

# **The Mille Lacs Area Food Network**

## **Feasibility Study**

**Examining opportunities for collaborative marketing and sales of locally grown and raised agricultural products, locally produced value-added products, and hand-made crafts in the Mille Lacs area of Minnesota.**

**June 1, 2011**

## **Executive Summary**

The goal of the Mille Lacs Area Food Network is to create a sustainable local foods system in the Mille Lacs area that will increase collaborative sales and marketing of locally grown/raised agricultural products, locally produced value-added products, and hand-made crafts. In February 2010, a Steering Committee of local producers and community members was formed to pursue a feasibility study to determine the best viable option for achieving this goal.

In order to determine the projected demand of local food needed for the region, the Mille Lacs Area Food Network defined the term “local” as within 100 miles of the Isle-Onamia corridor, located in north-central Minnesota. The Pesch Foodshed Calculator was then used to determine the volume and acreage that would be needed in production to meet projected demands. Once this information was established, the Network then explored various business options that would meet the goals of the study.

A total of four scenarios were explored: a buy option, a lease option, a partnership option, and another lease option. Each scenario was reviewed and analyzed based on financial projections, experiences of similar business ventures, and anticipated competition. Scenario 1, a buy option of an independent store-front located in downtown Onamia, concluded that major expenses would be associated with the business start-up. Scenario 2, a lease option of an independent store-front located in downtown Onamia (a different facility than Scenario 1), assumed the ability to lease and use the existing restaurant equipment. Scenario 3, a partnership with the Mille Lacs Area Food Coop (MLAFC) and Billie’s Market in Onamia, utilized existing retail businesses for all season sales of produce, meats, and crafts. Scenario 4, an independent store-front lease option, offered a certified, previously inspected kitchen and minimal rent (a small percentage of sales).

In the end the option that was determined to be most feasible was Scenario 4, the independent store-front lease option at 108 Wall Street S. in Onamia, MN. The business, recently named Farm Market Café, LLC, will be organized as a Limited Liability Company and will feature seasonal soups, sandwiches, homemade breads and desserts, showcasing locally grown/raised produce, meats and value-added products. See Business Plan, Farm Market Café, LLC for further details.

## Table of Contents –

A.	Acknowledgements .....	4-5
B.	Goals of the Mille Lacs Area Food Network.....	6
C.	Background Information .....	6
D.	Summary of Services.....	6-7
E.	Size of Service Area .....	7
F.	Demographics .....	7-8
G.	Current Market Attractiveness and Future Trends.....	8-13
	a. Current Market Trends .....	8-9
	b. Expected Market.....	10
	1. Individual Consumers .....	10-11
	2. Institutions.....	11-12
	3. Schools.....	12
	4. Restaurants/Resorts .....	12-13
H.	Expected Market Share: Pesch Foodshed Calculator .....	13
I.	Production Capacity and Costs .....	13-14
J.	Health Regulations.....	14-20
K.	Lessons Learned from other Local Food Network in the Upper Midwest.....	20-21
L.	Financial Projections .....	21-33
M.	Competitors Analysis .....	33
N.	Business Model .....	33-34
	References .....	35-36
	Appendix .....	37-96

## A. Acknowledgments

The following individuals and organizations have provided invaluable support, time, money, and effort to complete this study over the past 18 months. Their contributions to the development of a sustainable local food system will impact not only the local communities but also the surrounding region.

- Onamia Area Civic Association, Marge Agnew, President.
- Funding support provided by the Initiative Foundation through the Onamia Healthy Communities Partnership.
- Fiscal Agent support by the City of Onamia, Kathy McCullum, Clerk
- Emily Mehr, MN GreenCorps member, with funding through the Minnesota Pollution Control Agency, was instrumental in completing this study, providing both technical support and invaluable market research.
- Onanegozie Resource Conservation and Development Council, Dana Raines for in-kind contributions and consulting to the feasibility study.
- SCORE, Small Business and Mentoring Program, Scott Powers, Consultant, for timely review and much-needed encouragement.
- Onamia Public Schools and Onamia Community Education, Cyndy Rudolph, for MN GreenCorps host site responsibilities and in-kind contributions and consulting to the feasibility study.
- East Central Regional Development Commission, Jordan Zeller, for counseling and assistance on financial projections and coordinating additional resources for successful feasibility study completion and business transition.
- Kevin Edburg, Coop Development Services, for providing the Coop 101 Workshop.
- Whole Farm Coop, Long Prairie, MN for sharing their vision, history, and experiences so enthusiastically.
- First State Agency, Onamia, MN, Dawn Tinjum for assistance in completing financial projections.

The Coop Steering Committee with local producers and community members who volunteered their vision, time, and talent to initiate and see the project through completion:

- Barb Eller, Eller Family Farm and Onamia Area Farmers' Market, Chair

- Marilyn Moorman, Isle Farmers' Market, Vice Chair
- Emily Mehr, MN GreenCorps, Secretary
- Lynn Crotty, Lakes Meats, Treasurer
- April Weinreich, Onamia Area Farmers' Market
- Bill Havisto, Silver Nickel Farm and Onamia Area Farmers' Market
- Billie and Nicoline Hill, Billie's Market
- Bret Wilson, Onamia Area Farmers' Market
- Carol Jacobs, Mille Lacs Area Food Coop
- Chriss Miller, Isle Farmers' Market
- Chuck Long, Greenbush Farm and Onamia Area Farmers' Market
- Cyndy Rudolph, Onamia Community Education and Farmers' Market Youth Program
- Dana Raines, Onanegozie Resource Conservation & Development
- Debra Rasmussen, Onamia Area Farmers' Market
- Debra Nass, Isle Farmers' Market
- Gerhardt Bergman, Lone Wolf Products and Onamia Area Farmers' Market
- Geri Pohlkamp, Onamia Area Farmers' Market
- Joe and Shannon Riehle, Great River Gardens and Onamia Area Farmers' Market
- John Hurley, Onamia Area Farmers' Market
- Josephine Rapatz, Dutch Fury Farm and Onamia Area Farmers' Market
- Marge Agnew, Onamia Area Civic Association
- Mary Kunesh, Lakedale Landscaping and Onamia Area Farmers' Market
- Mary Pat Sorvik, Sunshine Flower Shoppe and Onamia Area Farmers' Market
- Maureen Switzer, Mille Lacs Area Food Coop
- Naomi Iserman, Onamia Area Farmers' Market
- Nett Hart, Webster Farm Organic
- Pat Root, Onamia Area Farmers' Market
- Paul Warhepa, Pelucidor Farm and Onamia Area Farmers' Market
- Penny Simonsen, The Tin Shack
- Peter Clay, Country Taste Farm and Onamia Area Farmers' Market

## **B. Goals of the Mille Lacs Area Food Network**

1. To provide individual consumers of agricultural products and/or locally produced value-added products and/or hand-made crafts a year-round venue for purchasing such products.
2. To increase consumption of locally grown/raised agricultural products
3. To increase awareness and education about the importance of making healthy food choices for not only individual health, but for the health of the community and local economy as well.
4. To contribute to the further development of a sustainable local foods system in Central Minnesota's Mille Lacs Lake area by educating and encouraging sustainable production and consumption.
5. To keep overhead at a minimum and maximize profit for the producer and minimize cost for the consumer.
6. To provide at least 5% of the local consumption of fruits, vegetables, and meats within the first 5 years of business, increasing this as production capacity increases.

## **C. Background Information**

The revival of local food in the Mille Lacs Lake area began in 2005 when the Isle Farmers' Market was established in Isle, MN. In 2009, the Onamia Area Farmers' Market was created in Onamia, MN and in 2010, both markets jointly received funding and support through the Farmers' Market Promotion Program through the United States Department of Agriculture (USDA). Both markets have found a niche within the Mille Lacs Lake community and continue to be successful.

In 2009, with the assistance of a volunteer coordinator, approximately four local producers began collaborative sales to the Mille Lacs Health System, selling in-season produce on a need-be basis. In the summer of 2010 these sales continued and expanded to include the Onamia School District. There is currently one coordinator (volunteer) and ten local growers who are selling to the health systems and schools.

In February 2010, a steering committee was formed by various producers in the community, some who were members of the Farmers' Markets, and others who were simply interested in creating a sustainable food network. The purpose of the steering committee was to pursue a feasibility study of an all season collaborative market as well as direct sales to health care institutions, schools, and restaurants/resorts in the area.

## **D. Summary of Services**

The proposed Mille Lacs Area Food Network will be organized as a Limited Liability Company (LLC) and lease facilities at 108 Wall Street S. in Onamia, MN. The initial business venture will include reopening the facilities, newly titled the Farm Market Café, LLC, using local foods purchased from local growers. Primary menu options will include homemade soups and sandwiches featuring fresh baked breads and other seasonal, local ingredients. As the Farm Market Café, LLC business grows and matures; expansion to Phase Two will include opening an all season farmers' and artisanal market and

will provide commercial kitchen space for farmers/growers to use for the production of value-added products. Expansion to Phase Three will include using the space for collection, minor processing, and wholesale distribution of locally grown foods to various institutions in the area. This final phase will formalize current wholesales of local produce to the Mille Lacs Health System and the Onamia School, adding the other interested health facilities and schools as production capacity increases.

#### **E. Size of service area**

In order to meet the needs of the projected demand, members of the Mille Lacs Area Food Network have defined the term “local” as within 100 miles of the Isle-Onamia corridor with a priority given to producers within a 50 mile radius.

#### **F. Demographics**

Isle and Onamia are neighboring small towns on the south side of Mille Lacs Lake in rural Central Minnesota. Both towns are poor relative to other parts of the state. In the Isle Schools 41% of students qualify for free or reduced-price lunch and in the Onamia Schools, 66% of students qualify (Minnesota Department of Education, School Report Cards, <http://education.state.mn.us>). Recent economic downturns have hit the area particularly hard. Mille Lacs and Kanabec Counties, the two counties in which most residents of the Isle and Onamia School Districts reside, had unemployment rates of 15.6% and 17.17% respectively in March 2009, compared to an 8.9% overall rate in Minnesota (MN Department of Employment and Economic Development [DEED], <http://www.deed.state.mn.us>).

