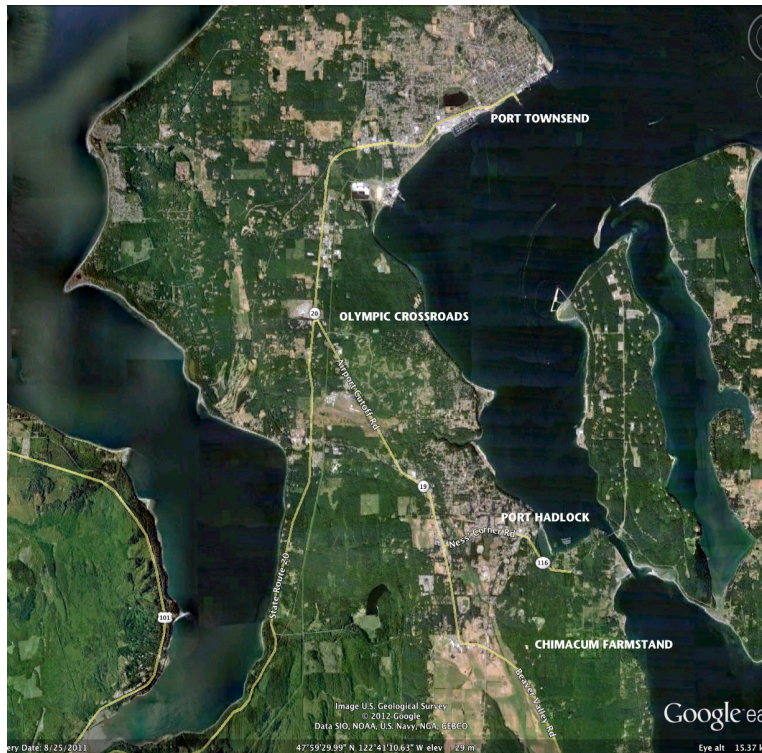


Olympic Crossroads

Report on the Olympic Crossroads Meeting 6/26/2012



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SECTION 1: INTRODUCTION

Purpose and Background of the Report

The purpose of this report is to share the findings from the Olympic Crossroads Food Hub Meeting held on 6/26/2012. The meeting was hosted by WSU Extension Jefferson County and the JWJ Group, and attended by over 20 community stakeholders (see Appendix A).

The old Courtesy Ford building and surrounding property located at the intersection of SR 19 & SR 20 in Jefferson County is owned by the JWJ Group and has been available for lease or sale for the past several years. The JWJ Group approached WSU Extension during the winter of 2012 to see if they had any interest in occupying the building. While the space did not suit the needs of the Extension office, it was suggested that it could be an ideal location for a food aggregation hub. The JWJ Group became interested in this idea and asked WSU Extension to assist them in convening food and farm stakeholders to determine the interest of the community in the property, with the goal of a lease agreement for part or all of the building space.

Therefore, the aim of the meeting was to (1) convene local and regional food and farm stakeholders whom WSU Extension had previously identified as having distribution, storage, processing or other aggregation needs/interests; (2) facilitate a discussion on the suitability of the Courtesy Ford building as a potential site to address the above mentioned needs and interests; and (3) identify and propose appropriate next steps based on the findings from the meeting.

To promote a participatory discussion amongst stakeholders, WSU Extension staff facilitated a group brainstorming session during the meeting. Notes were taken during the session to capture all of the information shared and discussed amongst stakeholders, and then synthesized by WSU Extension staff into key issues, which are presented in Section 2 of this report.

Summary of Findings

The brainstorming session uncovered a myriad of issues related to the storage and distribution needs and interests of stakeholders, as well as their opinions on the Courtesy Ford building as a potential site as an aggregation hub for local and regional food systems. The key issues that emerged from the meeting are summarized below:

- For those producers and retailers present at the meeting, access to improved storage, especially cold storage, was the biggest and most pressing need.
- The Courtesy Ford building has both strengths and weakness as a potential food aggregation hub. Strengths include the layout, design, and location of the building, which are conducive to accommodating the storage and distribution of large volumes of certain agricultural goods, equipment, and other materials. Technical and regulatory issues, such as the zoning status and lack of access to

public water, are perceived weaknesses of the property as they pose obstacles to engaging in activities like meat processing and wholesale distribution onsite.

