

Local Food Advisory Committee

September 30, 2016

365 Haecker Hall, St. Paul Campus, University of Minnesota

<p>Present:</p> <p>Wayne Martin, U of MN Extension Sarah Leach, MDH Val Gamble, MDA Shannon Buckle, MDA Lisa Wetzel, MDA Jane Jewett, MN Institute for Sustainable Agriculture Jan Joannides, Renewing the Countryside Megan O'Hara, Interfaith Power & Light Lauren Pradhan, Grow North Kathy Roland, Greenhouse MN Chad Gillard, Midwest Pantry Emily Paul, The Good Acre Cassandra Lewis, Renewing the Countryside Tim Jenkins, MDH Thao Hoong, MDH Susan Stokes Cecilia Coulter, MN Farmers Market Association Mike Lilja, Sustainable Farming Association Jennifer Stepes, MDA Lillian Otero, MDA</p>	<p>Present by phone:</p> <p>Kathy Zeman, MN Farmers Market Association Lauri Clements, Olmsted Co. Public Health Julie Ralston Aoki, Public Health Law Center Suzanne Driessen, U of MN Extension Marilyn Johnson, MN Fruit & Vegetable Growers</p>
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GreenhouseMN

Kathy Roland

<http://www.greenhousemn.com/>

GreenhouseMN is a startup entrepreneurial company that is looking to fill a gap in availability of commercial kitchen space for food entrepreneurs who have outgrown a shared-use commercial kitchen but are not yet at scale to work with a co-packer. Other major cities have these kinds of spaces. “GreenhouseMN” is a corporate name that refers to business incubation; they are not planning to operate a greenhouse.

- Looking for a 30,000 to 60,000-ft² space; possibly a former school, laboratory, or grocery store in an area zoned for light manufacturing and warehousing.
 - This is an economic development opportunity and they are seeking communities to host this project.
- GreenhouseMN will be the landlord and facilitator, but each entity using the space will be licensed.
- Want to build out the facility first and then figure out what inspection will be needed; inspection they will seek depends on scale of operations.
- Will have independent, sealed production units to allow tenants to get certification for gluten-free, nut-free, etc. These kinds of certifications are typically not possible in a shared-used kitchen.
- Probably will have a variety of spaces for different size and complexity of operations: larger spaces for anchor tenants and potential for businesses to move from smaller to larger spaces within the building as their business grows. Goal is for businesses to eventually “graduate” out of the facility.
 - This is different from the situation of tenants in The Food Building in Minneapolis. There, the building owner is also a major investor in each of the businesses located in the building, and the intent is for those businesses to remain.
- Storage space is still under consideration. There will be a shared storage facility, but they haven’t worked out yet exactly how to accomplish sequestering different product types within a shared storage area. Pallet storage may be an option. They are looking at traffic patterns for product coming in and going out of storage; ways to avoid commingling and cross-contamination.
- Estimated timeline is to be operational in about a year. Right now the main holdup is finding a suitable building.

FEAST Local Food Network

Jan Joannides

<https://www.facebook.com/localfeastnetwork/>, <http://www.local-feast.org/>

This Network involves farmers and food entrepreneurs in the 20 counties in southern MN that make up the region served by the Southern Minnesota Initiative Foundation (SMIF). SMIF does lending and grants, and has been getting request around local food.

Also in SE MN, Erin Meier with the Southeast Regional Sustainable Development Partnership has been working on local food systems. Jan interviewed food entrepreneurs in the region about their needs a few years ago as part of her Endowed Chair position with the Minnesota Institute for Sustainable Agriculture. The entrepreneurs' needs:

- More technical assistance
- More financing
- More love from the folks in the region for locally-produced foods.