In addition to having a high percentage of low-income residents, Isle and Onamia have other demographic characteristics that make them unique in Minnesota. The Isle and Onamia School Districts both encompass portions of the Mille Lacs Band of Ojibwe Indian Reservation. In the Onamia School District, 33% of students are students of color, with the vast majority of these being American Indian; the Isle School District has a 12% population of color (MN Department of Education, *ibid*). The population of the Mille Lacs Lake area is also older than the Minnesota as a whole. In 2007, 15.8% of Mille Lacs County residents and 14.7% of Kanabec County residents were 65 and older. This compares to an overall rate of 12.2% in Minnesota (Northwest Area Foundation, [www.indicators.nwaf.org](http://www.indicators.nwaf.org)). As is true in other rural Midwestern areas, the average age of Isle and Onamia residents is expected to continue to increase in the coming decades.

The combination of many low-income residents, a large percentage of American Indians, and a growing population of elderly citizens puts the Isle and Onamia areas at risk nutritionally in several ways:

- Low-income Americans consume fewer fruits and vegetables daily than do other income groups in the U.S. (Dong and Lin, 2009. “Fruit and Vegetable Consumption by Low-Income Americans,” USDA: Economic Research Service; Sisson, 2002. “Fruit and Vegetable Consumption by Low-Income Americans,” *Nutrition Noteworthy*, Vol. 5, Article 7).

- American Indian children are especially likely to be nutritionally at risk and, hence, to be overweight and develop diabetes (CDC, 2004. “National Diabetes Statistics Fact Sheet,” [www.cdc.gov/diabetes](http://www.cdc.gov/diabetes); Story et al, 2003. “Obesity in American Indian Children.” Preventive Medicine, 31[1]:S3:-S12).
- And senior citizens, despite fixed incomes, often do not take advantage of government nutrition programs available to them (Wild Dagata, 2002. “Food Stamp Participation by Eligible Older Americans Remains Low,” Food Review, Summer-Fall. USDA: Economic Research Service).

Recognizing the traditional agricultural base of the area, the need for new venues of economic development, and the lack of readily available local foods, Isle and Onamia community members began organizing the Farmers’ Cooperative in February of 2010. Initial plans were created to pursue a feasibility study of collaborative marketing and sales of locally grown/raised agricultural products, locally produced value-added products, and hand-made crafts. The goal of the feasibility study was to determine whether the proposed Cooperative is likely to be successful and beneficial to its members and to establish a measure of local community support for local food systems.

## **G. Current Market Attractiveness and Future Trends**

### **a. Current Market Trends**

The increasingly attractive market for locally grown foods is influenced by a number of factors, including health benefits, economic factors, and environmental concerns.

The production and consumption of locally grown fruits, vegetables, meats, eggs, and dairy is gaining momentum across the globe and Minnesota as people are realizing the health and economic benefits of foods grown close to home and the perceived value of knowing one’s food source. The World Watch Institute points out “...the local foods movement has exploded in recent years, whether in the number of farmers’ markets, the range of supermarkets featuring foods raised nearby, or the growing appeal of groups like Slow Food. Local ingredients are showing up everywhere from school cafeterias to restaurant menus” (<http://www.worldwatch.org/node/4132>). In increasing efforts to link people with sources of local food production, organizations have also exploded on-line to include <http://www.localharvest.org> , <http://www.localdirt.com> , our own <http://www.minnesotagrown.com>, and the Land Stewardship Project that maintains a directory of direct marketing farmers, [http://www.landstewardshipproject.org/cbfed/buy\\_food.html](http://www.landstewardshipproject.org/cbfed/buy_food.html) . The USDA has dedicated 2008-2012 Farm Bill funds to promoting local and regional food systems as a part of National food security.

The romance of the American people with cheap food and lots of it is coming to an end as we battle obesity and chronic diseases that have multiplied as a result of an excess of highly processed but nutrient deficient, high calorie foods (World Health Organization, Technical Report Series 916. Diet, Nutrition and the Prevention of Chronic Diseases, 2001. <http://www.who.int/> ).

In addition, emerging independent research is examining and beginning to demonstrate links between environmental pollution, including pesticide residuals in food, and neurological and

developmental disorders in children, reproductive disorders, and cancers ( [Wigle DT](#), [Arbuckle TE](#), [Turner MC](#), [Bérubé A](#), [Yang Q](#), [Liu S](#), [Krewski D](#)). Epidemiologic evidence of relationships between reproductive and child health outcomes and environmental chemical contaminants (McLaughlin Centre for Population Health Risk Assessment, University of Ottawa, Ottawa, Ontario, Canada. [J. Toxicol Environ Health B Crit Rev](#). 2008 May;11(5-6):373-517). Although the Environmental Protection Agency is responsible for the safety and use of pesticides in the United States, there is simply a lack of existing knowledge of the long-term health effects of multiple pesticides and their degradates that are found in/on fruits and vegetables, in drinking water, and in the umbilical cord blood of neonates. A recent study from Johns Hopkins Bloomberg School of Public Health pointed out that fetal exposures to pesticides as measured by pesticides in cord serum are widespread, occur as mixtures, and differ by maternal race, age, and smoking status (Gila Neta; Lynn R Goldman; Dana Barr; Andreas Sjödin; Benjamin J Apelberg; Frank R Witter; Rolf U Halden. Distribution and determinants of pesticide mixtures in cord serum using principal component analysis. [Environmental Science & Technology](#) , Volume: 44, July 2010). More people are increasingly concerned about the many chemical contaminants found in foods, food containers, water, and household products. It is anticipated that the President's Cancer Panel will drive the research needed to clearly define the relationship between pesticides (insecticides, herbicides, fungicides) and the risk of human cancers. In their 2008-09 Annual Report, the Panel provides a concise summary of known pesticides that cause cancer, to include the increased incidence of prostate, ovarian, melanoma, and childhood leukemia in farm families using pesticides and in pesticide applicators. The Panel concluded that chemicals should be subjected to rigorous testing before they come into general use. They further pointed out that less than 2% of the many chemicals in use today have been tested for carcinogenicity (President's Cancer Panel, Annual Report 2008-09, Reducing Environmental Cancer Risk: What We Can Do Now. U.S. Department of Health and Human Services. April 2010. [http://deainfo.nci.nih.gov/advisory/pcp/annualReports/pcp08-09rpt/PCP\\_Report\\_08-09\\_508.pdf](http://deainfo.nci.nih.gov/advisory/pcp/annualReports/pcp08-09rpt/PCP_Report_08-09_508.pdf)). As the results of current and future research become public knowledge, there will be an increasing trend toward stopping the use of pesticides (insecticides, herbicides, fungicides) in food production and increasing public demand for food grown without pesticide use.

We are also beginning to realize that shipping in foods from distant industrial mega-farms and large processing facilities means we are exporting our food dollars, jobs, and food security out of the state, and in many cases, out of the country. The Leopold Center for Sustainable Agriculture completed a study quantifying the dollars and jobs that a local or regional food system would contribute to local economies in several Midwestern states to include Minnesota (Dave Swenson, Department of Economics, Iowa State University, Ames, Iowa. Selected Measures of the Economic Values of Increased Fruit and Vegetable Production and Consumption in the Upper Midwest, March 2010).

## **b. Expected Markets**

The total size of our market includes individual consumers and the retail food dollar share based on population, the restaurant industry food dollar share, health care institutions, and schools within a 50 mile area of interest. Major trends in each of these groups will be examined.

### **i. Individual Consumers**

The population estimate based on 2010 census data within 50 miles of the Onamia-Isle corridor is 27,000. Population trends by county include: From 2000-2009 Mille Lacs County population growth was a moderate 18.2% (22,330 to 26,383); Aitkin County's growth slowed to 2.3% (15,301 to 15,646); Kanabec County's growth slowed to 6% (14,996 to 15,899); Morrison County's growth slowed to 3.7% (31,715 to 32,883); and Crow Wing County's growth was a moderate 13.8% (55,099 to 62,723). Southern adjacent counties saw moderate to high growths of 17.4% (Benton), 36.4% (Sherburne), and 26.1% (Isanti) (Source: USDA Economic Research Service, <http://www.ers.usda.gov/>). Our area of interest includes portions of all of these counties. It is expected that growth will continue along the State Highway 169 corridor as the urban population expands north from the Twin Cities.

US per capita spending on food for home in 2009 was \$2061, up from \$1500 in 2000. Per capita spending on food away from home in 2009 was \$1868, up from \$1387 in 2000 (Source: USDA, Economic Research Service [http://www.ers.usda.gov/Briefing/CPIFoodAndExpenditures/Data/Expenditures\\_tables/table13.htm](http://www.ers.usda.gov/Briefing/CPIFoodAndExpenditures/Data/Expenditures_tables/table13.htm)).

Consumers are willing to pay a premium for locally grown produce, with freshness being the most important value. However, those most likely to pay a premium tend to be female with post-secondary education, and of higher economic status than those where price becomes the most important value. In addition, those consumers who frequent farmers' or other direct markets are willing to pay even higher premiums than those who primarily shop at grocery stores (Kim Darby, Marvin T. Batte, Stan Ernst and Brian Roe. Department of Agricultural, Environmental and Development Economics, the Ohio State University. Willingness to pay for locally produced foods: A customer intercept study of direct market and grocery store shoppers. *Selected Paper prepared for presentation at the American Agricultural Economics Association, Annual Meeting, Long Beach, California, July 23-26, 2006*).

