

Components of Infrastructure Evaluation
Community Involved in Sustaining Agriculture
December 2010

CISA has worked with local growers, business owners, and other partners to evaluate infrastructure options in the following sectors: dairy processing, meat slaughter and processing, produce freezing, winter storage, and salad greens processing for wholesale markets. In some cases, we have identified and provided preliminary assessment of a range of hypothetical options. In other cases, we have worked with farmers or business owners to develop specific plans for their businesses. In either case, we make as much information as possible available to growers, business people, and other organizations via our website and technical assistance offerings.

This summary provides a brief overview of the methods we have used to complete preliminary feasibility assessments for infrastructure projects.

1. Identify infrastructure gaps

The first step before tackling any infrastructure analysis is to identify the infrastructure gap that needs to be addressed and the potential solutions to fill that gap. CISA used a number of methods for identifying both the gaps and the potential solutions.

- Direct feedback from farmers

CISA regularly reaches out for farmer feedback on the infrastructure challenges they face through an annual producer evaluation, in-person meetings, workshop evaluations, and via our email newsletter. We work hard to make sure that farmers know to come to us with their needs and ideas. Farmers are familiar with their needs as farm businesses and have useful on-the-ground experience. Of the projects that CISA has tackled the majority of them were brought to our attention by farmers who were facing challenges. These ranged from farmers who couldn't find suitable dairy or meat processing options, farmers that were being cut out of the salad greens market by new industry regulations and farmers who were considering personal investment in winter storage options. Often farmers will have ideas about the types of solutions that will best fit their needs and are willing to help assist in the research and analysis.

- Direct feedback from buyers and consumers

Buyers and consumers also have first hand experience of the food system. CISA regularly encourages buyers and consumers to share their experience and ideas for improving the food system through our communications, meetings, and an annual evaluation. It was food buyers, who could not find local frozen product, who sparked our interest in frozen product.

- Input from partners and collaborators

Although farmers, buyers, and consumers all have valuable insight into infrastructure gaps, it is important to test the extent of that gap with partners and collaborators. With each of the infrastructure projects CISA undertook, we performed informal surveys of our partners and collaborators to better understand if filling a specific infrastructure gap would serve just businesses or if it would help weave a stronger food

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system for everyone, to spell out the range of solutions available, and to see who else was interested in helping to understand and analyze a gap with us.

The methodology and tools used to assess the feasibility of any given infrastructure project will depend on the project. For instance with salad greens processing there were a number of ways to address the challenge of getting local “ready-to-eat” greens into grocery stores and institutions: build on-farm processing, build shared-use processing, or change the industry regulations. Both the farmers and the community partners we worked with steered us away from assessing the feasibility of a shared use facility because farmers expressed reservations to participating in a shared use option and our partners made it clear that a shared facility would have complicated and costly challenges around ownership and liability.

2. Workplans

Clear workplans help to ensure that all partners on a project understand goals, timelines, and tasks. Often these will need to be tweaked over the course of the project as new information and challenges develop.

3. Identify Consultants

Infrastructure analysis may require financial analysis, business planning, management consultants, layout and design specialists, or people with expertise in a particular industry. Non-profits, economic development agencies, Departments of Agriculture, and consultants can work together to develop a roster of consultants with knowledge of food-based businesses. It is important to interview several potential consultants, especially if the work is in an area where you have limited experience. The consultant interviews can help ensure that the final contractor can “speak your language” and not just industry jargon and if they understand the scale and constraints of the project you are working on. Researching a regional infrastructure gap may mean that there is no one who has experience working on the exact scale and scope that you need.

4. Landscape Evaluation

▪ Market studies

These are intended to give a “first look” at market demand, pricing, product competition, and market requirements such as insurance, packaging, or slotting fees. More detailed studies can be commissioned after the first phase of feasibility analysis suggests that the project is likely to move forward. We have used written, on-line, and phone surveys as well as in-person or telephone interviews to gain an understanding of market interest and needs. Our choice of tool depends in part on which market we are surveying; if our interest is in retail outlets, we usually start with a written or on-line survey, while if we are communicating with institutional buyers, we are more likely to start with the phone because the number of respondents is smaller. In either case, we generally follow up with phone calls in order to ensure a reasonable response. These phone conversations also allow opportunities for more in-depth learning and help us better understand the needs of buyers.

▪ Surveys

We have used surveys to understand the needs of farmers and of consumers, including retail and institutional buyers, as described above, and individual consumers. We feel

that our growers receive a lot of surveys and we make efforts to reduce the number of surveys in which we participate, while still getting the information we need. One technique is to combine survey goals; for example, we have asked growers about infrastructure needs as part of our annual year-end survey of our farm and business members. In addition, we have worked with other organizations in order to create common surveys, allowing us to reach growers across a larger region. This is especially appropriate when considering infrastructure that may be regional in scope. Phone follow-up helps to increase response rates but may not be feasible, depending on the size of the target audience.

5. Financial Analysis

We have used a variety of tools for financial analysis, including the following:

- i. Cash flow templates
- ii. Cash flow scenarios
- iii. Budgets – capital/start-up and operating
- iv. Sensitivity analysis
- v. Pricing studies

When possible, we use the financial analysis tools created for particular business partners to create more general templates which can be used by other businesses to evaluate their own needs. Creating templates for wider use requires very clear documentation of assumptions, so that new users can change factors as appropriate to reflect their own situation. As a non-profit, our goal is to serve the needs of a wide audience and to make our findings available. However, private businesses have a need to maintain confidential business information. Discussing these conflicting needs up front and agreeing on a plan for dissemination of results makes for more successful partnerships.

6. Regulatory review

Understanding the regulatory requirements is essential to farm and food businesses. Overlapping oversight, conflicting interpretations among agencies and inspectors, and layers of regulation (local, state, federal, and private) can make interpretation very confusing. It is important to make clear that advice provided by a non-profit or consultant is advisory only and should be confirmed with the appropriate authorities.

7. Operational/Management assessment and ownership options

It is important for business owners to assess the range of ownership and management options available, and to understand how these options could impact their own goals and strengths. Farmers sometimes consider adding infrastructure-related activities, such as processing or distribution, without considering the full impact of adding an additional enterprise on their existing business(es) and family life. At the same time, farmers may be wary of supporting infrastructure businesses owned by non-farmers, because non-farm owners may not share the same goals as the farmer.

8. Scenarios and illustrative examples

Outlining different scenarios allows businesses with different needs to find an option that works for them. On our website, for example, we provide information about winter storage options that includes renovation of existing buildings and building new facilities.

Sometimes, businesses identify infrastructure-related hurdles to expansion, but analysis reveals that they need to make other decisions about their business goals or marketing plan before they can decide whether investment in infrastructure is warranted. Seeing a range of scenarios can help business owners to understand how making a decision about markets may lead to additional decision about production methods, equipment and labor requirements before infrastructure investment is necessary.

9. Funding resources research

Often finding sufficient funding is the biggest barrier to new infrastructure projects. CISA interviewed state and federal agencies to understand federal funding programs and did outreach to community lending organizations such as banks, development corporations, and foundations to better understand the range of funding options available.

10. Recommendations and Next Steps

No infrastructure feasibility research will ever be completely finished because the business and regulatory landscape is constantly evolving. Use the recommendations and next steps to sum up the lessons learned, to list areas for further research, and to identify how changes in the landscape might affect the feasibility of the project. Be sure to write your recommendations and next steps with a particular audience in mind, for instance if the biggest challenge to a particular project is regulation write it for policy makers and advocates, but if it is community support, write with the general public in mind.