly newsletter, featuring farmer spotlights where farmers and other vendors can share insights from the farm or new products being offered, recipes from farmers for the foods they produce, and other items of seasonal interest. The website

TAKEAWAYS FROM EXPERIENCE (CONT...)

features “virtual farmers market stalls,” where people can read about the farmer, see photos, learn about their practices., and which has links to producers’ websites (if they have one).

Providing links to the farmers websites has resulted in some buyers going to the farms directly for purchase, cutting the food hub out of the purchasing loop. But, the Food Hub team takes the perspective that the more local food sold, the better. As long as the Food Hub can meet its own expenses and promote local food sales, they feel they are meeting their mission, even if sometimes it means that customers bypass their platform after discovering farms through it. They are seeing, however, that as a one stop shop the more diversity they have in products and producers, the more people will visit the food hub’s website and choose to add products to their virtual shopping carts.

COVID ADAPTATIONS

What types of adaptations did your business undertake in response to COVID-19?

- Ceased having farmers help to aggregate the products at the distribution center. They instead relied on Food Hub staff and volunteers to do this work so to have fewer people inside the building and handling the products
- Masks required for both staff and customers
- Extra sanitation – tables, bins, etc.
- Plans in place for if key staff become ill
- Stopped using collapsible bins and allowing customers to bring their own bags; transitioned to packaging in recyclable paper bags only
- Asked customers to stay outside the building at pick-up and wait for staff to bring purchases out to them

COVID ADAPTATIONS (CONTINUED...)

What aspects of your business model made you flexible enough to adapt well, or quickly to COVID?

The Food Hub Had to make very few tweaks from normal business operations to adapt to COVID. Reasons for this include:

- Online-based sales platform
- Customers picked-up pre-ordered, ready to go purchases, rather than face-to-face shopping
- Customer base is people shopping for households, not businesses like restaurants that were shut down or experienced major disruptions during the pandemic.

The Alaska Food Hub saw a 400% rise in sales during the first year of the COVID-19 pandemic, which caused them to move from their previous location into the larger location used by the Homer Food Pantry at the United Methodist Church. They felt fortunate that the church made their space available and at an affordable rent. Once sales began skyrocketing, they enlisted the help of more volunteers to help handle the added volume. These logistical pivots were spurred by greater demand for local foods and translated into more income for local foods providers.

During the COVID pandemic did you build relationships with farmers markets and or other food system operations? And if so, do you plan to keep those relationships going into the future?

During the first year of COVID the Homer Farmers Market found that some people were uncomfortable shopping face-to-face at the market or objected to wearing a mask at the market. There had already been a community connection between the food hub and the farmers market, and in response to customer concerns the farmers market began to promote the food hub as a viable alternative for local food purchases. Farmers market staff advertised in their newsletter and through conversations that

COVID ADAPTATIONS (CONTINUED...)

many of their farmers also sold through the food hub and directed people to find them there if they preferred to shop online or otherwise had reservations about shopping at the farmers market.

The food hub's motto through the pandemic, and in general, has been that a rising tide floats all ships; that individual local foods businesses promoting each other is beneficial to the whole.

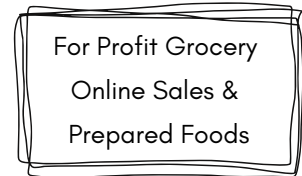
"We're still selling local food, we're still building local food economies and creating more resiliency - that's the goal." They say the key to resiliency is duplication and diversity - the more diversity in ways to buy local food, the better.



THE GOODS/ WHERE IT'S AT!

INTERVIEW WITH WILLOW KING,
OWNER/OPERATOR - 4/7/22

<https://www.thegoodsalaska.com/>



The Goods Sustainable Grocery and Where It's At! Mindful Food and Drink were formed by the Mindful Living Collective, an LLC *"built to nourish our community, mind, body, and spirit."* They source goods from Alaskan farmers, artists, makers and entrepreneurs and sell them at their brick and mortar store in Soldotna on the Kenai Peninsula. The Mindful Living Collective's vision is to *"restructure capitalistic enterprise, facilitating pursuit of livelihood by providing an inclusive marketplace. Participants are helping to build community resilience through networking & collaboration, resulting in a stronger small business based economy."*

Opened in spring 2022, they offer seasonal produce box subscriptions year-round by sourcing products from Alaskan farmers when it's available and organic produce from other locations. The store features groceries and home products, as well as a deli counter that serves vegetable-focused foods from the produce they source. Through their store and webpage they offer bulk purchasing for Alaska grown or made grains, pasta, toiletries such as soaps, grains, seeds, spices, herbs, rice, beans, coffee, and other household items. They also offer catering and add-on services and products for their catering customers: live music, goodie bags, photography, invitations, flowers (seasonal), vintage & repurposed event rentals.