The Food Marketing Institute ([http://www.fmi.org/news\\_releases/](http://www.fmi.org/news_releases/)) found that in 2009, despite the recession, consumers continue to show strong support for locally grown products. Nearly three-quarters (72 percent) of shoppers say they purchase locally grown products on a regular basis. Some of the reasons they like to buy local: freshness (82 percent), support the local economy (75 percent), taste (58 percent), environmental impact of transporting foods across great distances (35 percent). In 2010, the Food Marketing Institute found that more than half (53 percent) of shoppers say their store offers locally grown or produced products such as fresh meat or produce, or processed local favorites such as salsas, marinades, and jams. Their reasons for purchasing local products: freshness (77 percent), wanting to support the local economy (73 percent), and they like knowing the source of the

product (46 percent). These results closely match the results obtained from Customer Surveys at the Onamia and Isle Area Farmers' Markets (see Appendix 1: Farmers' Market Customer Survey 2010).

Over half of the food bought for home use comes from supermarkets (59.7%). The other sources include: Convenience stores (3%), specialty food stores (2.8%), warehouse clubs and supercenters (19.2%), home deliveries and mail order (3.5%), and from farmer, processor, wholesaler (1.1%). The latter source for home food reached a peak of 7.9% in 1929, 3.2% in 1969, and is currently relatively stable at 1.1% for the prior decade ([http://www.ers.usda.gov/Briefing/CPIFoodAndExpenditures/Data/Expenditures\\_tables/table14.htm](http://www.ers.usda.gov/Briefing/CPIFoodAndExpenditures/Data/Expenditures_tables/table14.htm)). Providing local foods within the consumer's familiar local supermarket will reach over half of individual consumers. Many local consumers do continue to purchase food for home use from the big warehouses and supercenters. The latter are now beginning to procure increasing amounts of local food as well. However, as transportation costs continue to rise, the local supermarket will continue to be a major source for food as this industry survey points out.

In 2010, the Consumer Price Index (CPI) for all food is projected to increase 0.5 to 1.5 percent—the lowest annual food inflation rate since 1992. Food-at-home (grocery store) prices are also forecast to increase 0.5 to 1.5 percent, while food-away-from-home (restaurant) prices are forecast to increase 1 to 2 percent. Although inflation has been relatively weak for most of 2009 and 2010, higher food commodity and energy prices have recently exerted pressure on wholesale and retail food prices. Hence, food inflation is predicted to accelerate during the first half of 2011, leading to a forecast of 2 to 3 percent food price inflation in 2011 (Source: USDA Economic Research Service, <http://www.ers.usda.gov/Briefing/CPIFoodAndExpenditures/>). In addition, there is concern among the largest West Coast vegetable and fruit growers that tougher enforcement of the US Immigration Laws will greatly increase labor costs, potentially driving costs upward (Calvin, Linda and Martin, Philip. The US Produce Industry and Labor: Facing the Future in a Global Economy, USDA Economic Research Service, Nov 2010).

## ii. Institutions

There are four hospitals and nursing homes with food service in the Mille Lacs Lake area of interest. Of the four, three were surveyed (Appendix 2: Institution Survey: Health Care Systems) and found to be very interested in procuring locally grown foods, especially foods grown without pesticides. Hospitals and nursing homes across the country, including those close to home, recognize the contribution to individual and community health provided by local production and distribution of fresher, more nutrient dense foods, and foods that are raised using sustainable methods, varieties selected for taste and nutrition rather than shelf-life, and distribution lines that are 50 miles, instead of the 1500 miles traveled from the West Coast producers to the Midwest. The increasing trend of local food procurement is partly driven by the international coalition, Health Care Without Harm, ([http://noharm.org/us\\_canada/about/](http://noharm.org/us_canada/about/)). This is a group of more than 470 organizations in 52 countries working to transform the health care sector so it is no longer a source of harm to people and the environment. The progress made is improving not only patient health, but also community and global

health in a number of areas. Hospitals and nursing homes are challenged, however, with contractual agreements with food distributors and ever tightening budgets. The labor costs of whole, unprocessed foods may be a severe limiting factor. Dealing with multiple farmers, differing payment requirements, and varying quality are additional challenges that can be best met by a local organization able to provide consistent quality, competitive pricing, single invoicing and pre-delivery processing.

### **iii. Schools**

There are six schools with food service in our area of interest. Schools face many of the same challenges as hospitals and nursing homes. Across the United States and Minnesota, schools are increasing their procurement of local foods for many of the same reasons as health care institutions. All schools in our area are interested in providing locally grown foods (Appendix 3: Institution Survey: Area Schools).

There are rapidly growing resources available to assist schools in this effort. Farm to School is a nation-wide campaign to “connect schools (K-12) and local farms with the goal of serving healthy meals in school cafeterias, improving student nutrition, providing agriculture, health and nutrition education opportunities and supporting local and regional farmers” ([www.farmtoschool.org](http://www.farmtoschool.org)).

The Minnesota Farm to School effort is following national trends by exponentially growing every year. A recent survey published by the Institute for Agriculture and Trade Policy concluded that the number of Minnesota school districts participating in Farm to School during the 2010 school year was 123, compared to just 10 districts in 2006 (<http://www.agobservatory.org/library.cfm?refID=107972> ) ([http://www.iatp.org/localFoods/project\\_healthySchool.cfm](http://www.iatp.org/localFoods/project_healthySchool.cfm))

The University of Minnesota Extension offers a Farm to School Toolkit for school food service directors. This toolkit provides information and resources for starting a Farm to School program, using the food, sourcing the food and promoting the food to the students. Extension also offers resources for farmers interested in selling their product to schools, parents, and teachers. More information can be found on their website: <http://www.extension.umn.edu/farm-to-school/>.

### **iv. Restaurants/Resorts**

The Mille Lacs area boasts approximately fifteen restaurants and resorts with food service. Many of these restaurants and resorts are interested in serving local products when available (Appendix 4: Institution Survey: Restaurants/Resorts).

Americans continue to increase visits to restaurants across the nation. On a typical day in 2010, Americans spent \$1.6 billion on food and drink. This reflects a solid trend upward despite the 2009-10 recession. \$2698 was the average household expenditure for food away from home in 2008. In the 2010 Restaurant Industry Forecast, 78% of adults say that going out to a restaurant with family and friends gives them an opportunity to socialize and is a better use of leisure time than cooking and

cleaning up. The number 1 trend in restaurants across the nation is increasing demand for locally grown food including fruits, vegetables, meats, eggs, and dairy. In this industry wide survey, 70 percent of adults say they are more likely to visit a restaurant that serves locally produced food items. In addition, 56% of adults say they are more likely to visit a restaurant that offers food grown in an organic or environmentally friendly way. The restaurant industry's share of the food dollar in 1953 was 25%; in 2010 the food dollar share has risen to 49%.

#### **H. Expected Market Share: Pesch Foodshed Calculator**

The Pesch Foodshed Calculator is a population based tool that integrates multiple data sources to show consumption data for vegetables, fruits, and meat. It also integrates the number of generic acres required to grow fruits and vegetables (See Appendix 5: Pesch Foodshed Calculator). The number of acres required to grow 5% of the local consumption demand for fruits and vegetables in the Mille Lacs area is 16 acres. As the population continues to grow, consumer demand for local foods continues to grow and as production capacity increases, market share can also be expected to increase. It is the goal of the Mille Lacs Food Network to provide at least 5% of the local consumption of fruits, vegetables, and meats within the first 5 years of business, increasing this as production capacity increases.

#### **I. Production Capacity and Costs**

With increasing population, there is a current trend toward purchase of small acre plots out of what was previously productive farm land. This trend must be tempered by local Comprehensive Land Use Plans that incorporate sufficient acres to meet the needs of a local/regional food system. City, county, and state planners must be advised on the productive agricultural acres to preserve in order to meet these needs (see Appendix 5: Pesch Foodshed Calculator).

Historically, farmers in this area have not been able to make a living from their farms. Typically, farmers hold 1-2 other jobs in order to maintain family economics and to secure health insurance benefits. This has limited farmers' ability to maximize production. Direct marketing has just recently become feasible, but is often limited to barter/gifting with family and neighbors that often does not meet the cost of production. Many farmers continue to use the commodity markets for corn-soy beans-oats and feeder cattle, finished beef, and hogs even though the return-on-investment for the small farmer is insufficient. Education and training is needed to transition some of the commodity crop acres to fruit and vegetable production with a much higher return-on-investment (see Leopold Study). There is also a need for local processing facilities that support USDA and MN Inspected (USDA equivalent) processing to support direct marketing of beef, pork, chicken, and other meats to local institutions and restaurants.

In the short term, the increasing demand for locally grown food in this region will continue to be met by backyard and community gardens, local farmers, and ranchers and by area farmers' markets. In the long-term, additional infrastructure is needed for collection, processing, and distribution of locally grown foods to individual consumers via local groceries as well as local institutions and restaurants. The Mille Lacs Area Food Network will be uniquely positioned to foster increasing local production of the

many small to medium sized growers/farmers of the area while meeting the growing demand for local foods from individuals, our local institutions, and our many restaurants and resorts.

The low socioeconomic status of most residents in our area of interest places high value on price and relatively lower value on freshness and supporting the local economy. The Mille Lacs Area Food Network's goal is to keep overhead at a minimum and maximize profit for the producer and minimize cost for the consumer. We will also incorporate low income strategies to include EBT, WIC, SNAP and Food Shelf donations.

## **J. Health Regulations**

Both the MN Department of Health (MDH) and the MN Department of Agriculture (MDA) have jurisdiction over the proposed food service organization. In addition to MDH and MDA licensing, an approved kitchen or processing facility must have a certificate of occupancy with documented approval from local building, plumbing, fire, electrical, and zoning inspectors as required by state and local laws. Additional information about purchasing fresh produce, meat, poultry, and eggs directly from local growers is included in this section. It is anticipated that the proposed organization will assist local growers/producers in meeting any requirements for inspection and licensing of products.

### **Minnesota Department of Health**

The Minnesota Department of Health (MDH) licenses food, beverage or lodging establishments in Minnesota. Onamia and Mille Lacs County are fully under the jurisdiction of the MDH.

Certified Food Manager as the person-in-charge is required for processing of locally grown produce. Food Safety Manager Certification: Initial course work varies \$77, License \$35; Renewal course work: 4CE, License \$35/3 yrs (<http://www.health.state.mn.us/divs/eh/food/fmc/index.html>).

