

STRATEGY WORKSHEET

USDA & Processing:

- Facility
- Lower Investment
- Attrition, lower volume, less skilled labor
- Regulatory Issues
- Risk

Strategies:

- Feasibility grant
- Businesss loans
- Webber fix-up
- King County jobs \$
- Branding, co-op
- Cross county partnerships

Solutions:

- Mobile unit, costs up

Strategies, part 2:

- STEP 1: Steering Committee (Cheryl, Eldon, George, Mike, Bruce)
- STEP 2: Funding Sources
- STEP 3: Feasibility Study (6 months to 1 year), which results in a business plan
- STEP 4: Implement study

What is the issue being addressed here?
USDA processing (currently have pork processing, but he is ready to retire)

USDA does all of the inspection (carcass and facility) for a graded facility. Need this for restaurants and supermarkets

For the custom system, WSDA does the inspection (facilities and carcasses) but much less developed.

With poultry, limits on # of birds. Below 10,000 birds, don't need inspection. Allow under WA food processing liscense.

Number of years ago- Webber (in Summer) (short haul) and then sold to restaurants. Ultimate market price is very different. Webber was acquired by another operation, and then re-acquired.

No longer USDA. Now haul to Centralia area. Haul two ways, b/c of fuel costs, no longer works.

Feed for beef \$300 per year (no labor). Get \$600 per animal- you break even, even without labor, capital.

Need a liscensed facilities. Webber was privately owned. USDA fee for service- any facility that has their services- USDA charges to be on the premises while the slaughter is going on (by the hour). \$40-\$50 per hour at any given time. They don't charge for chickens (this is questioned). They do charge for beef.

He needed to process 5-8,000 per year.

Cut and wrap operations- less expensive (can't do this in a mobile facility, the mobile unit would have to go back to the cut and wrap)

Kill thing- have to have a guy on site.

Custom places- haven't retained a USDA inspection (if we got a mobile unit, then they might re-upgrade).

Mobile unit- need to dispose of the waste on site. Other places- keep the waste in the unit, and then dispose of the wastes here on the expo center.

Lamb- right now to sell in the city of Seattle, you have to have USDA grading (just for lamb).

Issue with Health Department. Two cities in the US- Wash DC, and Seattle.

Up North, they've done a lot of studies. Could share information, but possibility for facilities to serve both N and S. (need for things to be convenient because people have jobs also)

Potential facility- people bring their animals to a central location, and people bring their animals to a "satellite." People bring animals on Monday, and then the unit comes on Tuesday. If it's a bigger unit, maybe a satellite unit.

Why is improving this situation important to agricultural economic development in the area?

Currently people are running a break-even operation for meat.

What is the overall goal of the recommended strategy?

To make meat production profitable.

Briefly describe the strategy. Since there may be a series of steps to implement it, please note here the recommended order.

- 1. Mobile unit (this would still require a cut and wrap operation for cutting). The mobile unit has to have infrastructure (hot and cold water, restrooms, etc.) In the 5 county area up north, they have 3 units, and then they come back to a cut-and wrap facility. 5 cows, 10 pigs. (but they exist in various sizes). Challenge for mobile unit- would need hang facility (in Enumclaw, possibility for refrigeration, dry storage, freezer storage)? Mobile unit gets around some of the regulation. Various sizes \$250,000 for semi-size (with offal containment), plus additional for driving it).**
- 2. Cut and wrap (at existing facility, or re-converted old operation)**
- 3. Change unit. USDA could approve meat if we changed our state policy. Problem with this- meat can't cross state lines (difficult because Ptid and Vancouver) are major markets.**
- 4. Fixed facility—privately owned.**
- 5. Fixed facility—government owned, break even. Do we really have the volume to make this work? (community ec development or USDA/WSDA funds. Entity that isn't privately owned. Or cooperatively owned by farmers (up North, processing cooperative, but they market individually)**
- 6. Branding, so that can get price premium for smaller facility. (high end and mid end restaurants)**
- 7. Disposal costs- composting wastes. (regulatory framework is complex). (Jerry**

French is working through this on 35 acre facility nearby.)

8. Need to mobilize the markets (the people who will use the products), to contact legislators, and get them involved.
9. Poultry facility (mobile units currently in Mason and Stevens). Operates under the USDA exemption. (currently a chicken processor does through a meat shop, and then they can sell at farmers' market. Can't do restaurant contracts, because not). Poultry facility would have to be a separate phase.

Currently paying \$40- \$100 per animal for cows at Walts.

Describe how the Expo Center might assist.

Individual mobile unit might be more than the city can bear. Possibility for city/county partnership. Helping to find a location for a chill/storage facility.

Anything that the Expo Center could do to help make that happen in terms of helping to minimize risks (facility itself, regulatory envt)

King Co- rural developer, could they partner with the city of Enumclaw to write the grant (3 years ago, they wanted to get this going, but the grant fell apart.)

