

PUGET SOUND FOOD PROJECT

Infrastructure Progress Report: February 25, 2008

The Puget Sound Food Project proposal involves two key activities: (1) a strategic planning process to bring together producers, food buyers, business leaders and local decision makers; and (2) a study to assess the feasibility of a multi-purpose agricultural production center for local Puget Sound producers.

Specific work plan goals for the current time period include:

February/March:

- Identify existing processing facilities, focusing on post harvest handling, drying/dehydrating, freezing, co-packing, central distribution/storage, poultry processing and meat processing.
- Contact to identify interest, capacity, flexibility, and price point.

Through the activities of the Puget Sound Food Project to date, it is apparent that there is a need for processing facilities to serve the food processing needs of small and mid-sized farms in the Puget Sound Region of Washington. There is also a need for product development and small-scale food processing services.

Goals of this project should include preserving and/or creating: 1) Product development and incubation services; 2) Small-scale custom processing facilities which can be used for initial start-up; 3) Co-packing facilities for larger producers; and 4) Processing facilities devoted to specific functions.

1. Product development and incubation services

There are a number of small companies and individuals that provide support for product development. Following are examples of services that are provided.

- Recipes and product formulation
- Packaging design
- Label design
- Regulatory
- Ingredient sourcing
- Web design and web marketing tools

A complete listing of service providers for this category is currently being compiled.

2. Small-scale processing centers

A small custom processing facility is currently located in Gold Bar, Snohomish County, Washington that serves farms throughout the Puget Sound region. Over 80 producers use this facility for product development and custom processing. This facility is complimentary to the goals of the Puget Sound Food Project. The services provided by this facility include:

- Canning
- Jar line

- Freezing
- Drying
- Baking
- Curing
- Labeling
- Packaging
- Storage (dry/cold/freezer)
- Shipping
- Order processing/management

The processing center in the Puget Sound region is:

Wolf Pack
14811 Moonlite Drive
Gold Bar, WA 98251
Tel: 360-360-793-2988 Fax: 360-360-793-6842
Contact: George O. Wolf, President - Owner

The 21 Acres Center, a community-driven project in the Sammamish River Valley of King County, will serve as an agricultural and environmental learning center. The ‘Center for Local Food and Sustainable Living’ will feature a cutting-edge “green built” facility that will include a year-round farmers market, community kitchen and space for its popular classes on urban farming techniques and sustainability - providing vital infrastructure and education to help keep small farms in business.

21 Acres
13701 NE 171st Street
PO Box 2001
Woodinville, WA 98072
Tel: 206-442-2061
generalinfo@21acres.org

Commercial kitchens are a valuable resource for start-up operations. There is no central source for information about facilities available for public use. NABC has been compiling a list of facilities as information is collected. The latest version of this list is attached.

3. Co-packing facilities for larger producers

Co-packing, or contract packaging companies, are processing companies that pack other people’s product for a fee. These are companies that are solely devoted to contract packing or they may have excess processing capacity.

Wolf Pack is the only co-packer identified in our region that does processing solely for other entities.

A survey of licensed processors is underway, and a list of these processors is attached. A number of these processors are co-packers, or would be willing to do co-packing in the future. This survey will be completed by the end of March 2008 and these co-packers will be identified.

4. Processing facilities devoted to specific functions

The Puget Sound Food Project steering committee has narrowed prospective projects to the following:

- Post harvest handling of produce
- Drying/dehydrating
- Freezing
- Storage and distribution
- Poultry processing
- Meat processing

Listings of existing facilities in the Puget Sound region for each of these functions are being compiled. The current version of these listings are included as part of this report. This list is being expanded to include all Puget Sound counties.

Current specific processing needs that have been identified include:

- Processing produce for fresh market
- Processing fresh fruits and vegetables into ready-to-eat products
- Processing fruit for puree and juices
- Freezing fruits and vegetables
- Jarring and pasteurizing pickles
- Jarring and pasteurizing sauerkraut
- Jarring and pasteurizing fruits and juices
- Formulating, jarring and pasteurizing baby food
- USDA inspected slaughter facilities
- USDA inspected meat and poultry establishments
- Warehousing for dry, fresh, and frozen products
- Distribution methods that support smaller producers

This list contains functions that are not compatible in the same facility. Individual functions could be developed at separate locations, or in separate facilities at the same location.

