

November 5, 2012 Inland NW Regional Open Forum – notes on morning session & part of afternoon by Tracie Lee

Note: Sections that begin with “Question” and “Answer” are as close as possible to verbatim.

Presentation by Darin Saul, UI, Office of Community Partnerships:

Presented the results of project work so far by the University of Idaho USDA-funded livestock project team. Outcome of a marketing survey by Professors Stephen Devadoss and Steve Shook: There is a potential for small farms in this area to market themselves as low fossil fuel use due to transportation. Not for low carbon (given 80% of carbon emission is due to digestion and a cow is a cow is a cow)

Presentation by Ed Gross, Cattle Producers of Washington (CPoW) Livestock Processing Cooperative Association (LPCA):

“The reason for interest in USDA inspected processing is really that we have different markets.”

CPoW is building a facility of 7300 square. \$300K to upgrade from 20 head to 40 head a day; which was cooler space and freezer space. Starting building in a few weeks and done by May 1, penalties if not done on time. 62 coop members. Killing fee for members is \$85; for non-members is \$100. Have 15 large investors that invested money into plant; rest of money was becoming a co-op member (that’s where it has all come from). \$1.2 M grant from state for the facility. Cost for being co-op member is \$650. One-time fee.

Question: How many slaughter-house workers do you have?

Answer: Right now, none. But do have a plant manager they’ve hired. As soon as construction gets underway the plant manager will begin to be paid, and will work with the contractors while building the facility.

Question: How close to getting number of animals needed to make the plant viable (4000? 6000? Animals?)

Answer: Oh yeah, the number of animals has been secured because a lot of investors are large ranchers who have been shipping animals all over to get the USDA. Some of them own some stores where they can sell their product through their stores.

LPCA has also started a marketing arm. Mallory Brown and David Vandegraaf are starting a marketing arm to market out of the plant. Working hard with Yolks food stores as far as merchandising local lamb product.

Question: As part of the marketing arm are you creating standards with producers to get consistency, or getting several brands?

Answer: We’re focusing on high quality product to be a high quality animal. Mallory said yes, will have standards; where they’ll have the best kickback for producers is going to be off-market products. Selling the by-products that you wouldn’t usually get sold or that Tyson’s will make money off of. Yes, will have a product standard. Our customers demand it.

Have to have enough product to supply year-round, better not supplying at all.

Question: How many members are participating in brand name out of processing facility? And as far as standards, don’t you just have a USDA AAA standard, aren’t those established standards, and when I see it I know that particular standard.

Answer: Yeah, USDA has its standards, but don’t we want higher standards than USDA has? If we want to go with them we can buy at Tysons and Agrib Beef. The higher we can get, the higher money for our product.

Follow-up comment: I believe that's true but then you have people who want their meat marketed under grass-fed, under organic...Unless you establish those standards people won't know what they're getting.

Mallory explained that Inland Empire Ranches is their marketing name, they'll be working on branding for that brand. But also try to reach individual consumers via web and ecommerce. Each co-op member will be able to tell their story, what type of product they raise, whether its' grass fed or all natural. Our consumers will have the brand of the ranch it came from but also IER brand.

Question: Kill fee was \$85 - \$100. How much are cut and wrap fees going to be?

Ed wasn't sure / wouldn't quote - not positive.

Get lower prices and guaranteed hook space for buying a share. Just like any other plant, got to call ahead and find a space. Ed used to kill with Woods in Sandpoint, it was 100 miles to Verns in Moses Lake or 100 miles to Woods, went to where the quality was. He went to Woods but had to schedule ahead.

Question: How long are you prepared to hold the frozen stock?

Answer: No longer than 1 week. Can have them killed, held for as long as needed, as soon as processed and boxed expected to pick it up. There's no additional cost for the aging; it's part of the processing fee.

Make sure you go out a long ways to get bids for what you're going to buy; LPCA's cooler bids were \$750K to \$300K.

Question: Is it the co-op's job to sell the meat? At what point does the producer say "we're done, waiting to get the money"?

Answer: Depends, still working out the details.

Question: What's wrong with grading yield on the rail?

Answer: Nothing wrong with it, but the USDA charges for the grading.

Question: Do members have to provide a certain amount per year?

Answer: We have some investors who won't provide any. That's fine. We needed those people to raise enough money to build the plant the way we wanted.

Plan is to start with 8 animals a day ; will cover all the costs.

Question: Projecting out do you think you can sell everything you produce whether beef, sheep or hogs?

Looking at focusing on restaurants, grocery stores, individual consumers, and off-markets. Spokane metro area, Wenatchee, the tri-cities, and Yakima. Those 4 cities combined are 4 people. Hope to be able to sell as much product as can get their hands on.

Question: How much was the grant for?

Answer: \$1.2 million.

Question: What do you think...how available are those grants/ how feasible without that kind of funding to get you going?

Answer: If we wouldn't have had the grant it would have been pretty tough, wouldn't have happened without the grant. Only so much money people want to risk to put out there. If you invest money it's a chance you're gonna lose it. It was a USDA grant. We have Brent Donnelly here from USDA Rural Development who will talk at lunch about how to access this money.