The Minnesota Food Code, Minnesota Rules Chapter 4626, contains the minimum design, installation, construction, operation and maintenance requirements for all food establishments in Minnesota. These rules are the standards with which food establishments must comply in the handling, storing, preparation and service of food to the retail food consumer (<http://www.health.state.mn.us/divs/eh/food/code/index.html>).

In 2005, the Minnesota Legislature created a Statewide Hospitality Fee for all food, beverage, and lodging (FBL) establishments licensed in the state (see [Minnesota Statutes, section 157.16, subd. 3a](#)). The Minnesota Department of Health (MDH) is required to collect a \$35 statewide hospitality fee in addition to existing licensing fees for all FBL establishments. This fee applies to every food, beverage and lodging establishment within the state of Minnesota.

Food and Beverage Operator's License (annual): If an existing business is being taken over and nothing else will change, contact restaurant licensing. An environmental health specialist will determine fees and give final approval if compliance with all other requirements is met. Operation may not begin until the application and fees are submitted and approved. **The MDH Inspector for Mille Lacs County is Joleen Hoepner, 320-223-7335.**

Restaurant Licensing:

[Gary.Edwards@state.mn.us](mailto:Gary.Edwards@state.mn.us) 651-201-4513

Restaurant Licensing 651-201-4505

Restaurant Complaints 651-201-4500

Grocery Stores, Bakeries, Meat Markets 651-201-6027  
(Department of Agriculture)

Plans must be submitted if remodeling or change in equipment is planned. Allow at least 30 days for plan review. For required plan components and filing information:

<http://www.health.state.mn.us/divs/eh/food/license/summary.html>

A final construction inspection must be conducted by MDH staff to verify equipment and construction according to approved plans. . Inspection is required 14 days prior to planned opening of the business. The business may not open until the license application is completed, all fees have been paid in full, and the final construction inspection is done. Plan Review Application--Remodel or Addition: <http://www.health.state.mn.us/divs/eh/food/license/prappremfbl.pdf>

**Summary of MDH fees:**

New business, Medium Establishment: \$450

Existing business take-over: Fees determined by MDH, Restaurant Licensing

Joleen Hoepner (320) 223-7335.

Remodel/change in existing business, Medium Establishment: \$350

Food Safety Manager Certification: Initial course work \$77, License \$35

Renewal course work: 4CE, License \$35/3 yrs

Hospitality Fee: \$35

**Minnesota Department of Agriculture, Dairy and Food Inspection Division**

MDA licensing is required for all retail food businesses in Minnesota (in-store deli's in grocery, retail meat, retail bakery, convenience stores)

**Retail Food Store Sanitation Plan Review Application:**

The Uniform Minnesota Food Code Chapter 4626.1720 requires a retail food establishment license applicant or licensee to submit the required fee, review application, plans, equipment specifications, materials list, and other required information on forms supplied by the MDA at least 30 days prior to commencement of construction, remodeling, or conversion. HACCP Plans are required for smoking, curing, vacuum packaging, etc The **Hazard Analysis Critical Control Point** system is a preventative system for assuring the safe production of food products.

[www.mda.state.mn.us/news/publications/food/business.../haccpbook.pdf](http://www.mda.state.mn.us/news/publications/food/business.../haccpbook.pdf).

A final Sanitation Plan review must be scheduled with the State Food Inspector indicated in the approval letter to set up inspection prior to operation. If the establishment meets all requirements, and

approval is granted by the food inspector, a Retail Food Handler License is issued. It is also contingent upon plumbing and/or waste disposal install/modification plan approval by the Department of Labor and Industry (see below).

Additional MDA information: 651-201-6027.

Retail Food Handler's License: \$200, based on square footage less than 5,000.

### **Wholesale Produce Dealer License:**

Any wholesale dealer or food processor that purchases or contracts with other Minnesota dealers or farmers for any of the following products needs to be licensed as a Minnesota Wholesale Produce Dealer: Fresh fruits and vegetables, Milk and cream and products manufactured from milk and cream, or Poultry and eggs. Retailers, Agents or Brokers who purchase more than \$500 per month directly from Minnesota farmers or who handle or deal in produce with a Minnesota dealer or farmer for a commission or fee are also required to have a MN Wholesale Produce Dealer License. Farmer-owned cooperatives do not need to be licensed as Minnesota Wholesale Produce Dealers if 75% of the cooperative's business is with members or stockholder patrons.

A wholesale food processor/manufacture license by MDA's Dairy and Food Inspection Division may also be required. For further information about a wholesale food processor/manufacture license, contact the Dairy and Food Inspection Division licensing line at: 651-201-6062

\$110 minimum fee

Total produce purchased X 0.00045 plus

Application fee: \$75

Certified copy of license to be posted: \$20

Produce Buyers ID card: \$5 each

Produce truck stickers: \$10 each

Total first year without prior purchase: \$110

<http://www.mda.state.mn.us/en/licensing/licensetypes/fruit-veg-insp/wholproddealer.aspx>

### **Good Agriculture Practices/Good Handling Practices (GAP/GHP) Food Safety Audits**

The USDA Good Agricultural Practices / Good Handling Practices Audit Program was established to provide unbiased third party audits of agricultural and handling practices of fresh fruits and vegetables. These audits help the fruit and vegetable producer or the handler of fruits and vegetables to reduce produce contamination. Many retailers and processors are making it mandatory that any supplier of fresh fruits and vegetables to them must have passed a third party food safety audit. GAP/GHP audits are currently voluntary. Fruit and Vegetable Inspection program staff is licensed by the USDA to provide these audits for any growers, shippers, receivers, and re packers in Minnesota. These audits consist of asking questions, reviewing documentation, and onsite viewing of warehouse, storage, packing, and transportation facilities. The audit consists of all or any combination of the following:

- General Questions (Passing of this section is mandatory)
- Part 1. Farm Review,
- Part 2. Field Harvest and Packing Activities,

- Part 3. House Packing Facility,
- Part 4. Storage and Transportation,
- Part 5. (deleted)
- Part 6. Wholesale Distribution Center/Terminal Warehouses,
- Part 7. Food Defense.

Applicants can be audited for all or just individual parts that pertain to their operation. A passing score of 80% is required on each part. Results of passing are posted on the USDA's website. Food Safety is continually growing and could eventually be a necessity to handle fruits and vegetables in the future.

GAP/GHP fees: \$92/hour plus \$1.50/billable mile  
<http://www.mda.state.mn.us/licensing/licensetypes/fruit-veg-insp/fruitandvegetable.aspx>

For additional information about processing and serving locally grown produce in licensed food service establishments see

<http://www.mda.state.mn.us/food/safety/~media/Files/food/foodsafety/fs-produce.ashx>

### **Local Zoning Ordinances**

Onamia Zoning Administrator: Micky Carter 320-532-3597 was contacted 3/22/2011 and advised there were no local ordinances applicable to the Food Court lease option site. Mille Lacs County administers State Building and Fire Codes compliance and inspection.

### **State Building and Fire Codes Compliance and Inspection**

All food businesses in MN are required to meet the State Building Code. David Barsody is the Mille Lacs County Building Inspector [dlbarsody@frontiernet.net](mailto:dlbarsody@frontiernet.net), by phone at 612-219-2252, or by fax at 320-532-3630. To schedule a building inspection, 877-533-3629.

### **State Plumbing Code**

Department of Labor and Industry approves existing plumbing and any changes at least 30 days prior to opening any food business. Installation of plumbing changes cannot begin until plans are approved. Failure to comply means fine and/or revocation of plumbing license.

Minnesota Department of Labor and Industry

Construction Codes and Licensing Division  
 Plumbing and Engineering Unit  
 443 Lafayette Road N.  
 St. Paul, MN 55155  
 Phone: (651) 284-5067  
 Fax: (651) 284-5748  
[www.dli.mn.gov](http://www.dli.mn.gov)

### **Locally grown produce, meats, poultry, eggs**

### **Fresh fruits and vegetables:**

Commercial food operators can buy produce directly from the grower if the person is selling produce that they have grown on their own land. A license would not be required, as indicated by [Constitution of the State of Minnesota, Article 13](#), Section 7, [Minnesota Statutes, Chapter 28A.15, Subdivision 1](#), [Minnesota Rules 4626.0130](#) (B). Such produce is considered an 'approved source' if the food is not processed and is grown on the farm or garden occupied and cultivated by them as long as the food has not been prepared or stored in the private home. A license would be required if foods are processed, such as cutting, heating, canning, freezing, drying, mixing, coating, bottling, etc., or if foods are purchased for resale. Processing would not include sorting, trimming as part of the harvesting process, or preliminary washing to remove extraneous soil and debris. In addition, if a person buys produce from another grower for resale, that person may need to be licensed as a Minnesota Wholesale Produce Dealer.

The farmer/grower is responsible for good agricultural practices and meeting the requirements of State and Federal Law pertaining to the use of chemicals, fertilizers, irrigation, manure applications, etc. The buyer is responsible for the following:

- Identify the source of the product (ask for an invoice, etc. that identifies the supplier or grower's name and address). Good record keeping is particularly important in case of a trace back of a product due to illness or injury.
- If possible, visit the farm or ask for more information on production practices (if applicable).
- Look at the transportation vehicle for chemicals, cleanliness, odors, and obvious debris.
- Look at pallets, packages and boxed stored foods for cross-contamination.
- Inspect the produce for signs of insects, disease, bruising and damage, freshness, over-ripeness, and immaturity.
- Examine packages of food products to make sure that they are intact and not leaking, and for signs of contamination by rodents, insects or birds.
- Check proper transport temperatures for potentially hazardous foods.
- Wash produce before using it to remove soil and surface contamination.
- If the produce is advertised as "organic", ask for documentation that references the USDA Certifying Agent (<http://www.mda.state.mn.us/food/safety/providing-safe-produce.aspx>).