Components under active development are: A) co-packing facilities for fruits and vegetables; B) a product development center; C) meat processing facilities; D) poultry processing facilities; and E) post harvest handling of fresh fruits and vegetables.

A. Co-packing facilities for fruits and vegetables

The Northwest Agriculture Business Center is leading an effort to develop processing facilities for Northwest Washington. A summary of this project follows.

1. Description of work will be performed

Work will be performed by NABC staff, government agencies, cooperating organizations, and consultants.

Work to be performed to develop processing facilities will include:

- Conduct comprehensive analysis of capabilities of current facilities
- Conduct analysis of current processing plant in Gold Bar
- Prepare cost analysis for alternative locations
- Identify services needed for agricultural producers
- Determine regulatory requirements
- Establish benchmarks and measurable outcomes for project
- Design processing lines and systems
- Establish processing protocols and good manufacturing practices
- Create Hazard Analysis and Critical Control Point (HACCP) plans as needed
- Conduct investment analysis of facility to determine capital requirements
- Identify financing needs and secure required capital
- Purchase equipment required
- Install processing equipment in location selected

2. Funding activities

- Determine funding options and sources for construction and operation of a co-processing facility.
- These activities will be based upon assumptions provided as they become available by NABC. It is assumed that those assumptions will be fluid and level of detail will become more refined as the plan becomes specific.
- This list of activities should go beyond identification to acquisition of funding as the overall plan solidifies.

3. Site selection criteria

- Geographic location (markets and suppliers)
- Access to transportation (truck and rail)
- Congestion and proximity to single family dwellings
- Proper zoning and land use
- Current buildings available
- Potential public participation in funding
- New Markets tax credit availability
- Water quality and availability
- Availability of utilities
- Cost of utilities in relation to operating costs
- Waste disposal (solid & liquid)
- Availability of skilled labor force
- Cost of land
- Environmental factors
- Prior use of land
- Construction costs

- Expansion potential

4. Business plan development

NABC will prepare a business plan than will include:

- Organizational structure
 - Cooperative
 - New generation cooperative
 - Private for-profit corporation
 - Private non-profit corporation
 - Public/private partnership
- Initial processing customers
- Equipment list
- 4 year pro forma financial statements (2 year monthly/2 year quarterly)
- Assets provided by processing partners and/or customers
- Total cost of project estimated to be \$4-6 million
- Ideal timeframe would support completion of the processing plant in 2009

5. Examples of producers that could utilize this facility:

Pleasant Valley Farms

Pleasant Valley Farms (PVF) was established in 1996 to market western Washington cucumbers and cabbage through value-added processing and services. The company is the first new vegetable processor in western Washington in twenty-five years. PVF, with the aid of several experienced formulators from the Northwest pickle industry, developed a full line of high quality Northwest flavor profile products. A large scale marketing campaign was launched in 2004 for PVF pickle and sauerkraut products for the food service industry. PVF has been able to capture over fifty percent of the foodservice pickle and sauerkraut market in Washington, Oregon, Alaska, Idaho and Montana, as well as expand into California and the upper Midwest.

Pleasant Valley Farms has also fine-tuned the production of fresh Organic pickling cucumbers and kraut cabbage, becoming the only significant supplier in the United States. Because of this expertise, it is natural for PVF to produce a line of Organic pickle and sauerkraut products.

Pleasant Valley Farms packages and markets their products for food service accounts, primarily in 1, 2 and 5 gallon containers. A retail packaging line would allow PVF to market to retail accounts throughout the United States. Additional acreage of cucumbers and cabbage could be produced in Northwest Washington, resulting in additional revenue for PVF. Retail packaging capability for Pleasant Valley Farms is a key component of the this project.