While many of the products they offer do not come from Alaskan farms, their goal was to provide a convenient, centrally located year-round market option for sourcing Alaskan products for the Soldotna area, which had no such previous outlet. They state that *"Alaska imports 97% of it's food. Food security & resilience are not built into our community's supply chains. If we are to improve this situation, we must prioritize Alaska's bounty and the people who produce it...[increase] Alaskan's access to a resilient local foods based supply chain and vibrant small business economy."*

THE COSTS OF STARTING A BUSINESS -AN INNOVATIVE INVESTMENT STRATEGY

In order to cover the costs of building the business, and rather than seeking loans from banks or other corporate lenders, the Mindful Living Collective has developed a different type of investment model for their business. Family and community members helped them piece together multiple low interest loans totalling \$80,000, and volunteered many hours of their time and skills to help get the building renovated and the business established in the sales space. *"Add that to ENDLESS hours of effort from our amazingly dedicated team and you can see how far we've gotten!"* Their original business plan was for \$180,000 and most of that has been achieved through these community-sourced loans and volunteer efforts. To gain the funds needed to complete the business plan, they offer investment opportunities for customers on exchange for in-store credits. This investment strategy is explained clearly on the home page of their website with five tiers.

INNOVATIVE INVESTMENT STRATEGY (CONT...)

Tier One

\$1,000-2,999K

2 Freebie Punch Cards: Each card includes 1 free juice, coffee, treat, lunch, & muffin (\$80 value)

Tie-dye Tote & MLC Sticker Pack (\$35 value)

\$115 total value

Tier two

\$3,000-4,999K

3 Freebie Punch Cards (\$120 value)

Tie-dye Tote & MLC Sticker Pack (\$35 value)

Gourmet Pantry Stock: Includes 11 different specialty organic dry goods in glass quart jars (\$102 value)

Boss of Flavor Spice Set: Includes 8 organic spices in labeled 2 oz glass jars with a bamboo lid (\$70 value)

\$327 total value

Tier three

\$5,000-6,999K

4 Freebie Punch Cards (\$160 value)

Tie-dye Tote & MLC Sticker Pack (\$35 value)

Gourmet Pantry Stock: (\$102 value)

Boss of Flavor Spice Set (\$70 value)

Cooking Class For 6: The Boss of flavor will guide you & your friends through a 3-course adventure in vegetables at our place or yours! (\$462 value)

\$829 total value

INNOVATIVE INVESTMENT STRATEGY (CONT...)

Tier four

\$7,000-9,999K

5 Freebie Punch Cards (\$200 value)

Tie-dye Tote & MLC Sticker Pack (\$35 value)

Gourmet Pantry Stock (\$102 value)

Boss of Flavor Spice Set (\$70 value)

Cooking Class for 6 (\$462 value)

Charcuterie Board for 12 by pebble & bean co. (\$200 value)

\$1,069 total value

Tier five

\$10k or more

6 Freebie Punch Cards (\$240 value)

Tie-dye Tote & MLC Sticker Pack (\$35 value)

Gourmet Pantry Stock (\$102 value)

Boss of Flavor Spice Set (\$70 value)

Cooking Class for 6 (\$462 value)

Charcuterie Board for 12 by pebble & bean co (\$200 value)

Host a Gathering at MLC:

Includes event planning assistance, 5 hour venue rental and use of our rental library (dishes, flatware, linens, etc.)

(\$1,112 value)

\$2,221 total value

Their hope with offering these tiers of investment is to build a community-building corporation by utilizing an incentive system based on bulk purchase of in-house credit toward goods and services provided by Mindful Living Collective.

ABOUT WORKING WITH FARMS

During the summer months mid-June through September The Goods aims to purchase only Alaskan produce, primarily from roughly 15 central Kenai Peninsula growers, but they also buy some types of produce from Matanuska-Susitna Valley farms who have greater production. These would be crops like onions, carrots, squash and garlic in the fall.

The Kenai Peninsula farms selling produce to The Goods are small. Some are backyard gardeners with extra produce to sell, some are in the 2-4 acre range and a couple of those can offer some items in wholesale quantities (ex. 150 lbs of cucumbers). One farm had been operating 28 high tunnel greenhouses, but has recently moved from that property and downsized their production. Many of the farms sell through multiple outlets and may sell their overage from those other markets to the store. One farmer offers The Goods a price list and the store at times may buy her out of product. There are a wide variety of working arrangements set up with the individual farms, leading to different relationships with each.