- There is little to no community interest in developing a retail outlet that sells locally and regionally produced agriculture goods at the Courtesy Ford building.
- There is inadequate quantitative data to justify community investment in and the development of infrastructure, such cold and freezer storage, meat processing facilities, and commercial kitchens, at the Courtesy Ford building. It was concurred that more information about producer production volumes (both actual and potential), specific infrastructure needs, and marketing priorities needs to be compiled in order to inform thorough economic analyses on the feasibility of developing such infrastructure in Jefferson County.

SECTION 2: FINDINGS

Key Issues

Need for Dry and Cold Storage

Food and farm stakeholders in Jefferson County have repeatedly expressed a need for more and improved dry and cold storage facilities, and it is due in large part to this need that WSU Extension organized the meeting. The brainstorming session confirmed that access to adequate storage continues to pose a significant challenge, and also helped clarify what some of the specific storage needs are for different stakeholders. The two stakeholders that expressed the most interest in the topic of storage were local retailers who source and sell regionally and locally produced food, and producers who have insufficient infrastructure on their farms.

For retailers, the lack of cold storage space makes it difficult to purchase and store large quantities of fresh produce, be it root crops from local farms or apples from Eastern Washington. Retailers stressed that if they could purchase and store greater volumes of fresh produce, they could provide a steadier supply of local and regional products to customers at a more competitive price throughout the year. While the need for cold storage is significantly greater, there is also substantial demand for dry storage space to store less perishable crops, product overstock, and other materials.

For producers, storage needs are more diverse ranging from dry storage for holding bulk quantities of farm inputs and materials, cold storage for harvested crops, and freezer storage for meat products and value added goods (i.e. frozen berries). The ability to store larger volumes of harvested crops in a temperature controlled facility would help producers minimize losses in crop quality while they identify market channels. While producers stated that having on farm storage is ideal, the costs associated with building such infrastructure, especially cold and freezer storage, is often prohibitive. Furthermore, producers stated that access to improved cold and dry storage facilities would create an

impetus for them to grow larger quantities of crops, especially if other aggregation activities (i.e. wholesale distribution or value added production) were taking place onsite.

The layout, design, and location of the Courtesy Ford building make it a promising site for a storage facility. Of the buildings 10,000 total square feet, approximately 5,000 sq. ft is insulated and ventilated warehouse space (Appendix B). This space is located at the back (east end) of the building, and can be easily accessed with a semi-trailer via three bay doors and a loading aisle that runs the length of the building. Situated 5 miles from both Port Townsend and Chimacum, the location of the property is considered to be convenient for food and farm businesses that are either located in, or market to these communities.

In its current condition, the warehouse space in the building is sufficient to meet stakeholders' dry storage needs. During the meeting the property owner shared a schematic of how the warehouse space could be divided to accommodate multiple storage "units", including the rental cost on a per square foot basis (Appendix B). While there was no group discussion on the property owner's proposal, some stakeholders had the opinion that the proposed unit size (20x30 ft) would be too big for most producers' storage needs. Furthermore, stakeholders suggested that the installation of spatial dividers (i.e. a chain link fence) would be helpful for delineating tenants space and goods, and that access to a forklift for loading/unloading would be necessary. The property owner and manager were receptive to these suggestions.

While there are no cold storage facilities in the building, the property manager did not foresee there being any zoning or technical issues that would interfere with the installation of this type of infrastructure. Rather, the biggest barrier was perceived to be identifying a stakeholder who would be willing and capable of financing the construction of cold storage infrastructure.

Wholesale Purchasing and Distribution

Producers and retailers at the meeting stated that if more dry and cold storage facilities were available, opportunities to expand and make more efficient wholesale purchasing and the distribution of local and regional agricultural goods would follow. While the demand for fresh produce on behalf of local institutions, restaurants, and hotels is growing in Jefferson County, the wide geographic dispersal of farms can make it challenging for buyers to source and purchase goods directly from farmers. Similarly, it can often be difficult for local producers to satisfy the requests and needs of smaller buyers, as well as expensive and time consuming to coordinate deliveries to multiple sale points. A storage facility that could also act as a distribution hub could make it easier and more efficient for buyers and retailers to connect and do business.

