



# Market Manual

## Mission

The mission of the San Juan Islands Food Hub (SJIFH) is to increase the production and sales of local food in San Juan County to support a viable agricultural economy; strengthen food security; and promote access to healthy, sustainably grown food.

SJIFH is a membership cooperative serving San Juan County and regional agricultural producers, value-added producers, and buyers.

The business goal of SJIFH is to address the primary challenges faced by local producers in getting their products to market. To do this, SJIFH facilitates:

- **One-stop shopping** through an online marketplace that enables inventory management, marketing, and sales; aggregated invoicing; and coordinated product delivery
- **Product aggregation** by subcontracting with partners to provide aggregation sites with cool and cold storage on each of the three main San Juan Islands
- **Flexible distribution options** through either coordinated farmer delivery or using existing transportation services to convey local products to local and regional markets
- **Market expansion** by linking local producers to other island and regional markets through cooperative marketing and distribution
- **Market planning** by coordinating among buyers and sellers to address needs and gaps in production and product availability

## Membership in SJIFH

SJIFH is a multi-stakeholder cooperative. Membership in SJIFH is open to producers who meet the producer guidelines outlined below.

The SJIFH Producer Application Package may be found at <https://sjifh.com/i-want-to-sell/>.

The package includes a checklist of documentation required of producers applying to sell through SJIFH.

Producers may sell through the Food Hub to wholesale buyers (food co-ops, restaurants, value-added resellers) and they may sell to retail buyers (consumers). Upon approval for membership, the first season is free in order to test out the Food Hub. The next season, the producer must purchase one share of common stock in SJIFH. Upon payment in full, the member is entitled to one non-cumulative vote in the affairs of the cooperative. If a producer leaves the co-op, SJIFH has the right to immediately redeem the member's share of common stock for the actual consideration paid to SJIFH.

Membership obligations and the workings of SJIFH are further spelled out in the *San Juan Islands Food Hub Bylaws* at <https://sjifh.com/about/member-information/>.

A producer must pay annual dues in the amount of \$50 in order to sell through SJIFH. Annual dues are waived for the first year of membership. A producer must be current in payment of dues in order to sell through SJIFH.

## How SJIFH Works

SJIFH uses a web-based sales platform—Local Food Marketplace—that allows producers to upload and update their current inventory.

Buyers are able to view available products, along with producer profiles that communicate each farm or value-added producer's story, growing practices, and certifications. Buyers are able to purchase food items from multiple farms, receive one invoice, and opt to receive one aggregated shipment, thus providing them the ease and convenience of traditional distribution.

Once orders are made, producers receive an aggregated "pick list" with orders from each of their buyers. Producers then harvest, pack, and deliver their orders either to their closest food hub aggregation site or directly to the buyer. At the aggregation site, orders are combined and delivered to or picked up by each buyer.

## SJIFH Producer Guidelines

**San Juan County producers** selling products that they themselves have raised, gathered, grown, or processed in San Juan County have priority.

**Producers outside San Juan County** must offer a product that is not easily harvested or grown in San Juan County or that San Juan County producers consistently do not provide. These producers and products are approved by the SJIFH Board on a case-by-case basis. The option of SJIFH membership for these vendors is determined by the SJIFH Board. Non-member vendors are not required to purchase SJIFH membership shares but pay a higher annual fee than members.

**Value-Added Producers.** Value-added producers must use ingredients that, to the greatest extent feasible, were raised, gathered, grown, or processed, in order of preference, by themselves, other SJIFH members, or other Washington State sources who use sustainable farming methods and fair trade and fair labor practices.

**Non-Food Value-Added Producers.** Producer members may sell non-food value-added items that they themselves make. Non-food products may include soaps and household cleaning supplies, for example. All non-food items must be approved in advance by the board. The board may elect to limit the percentage of non-food items sold through the Food Hub, to ensure that the focus of the Food Hub remains on local food and agriculture. Non-food value-added products are taxed.

**Meat Producers.** Meat products sold through SJIFH must be processed in a USDA- or state-inspected plant. Each package must have either a USDA- or state-approved stamp. Meats processed by custom butchers with packages stamped “Not for Sale” cannot be sold through SJIFH.