### **Meat and Poultry Products:**

Livestock producers who wish to sell their products to grocery stores, restaurants, boarding house and other food service institutions, must meet certain requirements relating to food safety prior to the sale. The poultry and livestock must be slaughtered and processed in an establishment that is inspected continuously by the Minnesota Meat and Poultry Inspection Program (MMPIP) or the United States Department of Agriculture (USDA). A [list of State inspected meat and poultry plants](#) is available or call the MMPIP for a copy. For a listing of USDA inspected plants, contact the Minneapolis District office at 612-370-2400. The livestock producer must have a valid food handler license and approved facilities for the storage and delivery of the products. Applications for food handler licenses must be obtained from the MDA Dairy and Food Inspection Division. They can be contacted at 651-201-6027. Please notify them that you want to apply for a food handler license and you will be referred to the area supervisor or inspector. Meat processed at a custom exempt processor cannot be sold and must be identified "Not For Sale." (A custom meat processor is defined in state and federal law as a plant that is exempted from

continuous inspection because they only process meat for the owner of the animal. The meat products can be consumed by the owner, the owner's immediate family and non-paying guests, but not sold) (<http://www.mda.state.mn.us/food/safety/meat-sale.aspx>).

## **Eggs**

Poultry producers who wish to sell shell eggs from their production to grocery stores, restaurants, boarding house and other food service institutions, must meet certain requirements relating to food safety prior to the sale. These requirements do not apply to the producer who sells eggs from their premises for direct sale to the ultimate consumer.

-Eggs sold to grocery stores and restaurants must meet the requirements of Minnesota Statutes 29 and Minnesota Rules 1520. Copies of the statute and rules are available from the [Reviser of Statutes web site](#). Basic compliance with these requirements includes the following:

-The eggs must be clean and cannot be cleaned by wet cleaning. A sandpaper block or other means of dry-cleaning is acceptable.

-All eggs must be candled and graded either by the farmer or by the grocery store or restaurant that purchases the eggs. [A handbook about shell eggs and candling and grading criteria is available on the United States Department of Agriculture \(USDA\) Agricultural Marketing Service \(AMS\) web site](#)

-[Eggs must be refrigerated at 45°F or less after grading](#) and be maintained at that temperature during storage.

-Containers (cartons, cases) of eggs must be labeled with the following mandatory information:

-Grade and size of the eggs.

-The name, address and zip code of the packer or distributor.

-A pack date in Julian calendar (day of the year) form. For example: The labeling of a grade A egg packed on June 1 will have a pack date of 152.

-A freshness date not to exceed 30 days from the date of pack. The freshness date must also have an explanation such as "exp.", Best if used by or similar explanation. In the above example using June 1 as the pack date, the freshness date is July 1.

-The safe handling instructions: "To prevent illness from bacteria: keep eggs refrigerated, cook eggs until yolks are firm, and cook foods containing eggs thoroughly."

-Farmers who sell only eggs from their production are exempted from obtaining a food handler license. However, they must register with the Minnesota Department of Agriculture, Meat, Poultry and Egg Inspection program at 651-201-6027 (<http://www.mda.state.mn.us/food/safety/shell-eggs-sale.aspx>).

## **References**

In addition to references listed in the text, the following were consulted in this section:

Starting a Food Business in Minnesota

<http://www.mda.state.mn.us/about/divisions/~media/Files/food/business/startingfoodbiz.ashx>

Food Safety Information and Resources

<http://www.mda.state.mn.us/food/safety/food-safety-resources.aspx#producesafety>

## **K. Lessons Learned from Other Local Food Networks in the Upper Midwest**

As a part of this feasibility study, interviews were conducted with six established local food networks throughout Minnesota, Wisconsin, Illinois, and Kansas (Appendix 6: Local Food Network Researched Organizations). Each interview followed a set list of questions prepared by the Mille Lacs Area Food Network Steering Committee (Appendix 7: Local Food Network Interview Questions). Below are the successes, challenges, and advice given by each group.

### **a. Successes**

- As a new business, it will take 3-5 years to determine success rates.
- Small towns are generally skeptical of new business ventures; it is crucial to accomplish what the business said it was going to do, by doing so, the business will gain support and loyalty from the community.
- One benefit of a cooperative business structure is that it is less costly to expand because individuals do not need to invest time and money necessary to buy additional land, equipment and materials. Also, a cooperative business structure creates new sales outlets for smaller farmers who were unable to tap into the market before.
- In order to protect against potential liability issues members of the cooperative must sign the “Memorandum of Understanding” which specifies obligations and functions of members within the alliance.

### **b. Challenges**

- Delivery of items from farm to store; store manager required to pick-up products from farm because the order is not large enough for a delivery by farmer.
- Sustainable growth: measuring quality versus quantity. Over time adding new products means additional costs as well as the time required to find and build new relationships with local farmers.
- Educating and training farmers on the importance of quality standards.
- Coordinating packaging and labeling. Meeting the needs of both the farmers and grocer.
- Over reliance on a handful of bigger producers to meet the demand, versus multiple smaller producers.

### **c. Words of Wisdoms**

- Set a larger boundary for local foods range. It was discovered that there were not as many local producers as initially thought, which made it difficult to meet demand. Recommend a 100-200 mile radius for “local” food.
- Make sure items being stocked on shelves are things that customers want to buy.
- Make a long term goal with realistic small goals that you can accomplish to reach the end.
- Operating a retail store with food takes a lot of learning – get reliable help!
- Make changes slowly to avoid going into significant debt.
- Partnering with business owners in the community allows for experimenting with new opportunities for buying and selling locally grown food and allows for better communication between business owners and producers.
- Celebrate small successes and allow project to adjust to challenges and grow over time.
- Consumer education is essential to build a well-recognized, strong label.

## **L. Financial Projections**

Financial projections were initially completed with the assistance of East Central Regional Development Center, October 2010. Financial projections were completed for four scenarios:

1. Independent Store-Front, Buy Option
2. Independent Store-Front, Lease Option
3. Partner Option with Mille Lacs Area Food Coop, Isle MN and Billie's Market, Onamia, MN
4. Independent Store-Front, Lease Option, Food Court

Scenarios 1 and 2 include direct retail sales of produce and crafts from an independent store-front. Scenario 3 includes wholesale sales of produce and crafts to the Mille Lacs Area Food Coop and Billie's Market for retailing and all season availability of fresh and preserved produce. At a later date financial projects were created for a fourth scenario, an option to lease a store front, different from the facilities examined in scenario 2. All scenarios include collaborative wholesale sales of produce to local hospitals, nursing homes, schools, restaurants, and resorts.

Year 1 Sales Projections were based on historical data and major assumptions are noted on this worksheet. The Pesch Foodshed Calculator (Appendix 5) was also used for population based sales projections using the listed wholesale pricing for 2010. Based on uncertain production capacity, it was deemed more conservative to use sales projections based on available historical data. The Pesch Foodshed Calculator is included here as providing year 5-10 sales projections and includes information relevant to expansion of production capacity.

<b><u>Projected Annual Sales--Year 1</u></b>			See also Pesch Foodshed Calculator	
<u>Projections based on historical data.</u>				
<b><u>Source</u></b>	<b><u>Data Available 2009</u></b>	<b><u>Data Available 2010</u></b>	<b><u>Projected</u></b>	<b><u>Notes:</u></b>
<b><u>Total Retail</u></b>	\$26,500.00	\$38,500.00	<i>\$61,600.00</i>	Data available is Gross sales from Onamia & Isle Farmers' Market Vendor Surveys (top of range)
				Projected sales based on 60% increase from 2010 daily sales
Retail				Adding vendors from Princeton, Milaca, and other Farmers' Markets will increase projections.
Vegetables				Current sales May-October at 1-4 Farmers' Market days. Assume expanded sales all season 5 days/week
Fruits				
Baked Goods				
Preserves				
Meats				
Dairy Products				

Wild Rice				
Maple Syrup				
Honey				
Sunflower Oil				
Plants				
Arts/Crafts				
<b><u>Wholesale</u></b>				
MLHS	NA	\$915.90	\$8,243.10	Assume addition of Fairview Northland and Cayuna Medical Center and 200% increase in sales
Onamia School	\$0.00	\$377.40	\$6,793.20	Assume addition of Isle, Milaca, Princeton, Nay-Ah-Shing, Nexus Academy and 200% increase in sales
Restaurants	\$0.00		8,000.00	Assume addition of 4 restaurants
Resorts	\$0.00		8,000.00	Assume addition of 4 resorts
				Current sales May-October. Assume expanded sales May-March with root crop storage capability
Vegetables				
Fruits				

Baked Goods				Requires commercial kitchen for product resale
Preserves				Requires commercial kitchen for product resale
Meats		\$1,727.00	\$3,454.00	USDA/MN State Inspection required
Dairy Products				USDA/MN State Inspection required
Wild Rice				From currently licensed vendor
Maple Syrup				From currently licensed vendor
Honey				From currently licensed vendor
Sunflower Oil				From currently licensed vendor
<b><u>Totals:</u></b>	<b>\$26,500.00</b>	<b>\$41,520.30</b>	<b>\$96,090</b>	
			\$28,827	Assumes 30% Markup. This would be project net income after vendor payment

The Pesch Foodshed Calculator was developed by Ryan Pesch, University of Minnesota Extension Education, Fergus Falls, MN. It consolidates data from multiple sources to show consumption demand for vegetables, fruits, meats, eggs, and dairy. The pricing is from Onamia and Isle Farmers' Market collaborative wholesale sales to the Mille Lacs Health System and the Onamia School in 2010. Prices were set by participating growers in Spring 2010 and are subject to change. A market share target of 5% of the total demand was set as a goal to meet within 5 years. An initial product margin of 30% was used based on historical data from the Whole Farm Coop, Long Prairie, MN. Less margin may be appropriate for Financial Scenarios 3 and 4 where overhead costs will be significantly less than Scenarios 1 and 2.