While retailers were the most vocal about the benefits of wholesale purchasing, producers also brainstormed about how it might be possible to collectively purchase and store inputs and materials (i.e. poultry feed, fertilizers and packing crates) in bulk quantities. Some producers in the area already do this, and access to improved storage facilities

could make collective buying more popular and cost effective for those involved. The business of wholesale purchasing and distribution requires a tremendous amount of organization and coordination, and would likely require either an existing retailer or producer to operate such a distribution enterprise. While many stakeholders shared their enthusiasm for there being more wholesale purchasing and distribution activities occurring in Jefferson County, if and to what extent they would be willing to share coordination responsibilities remains unclear.

With ample warehouse space, easy access, and a central location, the Courtesy Ford building could be an ideal site to accommodate wholesale purchasing, storage, and distribution activities. However, the zoning status of the property presents a potential obstacle to using it for this purpose. According to Jefferson County zoning laws, warehouse/wholesale distribution activities are prohibited from taking place on the property. The County's definition of what constitutes warehouse/wholesale activities is vague, and whether or not individual tenants (i.e. producers/retailers) who are renting storage space in the building and then selling produce directly to customers would be in violation of the zoning code remains unclear. Further examination of the zoning code with the County is necessary to understand if certain wholesale purchasing and distribution activities can be conducted onsite, or, to determine the process by which the community could request that the zoning code be amended.

Finally, while the general consensus at the meeting was that wholesale purchasing and distribution would create new and attractive market opportunities in Jefferson County, it is important to acknowledge that some stakeholders could see this as a threat. Many producers in the region have developed business plans and marketing strategies around capturing the premium value that is collected when engaging in direct sales (i.e. at farmers markets, off the farm, to restaurants, etc). While the wholesale purchasing of farm inputs and materials could ostensibly help local producers cut their costs, an increase in the availability and volume of regional agricultural goods both into and within Jefferson County could lower the value of such goods and thus decrease producers' margin share in local markets.

No Community Interest in Retail

During the meeting it was made clear that there is little to no interest on behalf of the food and farm community to use the building as a retail outlet. Due to the proximity of existing retailers and farmers markets in the area, opening up an additional retail outlet that specializes in selling locally produced agricultural goods was deemed a poor use of the building. This sentiment seemed to be shared by all stakeholders in attendance, and was particularly stressed by local retailers and producers.

Stakeholders' disinterest in using the building as a retail outlet revealed a number of important issues. First, it revealed that the owner's initial proposal—to provide retail incentives to those storing goods in the warehouse section of the building—was unpopular. This proposal was influenced by the zoning code, which requires that retail activities take place on-site if the building is occupied. While there are no stipulations on

what percentage of activities occurring on-site have to be retail to fulfill the zoning code, a representative from the Department of Community Development (DCD) stressed that the zoning code should be respected, and that it was the DCD's expectation that retail activities flourish on the property.

In order to overcome the incongruence between stakeholders' storage and distribution interests and the retail requirements of the property, co-occupancy of the building with different types of actors was discussed. Fittingly, at the time of the meeting the JWJ Group had already met with individuals and businesses from the cottage industry and artist communities in Port Townsend who are interested in utilizing a portion of the building as a showroom/retail space. While it was acknowledged that certain activities related to storage and distribution (i.e. loading/unloading, operating machinery, washing, etc) could be potentially disruptive to other tenants, those present at the meeting seemed receptive and even excited about the prospect of sharing the space.

The idea of creating a place-based retail outlet based on a regional brand (i.e. "Made on the Olympic Peninsula") was briefly discussed as a promising business opportunity if food and farm stakeholders and members of the artist community were to co-occupy the building. There was general agreement that this type of retail model would work well given the large diversity of talented artists in the region, combined with the property's exposure to the large volume of automobile traffic that passes by on SR 19 and 20, especially during summer months. The questions of who would form or operate such a business, what role occupants would have in its formation, and to what extent food and farm stakeholders would be interested in selling their goods through such an outlet were not addressed.

Animal Slaughter and Meat Processing

The lack of animal slaughter and meat processing facilities on the Olympic Peninsula presents a significant challenge for livestock and poultry producers, as well as for individuals who raise animals for their own consumption. Multiple actors at the meeting discussed this need and asked the question of whether or not the Courtesy Ford building could accommodate such slaughter and processing activities.