That needs assessment was followed by a strategic planning process begun about four years ago that included city economic development officials, non-profits, food co-ops, and others. Two outcomes of that process:

- Peer-to-peer networks established in the region to help food entrepreneurs share information with each other
- FEAST local food tradeshow, now in its third year. It's a two-day event. On the first day, the tradeshow gets food entrepreneurs connected with buyers and fosters cross-pollination of ideas. The second day is a festival open to the public, and helps to build that love of local food among the public.
 - The show includes the three-state region of MN, WI, and IA. Vendors are expected to source ingredients from that region.
 - SMIF invested \$100,000 in the tradeshow
 - USDA grant support
 - Corporate support; Mayo Clinic is now on board with Bon Appetit as its foodservice management company
 - Meetings underway to plan long-term strategy for the FEAST Local Food Network
- This also connects to work that Jan and SMIF are doing around financing. Slow Money Minnesota and MNVest are coming together to offer investment opportunities that are similar to crowdfunding, but that are actual investments rather than donations.
 - Renewing the Countryside currently has a Barnraiser campaign going to try to raise \$25,000 for a \$100,000 for a revolving loan fund that will be administered by SMIF.

Midwest Pantry

Chad Gillard

<http://www.midwestpantry.com/>

Midwest Pantry was founded in 2010 by Chad Gillard and Zoie Glass. They were both food producers themselves, and went through a process of business establishment, growth and change. They started out going to farmers' markets to sell their products, then moved into wholesale markets.

They view the process of food entrepreneur development as one of converting "food people" into "business people." Their goal is to make Minnesota the #1 place to start and grow a food business.

Midwest Pantry is a membership organization with an annual fee of \$65, that operates to help businesses grow smarter, faster.

- Peer-to-peer connections
 - networking groups pull in people from around the state.
 - An online portal for members offers daily conversations; it wasn't possible to offer enough in-person meet-ups to satisfy members' demands for connection with other entrepreneurs.
- Event creation
 - Organize an annual wholesale tradeshow. Last year there were 7 or 8 new product launches at the event. It's a stepping-stone for entrepreneurs to prepare to participate in large shows on the coasts.
 - Small-business Saturday event
- Recently became a trustee for Kiva crowdfunding
 - Midwest Pantry is endorsing businesses to apply for Kiva loans
 - Just had the first successful applicant for a \$10,000, 0% interest loan.
 - Kiva loans fill a gap between friends & family funding, and Small Business Administration loans or other more mainstream lenders.
- Consulting with AURI
- Education series for food entrepreneurs
 - How to cash-flow through the holiday season
 - Correct setting of wholesale price
 - Merchandising a tradeshow booth
 - Transitioning from farmers' market to other types of sales

Other aspects of Midwest Pantry's operations:

- They refer people to MDA for regulatory help. Brian Erickson is their main MDA contact.
- Connections to help food creators find locally-grown product
- Fostering of "food tribes:" an ecosystem of junior and senior food entrepreneurs who can mentor and support each other.
- Some overlap with FEAST; they are in discussion about how to navigate in the same waters. There's a lot of demand for the locally-made foods.

Grow North

Lauren Pradhan

<http://www.grownorthmn.com/>

Lauren is new as the Executive Director of Grow North. Grow North grew out of the Minnesota Cup competition at the University of Minnesota, and is housed in the U of MN's Carlson School of Management.

Introduction and Vision:

Grow North is a comprehensive central starting point for entrepreneurs. It will fill gaps in the knowledge available to the local food community; making Minnesota into a great place to be a food entrepreneur. Minnesota has all of the pieces of a supportive food entrepreneurship ecosystem, but they need to be put together.

- Directing people to the right resources at the right time
- Modeled somewhat after “Naturally Boulder” in Boulder, CO
- Funded by General Mills early-stage investment arm, 301 Inc.
- More large companies are interested in this kind of investment to support innovation in the food sector
 - Outsourcing their innovation
 - Support development of companies/product lines that the large companies can later acquire.

All phases of new food business or new product development have to happen: going from idea, to small-scale production and farmers' market sales, to scaling up and moving production into a commercial space.

Grow North is working on building their resource hub and investigating technology that could help.

- Look at Kansas City SourceLink as an example of technology to help build the food resource hub; <http://www.kcsourcelink.com/>
- They have a grant from Southern Minnesota Initiative Foundation to build their technology tools.

Grow North is not looking at engaging with policy, at least not now in their early stages of development. They are focused on figuring out the lay of the land and getting feedback from entrepreneurs about things that need to be better in the food system. This will take some time.