Skagit Apple Growers

The Skagit Apple Growers Association (SAGA) completed a feasibility study and created a comprehensive marketing plan for value-added beverage and food products produced using local/regional apples and other fruits principally from Skagit, San Juan, Whatcom, Snohomish and Island Counties of Washington. A Seattle-based beverage company is interested in partnering with SAGA to produce a sparkling beverage with a regional brand. SAGA needs to supply puree or juice in order for this project to be feasible. The processing facility would be able to produce these products.

World Baby Foods

Dr. Susanna's World Baby Foods, LLC offers organic and nutritionally balanced baby foods based on the cuisines of the world. Their foods are preservative free, designed by physicians, and favor local farmers. World Baby Foods make our baby foods using premium organic ingredients. Each recipe combines a variety of ingredients designed to include rich protein sources and are reflect the flavors and foods from various cultures from around the world.

World Baby Foods started production in 2006 at a small custom processing facility in Snohomish County. The sales of their product are projected to exceed the capacity of this facility during the second quarter of 2008. This project would provide a facility that could provide the increased capacity needed for World Baby Foods. This will allow World Baby Foods to increase the amount of fresh fruit and vegetables being purchased from Northwest Washington farmers.

B. Product development center

NABC has a USDA grant request pending to assist Food Concepts, Inc. in establishing a facility to serve the product development and small-scale food processing needs of farms in the Puget Sound Region of Washington. NABC will assist Food Concepts in acquiring food processing facilities, assessing the needs of farms in the region, and preparing a business plan. NABC will purchase equipment required for the facility and lease this equipment to Food Concepts at fair market rates.

This project will result in: 1) Product development services for farms and related businesses; and 2) Small-scale processing facilities for agricultural producers and new product development.

C. Meat processing facilities

A key need that has been identified in the Puget Sound region is USDA inspected facilities for custom slaughter and processing of livestock. This would allow

farms to market individual cuts of meat directly to the consumer. A survey of current licensed facilities is included. This survey will be expanded to include all of the Puget Sound counties.

Several efforts are underway to support development of additional facilities. These include:

Snohomish County: NABC, Snohomish County Economic Development, and Snohomish County Cattlemen's Association have been working to develop facilities in Snohomish County. A custom butcher has been identified that is exploring the feasibility of establishing a USDA inspected facility.

Island County: The Whidbey Island Sustainable Ag committee and NABC are working together to develop strategies to establish USDA facilities that could serve Island County. These strategies could be compatible with the Snohomish County efforts.

Whatcom County: A private company currently licensed as a custom butcher is working to become a USDA inspected establishment. Approval is expected within the next several weeks.

Pierce/King/Thurston/Kitsap Counties: The Pierce Conservation District, King County, and the City of Enumclaw are working on a project to provide USDA inspected facilities to producers in Pierce, King, Thurston and Kitsap Counties. This project is in the preliminary planning stages.

Jefferson County: The Jefferson Land Works Collaborative has expressed interest in supporting projects that would support producers on the Olympic Peninsula.

D. Poultry processing facilities

Producers have expressed a need for processing facilities that could support local poultry producers. Several years of effort have not been able to generate a commercial operation. However, several programs have been created to support smaller producers. These include:

Mason County Small Farms Program: This partnership between WSU Mason County Extension and the Mason Conservation District provides processing equipment for use by farmers. Because the equipment is owned by the Mason County Small Farms Program and is housed in Mason County, producers who farm in this county will get priority over farmers in neighboring counties. As a rule, the equipment is limited to use in the following counties: Mason, Thurston, Kitsap, Pierce, Grays Harbor, and Jefferson.

Northwest Agriculture Business Center: NABC purchased equipment and created a program for Northwest Washington modeled after the Mason County

program. Equipment is available to producers in Snohomish, Skagit, Whatcom, Island, and San Juan counties. Producers in neighboring counties can also utilize this equipment.

Producers need to be licensed as a processor by the Washington State Department of Agriculture, or obtain a WSDA Temporary Permit to Slaughter Pasture Raised Chickens.

These programs can support an increase in the production and marketing of locally produced poultry. An increase in production could ultimately support a commercial processing facility.

It should be noted that Draper Valley Farms operates a large commercial facility in Mount Vernon. However, there is limited opportunity for additional producers to sell poultry to this operation. A list of licensed poultry processors is included as an appendix.