CPoW tried to get meat state-inspected to sell in WA. Two big packers in the state is supposed to be the reason this request didn't gain traction. Montana doesn't have any big packers, they saw a need for state inspection, it's in place.

Robin Ohlgren with Latah Economic Development Council gave a brief overview

LEDC is in the middle of a feasibility study for a Food Innovation Resource Center (FIRC), sort of a generic term that encompasses food hub or food processing plant. The results of the study to be done in January. Hoping from this morning's discussion to have good info from livestock producers about the meat.

Asked who in the room from Latah County – a few. Whitman – a few. No one from Nez Perce, some from Kootenai, Benewah. Even though Robin represents LEDC, which is Latah County, they are trying to approach a food hub as a regional opportunity. Invited people to approach any of the several people there who are on the FIRC committee (asked them to raise their hands) with comments. Study done in January, taking input from community and giving it to consultant.

The FIRC study covers 8 counties total (with CEDA). Would encompass community kitchens, storage, could be fermentation. Encompasses everything, not just livestock. Looking at all food producers and ag-value-added.

One of the reasons economic development councils were invited to the Nov 5 meeting is they have expertise in accessing capital, they can play a pivotal role in this type of effort.

Question: Are you looking at poultry processing?

Answer: We're looking at any kind of processing.

Jaqui Gilbert presented on the work by Lewiston Inland Northwest Food Hub group

Jacqui has a background in international marketing, grew up in farming community in Britain. Moved to Lewiston and saw the wonderful growing season they had, and the land, and still getting things shipped in from outside. Wondered why they weren't buying local. One of the things she was tasked with is looking at economic development drivers for LWS and surrounding communities. Started conversations with people; Inland NW Food hub issued a survey, has a Facebook page; started with branding and the survey, need to know what folks want. If there were a natural disaster could last for about a week in LWS based on food supply. This is a real need. Both with what Robin is doing in Latah County and what they're looking at moving forward, can help each other.

Will there be one specific facility with one capability? No. Everyone's needs are different. Project can connect with those that are starting and those that are building. May have one website or one parent company if you'd like to call it that oversees/connects the dots, she could help direct people to the place that has what people need. Looking for farmers who want to diversify.

Tracie made a pitch to ask those present to take a survey about interest in regional food hub – explained the questions will be about their farm size, crops, etc.

The Steering Committee for the forum made a pitch to ask people to step up and continue on the discussion past the forum.

Discussion ran to – who will take a step forward? Sign up? What do you want? Only a few people raised their hand about processing needs or marketing needs. Meeting together in person or conference call – not a huge commitment to travel, it's more are we interested in moving this forward? If we're not, then we're not. It's the people in this room that are going to move it forward.

Comment from CPOW: CPOW traveled far and wide to look at plants; Sidney, Montana and Eureka, CA. Everyone around the CA plant saw what the one person was doing, and bought in. He now owns 50% and it's up and running. It was a rancher that runs a number of cows that had a market for his meat already. He didn't have the adequate USDA processing and built his own plant. How many animals you have for harvest / when they're ready can be discussed in the group. The facility currently being built may not have had animals ready for harvest different times a year but now it's getting going it's a local discussion.

Comment from Steering Committee: Can't build a plant without a grant from USDA. Not sure at this point want to build a plant. Not people jumping up and down wanting to be on the committee. Maybe need some think time to process what you heard today. Whether get back through Jennifer or contact Cheryl Kammerzell through business cards... Until things start to take that next step those are still in the future. Asked people to put their names on a sign-up sheet if they want to continue the discussion.

Introduced lunchtime speakers: Idaho's Bounty and Brent Donnelly, Business Program Specialist, CdA, ID, USDA Rural Development.

Idaho's Bounty presentation and the morning's USDA AFRI grant presentation will be available online.

Notes from Mr. Donnelly's presentation:

Rural Development is one leg of USDA, which has 3 legs: housing programs (loan opportunities for single family and multi-family housing), business programs (business and industry loans), community programs (water and waste disposal loans and grants, fire stations, etc)

Business programs: promote a dynamic business environment in Rural Idaho. In 2012: 76 projects for nearly \$20M included \$18M in leveraged funds (1:1 match from other sources). Some are state funding, some are national. Idaho is typically when we get state allocation, about 35th on the list. They hold funds back for national reserve so we can compete for those additional funds. #4 for B&I Loan approvals, #5 for RBEG, in the last few years we've been over our allocation.

How projects come together: it's all about the relationship. Legendary communication, which starts early on in the process. RD programs, especially through application process, they want to know about and hear about them early on. Helps a lot, his office can offer feedback. Need a defined plan with confirmed feasibility. How will you pay back the loan, if it's a grant how is it feasible? Easier to articulate to the loan/grant committee when this is clearly stated in the documents. Collaboration/support/match to include key players. Who are the key players and do you have more than one individual/entity/group supporting the project? If it's just "my idea" ...marketing is the key thing. If you talk about with other people and get their ideas, it will be more robust.