Discussion of Bush grant work and how it may relate to Grow North:

- People said they need a key entry point.
 - Some folks are navigating the system and doing amazing work. We need to try to remove the friction to make it less hard.
 - People with good ideas about food might have zero idea of who to contact as a first step.

- How to get the word out to those who want to start a food business and know nothing at all about the system?
 - Grow North is looking at enrolling Fortune 500 companies to help with advertising.
- Grow North wants to be the connector.
 - Groups need to work together; some in the room today didn't know about others.
 - We need to have some strategy for how we all connect; avoid duplication of effort
 - Develop a shared story and pathways to get people to the right resource.
 - The connection point will only be as good as the resources that are there.
 - This could be a start toward the statewide "311" system that was identified as a priority by the Bush grant project
 - Grow North is seeking information on resources for food entrepreneurs. MDA and MDH will look into setting up a Sharepoint site to provide their resources.

Discussion of use of local food and promotion of that to food-makers:

- Sourcing local produce and meat tends to be more expensive, but sourcing local is important for building the local farm community.
- The marketplace wants local food and will pay more for it, up to a point.
- FEAST local food tradeshow demands that its vendors do local sourcing of ingredients, and is getting stricter about it. "Local" for FEAST is defined as Minnesota, Wisconsin, and Iowa.
- The Good Acre is striving to broker relationships between food makers and local farmers.
- Local procurement is time-consuming. How can food entrepreneurs have time to source local?
 - Potential role for a "forager"
- Grow North at this time does not intend to house local food procurement information on its resource hub. There needs to be a different home for procurement resources.

Follow-up meetings will be scheduled to address issues raised in the preceding discussion:

1. Regulatory – Val Gamble will organize
2. Procurement – Jane Jewett will organize

Minnesota Food Code Update

Sarah Leach on behalf of Linda Prail

<http://www.health.state.mn.us/divs/eh/food/code/2009revision/draftprule/>

The MN Department of Health continues to work toward adoption of a revised Food Code. There is a new draft that will be posted soon. A goal is a final version by mid-October, and a public hearing with comment period open from mid-December to mid-January. Note, however, that Rule revision does not happen without glitches!

The current draft from the Revisor of Statutes to be posted on the MDH website only includes change items from the previous draft. When reviewing it, pay particular attention to repeal statements – sometimes pieces get moved to a different spot.

Locations of biggest content changes:

- Chapter 5, water and waste
- Chapter 8; enforcement

A question came up during fact sheet development about the storage and sale temperatures for eggs. Salmonella is the indicator organism for pathogens that affect eggs, and it is controlled with a temperature of 45° F or lower. That is in the USDA egg handling regulations. However, the Minnesota Food Code specifies a temperature of 41° F for egg sales by a person with a retail food handlers license for egg sales. Jennifer Stephes noted that the Food Code's specification of 41° F cannot be cited anymore for meat HACCP plans because there is no scientific basis for the 41° F.

This could be an issue for farmers' markets because egg vendors without a food handlers license and those with a food handlers license will have different temperature requirements. This will be difficult to explain to market managers and vendors. Kathy Zeman will submit a comment to the Food Code revision team about this.

MDA Update

Nikki Neeser

MDA and MDH units have submitted their budget proposals to their respective Commissioners' offices, and those are now under review for possible submission to the governor, who then decides whether to send the requests along to the Legislature.

The Dairy & Meat Inspection Program is not asking for major funding in this budget. What they are asking for is a one-time appropriation that could be used as a savings account, to better manage the ebb and flow of inspection needs and the occasional delay in inspection funding support from USDA.

The Food & Feed Inspection Program also got additional funding in the last budget so is not asking for money this time, but is suggesting changes to statute. If other groups are proposing statutory change, MDA would appreciate getting the proposed language in advance of the Legislative session.

Timeline for agency proposals to the Legislature:

Odd years are budget years. The 2017 Legislative session will set the budget for the 2018-2019 fiscal years.