It was determined that developing a slaughter and meat processing facility onsite would be challenging for a number of reasons and is a unlikely scenario, at least in the foreseeable future. First, the property owner's insistence that the building be occupied in the coming months does not provide a long enough window to undertake the feasibility studies needed to justify and build such a facility. Second, it is quite likely that animal slaughter and meat processing activities would be disruptive to other businesses if the building were to be co-occupied. Third, in order to engage in animal processing activities, the current zoning status of the property would have to be amended.

Another idea related to meat processing that was proposed was to develop a butcher shop and/or meat smoking facility onsite. While a local butcher shop wouldn't directly address producers' need for a slaughterhouse and processing facility, it would provide an

opportunity to add value to their products locally which could then be sold fresh directly out of the butcher shop and/or distributed to local and regional grocery stores. The development of a butcher shop and smokehouse at the Courtesy Ford building is feasible from a technical and infrastructure standpoint, however would probably only be appropriate if there were other aggregation activities (i.e. storage, wholesale distribution) already taking place onsite.

Value Added Production

Value added production and branding were two topics that came up multiple times during the brainstorming session. The conversion of raw agricultural products into value added, shelf stable goods is an increasingly popular marketing approach for small farms, and many producers in the region are already engaging in some type of value added production. The value added production of raw agricultural goods often requires compliance with state and federal health and food laws, and access to commercial kitchen facilities and equipment. While some efforts have been made by the state of Washington to relax certain regulations in an attempt to support smaller, “cottage” sized businesses, access and use of a commercial kitchen facilities is still required to turn most raw farm goods into value added products, especially when processing large quantities of goods.

The Courtesy Ford Building is a feasible site for developing a commercial kitchen, however the cost to develop such a facility and the due diligence required to ensure that septic and water utilities are compliant with state and federal regulations suggest that the a commercial kitchen is something to be considered as a part of long-term vision rather than an immediate opportunity. Additionally, feasibility studies done in partnership with WSU Extension and other regional entities have shown that there is currently adequate access to commercial kitchens in the area, and that the biggest impediment to their use was the cost of renting space for periods of time. It is not clear that this impediment would be overcome if additional commercial kitchen space were available at the Courtesy Ford building.

Visibility

A recurring theme touched on by multiple stakeholders throughout the meeting was the potential of the Courtesy Ford building to expose and make more visible the vibrant regional agriculture community to the public. Situated at the junction of SR 19 and 20 where more than 18,000 cars pass daily, the property’s visibility and exposure is impressive. While stakeholders struggled to put a finger on exactly how their own businesses and the agricultural community at large could directly benefit from the property’s visibility, a few visions did emerge. One entailed the development of a visitor information center that by way of highlighting the rural heritage and culture of the region would encourage people to engage in agro-tourism activities such as cidery tours, farm visits, and farmers markets.

SECTION 3: CONCLUSION

Based on the findings from the meeting, it seems that a significant portion of the Jefferson County food and farm community is enthusiastic about developing a regional food aggregation hub. Stakeholders' enthusiasm is driven by two primary perceptions; (1) the development of a storage facility would address existing infrastructure needs and challenges, especially for producers and retailers; and (2), a storage facility would encourage regional food distribution, purchasing and other aggregation activities, which in turn would provide new and attractive marketing opportunities for local stakeholders.

After the stakeholders toured the Courtesy Ford building and had the chance to discuss its specifications with the property owner and manager, strengths and weaknesses related to the suitability of the building as a storage facility and distribution hub emerged. The layout and design of the building is particularly conducive to meeting stakeholders' dry storage needs, and while there are currently no cold storage facilities onsite, the existing space could easily accommodate the installation of cold storage units. Another strength of the building is its central location between Chimacum and Port Townsend, and its visibility to passing traffic on SR 19 and 20. Furthermore, stakeholders acknowledged that the property owner's demonstrated interest to work closely with the food and farm community and willingness to accommodate their specific needs made the idea of occupying the building appealing.