A producer may not simply buy animals and have them processed for sale through SJIFH as though the animals were their own. Producer members may purchase young animals, such as feeder pigs or calves, under the following conditions: An animal offered for sale through SJIFH must have resided on the member farm for approximately 2/3 of its life. If a producer plans to sell animals that they have not raised from birth, records must be available detailing when and where the animal was purchased, and this fact must be clearly stated in the producer’s profile and upon request by SJIFH.

**Production Practice Disclosures.** Every producer member selling product through SJIFH must disclose information on their products and production practices on the Producer Commitment form and as part of their profile on the SJIFH website. Examples of production practices that must be fully disclosed include the use of hormones or antibiotics in livestock and the use of chemical fertilizers, herbicides, insecticides, or fungicides on fruits or vegetables. Full disclosure of all ingredients and production practices allows buyers to choose products based on both production practices and price.

SJIFH reserves the right to verify all production claims made by members. Verification may include unannounced farm/business visits.

**Insurance Requirements.** Each producer selling through SJIFH must maintain a liability insurance policy with minimum coverage of \$1,000,000 per occurrence. SJIFH must be listed on that policy as additional insured under the following name and address: San Juan Islands Food Hub, P.O. Box 1945, Friday Harbor, WA 98250.

## SJIFH Roles

- **Buyer:** retail buyer or wholesale buyer (e.g., restaurant, food co-op, or institution) purchasing through the food hub
- **Producer:** farmer, wild harvester, or value-added producer selling through SJIFH (see above)
- **Aggregation site:** third-party business entity providing dry, cool, and/or freezer storage for the food hub operation on San Juan Island, Lopez Island, and Orcas Island
- **Transportation service:** third-party business entity that picks up and delivers product
- **Aggregation Site Manager:** staff member who manages the aggregation site and the aggregation of orders for shipping and for buyer pick-up, including order review and reconciliation, product packing for shipment, and quality control
- **Market Manager:** staff member that has overall responsibility for food hub operations, including managing and updating the online marketplace, marketing, new buyer or producer on-boarding and training, and staff training and supervision
- **Development Coordinator:** staff member responsible for growing SJIFH sales to the retail and wholesale markets, assisting the Market Manager with administration tasks, and coordinating producer education training. The Development Coordinator facilitates conversations between wholesale buyers and producers in order to establish price points and projected volumes that support SJIFH producers, SJIFH wholesale buyers, and SJIFH.

## SJIFH Processes

### Product Ownership

Title to the products sold through SJIFH shall remain with the producer until delivery is made to the buyer named in the Order Confirmation, at which point the title to the products shall be transferred to the buyer. Transfer of the title of the products to the buyers is subject to the right of SJIFH to deduct from the total purchase price any damages or expenses incurred if the buyer either refuses the product or refuses to pay the full purchase price due to the quality of the product unrelated to the delivery and handling of the product by SJIFH.

Cost for damaged products occurring during SJIFH handling will be borne by the SJIFH.

### Pricing, Producer Cost, and Producer Reimbursement

Producers set their own product prices and develop and maintain direct relationships with buyers. The price that the buyer pays is the producer's price plus markup. The markup does not cover all costs; some labor is being performed by member volunteers, some costs are being covered by grants, and some costs are not yet being billed to the Food Hub. To help the Food Hub cover costs as it grows, particularly while many producers' annual dues are waived during their first year of membership, a fee will be taken out of the reimbursement to the producer. See Table 1 for current fee structure as well as retail and wholesale markups.

Producers selling to wholesale customers may want to create separate selling units at appropriate prices and pack sizes to accommodate wholesale customers' needs. The Market Manager can hide these selling units from retail customers.

The producer will be paid the specified price set by the producer at the time the product is listed for sale. In setting prices, the producer should consider production costs, including labor and time, and the need for profit. Producers may not undercut the market with unrealistically low prices. The board reserves the right to advise producers regarding price fairness.

Each product may be offered by any number of producers, unrestricted by SJIFH.

**Table 1**

	County Producer	Out-of-county Producer
First season selling on the Food Hub	FREE	\$100
Membership share (after 1 <sup>st</sup> Season)	\$250	Cannot be a member
Annual fee first year	Waived	\$100
Annual fee after first year	\$50	\$100
Markup retail	16%	16%
Markup wholesale	12%	12%
Food Hub retail service fee (reduction in Producer Cost reimbursement)	3%	8%

**Producer Membership and Fee Structure**

**Producer Payments**

SJIFH bills customers after customer pick-up, using customer-provided credit card numbers. After funds are received from the credit card processing company, which takes a few days, producer payments in the form of direct deposits are processed by the SJIFH bookkeeper. Another few days may elapse before the producer payments appear in producer checking accounts.

