

5 SPC Survey Results from Stakeholder Meetings

SPC held nine stakeholder meetings during 2014 to learn more about businesses in the local food supply chain.

To kick off the process, SPC met with the planning or economic development groups in all of the counties. They agreed to host the local meetings and invite stakeholders.

SPC presented the program using the meeting agenda shown below. The bulk of time in the meeting was devoted to group discussions.



Meeting Agenda

Stakeholder Meetings for the Local Food Supply Chain Analysis

Enjoy Refreshments

PART I **20 minutes**

Introductions

- County Representative
- SPC Team
- Audience introductions
- 1. Explain current data
- 2. SPC's and others interest in regional food system
- 3. Show maps of region: food manufacturing
 - a. ask participants to update map by adding known food manufacturers

PART II **15 minutes**

Electronic voting to identify key issues.

Part III **65 minutes**

Table discussion

Using the results of the survey, each table will have an SPC discussion leader: Please take notes

- 4. Are there barriers to increased production and value added sales?
- 5. Is capital available to expand existing food enterprises or start new ones?
- 6. Can the County expand farmers markets and other direct marketing programs.
- 7. Do you need to develop local food incubators and local food hubs to increase value-added processing?
- 8. Have you educated consumers on the value of buying locally?
- 9. Do you need to build warehouses that a group of producers could use to aggregate product and facilitate supplying larger customers?
- 10. Is a regional coordination/marketing mechanism needed?
- 11. Expand the size of community gardens. Revise zoning ordinances to allow gardeners to grow produce to sell in farmers markets.
- 12. Would you increase production if other markets or channels were available?
- 13. What is needed?
- 14. How does FSMA affect you?

Thank you !

SPC Survey Results from Stakeholder Meetings

To jump-start discussion at the meeting, participants were asked a few questions via an electronic survey and the results from the meeting were available immediately. Results from all nine meetings are presented below.

Figure 5-1

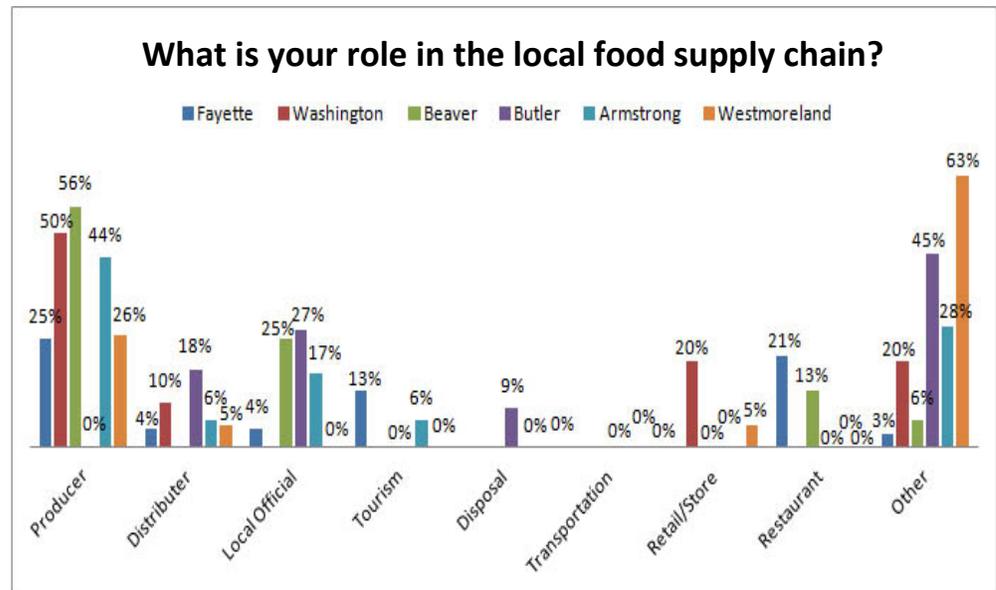


Figure 5-1 shows the composition of the participants in attendance at each of the

meetings. Typically, the "Other" category was a nonprofit or government organization. The meetings presented a good distribution of individuals representing the supply chain.