The weaknesses of the building are primarily linked to regulatory and technical issues. The property's zoning status requires that retail activities take place onsite and prohibits certain wholesale/warehouse distribution activities, which poses a potential challenge to developing the building into a food aggregation hub. The lack of access to public water and the need to upgrade the current septic system would likely prohibit occupants from being able to wash produce and dispose of any unsold produce onsite. While these regulatory and technical issues can be overcome, they will require a significant amount of time and capital investment. Finally, while the property owner is enthusiastic about working with the food and farm community, his insistence to rent out the property in the short term (1-2 months) presents a significant challenge, especially given that the busiest time of the year for most food and farm business is imminent.

Next Steps

Based on the findings from the meeting as well as follow up conversations with numerous stakeholders, WSU Extension has identified two courses of action for addressing the interests and needs of the community:

Specific to the Courtesy Ford Building/Property

1. Share this report with all stakeholders present at the meeting, as well as all interested food and farm stakeholders in Jefferson, Kitsap and Clallam Counties.
2. Convene a meeting between the JWJ Group and stakeholders who have expressed interest in renting out warehouse space to negotiate rental terms and conditions.

If the current interest isn't adequate to rent out the entire warehouse space, WSU Extension will continue to assist the JWJ Group advertise the opportunity to the greater food and farm community.

3. Assist the JWJ Group to develop a master lease and management plan for the building that is relevant to the needs and expectations of the food and farm community.
4. With the support of the JWJ Group, communicate the needs, interests, and expectations of the food and farm community to any potential co-occupants (i.e. artists) of the building/property.

Specific to Regional Agricultural Development in Jefferson County

In addition to capturing information pertinent to the development of the Courtesy Ford Building, a number of key issues and themes important to regional agriculture development emerged from the brainstorming session. To ensure that these issues are addressed, WSU Extension will facilitate and/or implement the following next steps:

1. Further Research and Data Collection: Work with community partners to collate existing data pertinent to food system aggregation in Jefferson County, and carry out further research to fill in information gaps as needed¹. This includes looking at historical data from the past ten years of feasibility studies done throughout the Olympic and Kitsap Peninsulas.
2. Slaughter and Meat Processing: WSU Extension Jefferson County will work with WSU Pullman and the Animal Science program to develop a meat science/butcher internship program that would place recent college graduates in communities that have need for cut and wrap services in addition to other slaughter and meat processing activities. This has already been discussed with WSU Clallam and San Juan County Extension Directors.
3. Infrastructure Needs: Continue to provide support and facilitate community conversations about regional food system aggregation needs, interests, and opportunities in Jefferson County. One of the goals of WSU Jefferson County Extension is to bring actors together from various sectors to develop the infrastructure and businesses needed to create a stable and resilient agricultural economy on the Olympic Peninsula. The WSU Jefferson County office is committed to participatory community engagement to facilitate sustainable, long-term development in the region.

¹ The Citizens for Local Food Group recently carried out a comprehensive Ag Survey of 60 producers in Jefferson County. The purpose of the survey is to help identify more ways to connect local farmers with local consumers, and to determine what infrastructure needs, if any, are required to encourage these connections. Once the data from this survey is collated (expected August 2012), WSU Extension will work together with CLF to determine the significance of the Ag Survey's results relative to the key issues raised in this report

CONTACT INFORMATION

Inquiries regarding the report:

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Inquiries regarding the Courtesy Ford Building:

