



The Community Food Utility

Creating and Funding a Healthier Food System for All People

Introduction

Our current food system is failing us.

One in ten U.S. families faces hunger, while more than a third of the country's food is wasted. Meanwhile, poor nutrition is now the leading cause of poor health.

The coronavirus pandemic has worsened the situation. More families face food insecurity, and most COVID-related hospitalizations can be tied to four diet-related diseases: obesity, hypertension, diabetes, and heart failure.

In fact, the true cost of the country's food system to consumers—including its health and environmental consequences—is estimated to be at least three times higher than current accounts, putting the total well over \$3 trillion a year. Low-income households and people of color disproportionately bear the brunt of these additional costs and impacts.

Meanwhile, the most common issue for participants of the USDA Supplemental Nutrition Assistance Program (SNAP)? The cost to purchase healthy food.

In Denver County, one shopper put it this way:

"I try to get my lettuce before the store turns the sprinklers on, so it doesn't add weight and increase the price."

The participant was one of dozens we interviewed for NewImpact's latest *Catalyst Project* to investigate the role that a public community food utility could play in addressing American food insecurity and poor health. Our research was grounded in conversation and collaboration with Colorado's leading frontline anti-hunger organization, 20+ local shoppers, and 30+ external practitioners and academics.

What we discovered together was nothing short of transformational:

1. **The food system is a market failure.** Most people are reliant on markets—farmers, grocery stores, restaurants—to access their food. But markets are determined by peoples' ability and willingness to pay, rather than their need. As Dr. John Ikerd writes, "There have always been, and always will be, significant numbers of people in any

society who simply cannot earn enough to buy enough good food. That's a market failure."

2. **Public utilities are designed to address market failure.** Utilities provide an essential public service that normal markets have failed to deliver in an accessible way. In America, common examples of utilities include electric and natural gas generation, water, telecommunications, and public transportation. A community food utility offers the structure and regulatory checks and balances to ensure and optimize healthy access to food.
3. **Universal basic food (UBF) could revolutionize health outcomes.** A community food utility can oversee a UBF service that ensures a high-quality selection of free, healthy food is available to all residents, all the time. UBF supports a public need and addresses the country's health crisis head-on. The UBF food items are selected by a diverse panel of nutritionists, voted on by the community, and offered at select grocery stores and other convenient access points. The final menu provides all the necessary ingredients for a healthy, desirable diet.
4. **The UBF program could pay for itself by leveraging a Community Data Commons.** Most data-driven businesses in the U.S. treat consumers as products and sell their data to advertisers, as information for the benefit of private companies. By flipping the model on its head, a Community Data Commons is managed by the food utility to protect and leverage collective purchasing and shopping data for the public good. Meanwhile, residents own their personal data and can choose to be paid for its use.
5. **A community food utility is inclusive, climate-friendly, and market-friendly.** Aggregating consumer demand for nutritious, seasonal food creates significant economies of scale that can help ensure the quality, cost-effectiveness, and resilience of product offerings while minimizing carbon emissions. Community involvement in the food selection process and in determining the most convenient access points ensures that everyone benefits.

Good food is the foundation of a healthy, happy life—something everyone deserves.

A community food utility and data commons model promise an affordable, effective way to transform the food system and save lives. The model could also dramatically improve community wellbeing, boost local economies, and reduce global carbon emissions.

The Community Food Utility (“CFU”) Summary

The Purpose

The CFU is a public entity designed to help all residents in a region lead productive, meaningful lives. Good food is foundational to this purpose.

The Mission

The CFU’s mission is to enable high quality, healthy, and desired food to reach the stomachs of all local residents each and every day.

The Programs

By enabling residents to work together towards collective priorities, the CFU can leverage consumer demand and item procurement power to improve quality, sourcing standards, and food access. In turn, this will improve outcomes of all residents and the community overall.