<b>Onamia-Isle Area Farmers' Markets</b>						
<b>Produce Availability &amp; Pricing (From current sales to MLHS and Onamia School)</b>						
Wholesale Prices per 2010 Season						
Pesch Foodshed Calculator based on 50 mile radius with estimated population of 27,000						
Market Share estimated at 5% of demand						
<b><u>Produce</u></b>	<b><u>Price (Subject to Change)</u></b>	<b><u>Pesch Foodshed Calculator Demand</u></b>	<b><u>Unit</u></b>	<b><u>Pounds/Unit</u></b>	<b><u>5% of Demand in pounds</u></b>	<b><u>Projected Income</u></b>
<b><u>Vegetables</u></b>						

Asparagus/#	\$3.50	1030.6	Case	30.0	1545.9	\$5,410.65
Artichokes						
Bell Peppers/#	\$1.30	6525	Bu	28.0	9135	\$11,875.50
Basil						
Beans, Green & Wax/#	\$1.30					
Beets/#						
Broccoli/#	\$1.70	7080.9	Cases	23.0	8143.0	\$13,843.16
Cabbage/#	\$0.80	4637.7	Crate	50	11594.3	\$9,275.40
Carrots/#	\$1.00	4840.8	Bu	50.0	12102.0	\$12,102.00
Cauliflower/#	\$1.70	1875.7	Cases	25.0	2344.6	\$3,985.86
Celery/#		2872.6	Cases	60.0	8617.8	\$0.00
Celeriac					0.0	\$0.00
Cilantro					0.0	\$0.00
Chard	\$4.00				0.0	
Collard Greens		852.7	Bu	18.0	767.4	\$0.00
Cucumbers/#	\$1.40	3099.9	Bu	55.0	8524.7	\$11,934.62
Eggplant		783.7	Bu	33.0	1293.1	\$0.00

Escarole/endive		247.3	Bu	25.0	309.1	\$0.00
Garlic/#	\$4.00	2660.5	Case	30.0	3990.8	\$15,963.00
Kale	\$4.00	415.1	Bu	25.0	518.9	\$2,075.50
Leeks/#	\$1.75					
Lettuce /#	\$4.00	13680.1	Cases	40.0	27360.2	\$109,440.80
Lettuce, Romaine/#	\$4.00	10217.8	Cases	40.0	20435.6	\$81,742.40
Lettuce, Crispino Head	\$4.00				0.0	\$0.00
Lima Beans/#		25.1	Bu	30.0	37.7	\$0.00
Mushrooms (fresh)/#	\$5.00	69725.3		1.0	3486.3	\$17,431.33
Mustard greens	\$4.00	665.2	Bu	18.0	598.7	\$2,394.72
Onions/#, White/Red	\$0.90	11722.8	Sacks	50.0	29307.0	\$26,376.30
Onions, Green/#					0.0	\$0.00
Oregano						
Parsley						
Peas, Snap						
Potatoes-red & white/#	\$0.70	10596.9	Cases	100.0	52984.5	\$37,089.15
Pumpkins/#		139004.7	Lbs	1.0	6950.2	\$0.00
Radish/#	\$1.75	1177.2	Cases	12.0	706.3	\$1,236.06

Radish, German Sweet					0.0	\$0.00
Shallots						
Snap beans/#	\$1.30	1969.1	Bu	30.0	2953.7	\$3,839.75
Spinach/#	\$4.00	2202.1	Bu	25.0	2752.6	\$11,010.50
Squash, Winter/#	\$1.00	2680.7	Bu	45.0	6031.6	\$6,031.58
Spaghetti squash						
Butternut squash						
Butter cup squash						
Acorn squash						
Sweet Corn/#	\$2.00	4937.6	Bu	50.0	12344.0	\$24,688.00
Sweet Potatoes		3516.2	Cases	40.0	7032.4	\$0.00
Tarragon						
Tomatoes/#	\$1.80	27420.4	Flats	20.0	27420.4	\$49,356.72
Tomato, Cherry/Plum/#	\$2.50					
Turnip greens		645.9	Bu	18.0	581.3	\$0.00
Tomatillos						
Turnips/#	\$1.50					
Zucchini-green/yellow/#	\$1.20					

Zucchini-patty pan/#						
<b>Fruits</b>						
Apples/#	\$2.00	11101.0	Bu	40.0	22202.0	\$44,404.00
Blueberries		5723.9	Cases	2.7	772.7	\$0.00
Cantaloupe/each	\$1.75	8871.0	Cases	30.0	13306.5	\$23,286.38
Grapes		9845.4	Flats	22.0	10829.9	\$0.00
Honeydew	\$1.75	1822.0	Cases	30.0	2733.0	\$4,782.75
Raspberries/pint	\$5.00	1820.4	Flats	6.0	546.1	\$2,730.60
Rhubarb /bunch	\$3.00					
Strawberries/#	\$2.50	14503.6	Flats	6.0	4351.1	\$10,877.70
Watermelon		5163.2	Cases	85.0	21943.6	\$0.00
<b>Honey</b>					0.0	\$0.00
Quart	\$10.75				0.0	\$0.00
1# Jar	\$4.50				0.0	\$0.00
<b>Maple Syrup</b>					0.0	\$0.00
8 oz	\$7.00				0.0	\$0.00
12 oz	\$8.75				0.0	\$0.00
16 oz	\$10.00				0.0	\$0.00

32 oz	\$18.00				0.0	\$0.00
1 Gallon	\$55.00				0.0	\$0.00
Granulated Maple Sugar--1 #	\$12.00				0.0	\$0.00
<b>NEW Sunflower Oil</b>					0.0	\$0.00
16 Oz	\$8.00				0.0	\$0.00
1/2 gallon	\$11.00				0.0	\$0.00
1 Gallon	\$20.00				0.0	\$0.00
<b>Wild Rice /#</b>	\$9.00				0.0	\$0.00
<b>Meats</b>						
<b>Meat (carcass weight)</b>						
Beef/#	\$2.28	1,756,609.5	Lbs		87830.5	\$200,253.48
Veal/#		10695.7	Lbs		534.8	\$0.00
Pork/#	\$2.34	1358516.7	Lbs		67925.8	\$158,946.45
Lamb/#		30639.1	Lbs		1532.0	\$0.00
Chicken/#	\$2.65	2306226.4	Lbs		115311.3	\$305,575.00
Turkey/#		472095.5	Lbs		23604.8	\$0.00
<b>Eggs (shell)</b>						\$0.00

Shell Eggs (count per capita)	\$2.50	4,584,790.5	Lbs		229239.5	\$47,758.24
<b>Dairy</b>						\$0.00
Butter		127,825.0	Lbs		6391.3	\$0.00
Whole and part-skim cheese: American		345,727.8	Lbs		17286.4	\$0.00
Whole and part-skim cheese: Other		536,437.1	Lbs		26821.9	\$0.00
Whole and part-skim cheese: Total						\$0.00
Beverage Milk (Gallons per capita)		557,765.5	Lbs		27888.3	\$0.00
Yogurt (Gallons per capita)		35,990.5	Lbs		1799.5	\$0.00
<b>Total Annual Sales:</b>						<b>\$1,255,717.58</b>
<b>30% Net Coop Income:</b>						<b>\$376,715.27</b>

### **Scenario 1. Independent Store-Front, Buy Option.**

A building for sale in downtown Onamia was used for financial projections. The owner quote received for price including all existing restaurant equipment was \$50,000. The building for sale on Highway 169 which is the 2009-10 site of the Onamia Area Farmers' Market was considered, however, the listed price of \$200,000 was excluded based on the initial Sources and Uses Budget. Information relating to the higher priced property is included in the notes. The Sources and Uses Budget shows the major expenses associated with business start-up and the source of expected or projected funding (see Appendix 8: Scenario 1, Buy Option).

The Sources and Uses Budget for Scenario 1, Independent Store Front, Buy Option shows major expenses of about \$200,000. The sources of funding would require major grant funding of almost \$100,000 and member equity of \$50,000, local donations/fund raising of \$5000, and bank debt, a estimated \$45,000.

### **Scenario 2. Independent Store-front, Lease Option (Pizza Plus building).**

The Sources and Uses Budget for Scenario 2, Independent Store Front, Lease Option uses the same existing building (Pizza Plus) for consistency and assumes the ability to lease and use the existing restaurant equipment. Major expenses are about \$142,000. The sources of funding would require a lesser grant of \$71,000 and member equity remains at \$50,000, local donations/fundraising remain \$5000, and bank debt falls to \$16,000. See Appendix 9: Scenario 2, Lease Option.

Note: For completeness, need to run S&U Budget for lease of Hwy 169 Building. Lease is \$2000/mo without any existing equipment and major lease-hold improvements required.

### **Scenario 3. Partner with Mille Lacs Area Food Coop (MLAFC) and Billie's Market**

The Sources and Uses Budget for Scenario 3, Partner with MLAFC and Billie's Market, uses existing retail businesses for all season sales of produce and crafts. One manager would be hired to coordinate collaborative sales to local institutions, schools, restaurants and resorts. Additional labor would be required to assist with collection/cleaning/packaging and delivery. Existing facilities at both the MLAFC and Billie's Market would be used as collection, washing, packaging, and distribution points. This use of existing facilities may require rent/lease payments that are not reflected in the Budget. Appropriate licensing of the manager and drivers would be required. General commercial and product liability insurance would still be required. Major expenses are about \$105,000, member equity remains at \$50,000, but local donations/fundraising falls to \$2000 with no bank debt incurred (see Appendix 10: Scenario 3, Partner Option).

### **Scenario 4. Independent Store-Front, Lease Option (Food Court)**

The Sources and Uses Budget for Scenario 4, Independent Store-Front, Lease Option uses the Food Court building located in at 108 Wall Street, Onamia, MN. This space comes equipped with

kitchen equipment that is certified and has previously been inspected and approved by the MN Department of Health. Rent of this space would be approximately 10% of sales off-set by 25% commission per agreement to sell landlord's T-shirts. Previous tenant's rent was a 'wash' under this agreement. The LLC would be responsible for utilities of this space which had previously averaged out to approximately \$440 per month (see Appendix 11: Scenario 4, Lease Option #2).

