



Beyond Fresh in Central Texas

Sue Beckwith, Texas Center for Local Food
National Value-Added Agriculture Conference 2016

Who Am I

Beyond Fresh

- Using VA to meet economic development goals in Central Texas. Example: Elgin, Texas
- Using VA to meet sustainable and organic farmer financial goals
- VA projects: SARE and AMS LFPP
- Challenges and Help From You
- Next steps

To what extent can we use VA to further our shared vision?

Shared vision: Economic prosperity for all — Healthy people — Available natural resources

City of Elgin Goals



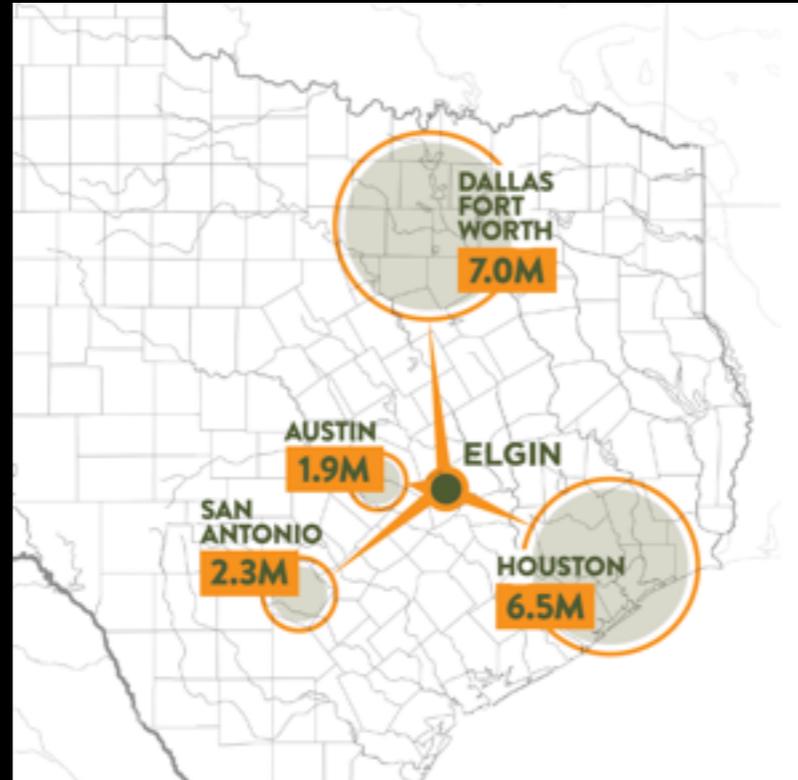
Our town: 8,000 people, 25 miles from Austin

70% commute, working class town, median HH \$50,000, less than 2 years college

Economic Leakage

- growing - double 10 years
- agricultural heritage

18 Million People within 200 miles



Makes us a great pilot. 200 miles from 18M people

!! Can we model and measure so replicable for other communities with less pop density?

Always: Who is your market?

Farmer Goals



Problem: Direct sales are flat and maybe even decreasing. more famers markets, not proportional customer base. Delivery services hurting CSAs. Excess crops: need to sell!
Lots of talk of food waste, uglies, etc:
Let's look at how Farmer can make more money from this excess.

Local VA Supports all Goals



Jobs - Quality \$13.50/hour, Farmers net income enough to keep farming

Supply - People have enough food; for farmers: higher, consistent net income means more supply

Health - healthy for land, people, and animals; more accessible local, sustainably grown food means healthier people

Community - people working to make food for neighbors; local ownership; keep \$\$ local

Equity across value chain - from crop to mouth, equity in benefit: \$\$, social, personal

- jobs.. quality jobs of at least \$11.00/hr.
- more local jobs will strengthen community.
- higher, consistent net income for farmers means more supply
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- Equity is a value throughout. If all are getting value, then all benefit.
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Local Food Enterprise Makes \$\$ Sense for Elgin, Texas

- Demand: Texans spend \$56 Billion on food each year (@ \$2,223 per capita); Austin area spends \$4 Million
- Supply: Some of the best farmland in the country
- Distribution: 200 miles from 18M people
- Local food: grown, made, owned

Jobs

Health

Supply

Community

Equity

Texas write a big check to CA and Mexico for food.

HELP: How much food consumed in Texas is grown in Texas?

HELP: How much food processed in Texas is grown in Texas?

