

AGENDA PRIORITIES

17. Provide financial incentives for farmers and for development of food system infrastructure to support institutional local food purchasing programs.

INCENTIVES COULD GET FARMERS OVER BARRIERS TO REGIONAL SALES

It's pretty obvious once November and December hit that Michigan fruit and vegetable producers are limited in their ability to supply schools and other institutional food buyers, which serve most of their meals through the fall, winter, and spring. Extending the season for some fresh produce, such as root vegetables, is possible with storage facilities, which can keep carrots crunchy and squash firm by controlling for humidity and temperature. But such systems, whether low-tech or high-tech, haven't made investment sense for many small- and mid-scale Michigan producers; markets are well supplied already with winter produce from California, southern states and other countries.



Photo by Gary Howe

This outlook is changing, however, with increasing demand among institutional and other food buyers for products grown in environmentally responsible ways by local farm businesses, which they know contribute on many levels to the health and wealth of their communities. The increasing volatility of fuel prices and climate uncertainty are also moving more Michigan buyers to source from Midwest suppliers.

Jerry Malburg of Hart in west Michigan is one large-scale specialty crop grower in Michigan that may be well positioned for this change. Fifteen years ago, he built storage facilities that allowed him to extend fresh carrot marketing through April. "I found that if I stored carrots there were a lot of places out there that wanted to buy them," he recalls. He sells most of his farm's production to the "stick carrot" market, which fills party trays between Thanksgiving and Super Bowl Sunday in early February.

He had to go to Canada to get any help, however. "They're way ahead of us on storage," Malburg said. He came up with designs for his self-built system after traveling to Canada for workshops and farm visits. It's a fairly simple setup that uses outside air to keep carrots cool, slats for ventilation to keep them dry, and fans and misters to regulate humidity. "It's really low-maintenance," he said. "I've replaced one motor in 15 years."

Jerry Malburg and his son Ryan Malburg are interested in learning more about demand for local food from institutions like Michigan State University (MSU), which has made purchasing from Great Lakes suppliers a priority. "We include this in all of our contracts," said Marta Mittemaier, MSU Food Stores Manager. So far MSU's local and regional foods initiative, which it began developing in 2005, is up to 120 regional vendors, with the vast majority from Michigan. "It represents about 15 to 18 percent of our total dollars spent," Mittemaier said. MSU spends approximately \$18 million each year on food. About \$2.3 million is for produce.

Ryan Malburg said institutional sales are something to consider for his farm future. "It does pique interest," he said. "There have been years we've struggled to get rid of certain quality carrots. But they'd be good for dicing, slicing, and things like that."

Need

The lack of storage facilities on farms, or available to farms serving local and regional buyers, is one of many gaps in the food system infrastructure that keep many from venturing further into promising institutional markets. Facilities that clean, slice, dice, and otherwise put produce in a more ready-to-use form are also lacking. Just a handful of companies provide these services in Michigan and nearby in Ohio, for example. But they're not set up for the small- and even mid-scale producer. Most are large-scale operations serving cross-country clients; handling smaller loads of produce or preserving a farm's identity through the process (in demand by local buyers) is not in most mass-market business plans.

Opportunity

The resurgence of small and mid-scale farming across Michigan presents the state with an opportunity to invest in helping farms meet local food demand among grocers, schools, colleges, hospitals and more. Although institutional sales often provide smaller profit margins than other direct markets, their larger volume can help farmers diversify and stabilize their marketing portfolio.

Michigan's approximately 56,000 farms cover 29 percent of the state's land area, according to the 2007 Census of Agriculture. The average size is 179 acres, and the average farm operator age is 56. Developing markets that can make that land profitable enough to sustain a new generation of farmers is critical to the state's future food security, environmental integrity, and economic sustainability. By reducing infrastructure barriers to regional institutional markets for the state's vast majority of farms, which are small and mid-scale, Michigan has the opportunity to boost farm profitability and local commerce, thereby strengthening entire regions.

Action

To encourage participation in farm-to-institution markets and increase both the supply and infrastructure available to institutions, financial incentives or tax breaks are needed. Recommendations for next steps include:

- *Develop a grant or low-interest loan program for farmers currently producing commodity foods who would like to transition to providing specialty foods (fruits and vegetables) for institutional markets. This transition often requires a costly change in farm infrastructure, and financial support could help make transitioning a more feasible option.*
- *Provide tax incentives for development of local food system infrastructure, such as food storage, processing, packing and distribution facilities. Businesses that could process local food or quick-freeze fresh produce, for example, would fill a current void in the local food system supply chain and potentially serve as an intermediary between farmers and institutions*
- *Encourage public/private partnerships for financial incentives that could stimulate development of food system infrastructure and encourage farmers to sell to institutions in their region.*

1-2-3 Go!

Celebrate root vegetables! The transition in menus to fit seasonal availability is a big part of opening markets for foods that Michigan producers preserve a lot of but which markets do not value so much when fresh produce, like cucumbers from California or raspberries from Chile, is available instead. Host a community party in the fall featuring dishes with easily stored root vegetables. Invite school, hospital and other food service personnel to both cook and taste. Invite the media!