Because the Food Hub retail service fee is not calculated by the Local Food Marketplace software, producer payments will not match Pick List revenue totals. Producers may view their corrected statements with the service fee itemized for any previous week’s sales by selecting: Pick List, setting the desired market period, and selecting Revenue under Pick List Format. This report can be printed or exported.

**Retail Sales Tax**

Sales tax payments collected by SJIFH are remitted to Washington State by SJIFH. Sales tax rates and the products on which they apply are stored in the Local Food Marketplace (LFM) software and collected from retail customers by SJIFH. Sales tax rates vary between the Town of Friday Harbor and

San Juan County; unfortunately, the LFM software cannot accommodate the difference, and customers are charged the lower of the two rates.

### **SJIFH Revenue**

SJIFH will record as its revenue its gross sales, which include the producer price plus SJIFH markup.

### **Marketing**

SJIFH promotes Food Hub producers by:

- Maintaining the Food Hub website: <https://sjifh.com>
- Advertising product availability on social media, newsletter, and website
- Maintaining a buyer newsletter and communicating with buyers via email
- Facilitating buyer-producer relationships

### **Product Labeling**

All goods received at the aggregation site must have a label clearly indicating (1) customer name, (2) producer name, (3) product name, and (4) (for processed food products) all ingredients. If the product requires specific preparation for consumption, directions for use must be included.

### **Handling and Delivery**

Producers are responsible for delivering to the designated aggregation site during the pre-appointed time. SJIFH reserves the right to refuse any product that does not appear to be of adequate quality, is mislabeled, appears to have been mishandled, or is otherwise unacceptable to sell.

Boxes containing product for transportation to another SJIFH aggregation or delivery site must be closed with full lids. Boxes must be stackable. Shipping labeling must include the full name of the sender, the destination, and any special handling needs, such as for flowers, plants, or fragile items. Shipping labels must be printed legibly in 24-point bold letters and be readable from a 10-foot distance.

In the event that SJIFH damages product during handling and delivery, the producer will receive full payment for the product, and the buyer will be credited.

### **Regulation and Food Safety**

Every producer member is responsible for complying with all appropriate federal, state and local inspections, licenses, statutes, taxes, and ordinances. Producer members must comply with any relevant health codes or agricultural laws regarding direct sales of farm and food products to the public. Before being allowed to sell through SJIFH, producers must provide copies of current licenses and renewals to SJIFH to verify compliance (see application checklist at <https://sjifh.com/i-want-to-sell/>).

Starting in September of 2023, producers selling produce must have the Produce Safety Alliance certification to sell on SJIFH. A copy of the certification must be provided to the Market Manager.

SJIFH can help you find a training in order to meet the requirement.

The Food Safety Modernization Act (FSMA) is the overarching food safety rule for the U.S. food industry. To determine your regulatory status: [Produce Safety Rule Status Tool](#)

FSMA rules and guidance may be found here:

<https://www.fda.gov/food/guidance-regulation-food-and-dietary-supplements/food-safety-modernization-act-fsma>

### **Certifications**

Producers selling under USDA Organic, Naturally Grown, Animal Welfare Approved, or any other certification must provide SJIFH a copy of the appropriate certificates (see application checklist).

Producers who are exempt from the need for organic certification but wish to use the term organic to describe their farm must provide SJIFH with proof of their exemption.

To determine whether you qualify for exemption from organic certification, go to:

<https://cms.agr.wa.gov/WSDAKentico/Imported/Do-I-Need-to-Be-Certified.pdf?/Do-I-Need-to-Be-Certified.pdf>

You can read about organic label requirements here:

<https://agr.wa.gov/departments/organic/certified-operations/resources-for-certified-operations/organic-labels>

### **SJIFH Order Fulfillment**

Due to challenges with the ferries, the most up-to-date drop-off days and times are always in the weekly newsletter. SJIFH personnel go to great lengths to deliver products to customers on time and in top condition and will communicate with buyers and sellers to achieve a solution if service interruptions or transport errors occur.

**We look forward to working with you as an SJIFH producer!**