

Local Food Connection: 2011 Conference

WORKSHOP: Local Food Economics of Lane County

Description: *Learn about economic opportunities, challenges, and gaps in our local food system identified in recent, cutting edge research. Hear about food trends for household and institutional demands, and see the supply chain for a variety of local crops. Public and private sector representatives will share strategies for expanding the local food economy. Results from the Lane County Food Distribution Project (a project of Oregon Solutions) will also be shared with the group, as well as recent public grants given to local food processors.*

Speakers: Bob Parker, Managing Director, Community Services Center, University of Oregon; Mike McKenzie-Bahr, Lane County Community and Economic Development Coordinator, Lane County Economic District; Megan Kemple, Farm to School Coordinator, Willamette Farm and Food Coalition.

Moderator: Karl Morgenstern, Drinking Water Source Protection Coordinator, Eugene Water & Electric Board

Workshop Notes:

Question: How can we invest in the infrastructure we need to stimulate economic growth?

Oregon Solutions Project - Lane County Food Distribution Project

(Megan Kemple – Willamette Farm and Food Coalition’s Farm to School Director)

Goal of project: Increase local food purchasing by institutions, with Lane County as the geographic boundary.

Two years ago the Eugene Water and Electric Board, in partnership with the Willamette Farm and Food Coalition and Ecotrust, made use of the Governor’s Oregon Solutions process to initiate the “Lane County Food Distribution Project,” as part of an effort to increase the amount of locally grown food purchased by Lane County institutions, particularly our public schools, institutions of higher education, and hospitals. Results of purchases of Lane County products in 2009 and 2010 were tracked to be reported each year.

30 stakeholders were gathered, including farmers, Lane Community College, University of Oregon, school districts, etc. Through a formal process, barriers and solutions were identified, and partnerships were offered. A Declaration of Cooperation was made, which was a commitment from approximately 30 players, in writing, to plan ahead to produce or purchase certain amounts of local food products. This group then came back together one year later to note progress and reconfirm. This resulted in double the amount of Lane County produce that was purchased by institutions in one year. This was still low, however.

We are at the two year mark now:

University of Oregon

The University of Oregon made a good start in 2009, purchasing 24,575 pounds of local produce. UO worked with Eugene Local Foods, a business that was able to consolidate orders for several farms and make single deliveries to UO. The Food Services director at UO was thrilled with this arrangement. Price became a barrier, when ELF's mark up increased, and in 2010, UO's produce purchases decreased to 7,455 pounds. UO purchased products directly from 9 farms in 2010, including: Anderson Ranch, Cinco Estrellas Farm, Fern's Edge Dairy, Hey Bales Farm, Lane County Farmers Market, Lochmead Dairy, Mycological, Sweet Leaf Farm and Wintergreen Farm. Products included: beets, broccoli, carrots, lots of salad mix. UO's overall poundage decreased more than the dollar amount in part because they bought large quantities of heavy items (apples and pears) in 2009 and large quantities lighter items (salad mix) in 2010. UO has continued to source organic salad greens on a regular basis from Hey Bayles Farm.

Lane Community College

Lane Community College (LCC), the Culinary Arts Program and the Center for Meeting and Learning all make significant local purchases, but their numbers were not available for this tally or report. The lead food buyer for LCC admitted needing convenience and a good price. LCC does purchase a significant amount from Emerald Fruit & Produce and might commit to purchasing more Lane County products if they could do so via Emerald. Both UO and LCC do purchase "Oregon grown" produce through Portland based distributors.

Sacred Heart

Sacred Heart did report produce purchases in 2009 and purchased a small amount of local produce in 2010. They purchase products from a number of local distributors and processors including: Lochmead Dairy, Newman's Fish, Emerald Fruit and Produce, Charlie's produce, Springfield Creamery, and Glorybee Foods.

Eugene 4J

Eugene 4J increased their local produce purchases more than ten-fold from 1,340 lbs in 2009 to 14,519 lbs in 2010. A local community group, Eugene Coalition for Better School Food urged the district to increase their local purchases and the district responded. The district received a lot of help from Willamette Farm and Food Coalition and Emerald Fruit and Produce in sourcing locally grown products. Essentially all of the districts apples are sourced from Detering and Wildrose Orchards and the district has also purchased tomatoes, frozen berries, carrots, green beans, lettuce, zucchini. All of their Lane County produce is purchased through Emerald Fruit and Produce. They bought 200 lbs of dried beans from Hummingbird Wholesale in January. The district also purchases a significant amount of Oregon grown product.