E. Post harvest handling of fresh fruits and vegetables

Produce distributors process fruits and vegetables for distribution to their customers. Several companies process produce as their primary line of business. These businesses are being surveyed as part of the Puget Sound Food Project to determine if these firms could source additional quantities of locally produced crops.

Farms throughout the region process crops for sale directly to consumers. Marketing strategies include farmers markets, farm stands and stores, and community supported agriculture. There are also farms that process fruits and vegetables that are sold at the wholesale level. The Puget Sound Food Project should survey farms to determine if these facilities and market knowledge could be leveraged to serve additional farms.

A number of organizations are working to develop facilities to provide additional processing facilities. These organizations include Snohomish County Economic Development, Skagitonians to Preserve Farmland, 21 Acres, Sustainable Connections, and Growing Washington. These programs should be explored in more detail and coordinated with the Puget Sound Food Project.

Summary

A large amount of information is being gathered as part of the Puget Sound Food Project. The purpose of this information is to serve as a base of knowledge to develop strategies to strengthen a regional Puget Sound Food system. The purpose of the current project is to assist in the development of processing facilities that will support the marketing efforts of local, small and mid-sized farms in the Puget Sound region.

All of the appendices listed below are not complete. Additional work will be completed and the reports updated by March 31, 2008.

Report submitted by:

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Appendices:

Agricultural Production in the Puget Sound Region
Value-added Products Produced in the Puget Sound Region
Product Development and Incubation services
Small-scale Processing Centers
Co-packers
Commercial Kitchen Facilities
Post Harvest Handlers of Fruits and Vegetables
Frozen Food Facilities
Storage Facilities
Survey of Meat Processors
Licensed Poultry Processors
Licensed Processing Facilities
Meat Processing Options

Agricultural Production in the Puget Sound Region

Crops

Alfalfa
Apple
Artichoke
Arugula
Asian pear
Asparagus
Barley
Basil
Bean
Beet
Blackberry
Blueberry
Bok Choy
Broccoli
Brussels sprouts
Buckwheat
Burdock
Cabbage
Cantaloupe
Carrots
Cauliflower
Cherry
Chicory
Chinese cabbage
Chinese mustard
Chives
Cress
Cucumber
Currant
Dill
Edamame
Fennel
Filbert
Flowers
Garlic
Gourds
Grapes
Grass

Herbs

Honey
Kale
Kiwi
Kohlrabi
Leek
Lettuce
Lingonberry
Loganberry
Marionberry
Mizuna
Mushrooms
Mustard
Native plants
Nuts
Oat
Onion
Parsley
Parsnip
Pea
Peach
Pear
Pepper
Plums
Potatoes

Pumpkin
Radish
Raspberry
Rhubarb
Rutabaga
Rye
Silage
Spelt
Spinach
Straw (barley)
Straw (pea)
Straw (wheat)
Strawberry

Summer squash
Sweet corn
Swiss chard
Tayberry
Timothy hay
Tomato
Triticale
Turnips
Wheat
Winter squash

Livestock

Alpacas
Buffalo
Cattle
Chicken
Dairy cows
Ducks
Eggs
Fish
Game birds
Goats
Hogs
Horses
Llamas
Rabbits
Sheep/Lambs
Turkeys
Wool

Shellfish

Clams
Oysters
Mussels

Value-Added Products Produced in the Puget Sound Region

Baked goods	Mustard
Bread	Ornamental vegetables/fruits
Candles	Pickles/pickled produce
Cheese	Prepared meals
Chicken	Processed dairy products
Chutneys/Dips	Raw milk
Compost	Salad dressings
Crackers	Salad mixes
Dried flowers	Salsa
Eggs	Sauerkraut
Flour	Soaps/lotions
Flower arrangements	Syrup
Foliage/flower baskets	Tea
Food supplements	Wine
Frozen fruits/vegetables	
Fruit juice	Beef
Hard cider	Chevon
Health care products	Lamb/Mutton
Herbal products	Pork
Honey	Poultry
Ice cream	Wool/Fiber products
Jams/Jellies	
Milk	