Any budget proposals that should be included by MDA or MDH should be received by those agencies by early summer in the year before an odd-year Legislative session. Budget proposals are submitted to commissioners as early as August.

Policy proposals can be made in any year, but even years are generally policy-only years. You can only talk about budget items in those years if there is a state budget surplus.

Once agency proposals have been submitted to the governor, the agencies enter a “Cone of Silence,” during which time no agency staff person can speak about the proposals. This lasts until the governor’s proposal is submitted to the Legislature.

Pilot Meat Processing Training Program at NERCC (Northeast Regional Corrections Center)

This was funded by the Legislature but the bids for a new meat processing facility came in way too high. A new building is really needed in order for the meat processing training course to work; the current facility is 1940s-era.

There has been complete turnover in the administration at NERCC. The new superintendent is looking at opportunities to generate revenue, and is interested in both the training concept and the possibility of offering meat-cutting services to the larger community. MDA hired a ¾ time training coordinator who will begin working at NERCC in early October.

Legislative Proposals

Kathy Zeman

Minnesota Farmers Market Association (MFMA) will propose eliminating the sales tax on mixed-ingredient foods sold by vendors at farmers’ markets. Currently, food items like jelly or salsa are not taxed if sold by an entity other than the maker of the items; but if sold by the person who made the items, they are taxed.

MFMA will also propose a change to the license fee structure for wholesale mobile food handlers. Currently the fee category of \$250,001 to \$1,000,000 in annual sales with a license fee of \$444 is the only category that includes language about mobile units. The wording is confusing and led to the Wabasha Farmers’ Market initially being charged \$444 for its food handler license, even though annual sales would indicate a license fee of \$57.

Tim Jenkins noted that Minnesota Pollution Control Agency (MPCA) will be submitting a legislative proposal dealing with food waste, which may include statutory changes. Lisa Wetzel said this may be related to the new Food Safety Modernization Act’s Preventive Controls for Animal Food Rule. In the past, food processing companies that had byproduct could easily divert it into the animal feed stream, but new FSMA rules on handling of that byproduct have caused some companies to decide to landfill their byproduct rather than implement the FSMA rules. This new waste stream creates unintended consequences for landfills.

Discussion about garbage feeding:

Just Food Co-op in Northfield used to have a program to send spent produce to local farmers to use as

animal feed, but received a cease and desist order from the Board of Animal Health. The BAH regulates garbage feeding, and garbage feeders must obtain a permit.

Fact Sheet Update

The fact sheets on local food sales have been completed for eggs and poultry, except that a question came up in the 9/22 pastured poultry workshops in Northfield about cross-border sales of eggs. Cross-border sales into Minnesota are allowed if the egg seller meets all of Minnesota's requirements that apply to their type of operation. Language about cross-border sales will be added to the egg fact sheet.

Brett Olson of Renewing the Countryside is going to do design and layout for the series, and will start with the eggs and poultry fact sheets.

Red meat and Produce fact sheets still need final revisions.

The Approved Source of Water fact sheet has been in limbo while waiting for MDA and MDH to complete a memorandum of agreement on how to handle inspection and testing of water supply for food businesses licensed by MDA. The threshold for an establishment needing a public water supply is minimum of 25 people served on a minimum of 60 days per year. If a private well is being used, the well needs to be re-classified as a "public water supply" once the threshold is reached and if the well qualifies for that classification. Then there is a regular testing schedule that is managed by MDH.

Typically for food businesses licensed by MDH, or for non-licensed rural establishments like churches, this threshold of people served refers to a "transient" population of individuals – so if the establishment meets the threshold, a private water source needs to be re-classified as "transient non-commercial public water supply." In the case of rural food manufacturing businesses, the threshold of people served would typically refer to the number of employees regularly at the establishment – and this is a non-transient population. If the establishment meets the threshold, the private water source would then need to be re-classified as "non-transient non-commercial public water supply." In either case, the private well would have to meet the standards for a public water supply before it could be re-classified.

The memorandum of agreement is on hold indefinitely, so Jane will proceed with finalizing the Approved Water Source fact sheet based on our current understanding of the regulations and process for approval of a water source for use by food establishments.

