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Floyd Boulevard Local Foods Market

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Investigating the feasibility of establishing food processing and distribution centers for western Iowa

Abstract
With increasing enthusiasm for local food in western Iowa, there is interest in production, purchasing and processing of items grown in the region. This study examined the capacity, skills, and demands for local food in this area.

Keywords
Community-based food systems, Market research and feasibility studies

Disciplines
Community-Based Research | Entrepreneurial and Small Business Operations | Regional Economics

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Investigating the feasibility of establishing food processing and distribution centers for western Iowa

**Abstract:** With increasing enthusiasm for local food in western Iowa, there is interest in production, purchasing and processing of items grown in the region. This study examined the capacity, skills, and demands for local food in this area.

**Principal Investigator:**
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**Budget:**
$14,671 for year one
$17,671 for year two

**Q** Does Western Iowa have the capacity to support a local food system?

**A** Capacity needs to be viewed not only in terms of actual food production, but also consumer demand. Considering a viable processing center will require a $1.2 million to get started, Iowa farmers will need skills to work collaboratively to effectively connect the local food with the consumer. Currently, the farmer lacks these skills or is not willing to cooperate with programs which increase these skills.

**Background**
Western Iowa (27 counties) has a population of 524,443, with two significant metropolitan areas in Woodbury and Pottawattamie counties. However, 64 percent of the population is dispersed in the remaining 25 counties. The rural population density is a barrier to increasing local food consumption via direct sales models such as farmers markets, Community Supported Agriculture, and direct on-farm sales. A processing and distribution center could provide local food to interested consumers and consolidate distribution requirements to meet consumer expectations.

The project sought to answer questions about the capacity and skills of the area producers, the demand for local foods in area food stores, institutions and schools, and the infrastructure costs of a processing facility. Issues at hand included whether western Iowan producers can grow enough products to sustain a profitable processing facility and whether wholesale purchasers would change their buying processes to add local foods to the system. There also was a need to determine the critical economic thresholds to establish a profitable processing facility.

**Approach and methods**
Extensive surveys and interviews with 54 local food growers, more than 1,000 area food distribution businesses and existing meat processing facilities provided a baseline of the current local food inventory and distribution system. Additional data were collected from the 2002 and 2007 U.S. Department of Agriculture census reports and other available sources to create spreadsheets of production and income potential.

**Results and discussion**
Producers indentified several crops as possibilities for supplying to local markets on a consistent basis: tomato, bell pepper, potato, onion, green bean, carrot, sweet potato, lettuce, strawberry, apple, cage-free eggs, and beef, pork and poultry.
Sixteen percent of the 115 food service providers who responded indicated that they already procure local food or are willing to produce local food when the system can meet their requirements. All buyers want a single source supplier to provide a large variety of dependable and consistent products at a competitive price. However, restaurants and grocery stores want fresh produce which requires the least amount of processing. Meanwhile, hospitals, schools and nursing homes require large amounts of uniform product, processed to extend shelf life, ready to serve, temperature controlled delivery, and competitively priced.

According to results in this study, a processing facility in western Iowa will need to be capable of canning tomato-based products such as salsa and spaghetti sauce. It also will need to wash, cut, package and freeze fresh vegetables and fruits. The facility will need adequate refrigeration and freezer space to store inventory during the processing phase, and will need to be able to transition between various crops that arrive for processing. A brokerage will be needed to effectively sell the products to many different types of food businesses.

Some ideas for educating western Iowa consumers about local food included the Buy Fresh Buy Local campaign and samples available at grocery stores. The “Farmer for a Day” program could be used to invite consumers to discover what life is like on the farm. Educational programs need to be offered in each county, with the organized support from producers and consumers.

Local community farmers markets need support from city and county governments in the areas of legal and financial assistance, and entrepreneurial expertise. A successful farmers market must have a strategic location, dependable season-long producers and customers, and a plan to become an integral community event. Other direct marketing models (such as Community Supported Agriculture and farm stands) also need support and encouragement.

Education could take the form of horticulture classes to help producers increase production to levels that would support a sustainable processing facility. A producer cooperative would be the most efficient way to achieve this, but efforts to establish a cooperative have not been successful in this area. More education on the cooperative model could be helpful to increase enthusiasm for this structure.

Cooperative branding campaigns (such as the “Sioux City Sue” campaign) could prove valuable, especially in Pottawattamie County with its large population base. Farmers markets already are thriving here and a processing facility would have a better chance of succeeding in this area. Local leaders have employed a full-time local foods coordinator to coordinate efforts on behalf of these local systems.

In summary, more consumer education about local foods is needed. Communities need to cooperate with area residents and growers to increase direct market sales. As demand increases, so do grower skills and the prospects for a cooperative, branded marketing campaign to sell western Iowa’s locally produced products. A firm marketing base will make it easier to finance a local processing and distribution center.
Conclusions
The project yielded information on several factors regarding the local food system in western Iowa. Local food producers currently are marketing their products directly to the consumer utilizing farmers markets, community supported agriculture, and direct on-farm sales. Local food producers are cautious or cannot afford the high start-up costs of a processing facility, and are skeptical of a cooperative-type approach to establish a processing facility in this area. The demand for the products from local food system is sufficient to warrant establishing a cooperative processing facility, but price remains a major issue with institutional and large volume customers.

Impact of results
Recommendations to improve local food system development in western Iowa are:
• Creation and implementation of consumer education programs to increase awareness,
• Development of community supported farmers markets with a focus on dependable availability of local foods during the growing season, and
• Educational programs to enhance producer skills and cooperative marketing techniques and develop cooperative branded marketing campaigns to serve the expectations and financial requirements of the producer and the customer.

The Sioux City region began a “Buy Fresh Buy Local” campaign to promote the area farmers market and some other areas are expanding their farmers market facilities. The processing-distribution facility is at a standstill as no organization or financial institution is willing to provide sufficient capital to fund the start-up costs. Many groups were in discussion as to how to approach the project, but no consensus was reached.

Collaborative skills between the producers and the financial people are very weak. The financial sector is skeptical of the viability of the local food system and the producers are not able to convince the financiers that they are willing to risk resources to make the endeavor work. Suggestions to resolve the problem are to create educational programs to develop successful business models such as the “entrepreneurial non-profit” model being promoted by Jim Collins (author of Good to Great).

Education and outreach
The project conducted surveys to gather information about local system prospects in western Iowa, so outreach was not part of the work plan.

Leveraged funds
No additional funds were leveraged by this project