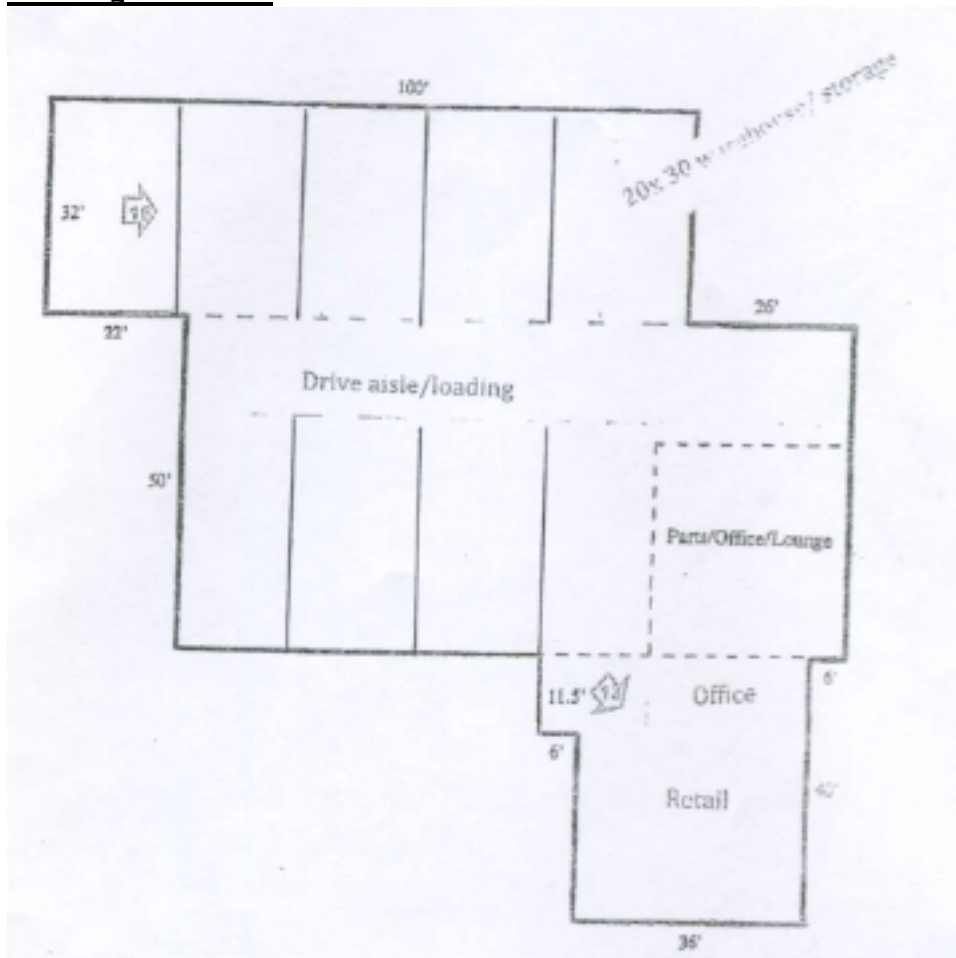
- **Jim Laughlin** - Property Manager, Re-Max
jimlaughlin32@gmail.com
- **Debra Purcell** – Project Manager – JWJ Group
Deb@jwjgroup.com

APPENDIX A: Attendance List from Olympic Crossroads Meeting

Jesse Hopkins and John Gunning (Colinwood Farms), Mark Bowman (Craft3), Malcolm Dorn (Chimacum Corner Farmstand), David and Charlotte Goldman (Quimper Grange), Rob Story (Chimacum Corner Farmstand, All One Family Farm), Jim Laughlin (Remax), Linda Yakush (Pane d'Amore), Julie and Chuck Boggs (Puget Sound Meat Co-op, Westbrook Angus), Austin Henry (Atlas Technologies), Deb Stinson (L2020, LION), Judy Alexander (L2020, CLF), Sarah Spaeth (Jefferson Land Trust), Crystie Kisler (Finnriver Farm, Olympic Culinary Loop), Carl Smith (Dept. of Community Development), Al Latham (formerly Jefferson Conservation District), John Johnson and Deb Purcell (JWJ Development Group), Patty McManus and Kia Armstrong (Nash's Organic Farm), Jared Keifer (Environmental and Water Health), Neil Howe (Sunfield Farm), Al Carins (Public Works), Robert Yourish (LION), Carol Baker, Ellen Sabina (LandWorks Collaborative), Laura Lewis (WSU), Drew Katz (WSU)

APPENDIX B: Courtesy Ford Building Schematic and Property Summary

Building Schematic



Property Summary

Square Footage:

Entire Building: **10,000**

Warehouse space: **5,000**

Office space: **1,500**

Retail space: **1,500**

Proposed Rents*:

20'x30' Warehouse "units"	\$300/month
5'x10' Retail space for warehouse tenants	\$100/month
Parts/Office for office space with 2 nd floor	\$800/month

**plus share of taxes, utilities and insurance*

Other:

Land: Six acres useable; Two acres buffer and sewage disposal

Water: Well onsite to be replaced with PUD water with future development

Septic System: Adequate for 20-25 employees/users daily