Bethel School District

In 2009, 18 % of Bethel School District's purchases (based on their discretionary funds) came from Lane County farms, dairies or food processors. Their local purchasing has continued to increase mostly due to the purchase of larger quantities of locally grown apples and a lot of help from Emerald Fruit and Produce and Willamette Farm and Food Coalition to secure local products. Processed items include products which were processed in Lane County such as bagels from Daily Bagel, granola from Golden Temple, and tortillas and corn chips from Carmen's Corn Chips.

Springfield Public Schools

Springfield Public Schools does a small amount of local purchasing compared to other large districts in the county. They buy apples from Wildrose Orchard, and carrots and lettuce from FOOD for Lane County's Youth Farm which is located on district property. All of their local purchasing is done through Emerald Fruit and Produce.

Overall results

Produce purchases increased by 29% in quantity and 41% in dollar value. This increase was primarily due to Eugene 4J's significant effort in local purchasing and Bethel's increase as well.

Meat and fish purchases decreased but the numbers were small to begin with in 2009.

Processed products were difficult to track this year, because we didn't have access to good data from some institutions. Processed products purchased by K-12 schools increased by 32% mostly because Bethel school district was not purchasing many locally processed products in early 2009 and has all year in 2010.

Milk totals dropped from 2009 to 2010. This milk decrease was solely Sacred Heart Medical Center (we are not sure why). Local milk purchases (from Lochmead Dairy) remained steady for the school districts and LCC (UO buys milk from Umpqua Dairy in Douglas County).

The future

An aggregation site with refrigerated storage and a minimal processing facility (wash, peel, chop) have been identified as needs. However, this very infrastructure is available (albeit at a small scale) through Emerald Fruit & Produce, and it makes sense as a first step to maximize its use. Emerald has a facility for prepping fruits and vegetables, which they currently use for sales to schools and LCC. Emerald also has the ability to freeze and store berries for later in the year.

The UO Food Services director commented that what the university really needs is a distributor like Emerald Fruit & Produce to source more Lane County products for them. Institutions would benefit if Emerald were able to purchase from more Lane County farms. WFFC's new goal is to find farms that are willing to grow crops specifically for sales to institutions via Emerald Fruit & Produce and to help Emerald overcome barriers that keep them from offering more locally grown produce. Also, Emerald Fruit & Produce needs to be convinced that this is a niche worth developing, and that there are institutional customers willing to pay a price point more for locally grown products. Organically Grown Company may be another good resource in this area.

Lane County Local Foods Market Analysis

(Bob Parker – Managing Director, Community Services Center, University of Oregon)

This presentation will try to summarize 187 pages of analysis in ten slides.

This came out of work by Dan Armstrong with the Fairground Renewal Project. It transitioned from the fairground to a market study for local food with an emphasis on economic development.

How can we attract more private capital into local food in Lane County?

What steps can local government partners do to create more jobs?

What is local food? There are a lot of different definitions: within a day's drive, 100 miles, within a given political boundary or bioregion, community has a personal connection with the producer, within the northwest, etc...

The study was framed to look at the major demand.

They did a series of interviews with local grocers, all of whom have a local food program and have a different definition of local. For example, Wal-Mart has a goal to increase local by 30% by 2013 and they define local as within a particular state.

6% of Lane County jobs (8500 in 2009) are connected with local foods, doing things such as producing or processing.

Between 2002 and 2008, Agricultural sales increased by 30%, however this was not consistent across food systems.

This was not a detailed consumer study. There is a need for additional research in that area. Will consumers behave the same with local food as with organics? Will they be willing to pay a premium? Anecdotal evidence says yes, but there is no hard evidence.

\$1.17 billion demand for food in Lane County annually.

Estimated \$103 million demand for fruits and vegetables. This is 1/10 of the total.

\$11.7 million for every 1% saved in the local market, which is then re-circulated in the local economy. 5 – 10% of the food in Lane County is grown and produced here.

There is a demand for local food in grocery stores, school districts, universities.

Since the 1950s on, there has been a systematic dismantling of processing and storage, so there is now very little infrastructure.

How do you re-localize that in an industry that works on such a small margin?

There is a gap between the supply and the demand, and therefore opportunities for locally grown food.

Supply Chain Analysis – big part of this study

How can you trim costs? – Transportation kept coming up. Will this help to re-localize?

4 cents on every dollar is put into transport.

They hired a Local Food Coordinator.

Gaps in the Local Food System:

- Gap 1 – Lack of linkages between growers and local markets
- Gap 2 – Limited processing and storage capacity
- Gap 3 – Perception of Risk (financial risk to growers, purchasers)
 - There are certain perceptions of safety and of quality and quantity of demand)

- Gap 4 – Institutional and grocery store requirements (these create barriers)
- Gap 5 – Lack of capital for infrastructure and marketing projects
 - There is not a flood of private capital flowing into this.