Note: Steering Committee approved decision to pursue Scenario 4 on March 29, 2011. Initially the committee thought it was best to pursue Scenario 3, the partnership option, however after Scenario 4 became an option, it was determined that current facilities available at both partner sites would not be adequate for collecting, washing, and distributing of local produce for wholesale sales to institutions. Scenario 4 has the proper space and equipment to act as a collection and distribution point for local produce in the future.

### **M. Competitor Analysis**

In the business of food production and food distribution, there are going to be other businesses that will be competing with for sales and customers. In the case of the Mille Lacs Area Food Network, competitors will be grocery stores selling non-local produce at a lower price, other restaurants, and food distribution companies selling large quantities of food to institutions (Appendix 12: Price Comparison Competitor Analysis).

As a new business, it will be challenging to work against competitors for several reasons: one reason being that competitors will already have a large, established, loyal customer base which we will now be vying for. Food distribution companies that sell to institutions in our area often have contracts with each institution, stating a certain percentage of their food budget needs to be used through that specific distributor. As local foods become higher in demand from various institutions, these large food distributors are beginning to offer local produce seasonally. Although this is a positive change in the local foods movement, it can be seen as a challenge by the Mille Lacs Area Food Network

In order for producers who are a part of the Mille Lacs Area Food Network to make a livable wage selling their products it will be critical that the Mille Lacs Area Food Network offer competitive prices, quality assurance, and products that meet state standards and regulations. It will also be important for the Mille Lacs Area Food Network to educate buyers and institutions about the importance of purchasing local foods, not only for the health of the environment, but also for the health of the local economy. It will take a commitment by the institutions to purchase local foods in order to ensure customer loyalty and success of the business.

### **N. Business Model**

The business structure of the Limited Liability Company (LLC) was determined to be the best option for the proposed Farm Market Café business. A governing board of three will be selected by the committee to draft the Internal Operating Agreement and initial business plan. In the future

others may become members by making a contribution to the business. See Business Plan, Farm Market Café, LLC for further details.

In the beginning months of the Farm Market Café there will be extensive community outreach and education initiatives conducted for the public of the Mille Lacs area. The outreach meetings will be tailored towards potential vendors/suppliers of the café, as well as customers of the Café. There is a total of \$3,200 budgeted for Community Meetings, scheduled for the summer of 2011. The purpose of these meetings will be to review the findings of the feasibility study and also discuss the Farm Market Café business plan and community membership.

In total, this project cost \$10,000, with \$5,600 of in-kind support from both Onanegozie RC&D and Onamia Community Education. This project would not have been possible without the invaluable hours contributed by the agricultural producers and other community partners associated with the Onamia and Isle Farmers' Markets.

For more information contact:

Barbara Eller

12722 350th Street

Onamia, MN 56359

[218-839-4489](tel:218-839-4489)/[1-800-323-1361](tel:1-800-323-1361)

[ellerb@hughes.net](mailto:ellerb@hughes.net)

## References:

Agricultural Research Utilization Institute and Minnesota Farmers Union, Marketing Study of Opportunities for Foods Grown Locally or Sustainably in Minnesota, May 2009.

National Restaurant Association. 2010 Restaurant Industry Forecast.  
<http://www.restaurant.org/research/facts/>.

Agricultural Marketing Resource Center, <http://www.agmrc.org/>.

Kim Darby, Marvin T. Batte, Stan Ernst and Brian Roe.

Department of Agricultural, Environmental and Development Economics, The Ohio State University. Willingness to pay for locally produced foods: A customer intercept study of direct market and grocery store shoppers. *Selected Paper prepared for presentation at the American Agricultural Economics Association, Annual Meeting, Long Beach, California, July 23-26, 2006.*

Calvin, Linda and Martin, Philip. The US Produce Industry and Labor: Facing the Future in a Global Economy, USDA Economic Research Service, Nov 2010.

World Health Organization, Technical Report Series 916. Diet, Nutrition and the Prevention of Chronic Diseases, 2001. <http://www.who.int/>.

Dave Swenson, Department of Economics, Iowa State University, Ames, Iowa. Selected Measures of the Economic Values of Increased Fruit and Vegetable Production and Consumption in the Upper Midwest, March 2010.

Wigle DT, Arbuckle TE, Turner MC, Bérubé A, Yang Q, Liu S, Krewski D. Epidemiologic evidence of relationships between reproductive and child health outcomes and environmental chemical contaminants. McLaughlin Centre for Population Health Risk Assessment, University of Ottawa, Ottawa, Ontario, Canada. J. Toxicol Environ Health B Crit Rev. 2008 May;11(5-6):373-517.

Gila Neta; Lynn R Goldman; Dana Barr; Andreas Sjödin; Benjamin J Apelberg; Frank R Witter; Rolf U Halden. Distribution and determinants of pesticide mixtures in cord serum using principal component analysis. Environmental Science & Technology , Volume: 44, July 2010.

2010 Restaurant Industry Forecast.

Health Care Without Harm. [http://noharm.org/us\\_canada/about/](http://noharm.org/us_canada/about/).

President's Cancer Panel, Annual Report 2008-09, Reducing Environmental Cancer Risk: What We Can Do Now. U.S. Department of Health and Human Services. April 2010.  
[http://deainfo.nci.nih.gov/advisory/pcp/annualReports/pcp08-09rpt/PCP\\_Report\\_08-09\\_508.pdf](http://deainfo.nci.nih.gov/advisory/pcp/annualReports/pcp08-09rpt/PCP_Report_08-09_508.pdf).

Pesch FoodShed Calculator.

USDA Economic Research Service, <http://www.ers.usda.gov/>.

Farm-to-School resources:

(<http://www.agobservatory.org/library.cfm?refID=107972> ).

([http://www.iatp.org/localFoods/project\\_healthySchool.cfm](http://www.iatp.org/localFoods/project_healthySchool.cfm)).

[www.farmtoschool.org](http://www.farmtoschool.org).

<http://www.extension.umn.edu/farm-to-school/>.

**Appendix Table of Contents:**

**Appendix 1: Farmers’ Market Customer Survey 2010 ..... 38-39**

**Appendix 2: Institution Survey: Health Care Systems..... 40-43**

**Appendix 3: Institution Survey: Area Schools ..... 44-45**

**Appendix 4: Institution Survey: Restaurants/Resorts ..... 46-50**

**Appendix 5: Pesch Foodshed Calculator ..... 51-54**

**Appendix 6: Local Food Network Researched Organizations..... 55**

**Appendix 7: Local Food Network Interview Questions ..... 56**

**Appendix 8: Scenario 1, Buy Option ..... 57-61**

**Appendix 9: Scenario 2, Lease Option ..... 62-65**

**Appendix 10: Scenario 3, Partner Option ..... 66-70**

**Appendix 11: Scenario 4, Lease Option #2..... 71-73**

**Appendix 12: Price Comparison Competitor Analysis ..... 74-75**

**Appendix 13: Farmers’ Cooperative Meeting Minutes..... 76-96**

## Appendix 1: Farmers' Market Customer Survey 2010

### Onamia/Isle/Wahkon Farmers' Market

27 surveys completed

1. Of the 27 surveys completed, 37% shopped at the Onamia market, 37% shopped at the Isle market and 22% shopped at both the Onamia and Isle markets. Only 2 customers surveyed shopped at other markets, a market in Buffalo and a market in Princeton.
2. 67% of customers visited the farmers' market weekly, 18% visited the market every other week, and 15% visited the market sporadically throughout the season.
3. Word of mouth was the most effective way customers learned about the market (63%). Driving by, roadside signs, newspapers, and flyers/posters were other means for customers learning about the market.
4. 26% of customers have been coming to the market for less than 1 year – 1 year. 63% of customers have been going to the market for 2-3 years and 11% have been going to the market for 4-5 years.
5. 70% of customers live within 10 miles of the market, while 30% of customers live 10-50 miles from the market.
6. 81% of customers are permanent residents of the area and attend the market, 19% of customers are seasonal residents to the area.
7. Customers said the following characteristics of the market were:
  - Excellent:** Level of courtesy, quality of products.
  - Good:** Days of operation, hours of operation, cleanliness, variety of products, prices, packaging, fun factors
  - Poor:** Location
8. Items purchased at the market this year
  - Regularly:** Vegetables, organic produce, herbs, baked goods
  - Occasionally:** Jams and jellies, pickles, meat, maple syrup, wild rice, hand-crafted items.
  - Never:** Cheese, natural household cleaners, home-made soaps, plants, hanging baskets, milk
  - Comments:** more vegetables, would like more cheese available!
9. The following items were important to customers:

**Very Important:** Convenience, quality/freshness, in-season, certified organic produce, grown locally, know the vendor, non-GMO

**Somewhat Important:** Unusual varieties, varieties to choose from, quantities of products, price

10. Customers shop at the market for the following reasons:

1. supporting local farmers/businesses
2. product quality and freshness
3. direct contact with the producer
4. convenience
5. price
6. festive atmosphere

11. 88% of customers had never used an Electronic Benefits Transfer (EBT) card at the market. The 12% of customers who had used the EBT card at the market before said that it was **very easy** to use their card.