There are requests to develop a "Grains & Beans" fact sheet to support local sales of these foods. This is partially driven by the Forever Green initiative at the University of Minnesota and the marketing efforts around Kernza™, a new grain that is being domesticated from intermediate wheatgrass.

Bush Grant Priorities

Educational workshops

- Facilitate collaboration of MDA and MDH with Midwest Pantry, Renewing the Countryside, and Sustainable Farming Association, among others to deliver food safety and regulatory information.
- Do a better job of informing MDA and MDH about workshops or courses coming up, that might be good venues for outreach and education.
 - Two-way flow of information: keep agencies informed of workshops, courses, etc.; and have the agencies push out information.
 - Some agency staff are already subscribed to the Sustag listserv.
 - MISA's Updates could be sent to agency staff; put more course & workshop information on the MISA News Blog.
- More coordination between Extension and the agencies would be welcome to MDA and MDH.
 - Extension is dropping its initial Certified Food Manager course. This is disappointing to MDH because Extension did a good job with the course.
 - The Farm to School Leadership Team is a point of contact to raise the issue of need for more regional food safety experts.

Help for New Business Models

There remains a gap in the availability of help for people with innovative business models to navigate the regulatory system.

- No regulatory expertise currently within the Grow North group.
- Midwest Pantry has limited capacity; staff are part-time.
- The helping entity needs to be part of the existing infrastructure in the state in order to have long-term sustainability.
 - Must have a close connection to public entities
 - DEED won't take this; they don't have the expertise to deal with food businesses.
- The help-for-innovation function might fit within MDA.
 - Having it within a regulatory agency gives it credibility, improves the odds of stability.
 - MDA already has a group of staff that is doing this kind of work for difficult licensing questions encountered by MDA inspectors.
 - Too late already for this budget cycle to ask MDA to include it in their proposal.
 - Could be piloted with outside funding.

Megan O'Hara is interested in approaching the Good Food Access Fund and Blue Cross Blue Shield about funding a pilot "innovation group" within MDA. The concept is very similar to Cecilia Coulter's "SOS" idea – "Second Opinion Scrum." The "second opinion campaign" idea was also included among the Bush Grant priorities, and that idea included the concept of building the agency infrastructure to deal with unusual situations.

Megan, Tim, Cecilia, Jane, and Val will work on this idea. There will need to be a very brief prospectus that can be shopped around to potential funders.

Links to Organizations & Resources

Quite a few organizations were mentioned during the meeting. Here are links:

AURI, Agricultural Utilization Research Institute, <http://www.auri.org>

Farm to School Leadership Team,
<http://www.extension.umn.edu/food/farm-to-school/about/leadership-team/>

Feast Local Food Network, <https://www.facebook.com/localfeastnetwork/>

FEAST Local Food Tradeshow & Festival, <http://www.local-feast.org/>

General Mills Emerging Brand Elevator, <https://301inc.com/>

Good Food Access Fund, <http://mnfoodcharter.com/tag/good-food-access-fund/>

GreenhouseMN, <http://www.greenhousemn.com/>

Grow North, <http://www.grownorthmn.com/>

Kansas City Sourcelink, <http://www.kcsourcelink.com/>

Kiva Crowdfunding, <https://www.kiva.org/>

Midwest Pantry, <http://www.midwestpantry.com/>

Minnesota Cup, <https://carlsonschool.umn.edu/mn-cup>

Minnesota Farmers Market Association, <http://www.mfma.org/>

Minnesota Food Code Revision,
<http://www.health.state.mn.us/divs/eh/food/code/2009revision/draftprule/>

Minnesota Investment Crowdfunding, <http://mnvest.org/>

Naturally Boulder, <https://www.naturallyboulder.org/>

Renewing the Countryside, <http://www.renewingthecountryside.org/>

Slow Money Minnesota, <http://www.slowmoneyminnesota.org/>

Southern Minnesota Initiative Foundation, <http://smifoundation.org/>

Sustag, <http://www.misa.umn.edu/ask-misa/discussion-groups/sustag>

The Good Acre, <https://thegoodacre.org/>