Figure 5-2

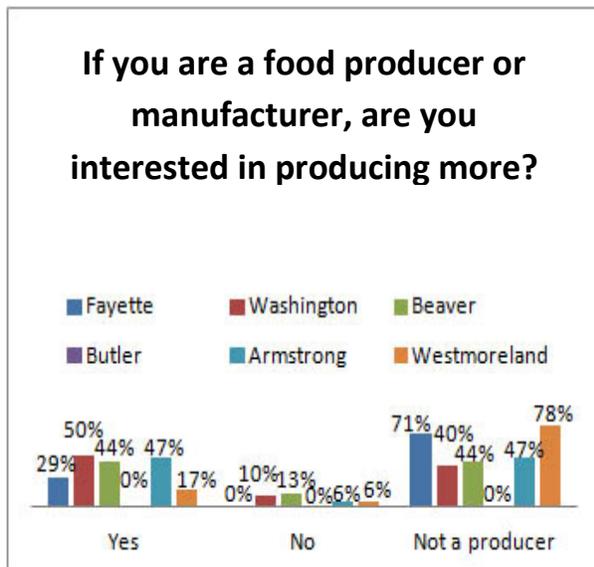
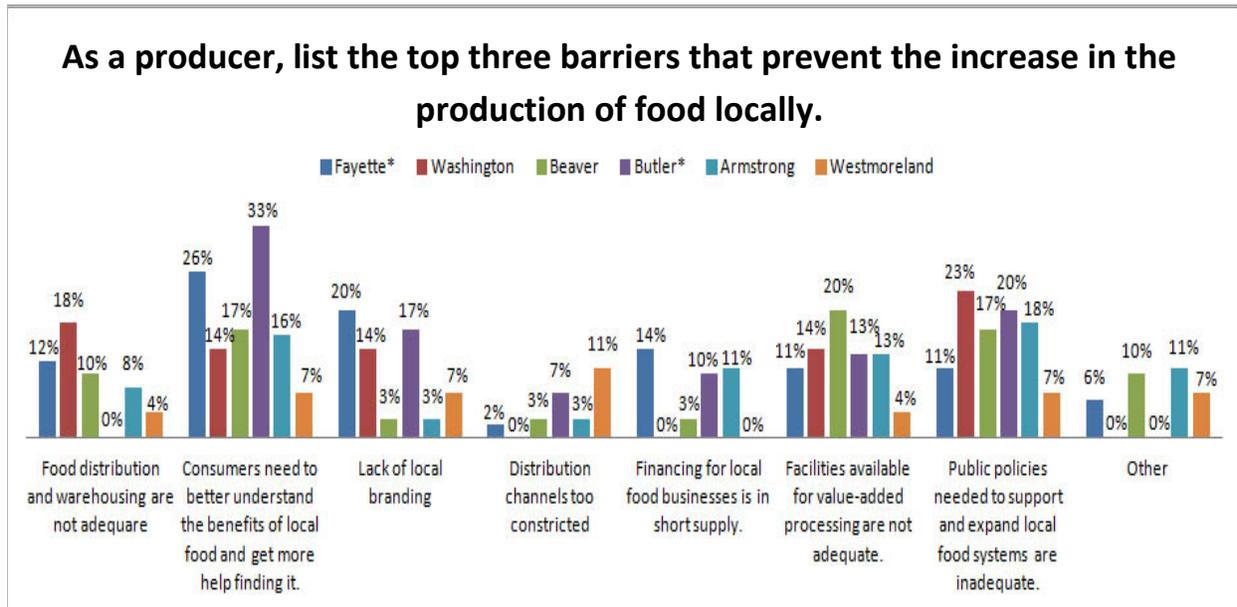