The CFU’s five core programs work synergistically to achieve these ends. They are as follows:

- **Universal Basic Food (“UBF”):** This flagship program provides a selection of high-quality, healthy, desired food items, freely available to all residents at select locations near public transportation. Residents select UBF items, sourcing priorities, and quality standards.
- **Discounted Food:** A wide selection of food and household item discounts is available to help residents save money, available at UBF food retailers, depots, and competing retailers. In-Network and Out-of-Network retailers will value advertising to residents given the coordinated communication channels and buying power.
- **Cash Stipends & Dividends:** Residents will have the potential to receive predictable, steady monthly cash stipends to spend on preferred food not offered in the UBF program or other needs. In addition, based on the performance of the utility, residents can receive cash dividends when CFU revenue exceeds expenses.
- **Emergency Food Supply:** Given recent climate, health, and supply chain pressures, the CFU model recognizes the need to strengthen the resilience of local food systems. The CFU ensures that a 30-day supply of shelf stable goods are in stock and readily available to all residents in case of emergency.
- **Community Data Commons (“CDC”):** In order to leverage data as a disruptor for good, a Community Data Commons will be created on behalf of all residents, enabling residents to earn money from their collective purchasing data, if they choose to participate. Greater participation in the program will increase the power of the commons and benefit all.

To provide the above five programs, CFU will serve the following functions:

- **UBF Item Selection:** Create and run an inclusive food selection process, intentionally balancing the choices of the resident majority and the unique needs of resident subsets.
- **Standards & Inspection:** Develop and enforce standards for food quality, sourcing priorities, and food access.
- **Contract Procurement:** Secure and manage UBF contracts with preferred retailers and food depots. The CFU and preferred retailers and depots will contract with food producers to supply the UBF items.
- **Resident Engagement Platform:** Develop and manage a consumer-facing technology platform via an app and a website to enable resident engagement with the utility.
- **Utility Technology Platform:** Develop and manage a technology platform that collects and aggregates purchase data to support utility negotiations and revenue.
- **Fund Reallocation:** Once needs are met and value is demonstrated, aggregate Federal, State, and local public funds such as SNAP, WIC, and the Commodity Credit Corp to offset utility expenses.
- **Feedback Loops:** Create and manage multiple feedback loops and governance mechanism to capture priorities and address potential waste, fraud, and abuse.
- **Local Resources and Partners:** Connect direct and tangentially related organizations and resources with residents to provide additional value.

CFU Values

The CFU manages its programs and partnerships through the following values:

- **Act on behalf of all residents:** Understand and express the collective voice of all residents. Ensure resident priorities are reflected in programs and key decisions.
- **Use data strategically to help residents:** Leverage collective power to create value for residents. Empower residents to become the paid customers, not products, for their data.
- **Be transparent:** Create and communicate a governance structure, decision making process, standards, and enforcement mechanism that supports resident priorities.

- **Continually learn and improve:** Strive for continuous improvement. Create strong resident feedback loops and learn from program successes and failures.
- **Share best practices:** Regularly share findings and best practices with other counties and states to encourage the adoption of other similar utilities nationally.

Community Food Utility: Overview of Functions

Program Descriptions

The CFU is brand-new public utility concept. In preparation for and throughout the creation of this public utility, this document's design decisions, specific language, and program details will need to be tested and refined through iterative processes and inclusive feedback loops.

Universal Basic Food (UBF)

UBF is a program run by the CFU that provides approximately 100 SKUs (Stock Keeping Unit, or distinct item) of high quality and desirable food for free to residents. The fresh SKUs will rotate seasonally throughout the year.

With UBF, residents will vote on the food they'd like to receive and have input in quality and production standards for food. Community members can access the utility through an app or website, and access food at participating retailers or food depots.

All food will be high-quality and meet standards set by the utility. The food will be unbranded to reduce advertising and promotion costs, and provided in bulk form, when possible, to reduce packaging costs.

A panel of diverse nutritionists, with community input, will compile a long list of potential food options for all residents to vote on, and select what SKUs, rotating by season, the CFU will provide to ensure a balanced offering. Food will be selected by community members through a ranked-choice or quadratic voting mechanism to ensure minority votes are heard. The final list of UBF items provided will be so good that if every resident only ate from this food stock, they could have all the necessary ingredients for a healthy diet.

Residents of all income levels are encouraged to sign up, shop for free items, and take advantage of discounts provided for other foods and household goods through the utility's platform. Doing so increases the number of discounts available to all and puts additional money in the pockets of all utility users through dividends.

To get UBF food, members will need to:

1. Register for free on the app/website and share some basic information.
2. Order their food 24 hours in advance.
3. Select a store location to go pick up their selected food. All locations are within 10 minutes of public transportation.

4. At checkout, scan their app's QR code.

UBF food items are available at select group of retail stores and other food providers or CFU food depots in the region. Ideally, all CFU food depot locations will be open 365 days a year, 16 hours a day, and within 10 minutes of public transportation. The CFU will hold an auction for different retailers and food providers to compete for 3-year contracts to provide UBF to residents. The winning group will become the In-Network CFU food depots where residents can shop for and pick up their UBF items. This will be strong competitive advantage as many existing retail locations will not provide UBF food. The In-Network retailers will be compensated for the full cost of the UBF food they procure and provide.