Could the Expo center serve as the cut and wrap (the city wouldn't want to do that, because the whole municipality might go under). The city would be willing to deal with the waste treatment

Could the Expo center help with the marketing. Certifying (a co-op, within a certain distance).

What exists now that might be a barrier to implementing this strategy?

1. Facility
2. Infrastructure – and enough processing
3. Volume/Cost—making it profitable. (there were more beef and dairy operations) Now recreational more than commercial. (once the facility is there, will that bring more people back into farming? Even on small parcels)
4. No younger people coming into processing / lack of skilled labor.
5. Also, high up front costs (and difficult to get financing).
6. Regulatory barriers- many different agencies involved (which drives up the costs). High risk- with mad cow, other high-profile diseases. (scrapie regulations with sheep and goats). E coli concerns, lysteria. Need for high liability, and recall will put a small facility out of business.
7. Efficiency of big operations (incremental costs go down)

What trade-offs are anticipated if this strategy is implemented?

Scale- a mobile unit might be more realistic, and would be easier to get off the ground. (50 mile radius for bricks and mortar). Would allow you to build supply over time, start smaller. (would a few butchers re-certify and fill the gap for the cut-and wrap part)

But fixed facility would allow for grouping to market collectively at a higher volume. Also more convenient, because you can do everything in the same space.

Name a feasible timeline for implementing this strategy, including benchmarks along the way.

Year 1:

STEP 1:

-Farmers need to form an advisory steering committee. (farm bureau has a beef committee for king and pierce county. And king pierce cattlemans association). (First meeting within two weeks, need to have Julia there. Meeting in the early evening, Dec 3, 7 pm. Community College Deanna will confirm with Cheryl.)

STEP 2:

-Survey to look for members of steering committee (representing beef as well as other animals)—Cheryl Oullette, and Eldon, and George, and Mike, and Bruce Elliot (need a group from a larger area? Need a sheep producer, to bring up the sheep/goat issue. Also need more people to do stuff. But this will require some more efficiency. Facilitator from WSU Extension?)

-Assign someone the task of looking for funding to help with a feasibility studies.
--The King Co rural development development (Julia Patterson) could write grant, with the city having a point person.

-Steering committee needs to then do outreach for people

-Deadline for USDA: not yet announced. Will formally be announced within the next few weeks, due mid January.

-Other potential partners who might help find funds: FSA, Farm Bureau, Conservation District (conservation futures funds)

STEP 3:

-Need to implement feasibility study, and use it to create more definition. (Timeline for this? Varies from 6 months to a year. Answering the question “what do we want to accomplish” breaking down costs, financing). End result= a business plan.

Year 2:

Estimated costs to accomplish.

Describe the other resources necessary to implement the strategy (personnel, in-kind, volunteers, etc.).

Help to write a grant

Help on feasibility, look in a 50 mile radius.

USDA

Did do financing on facility in Island County- barriers- scheduling, and USDA, financing for the business plan, feasibility study. Then, use non-profits to help the business get off the ground, and do financing for the actual unit. Has been hard to get

information on how it is going

Grants, usually done through non-profit or municipality. Grant process is very competitive. Once you've applied for grant, the grant is graded. (lower-median income area, or more remote area) Rural Business Opportunity Grant (as a community what do we need) Rural business enterprise grant (1, 2, 6 businesses, who want to get a specific idea done).

3 years ago- did this process, and the grant-writer got bumped to a more important grant, and the whole thing dissolved. The problem is follow-through.

King Co Rural Development- low interest loans (up to \$35,000 per job added) Job Creation- have to be creating New jobs in the county.

Would need to have the branding piece in place.

Partner across county lines? Then it might be more complicated.

One possible strategy- co-ops, to shelter individual farms from liability. (could get documents from local cooperatives to compare). But would need to think about quality, how you finish the meat. How would you make those rules, and how would you police it? This would make branding easier, and ensure that you met a quality standard. Possibility for bigger logo, and then each would have their farm name on it. For certified Angus beef, USDA does the certify (it has to meet a certain grade). The brand is defined by the group (unless you are using branding that requires something legally from USDA, such as organic, or new regs for grass-fed beef). You would need to have two different levels.

King County just did a survey to figure out what kind of production is going on in King Co. Pierce and Snohomish are also doing these right now. This will greatly speed the information gathering phase.

List any potential sources of funding to help implement the strategy.

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Name of group members who worked on this strategy.

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(The sections below the line could be completed for the highest priority strategies at a later time.)

What agency, group, or individual does the group recommend to take the lead to implement this strategy?

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What other agencies, groups, or individuals should be involved?
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What exists now to help implement this strategy?

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What relationships might need to be established or enhanced to implement this strategy?
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Describe any other related issues important to this effort.
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