Figure 5-3



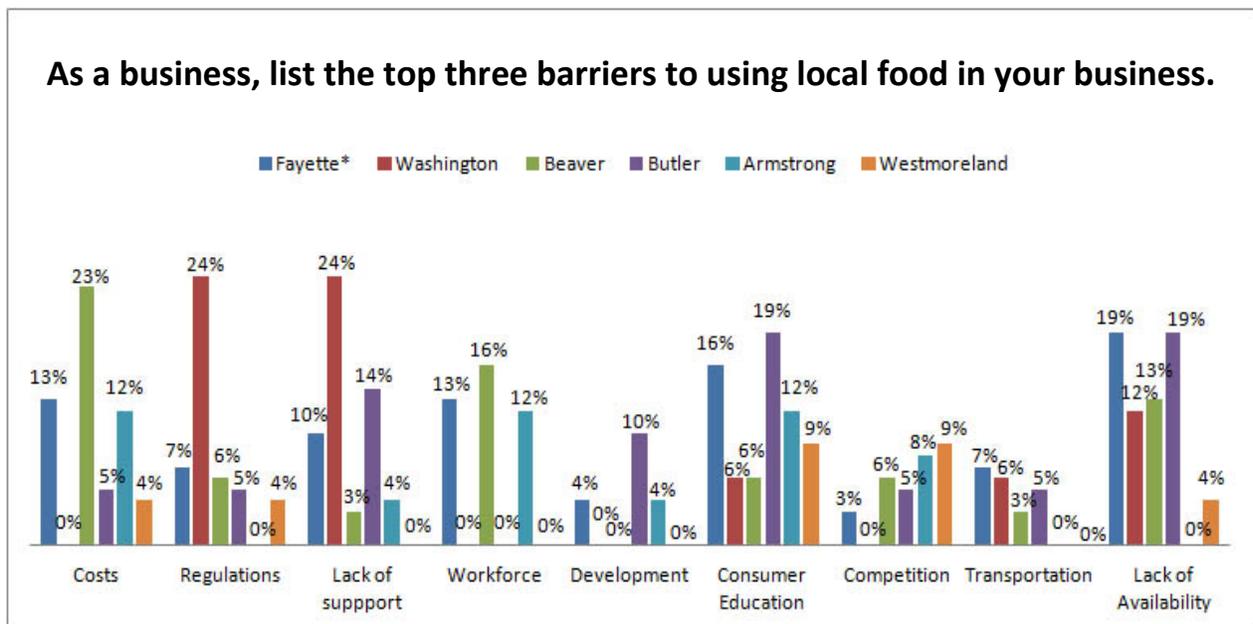
Figures 5-2 and 5-3 illustrate the results of a question that was posed to the participants in the meeting regarding the potential future of their markets. Seeing both ends of the market will help predict what the future demand could hold. It should be noted that the missing percentage are from participants that are not producers, manufacturers, retailers, or restaurants. As seen in the figure, in most cases both the producing and receiving ends would like to produce and purchase more.

Figure 5- 4



To understand the barriers that producers face, SPC queried producers regarding the top three barriers affecting the production of local food. As seen in Figure 5-4, regulations and consumer education were ranked the biggest barriers in most instances. Facilities available, lack of local branding, and food distribution and warehousing are also areas that are barriers for local producers throughout our region.

Figure 5-5



Not only do producers have barriers when it comes to accessing the local food supply, but local businesses do as well. Figure 5-5 shows that their barriers aren't much different from those of the producers. Regulations, lack of support from the public, and consumer education tend to be issues for businesses as well. Unlike producers however, businesses have an issue of lack of

availability. They are unable to find local food as easily as they would hope, which creates a difficult system for both the producers and businesses.

Barriers Identified in Stakeholder Meetings

After the brief survey results were viewed, participants were split into groups to discuss the barriers that they encounter that hinder their operations in the local food supply chain. The most common answer throughout each of the meetings was the issue of regulations, which was also highlighted throughout the survey questions.

Regulations make it very difficult for producers to do business.

When new regulations are imposed, more time and money has to come out of the producer's pocket which makes producing less affordable. The new labeling regulations seem to be a large barrier for small farmers because they are unable to compete with the larger farms that have the finances and professional support to maintain the new regulations.

Immigration Limits were identified as a barrier.

Immigration policies and laws limit the available workforce for the farms, which limits the output. According to meeting participants, local residents "do not want to spend many hours a day picking produce in the hot sun." Some farmers have solved the labor shortage by hiring migrant workers to work on their farm. Regulations can make it difficult to hire migrant workers, as paperwork requirements and laws change. These actions affect the producers directly, which then ultimately affects their production. Many producers at the meetings stated that migrant workers "not only work harder but are able to work hard in the sun whereas, in past experience, those not used to the sun had a shorter tenure with the farm."

Retirement/Next Generation Interest

Also tied to the issue of workforce is the question of how and by whom local food will be produced. Meeting participants noted a lack of interest in the next generation to undertake the business of farming. Some schools no longer offer programs on farming and agriculture. This then limits the potential workforce for the farms and potential farm owners. Children of farm owners are also not taking over the farms like in the past. They go to school and pursue a different career unrelated to their farm childhood. With the increasing average age of producers, this could be a huge barrier in the near future for our local food supply chain.

Consumer/Public Education

Meeting participants stated that the general public doesn't always understand the value of buying locally produced products. The lack of home economics classes in schools was brought up as a reason for a lack of interest and education. Introducing seasonal products to uninformed customers can also be difficult. Many individuals in the public don't know how to prepare or use fresh food and they also don't know how to preserve the product or freeze it for the off season. Meeting participants stated that the public needs to know where to find locally produced food and how it benefits them so that the region can protect the local food supply chain.

Marketing

Marketing has become an issue because smaller farms do not have the capacity or the money to reach the big markets. One local producer said that “the bigger markets already have contracts with businesses and the businesses aren’t concerned with buying locally grown food from a small farmer.” Some producers felt that other producers needed to better understand marketing and advertising their products. One point that was made that is often forgotten is that marketers understand marketing and farmers understand farming. It may be easy for marketers to market but it isn’t for farmers.