Pricing

One challenge they face is pricing. Willow says, "since there is no 'market value' here, farmers' prices can vary SO widely." This makes it challenging to develop pricing structures for the seasonal Alaskan produce they are able to gain access to. While outlets like the Alaska Food Hub can charge different prices for items from different farms easily because of their model functions primarily as an online farmers market, in a brick and mortar store setting having widely varying prices for similar items is less well received by customers.

ABOUT WORKING WITH FARMS (CONT...)

The wholesale products they import from outside Alaska are marked up 100%, whereas the Alaska-sourced produce has a roughly 30% markup. This difference in markup creates a blockage in profit capability for The Goods, as does produce that is bruised, over-handled or aging; these products must then be marked down. Having extra produce at the end of the week, however, is not a problem for this store because they have a rotating stock from shipments all week long, which separates this model from the other two Alaskan models interviewed – the Alaska Food Hub and Arctic Harvest Deliveries. The Goods can also utilize produce nearing the point of needing to be marked down in prepared food at the Where It's At! Food counter, in value-added goods and for catering.

Earning a Living - Income vs Expenses

In this first year of operation with a physical store (previously the founders sold local produce to restaurants or other buyers and prepared foods from a truck), the income is not yet meeting expenses.



AK POTATOES: RED/WHITE/MAGIC MYRNA	\$3.33/#
AK NAPA CABBAGE	\$4.44/#
AK GREEN CABBAGE	\$2.77/#
AK CAULIFLOWER	\$3.33/#
AK ANAHEIM PEPPERS	\$7.77/#
AK BELL PEPPERS	\$7.00/#
AK DILL	\$0.77/oz
(o) NECTARINES	\$1.60/ea
(o) LEMON	\$3.33/#
(o) PURPLE ONION	\$3.00/#
AND	

OTHER CASE STUDIES

AND FEEDBACK FROM RESTAURANTS AND FARMERS



LOOKING OUTSIDE ALASKA

The Alaskan case studies offered above provide an in-depth look into three different distribution models used to provide locally produced foods. The first, Arctic Harvest Deliveries, got their start providing restaurants with a wholesale option for procuring produce from Alaskan farms in the Matanuska-Susitna Valley. Being a for-profit business has allowed them to grow in ways they are drawn toward without needing to gain approval of a governing board like a nonprofit or a cooperative would, however it also limits them from being able to take advantage of certain grants or other programs that are not open to for-profit businesses. The second, The Alaska Food Hub, does not have a wholesale arm tailored to serving larger scale buyers like restaurants, but they have been able to take advantage of startup funding and other support through USDA grants and with the assistance of a local 501 C nonprofit. We are able to gain many insights from the interviews with both of these distribution businesses about sourcing local food in Alaska, but there are more insights we can gain from distributors in other locations who specialize in working with small-scale farms.

Therefore, Homer Soil & Water Conservation District staff crowdsourced ideas for other distribution businesses of various modes to interview who could share lessons learned about working with and agglomerating foods small farms like those typical on the Kenai Peninsula (or elsewhere in Alaska) at wholesale levels. Below you will find links to the full transcripts from these interviews. The distribution businesses who agreed to be interviewed and to generously share insights for this study are listed below.

Links to full transcripts of interviews:

- [Yellowstone Valley Food Hub](#), interview with Michele Schahczenski,
- [LINC Foods](#), interview with Emily Himmelright and Michelle Youngblom
- [High Plains Food Co-op](#), interview with Chris Sramek
- [Farmstand Local Foods](#), interview #1 with Austin Becker
- [Farmstand Local Foods](#), interview #2 with Austin Becker
- [South Island Farm Hub](#), interview with Colleen
- [Renewing the Countryside](#), interview with Sara George

Considering Different Business Models

Looking at the different businesses who were interviewed for this study, it is clear that the underlying structure of a distribution business can take many forms. The nonprofit model makes it possible to apply for grants, but also requires more oversight with a board of directors. The for-profit business model allows the owner to benefit from the profit and gives the owner the ability to make the decisions affecting the management of the business.

The underlying financial structure is usually invisible to the customer so does not really affect the demand for the product. There are structures, however, that can make a difference to the farmer and thus affect the supply. Some of the distribution businesses interviewed used a co-op model where farmers were committed partners in the business, some were run by a manager who sourced products from farmers, and others used an online structure that allowed farmers to offer products on their own. For the manager of a distribution system, these different structures may allow for more or less control over what is offered to the customers.

OTHER RESOURCES

FEEDBACK FROM RESTAURANTS & FARMERS



RESTAURANT SURVEY

For this study we conducted a survey of restaurants which asked about their interest in procuring locally grown produce, which elements of distribution models they may be interested in working with, and other preferences regarding sourcing Alaskan produce. This feedback can provide valuable insight for anyone interested in developing systems that focus on building relationships and working with restaurants. Chefs and food buyers at seventeen Kenai Peninsula restaurants provided responses for the survey.