Locally Grown, Locally Made, Locally Owned

Local Food *Processing* Makes \$\$ Sense for Elgin, Texas

- Jobs: IMPLAN data for Bastrop County, Texas

	Labor Income Sold Fresh	Labor Income in Salsa
\$1,000 fresh vegetables	\$440	\$1,400

- Keeps \$\$ Local
- Keeps people local
- Opportunity for growth: Local food cluster

Jobs

Health

Supply

Community

Equity

Expand cluster: boxes, graphics, distribution, jars, labels

Include small family farms: ecotourism, farm tours, Minneapolis, Anchorage local food/farm tours

!! If we can VA link with sustainable and organic family farms, through the lens of equity, we can touch & impact all goals.

— IMPLAN calculations for Bastrop County showed that extending the value chain to include VA processing resulted in substantial additional income for county residents.

If \$1000 of fresh vegetables are sold, the total labor income contribution was estimated at \$440.

If that \$1000 in vegetables are included in a jar of salsa, the total labor income contribution was estimated at \$1,400, because now we have the farm workers, the salsa makers, and the people working for the utility company and the bank and the print shop making labels all getting paid.

And that is before accounting for the fact that less attractive produce that may not appeal to consumers and might formerly be waste can go in the salsa with no question.

Local Food *Processing*

Does It Make \$\$ Sense for Farmers?

Key Projects

SARE Beyond Fresh - Farmer-led research and education to understand the benefit to sustainable and organic farmers of VA at various scales.

USDA AMS Elgin Local Food Processing Center (ELF) - Prototype value-added products that could be sold in intermediary markets

Jobs

Health

Supply

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Equity

Problem: Direct sales are flat and maybe even decreasing. more markets, not proportional customer base. Excess crops: need to process.

Lots of talk of food waste, uglies, etc:

!! Let's look at how Farmer can make more money from VA!

SARE & ELF - Project Teams

Farmer Teams - 3 Lead, 4 Support

National Center for Appropriate Technology (NCAT) - Mike Morris Texas office

Dr. Rodney Holcomb - Oklahoma State

Dr. Rebekka Dudensing - Texas A&M AgriLife

Sue Beckwith - Texas Center for Local Food

Jobs

Health

Supply

Community

Equity

Direct market farmers

NCAT: national perspective, capacity for national outreach

Dr. Holcomb: Ag Economist VA expert

Dr. Dudensing: Ag Economist Community Dev expert

Sue Beckwith: former farmer, regional farmer perspective, project coord

SARE - Project Details

Sustainable/organic + Texas grown
What scale is \$\$ best for farmers?

Market research: Who are buyers? What categories of products will they buy? (CPG, bulk, ingredients, etc.?)

Demand - what specific products will they buy? (frozen, fermented, ready-to-eat, baked, dehydrated, pickled?)

Supply - what should I grow? what can I grow?

Processing workbook - what are the steps?

Directory of VA resources - who do I ask?

How will VA impact my bottom line?

Jobs

Health

Supply

Community

Equity

Farmer Point of View

Specifically: Sustainable/Organic + Texas grown

AMS LFPP - Project Details

What products are best \$\$ for farmers?

Prototype products - Test 10 products

Process - Test logistics, cooperation, cost

New markets - Does the \$\$ work for wholesale?

Demand - At what price would consumers buy?

Supply - Willing to grow for VA? regional capacity?

How will VA impact my bottom line?

Jobs

Health

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Community

Equity

Beyond Fresh

For Texas grown + sustainable/organic vegetables

X

Locally processed

X

What market will buy + at what price

X

What farmers can grow + at what cost

X

Processed at what scale and cost

X

Maximize ROI to reach goals

Jobs

Health

Supply

Community

Equity

Combined SARE and ELF take Farmer Point of View to determine:

For Texas grown sust/org vegetables that are Locally processed,
what will the market buy and what price will they pay, and
what can farmers grow and at what cost, and
what can we process and at what scale and cost,
to maximize ROI.

ROI for all investments: \$\$, time, people, community effort

Findings So Far - 1

- Market is Ripe: (i) Local distinction (ii) Over 70% interested among ingredient buyers: food entrepreneurs, processors, other buyers.
- Product market categories: Direct, CPG, ingredients
- Product Types: Fermented products, dehydrated, ready-to-heat-eat
- Transparency and trust matter most to buyers
- Branding is critical to distinguish locally grown

Jobs

Health

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Equity

“local” important; values and trust

Distinguish locally grown from locally made

TODO: Look closely at value to customer of sustainable/organic + Texas grown

Processed foods have a negative connotation: branding as local is key.

Demand: What is demand? Austin and Texas

IMPLAN (2014 data) estimates that only 18% of vegetables for processed food products are purchased within the state of TX (only 2% within Bastrop county).