Farmers Markets

Farmers markets, although viewed by many as an opportunity, were also labeled as a barrier in the regional meetings. Most of the producers said that there are more markets than vendors in the county. Some meeting participants stated that the farmers markets affect the business of the existing retailers that sell produce year-round or operate farm stands.

Many producers feel that they don’t need any more farmers markets in their counties and that the actual issue is the placement of the markets and their proximity to other markets and retailers. In contrast, one producer said that “people from her town want to stay in her town and that they don’t want to drive to neighboring towns to frequent a farmers market.” In her opinion, that town “needs a market in the town to benefit the residents.” This balancing act can make it difficult for the producers to see any benefits.

Many producers said that with a long waiting list for the farmers market for the City of Pittsburgh, producers do not have access to markets outside of their county.

Another issue with farmers markets is that many producers stated that some of the sellers were not farmers/producers. Rather, they were people who would go to produce auctions, buy produce, and then sell it at the market.

Other Barriers Identified at Stakeholder Meetings

- Eleven percent said capital start up costs for new potential producers are high, which limits the entry of new producers into the market
- Lack of processors, machinery, seed producers, butchers
- Producers aren’t sure how to approach potential buyers/Entry into local stores/ Stores ask growers to buy shelf space/Producers don’t know who to talk to
- No communication - Producers also aren’t sure on how to start a CSA or how to get involved with a farmers market or how to reach out to more customers/Consumers and growers aren’t aware of each other/Planners aren’t sure how to reach out
- Land availability and affordability
- Cost to become to become certified as an organic farm
- Distribution channels are difficult
- Foreign imports
- Schools do not have the capacity to cook and use local products
- Producer education
- Lack of support or hesitancy of farmers to adapt
- Battle of keeping things affordable
- Costs of production
- What do you do with leftover produce?
- Consumers struggle with the cost of local produce and the convenience factor of other products

- Lack of aggregating and distributing facilities
- Mechanism needed for exporting
- Farmers can't access the EBT program

Summaries of County Meetings

Fayette County

Fayette County stakeholders discussed many issues with the current regulations that were similar to concerns voiced at other meetings. The producers said that the new labeling regulations make it difficult for the farmers to market their products because the question of what fresh really is comes into play. They felt that a product could be labeled "fresh" but actually the product was frozen for many weeks. That concept of fresh, while fresh under regulations, isn't what they would consider to be fresh. The farmers can't compete with the lower prices offered by the frozen "fresh" food.

The availability and accessibility of workers and especially migrant workers is a huge barrier for the Fayette County producers. One producer said that there is "a catch-22 with hiring migrant workers because they are the only ones that want to do the work but customers won't patronize farms that have migrant workers." This presents a difficult decision for the farmers. According to the producers, there are also new regulations that restrict farms from hiring high school students as employees for the summer, which limits a vital workforce that was there in the past.

Consumers said that there were barriers to buying locally grown food. The customers at the meeting stated that the cost and convenience of the local products stalled any purchases. Larger families make buying local food less feasible and many smaller families stated that they couldn't find local products or they were unsure of how to prepare some of the seasonally grown food. A buyer from a local university said that he would like to buy more food from local farmers but he is unable to find the local farmers.

Washington County

Washington County also experienced issues with regulations. Many of the producers were concerned about proposed new federal regulations that will govern how crops are handled. They voiced concern over proposed water tests under FSMA. FSMA will add new costs for producers with each new regulation. The farmers at this meeting stated that they stress over getting through inspections and spend a lot of time and money in the process. Potential buyers are also restricted by regulations. There are certain products that distributors cannot sell to certain retailers because of different retail regulations. Many universities work with food management companies that also have strict regulations on the food they buy and feed the students, which makes it difficult to buy from local producers.

Beaver County

Similar to Fayette and Washington County, Beaver County stakeholders also listed concerns over regulation and marketing barriers. In addition to those, Beaver County producers felt that there is a lack of value-added processing in their area. There is very little local processing and machinery in Beaver County. Producers from the area have to go to Ohio to get the necessary machinery. There is also a lack of meat processors in the area. There are local butchers in New Wilmington and in Westmoreland County, but none closer to home for them.