This program's focus on procuring a specific set of food items, instead of just dollars for food, is powerful as it will consolidate demand and create procurement power to encourage certain quality and sourcing standards are met. We believe consolidated consumer demand can be a lever for change.

Discounted Food

In addition to UBF, the CFU hosts a Discounted Food program for a variety of retailers and brands to advertise discounts and coupons they have in their stores. These discounts span a wide selection of foods and other complementary household items, such as paper towels, detergent, etc.

These discounted goods will be available at both In-Network and Out-of-Network participating retail locations. While residents save money, both In- and Out-of-Network participants can advertise their goods through a coordinated platform that tailors discounts to food purchasing trends. Advertisers will pay the CFU a fee for each advertisement or promotion delivered.

Cash Stipends & Dividends

The collective purchasing power of CFU consumers is immense and valuable. As the CFU gathers purchasing data from In-Network and Out-of-Network retailers, it will build a Community Data Commons (CDC). This will give the CFU the potential to generate revenue that pays for some, or potentially all, of the cost of the programs. With strong performance, this could yield annual cash dividends for every resident who has activated their utility profile and opted-in to the data commons.

There may also be an option to provide monthly cash stipends to residents. This would give residents cash to spend on non-UBF items at food retailers and food hubs (or other needs).

Emergency Food Supply

The CFU will oversee a county-wide emergency food supply to ensure there is food for all residents for 30 days in case of an emergency. Between recent natural disasters and a growing awareness of the fragility of supply chains, this is a program that will help ensure residents can keep food on the table in the event of an emergency.

Items in the emergency supply will be a subset of the 100 SKUs, consisting primarily of bulk, shelf-stable, quality foods, that can be distributed through CFU food depots and cycled through the standard utility supply chain. These emergency supplies will be part of the In-Network food depot contracts with the CFU.

Community Data Commons (CDC)

The creation of a Community Data Commons (CDC), where food system data is managed, analyzed, and leveraged for public good, will be a core function of the CFU. Data is powerful. A community data commons model allows purchasing and shopping data to be protected and leveraged collectively, giving residents ownership of their own data and payment for its use, if they so choose.

As more and more residents participate in the utility and collectively share their food purchasing data, the CFU can generate more value than a single individual can. By opting-in to share ordering and purchasing data to the data commons, it allows the CFU to aggregate data into trends, predictive models, and other analytics. The CFU will generate value from the collective data and pay it forward to the users of the CFU.

The CFU will bear the costs of infrastructure of the data commons, such as collecting data lines, developing targeting and sharing engines, an API for Dutch auctions, and more. Additionally, the CFU will manage data collection from consumers who have opted-in, and contractual partnerships with In- and Out-of-Network retailers. Data collection through the CFU will allow for transparency throughout the food supply chain.

Learn More:

For further information, please visit newimpact.care/dccfuc.

To see the community food utility concept in action, view our [mobile application prototype](#).

Drive Impact in Your Own Community

NewImpact is actively engaging thought leaders as we continue to explore the possibilities of this revolutionary new approach to addressing—and solving—food insecurity. If you or your organization is interested in helping pilot this program in your community, please [contact us](#).



About NewImpact

[NewImpact](#) is a Seattle-based, humanity-benefit nonprofit conceived by Jens Molbak in 2015, dedicated to changing the way the world finds opportunities and solves problems. By

forging a tri-sector mindset, we aim to catalyze and scale innovation by leveraging existing resources from—and aligning interests of—the private, social, and public sectors, in order to achieve progress that benefits people and the planet. Learn more at www.newimpact.care



About Morgridge Family Foundation

The Morgridge Family Foundation invests in leaders and organizations that are reimagining solutions to some of today's biggest challenges. MFF offers vision, community, and resources to support a network of partners achieving their profound impact. Learn more at thinkmff.org.



About Metro Caring

Metro Caring works with our community to meet people's immediate need for nutritious food while building a movement to address the root causes of hunger. Metro Caring offers innovative programming in Healthy Foods Access, Nutrition Education and Cooking Classes, ID Procurement, Urban Gardening and Agriculture, and Community Organizing and Activation. To learn more, visit www.metrocaring.org.