Findings So Far - 2

- Directory: Texas Local Food Zone
- Processing Workbook: options at various scales
- Brand: Texas Farmers' Goods
- Prototypes: Sauerkraut, Cucumber relish, garlic chimichurri, zucchini relish, green garlic pesto



Jobs

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Supply

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Equity

Findings So Far - 3

- Farmers care about Fresh Equivalent Price (FEP)
- $FEP = \frac{\text{Farm Ingredient Gross Profit}}{\text{Quantity in Recipe in Pounds (or unit farmers sell)}}$
- $\text{Farm Ingredient Gross Profit} = \text{Sale } \$\$ - \text{Processing } \$\$$
- FEP does not include cost of sales because the point is to give farmer data to see options

Jobs

Health

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Typically we would take cost of inputs including ingredients, add processing costs and subtract from sale price to get Gross Income. In this model, it's basically the same calculation, just leaves farm ingredients out. Include all costs except farm ingredients and cost of sales/dist to enable farmer to see marketing and distribution options in terms that make sense for them..

Benefit to Farmers

Example: Sauerkraut

- Sale price - \$6.00
- Processing Cost = \$2.47
- Farm Ingredient Gross = \$6.00 - \$2.47 = \$3.53
- Use .78 Lb cabbage
- FEP = Farm Ingredient Gross/
Quantity in Recipe in Pounds =
 $\$3.53 / .78 = \mathbf{\$4.52/Lb \text{ for cabbage}}$



Jobs

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Very good for farmers.

Benefit to Farmers

Example: Fermented Cucumber Relish

- Sale price - \$6.50
- Processing Cost = \$5.83
- Farm Ingredient Gross = $\$6.50 - \$5.83 = \$0.67$
- Use 0.5 Lb cucumbers
- FEP = Farm Ingredient Gross/Quantity in Recipe in Pounds = $\$0.67/0.5 = \mathbf{\$1.34/}$
Lb for cucumbers



Jobs

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Not very good for farmers.

Dr. Holcomb: can we find a scale at which this works?

Benefit to Farmers

Data for Farmers to Choose

	Direct Fresh	VA	Restaurants	Grocers, Wholesale	Schools	Food hubs, Dist
Cabbage	\$1-1.50	\$4.52	\$1.00			
Cucumbers	\$2-2.50	\$1.34	\$2.00			
Zucchini	\$2-2.50		\$2.00			

Jobs

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Need your help.
It's hard to get prices? Help!
Are we asking the right people?
Need ballpark numbers.
Can you help?

Challenges

- Data on price options - How much are farmers paid in intermediary markets?
- Data on demand - It is estimated that less than 2% of the food Texans eat is grown in Texas. Data source?
- Data on supply - IMPLAN (2014) estimates that only 18% of vegetables for processed foods are purchased within Texas, but we don't know where these are processed nor do we know where the ingredients are grown.
- Locally Grown + Locally Made + Locally Owned

Jobs

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Can you help us get price data?

Locally Grown + Locally Made + Locally Owned

Working with Direct Market Farmers

- Trust is key
- Ask preferred method of contact
- Time of year: Texas January, February, July
- Contact Sunday, Monday, Tuesday
- Show them the money!



Jobs

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I can't stress this enough. Understand you will have to prove yourself.

My background.. Farm, mill, TOFGA

Farming and building a mill did not get me trust. got me attention and then I had an opportunity to be really accountable and respectful of the realities of farming. And that earned trust.

Make it work for the farmer. **Ask "Do you have time to talk?"**

Conclusions - City of Elgin Goals

- VA offers a promising option to meet economic development goals in Central Texas
- Increase quality local jobs
- Develop local food enterprise cluster
- Increase supply of sustainable and organic food
- In Elgin, Texas we have a potential model
- Keep working and keep measuring



Conclusions - Farmer Goals

- VA offers a promising option to meet farmer goals in Central Texas
- Fewer unsold crops means higher net income; More \$\$
- Storable products to sell means more consistent sales
- Increase supply of sustainable and organic food
- Family farms nurture community
- Keep working and keep measuring



- jobs.. quality jobs of at least \$11.00/hr.
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Next Steps

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- Work at microeconomic level until get good macro data
- Continue our SARE research esp. with buyers
- Conduct a regional food study in central Texas
- Grow the Texas Center for Local Food to focus on the intersection of farmers, buyers, rural economic development
- Build ELF Elgin Local Food Business Center
- Get input from you

Find answers

Resources

Jobs

Health

Supply

Community

Equity

Dr. Mike Morris, NCAT Texas office
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Discussion

Jobs

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- Consider dilemma of “local food” having various meanings: locally grown - locally made - locally owned
- Price data on what farmers are paid by grocers, schools, food hubs/distributors?
- Data on local food demand, supply: What are your best data sources?
- Data on local/state processing? origin of ingredients?
- Other questions for the group?



Thank you!

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