For a copy of the report:

Lane County Community and Economic Development Website has a link to the Scholars Bank of the University of Oregon.

Q&A Discussion, for Bob Parker

Q: What do you envision for processing?

A: Base level processing requirements:

- Grain mill
- Basic processing of produce done on the farm for storage in a central location
- Value added products = economic opportunities

It was concluded that the market is not ready for a huge influx of capital.

Q: What is the demand vis-a-vis farms in the area?

A: There are lots of small farms in Lane County. This issues are what can be grown and matching soil production capacity with demand. There is a big gap in knowledge right now.

Q: Do we need more food farmers? To increase demand?

A: The average age of Lane County farmers is 57 and they are mostly growing grass seed. We need to get them to want to convert to food. We need to get younger folks interested in farming. If not, we won't be able to meet the demand.

Farming needs to become an economically viable career for people to make this choice.

Q: Buying wheat locally has a higher price, but a lower transportation cost, so it balances out with buying cheaper wheat from Montana with the added transportation costs. Local as a marketing ploy?

A: Fred Meyer allows buyers to work directly with farmers. Safeway and Albertsons have to go through region offices. They want to buy whole fields at a time and would rather deal with intermediaries. This is called "Distributor Based Agriculture," in which a distributor works with farmers to build demand and work with chain grocers.

They did not include farmers' markets in the study because they wanted to look at big drivers of demand and farmers' markets work on a more localized level.

Mike McKenzie-Bahr – Lane County Community and Economic Development Coordinator, Lane County Economic District. He works directly for the Board of Commissioners on infrastructure projects with a job creation focus.

- 15,000 jobs were lost in Lane County in 2 years. This is 1.5 points above the national average.

Implementation Strategies:

1 point increase in local food consumption = \$11 million added to local economy.

- This doesn't exist in any other industry.
- All of that money is going OUT of the local economy now.

Local food consumption is currently at 5 – 7 %.

- There is a lot of room for growth!
- There is a HUGE opportunity at this scale.

Capacity – What do we do?

Time frames are in years. This is not going to happen overnight.

It took 30 – 40 years to dismantle the food system, so it's going to take time!

Strategy:

Hire a Local Food Coordinator – full time position with 1/3 of time spent on Local Foods.

- Focus on implementation strategies:
 - Funding and investment in local food businesses.
 - Communication
 - Policy development
 - Partnerships

2% of video lottery funds came back.

1.5% goes to local economic development.

\$1.2 million is spent on economic development strategies

Strategy: Wheat Milling and Storage

- Camus County Mill – big first success story in Lane County
 - Hutton Family Farm converted their from grass seed to grain production.
 - Lane County granted \$96,782 for the purchase of wheat milling equipment.
 - Retains 4 family wage jobs and creates 4 family wage jobs.
 - Red wheat is locally grown, milled and used.

Strategy: Food Distribution Capacity

- Hummingbird Wholesale
 - Lane County granted \$95,400 for the purchase of equipment related to food distribution.
 - Retains 16 full-time family wage jobs and creates 2 part-time and full-time family wage jobs.
 - Creates capacity for Hummingbird and other local food companies.
- Glory Bee Foods
 - Lane County granted \$94,125 to purchase and install a new honey chilling system (demand increased because of WA business).
 - Creates 11 full-time family wage jobs.
- Ninkasi
 - Lane County granted \$100,000 for bottling equipment and affiliated equipment.
 - Creates 20 full-time family wage jobs.
 - Allows a 300% increase in local production.

- Add sales by other local companies.

What next?

- Continued communication with those in the industry by creating the Local Food Coordinator.
- Continued funding to local food businesses.
- Policy research and development.

Local Food Coordinator Contact Information:

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Expansion of funds roll over multiple times in the local food industry.

Q&A Discussion for Mike:

Q: Small Farmers – very complex issue. It feels like they're falling through the cracks. How to make value-added for small production more visible?

A: Local Conversations

Farm Stay Programs

Value Added on the Farm

Q: Do you find it paradoxical that Land County Land Management is the principle impediment?

A: Government wears so many hats that there will be conflict.

We need to get to the top levels.

5 votes yes on this Board of Commissioners

Keep voices heard

Q: Andrew from Oregon Tilth suggested that they fund a high tunnel hoop house initiative for \$3K to \$4K each to increase capacity to increase production.

A: RC&D – USDA – National Hoop House granting project not available in Oregon now. What is the demand for high tunnel hoop houses? Need to access that demand in Oregon.

Q: How do we get economic developers around the state to understand what they do? (Sharon Thornberry)

A: Need state economic development level – Governor hasn't done appointments yet.

Working with 11 districts.

Need to educate

Oregon Food Bank is interested in creating jobs.