Do you serve or intend to utilize locally grown vegetables, fruits or herbs in your dishes?			
Yes - 15	No - 2		
If you already serve local produce, would you like to include more of it on your menu?			
Yes - 16	No - 1		
Would it make it easier for you to access local produce if you could work with a local distributor who would agglomerate products from multiple small farms - one stop shopping?			
Yes - 17	No - 0		
Would you like to work with local farms to grow produce specifically for your business?			
Yes - 13	No - 4		
Would you like to visit local farms in-person (a farm tour) and become more familiar with the farms you may wish to work with?			
Yes - 12	No - 3		
Which way would you prefer to order produce from local farms? (check all that apply)			
By email - 5	By text message - 11	By phone call - 9	Through webpage - 5
Would you prefer that an Alaskan produce distributor offer only Alaskan produce or would you prefer that they also carry sustainably grown produce from small farms in other states (ex. In the Pacific Northwest) to increase the supply available?			
Alaskan only - 4	From other states as well - 11	No preference - 2	

Additional comments:

* One restaurant chef noted that they prefer that an Alaskan produce distributor provide only Alaskan produce, but they chose the option for inclusion of crops from small farms in other states as well because of availability factors.

** One restaurant chef commented that they would not like to work with local farms to grow produce specifically for them because it was too much pressure, as they don't know what their needs will be far in advance.

FARMER SURVEY

For this study we conducted a survey of farmers which asked about their interest in selling their locally grown produce to wholesale buyers and various components from distribution models they may be interested in working with. This feedback can provide valuable insight for anyone interested in developing systems that focus on building relationships and working with small farmers. Farmers from nine Kenai Peninsula farms provided responses for the survey.

Do you currently sell products from your small farm to larger-scale buyers, like restaurants or retail grocers?			
Yes - 5	No - 4		
If yes, would you like to sell more to this type of buyer?			
Yes - 5	No - 0	n/a - 4	
Would it make it easier for you to sell local produce if you could work with a local distributor who would handle ordering and agglomerate products from multiple small farms for sale to larger scale buyers like restaurants – one stop shopping?			
Yes - 6	No - 3		
Would you like to work with local restaurants to grow produce specifically for their business?			
Yes - 7	No - 2		
Would you like to offer in-person farm tours for wholesale-scale buyers (ex. restaurants) you may wish to work with so they can better understand you and your small farm operation?			
Yes - 6	No - 3		
Which way would you prefer for larger-scale buyers to order from you? (check all that apply)			
By email - 6	By text message - 8	By phone call - 3	Through webpage - 5
Would you prefer that an Alaskan produce distributor that you work with offer only Alaskan produce or would you prefer that they also carry sustainably grown produce from small farms in other states (ex in Pacific northwest) to increase the supply regularly available to the buyers?			
Alaskan only - 2	From other states as well - 6	No preference - 1	

Additional comments:

* On methods for ordering, one farmer noted that even though they would be willing to conduct orders through email, text or website, they would want to utilize only one standardized method, not several in tandem. Another noted that they would be willing to utilize a website for orders if it was made easy, perhaps submitted through an ordering form, a “pick ticket.” Another stated that they would not want to handle orders through a website themselves, but would if the distributor ran the website.

** One farmer commented that if a distributor needs to tack-on a somewhat substantial service charge while still needing to keep prices to the buyer near market value, it cuts into the profit margin for both the farm and the distributor.

*** One farmer stated that for the past four years they have offered open farm tours and have sent invitations via text message to 11-12 local restaurants known to have an interest in serving locally grown produce. They aimed to schedule these farm tours to accommodate nearly any restaurant's hours of service (breakfast/lunch or dinner). However, only two have ever come by, noting that it can be challenging for chefs to make time to visit farms during the busy summer tourism months.

**** One farmer responded that they would not want to grow produce specifically for restaurants because they watch how hard other farmers work to fulfill their contracts. What would happen if they couldn't fulfill a contract with a customer due to unanticipated weather or other complications?

***** Many of the farmers elaborated on whether they'd prefer that a distributor of local foods sell Alaskan products only or if they'd prefer that they also offer items from small farms in other states:

- "Alaskan-only, except for products that are not available from Alaskan farmers, non-competitive products."
- "Alaskan-only, because I wouldn't want to compete with the different conditions in the Lower 48."
- "I would prefer Alaskan-only, however I understand the need to have more for buyers."
- "Alaskan-only in an ideal world, but I understand the need."
- "Include produce from other states as well with the caveat that Alaskan products were prioritized. If it helps get restaurants on-board, then yeah."
- "Include produce from other states because I'd want the distribution business to be sustainable, and this seems like a way to do that."