Typically USDA RD loans don't cover the whole cost of the project; there need to be other partners funding it. Most successful projects have an individual or a core group that really has a passion for that project.

RD offers a lot of funding mechanisms, but the 4 that seem most important to the audience were: Rural Business Enterprise Grant (RBEG), Value-Added Producer Grant, and 2 others.

RBEG: has to tie in to supporting development of small and emerging private biz enterprises in rural areas (<50K pop). Grants to public bodies and non-profits, but the community and business has to benefit. Not made to private biz. Technical assistant, training in connection with tech assistant, acquisition of equipment. Avg grant size \$11K. The reason we got more than state allocation is passion, communication, great ideas.

It's really powerful to have something in writing from a small business saying how many more employees they can hire because of this grant.

VAPG: authorized in 2002 farm bill. Can go directly to producers. Reauthorized in 2008 Farm Bill. To help eligible producer group develop value-added activities. Two parts: planning or working capital grant. Both will fund up to 50%. Can go to private orgs. Max is \$300 for working capital. Objective is to create a greater dollar return to producers for the value added project.

Call Brent and layout the project and he'll tell you what fits. The producer of the commodity has to be involved.

VA: physical state change like milk into cheese; sustainable grown; segregated; farm-based renewable energy; or marketed as a locally-produced food project.

Will provide 50% of planning activities, or working capital up to \$300K. Can implement your planning grant with a new grant for example. Few examples: salaries of employees, inventory supply costs, marketing campaign...

Loans

Gotta pay 'em back: Business & Industry Loan Guarantee Program (loan guarantee for only rural business). Driven by lenders. Have to have bank or lender involved. Gets a govt guarantee on loan. Everything is eligible except production ag (because Farm Services supports that), gaming facilities, line of credit. Everything else eligible.

Afternoon session – desired outcomes, Collette DePhelps and Cinda Williams facilitating

Asked each panelist to present information on their food-systems project

Jacqui Gilbert, City of Lewiston

Inland NW Food Hub – trying to build brand awareness and build info to support business plan. Will be for any partners they're collaborating with on additional projects in the area. Also have a FB page to post food-related events. Survey results: 52 completed surveys. End-of-year target is 100 surveys. Events like this help raise the awareness of the project and get the survey completed. Goal: a sustainable/robust biz plan. Survey so far: Food type >10% for food processing – top three are small scale/sustainable rancher, avid home gardener, entrepreneur. Focus markets are local farmers markets, personal website (retail), INFH website. Of the 52 who completed the survey, over 50% would start a business, over 70% said they'd travel up to 50 miles to do their food processing. Made them aware we need several processing areas for food processing firms to get access, each can have different capabilities. How can you help? Spread the word about this project and others that support locally grown/made produce or products; complete the online survey; become involved with your local projects; email Jacqui at jgilbert@cityoflewiston.org.

Questions: when talking about food hub are you talking about a processing center with a retail outlet or something more like Idaho's Bounty which is online sales? Or up in the air?

Answer: At this moment in time up in the air, need the additional surveys completed before can ascertain. Cheapest way forward is online, but people like to touch jars and cans, and see things. The marketing facility is "go to market" whether it's next to facility or downtown.

LEDC / Robin Ohlgren, Assistant Executive Director

2010 Food on the Table brought together 120 growers, etc., to talk about increasing consumption of local fresh food. Promote the commercialization of innovative and sustainable food products and practices – one of their strategic practices.

City of Moscow is undertaking a 5 year plan for the Moscow farmer's Market – on the city website can submit comments. The need has been defined and there's a desire to do more; went to Brent from USDA and got some money to do a feasibility study. He mentioned CEDA – one of their partners – and the US Farm Bureau, UI, Cities of Moscow, Pullman, Avista – takes a partnership. Formed FIRC, together they issued a grant proposal for a food processing center feasibility study which could be a commercial kitchen, incubator space, or storage, etc. Would also hope the center provides food education for artisans and the community. In June awarded the proposal to Manheim Solutions in Chicago. Will have the results of their study in January. Partnering with UI. Showed a map with yellow dots that show food hubs, not much in our area, there's potential in our region. It's a really big idea with many possibilities; lots of stakeholders; everyone wants their piece to succeed but need to work together. Welcome feedback and comments! FIRC committee asked to stand so people could see who was attending, and follow up with questions one-on-one later.

Kyle Merslich, Americorps PCEI Intern, presented UI class project on "Investigating Interest in a Regional Food Hub"

Lorie Higgins presented information on Asset ID, Gallery, Biz Training, Artisan Trail Guide (2007 – 2012)

Cinda Williams presented information on Community Food Assessment Research, Latah County Extension, Palouse Food Action Coalition – Kate Mankoff was a food system intern with PFAC a year ago and how her work relates to all the other projects we're talking about.

Background on Palouse Food Action Coalition: Latah, Nez Perce, Whitman, and Asotin counties were the primary focus because of limited resources. This spun off into multiple other projects, and PFAC isn't meeting now because they're all in other groups. So many partners working on food system projects – UISC, Co-Op, Rural Roots, Backyard Harvest, etc.