Butler County

As shown in Figure 5-1, attendees at the Butler County meeting represented different parts of the local food supply chain, which gave a different perspective. County planners attending the Butler County meeting voiced concern over lack of communication between the planners and the producers. The planners stated that they weren't sure how to reach out to the producers. One person stated that the Fruit and Vegetable Association, which is similar to Beaver's, helps with reaching out and contacting individuals and groups outside of their producer circle. The group decided that vendors, consumers, producers, and planners all need to have more communication to help local producers succeed.

Armstrong County

In discussions regarding the local food supply chain, consumer education comes up a lot, but it is not so common for producers to state that producers themselves need to be more educated. At the Armstrong County meeting and some of the other meetings, this issue came up. In previous meetings the issues of websites and social media was something that the producers realized that they needed to learn more about. In Armstrong County, the producers felt that they didn't know how to approach potential buyers. The producers aren't sure what protocol is and what exactly they should do to see if a potential buyer will stock their shelves with their produce. Even once a producer does connect with a local buyer, the stores ask producers to buy shelf space and purchase insurance which makes it difficult for the producers to branch out.

Lawrence County

Stakeholders in Lawrence County were not as concerned about workforce issues. Participants voiced concern over educating consumers about food, especially locally produced food, and discussed the success of farm tours in other areas. It was noted that the county has a produce auction in New Wilmington that provides a sales outlet for local producers and a single point of purchase for businesses and consumers. A participant was concerned about the pervasive use of GMOs in food and animal feed items. Generally, the local food system and local commerce was perceived to be working fairly well in Lawrence County.

Indiana County

Indiana County has been working to develop consumer education throughout the years. The Farm Bureau operates an Agriculture Lab, which is a mobile lab and it is taken to different school districts to educate the children. Participants noted that "money and regulations can be a barrier when it comes to getting into the school system, but the kids apparently love it when they have the opportunity to use it." Indiana University of Pennsylvania also operates a community garden. The Indiana Community Garden is operated throughout the year by college students. During the summer, when the students are gone, a local restaurant maintains the garden and uses the produce for their restaurant. When the students come back in the fall, the restaurant gives the students food vouchers for the fall term.

A local insurance agent in attendance gave a different perspective on the food supply chain. One producer stated that insurance was the largest bill in his business because of the commercial liability needed. Insurance for food is more expensive because of everything that can go wrong with producing, manufacturing or processing. There is also a price difference between hobby farms and larger producing farms. Hobby farms have high insurance rates because they aren't large enough to receive the discounts that the large farms receive. Larger farms have higher premiums and more opportunity, therefore they have a larger discount. Many crops don't qualify for crop insurance in Indiana County. Because of that and the high

costs of insurance for the crops that insurance does cover, the agent stated only 10% of her clients actually carry crop insurance and the rest chance it.

Another issue participants brought up that wasn't mentioned in previous meetings was how far a producer has to travel to get parts for their equipment and other infrastructure. The producers stated that there are no agriculture support businesses within Indiana County. Producers must go to other counties to get the kind of support and parts that they need. Many of the larger companies that previously provided this support have consolidated to meet their specific sales points.

Allegheny County

The Allegheny County meeting had an array of representatives from nonprofits and local restaurants that are involved in the local food business in Pittsburgh. Two main issues were discussed that the participants felt needed to be addressed: composting and produce seconds distribution (produce seconds are fruits and vegetables that do not meet consumers' cosmetic expectations). The restaurants stated that it is too pricey for them to compost all the time, but that other places, such as universities, could do it at a more cost-effective rate. Cities like Seattle and New York either have or are on their way to providing composting as a municipal service. There also appears to be a lack of produce seconds markets for waste in the region. With the pounds of waste in the billions, these organizations would like an outlet for their produce seconds.

Westmoreland County

A focal point of this meeting was the discussion among stakeholders that market forces cannot sustain demand. The participants explained that the cost of labor versus the profit of a vegetable farm does not yield a profit for the producer. The cost of land continues to increase and there is a lack of supply due to much of the land turning over into development. For large institutional purchasers, product seasonality is a problem as school districts do not need produce during the summer when the product is available. Rather, school districts and universities need local products during the winter and spring when local products are expensive or not available.

Another point was made regarding business expansion to meet the demand for local food. One local producer pointed out that the changes needed to grow to meet demands are not incremental. New land has to be acquired, more equipment must be bought and there must be more labor to meet the demand. When it comes to financing, organizations and nonprofits have an advantage over small farmers, which results in an inability to purchase the needed equipment and therefore creates an inability to grow. This also leads into an issue of marketing and engagement. It is a financial and personal investment for farmers to market their goods and they are unsure as to whether the investment is justified. Community help is needed to help support the marketing and advertising of these local farmers to be sure to engage the viable consumers in their community.