12. Items customers would like to learn more about: **cooking demonstrations, ingredients used in products**

**Demographic Information:**

13. **Age:** Less than 20 – **0**  
21-35 – **7%**  
36-50 - **22%**  
51-65 – **37%**  
66-75- **7%**  
Over 75 – **15%**  
No Response – **12%**

14. **Gender:** Male – **19%**                      Female – **74%**                      No Response – **7%**

**15. Household demographics:**

<u>Number of Adults:</u>	<u>Number of Children:</u>
1 adult: <b>5</b>	0 children: <b>5</b>
2 adults: <b>18</b>	1 child: <b>2</b>
3 adults: <b>1</b>	2 children: <b>4</b>
4 or more adults: <b>0</b>	3 or more children: <b>1</b>

**16. County of residence:**

Mille Lacs: **16**                      Wright: **1**                      Hennepin: **2**

**17. Range of Salary:**

Less than \$10,000 - <b>1</b>	\$20,001- \$30,000- <b>1</b>	Greater than \$50,000- <b>8</b>
\$10,001-\$20,000- <b>5</b>	\$30,001-\$40,000- <b>3</b>	
	\$40,001-\$50,000- <b>4</b>	

**Appendix 2: Institution Survey: Health Care Systems**

	Fairview Northland	Riverwood MC	Mille Lacs HS
	Lisa Hoffman	LuAnne Carlson	Shea Vensel-Hein
<b>LOCAL FOODS</b>	<a href="mailto:lhoffma2@fairvie.org">lhoffma2@fairvie.org</a>	<a href="mailto:lcarlson@sisunet.org">lcarlson@sisunet.org</a>	<a href="mailto:svenselhein@mlhealth">svenselhein@mlhealth</a>
<b>ORGANIZATION/BUSINESS SURVEY</b>	763-389-6366	218-927-2121	320-532-2704
<b>1. Type of Business or Organization:</b>	Health Care	Health Care	Health Care
<b>2. Approximate Number of Staff (both paid and unpaid) at your business or organization:</b>	600+ volunteers	400	
<b>3. Does your organization serve prepared, ready-to-eat meals? (Circle One.)</b>	Yes	No	
If <b>YES</b> , approximately how many meals (in total) do you serve per week?			3,000 in 2 wks
If <b>NO</b> , what is your <u>approximate</u> total gross food sales per year?			\$71,000
<b>4. Have you purchased any locally grown or produced foods for your business or organization in the past year? (Circle One.)</b>	No	No, but I have in the past	
If <b>YES</b> , what percentage of your overall food purchases would you estimate were locally grown or produced? (Check one.)		11-20%	
If <b>NO</b> , why haven't you purchased local foods? (Check all that apply.)	I/we have been unaware of local food options	My primary vendor offers locally grown produce in the summer months	
<b>5. Have you had customers or consumers express an interest in local foods? (Circle One.)</b>	Unsure as I have only been in my position for just over a year. We have been busy with other issues so this has not been a focus	No	

<b>6. If locally grown/produced foods were readily available and easy to purchase, which of the following do you think your organization/business would be most interested in purchasing? (Circle all that apply.)</b>			
<b><u>Produce:</u></b>			
Tomatoes	X	X	
Onions		X	
Cucumbers	X	X	
Radishes	X		
Rutabagas			
Celery			
Potatoes		X	
Carrots			
Green Peppers		X	
Other Peppers			
Lettuce/Salad greens	X		
Green Beans			
Peas	X		
Corn			
Squash	X		
Pumpkins		X	
Fresh Herb			
Apples	X		
Strawberries	X	X	
Raspberries			
Rhubarb	X	X	
Cherries			
Plums			
Blueberries		X	

<b>Value-Added Products:</b>			
Jams and Jellies			
Salsa		X	
Maple Syrup			
Other Syrups			
Sauces/Marinades			
Pickles			
Bread			
Other Baked Goods			
Canned Vegetables			
Canned Fruit			
Frozen Vegetables	X	X	
Frozen Fruit	X		
<b>Meat:</b>			
<b>Fresh Meat:</b>			
Beef		X	
Pork		X	
Lamb			
Chicken		X	
Turkey			
<b>Processed Meat:</b>			
Sausage			
Ham			
Hot Dogs			
Lunch Meat			
<b>Dairy and Eggs:</b>			
Milk			
Cheese		X	
Cottage Cheese	X	X	

Butter			
Yogurt		X	
Eggs	X		
<b>Other:</b>	This would be a start - had to guess at this time as we are changing the menu		
<b>7. Please rate the importance of the following factors in purchasing foods for your business/organization by checking one of the three options (Very Important, Somewhat Important, or Not Important).</b>			
Convenience	VI	VI	
Quality/Freshness	VI	VI	
Cost	VI	VI	
Adequate Quantity of Products	VI	VI	
Unusual Varieties	SI	VI	
Year-Round Availability	SI	VI	
Certified Organic	NO ANSWER	SI	
Chemical-Free Products	NO ANSWER	SI	
Adequately Inspected	VI	VI	
Non-GMO products	NO ANSWER	VI	
Grown Locally	SI	VI	
Humanely Produced	SI	VI	
Sustainably Produced	SI	VI	
Locally Processed	SI	VI	
Know the Vendor	SI	VI	
Support the Local Economy	SI	VI	
Other:			

### **Appendix 3: Institution Survey: Area Schools**

Isle School, Nay Ah Shing, Milles Lacs Academy, Onamia School

3. How many prepared, ready-to-eat meals do you serve per week?

**Isle: 450/day, K-12**

**MLA: 3 meals/day, 80-100 students**

**NAS: 600 meals/day – school year, 100 breakfast and lunch - summer**

**Onamia: 4,125/week**

4. Have you purchased any locally grown or produced foods for your business or organization in the past year? **All 4 – NO.**

**No local food option, can't even bring in out of school's garden**

**Tried to hook up with Great River Gardens, never knew ahead of time what they were going to incorporate into menu**

5. Have you had customers or consumers express an interest in local foods? **All 4 – NO.**

**Can buy 20 pounds of lettuce for \$15.00**

6. If locally grown/produced foods were readily available and easy to purchase, which of the following do you think your organization/business would be most interested in purchasing?

**Produce – most interested in this. It's hard to get good produce. Have salad bar 1 X/day, stopped putting out. Would like goof, fresh produce in the winter – have stopped serving tomatoes, etc. on the salad bar.**

**Corn on the Con in September**

**Would be great if foods were regulated/approved, don't know about pesticides – what do producers use? Certified organic or at least USDA certified – how do we know that the veggies are properly cleaned/stored?**

**Meat/Eggs/Dairy: Concern – foods that are not inspected by the state for quality, insecticides/pesticides. Know the current vendors are providing inspected foods.**

**Salad-type of veggies, fruit – things that don't take a lot of preparation, don't have labor/time available.**

**Have to buy products from USDA vendors *except* fresh produce – can't buy locally**

**USDA inspected/approved kitchen, buy lots of frozen veggies, don't buy canned.**

**Processed meats would need to be USDA – price is really important, use a lot of sausage, beef, and shaved turkey. Cubed beef and pork for stew/stir fry's.**

**Would depend on if it meets our guidelines and price**

7. Please rate the importance of the following factors in purchasing foods for your business/organization by checking on the three options (Very important, somewhat important, or not important).

**Very Important: Adequately inspected (By a certified agency), Quality/Freshness, Cost, Convenience, support the local economy**

**Somewhat Important: Convenience, year-round availability, know the vendor, non-GMO products, certified organic (has not been a priority, but is important), chemical-free products (has not been a priority but is important), grown locally, support the local economy.**

**Not Important: unusual varieties, certified organic, chemical-free products.**

***Concerns/Challenges:***

- Costs of buying local (actual and anticipated)
- All 4 schools – never purchased local foods.
- Inspections of local foods – who is inspecting? What are the standards? Do they meet standards of USDA?
- Preparation of local food – does it come ready to serve? How much extra time/work will be involved with preparing local foods? Are the vegetables properly cleaned and stored?
- Locally grown, certified organic, grown chemically-free not a high priority when purchasing foods for school lunches
- Unaware of local food options.

***Looking Ahead:***

- Interested in serving fresh produce
- Interested in fresh options for the winter, especially on the salad bar
- Nay Ah Shing School – very interested in purchasing local foods
- Nay Ah Shing School – has used produce from garden in cafeteria, done taste test with students featuring foods from the garden (unfortunately, quantity not enough to feed entire school)

**Appendix 4: Institution Survey: Restaurants/Resorts**

	<b>12-Oct-10</b>	<b>Porky's</b>	<b>Bird's Nest</b>	<b>Sunrise Coffee</b>	<b>Country Corner</b>	<b>BeLa's</b>	<b>Snack on ML</b>	<b>Bay View</b>
			N. of Garrison	<b>House - Isle</b>	Isle	Wahkon	Isle	<b>Cove</b>
<b>LOCAL FOODS</b>		<a href="#">36972 Hwy 27</a>	26915 Hwy 18	<a href="#">245 W Isle St.</a>	485 Main St. W	185 N. Main St.	230 W Main	39497 92nd Ave.
<b>ORGANIZATION/BUSINESS SURVEY</b>		320-277-9505	320-692-4660	320-679-9965	320-676-8547	320-495-3600	320-676-3511	320-532-3936
<b>1. Type of Business or Organization: Restaurants/Resorts</b>								
<b>2. Approximate Number of Staff (both paid and unpaid)at your business or organization:</b>		14	10	6	8-12	10	4	10
<b>3. Does your organization serve prepared, ready-to-eat meals? (Circle One.)</b>		YES	YES	YES	YES	YES	YES	YES
<b>If YES, approximately how many meals (in total) do you serve per week?</b>								
		1,000			850-1200			2000+?
<b>If NO, what is your approximate total gross food sales per year?</b>								
<b>4. Have you purchased any locally grown or produced foods for your business or organization in the past year? (Circle One.)</b>								
		NO	YES	YES	YES	YES	YES	NO

<p>If <b>YES</b>, what percentage of your overall food purchases would you estimate were locally grown or produced? (Check one.)</p>		21-35%	11-20%	1-5%	1-5%	6-10%	
<p>If <b>NO</b>, why haven't you purchased local foods? (Check all that apply.)</p>	Insufficient supply of local foods, lack of time to deal with multiple vendors					Unaware of local food options	
<p><b>5. Have you had customers or consumers express an interest in local foods? (Circle One.)</b></p>	YES	YES - some	YES	NO	NO	YES	NO
<p><b>6. If locally grown/produced foods were readily available and easy to purchase, which of the following do you think your organization/business would be most interested in purchasing? (Circle all that apply.)</b></p>							
<p><b>Produce:</b></p>							
Tomatoes	X	X	X	X	X	X	X
Onions	X	X	X	X	X	X	X
Cucumbers	X		X	X	X	X	X
Radishes	X			X			X
Rutabagas							
Celery	X	X		X	X	X	X
Potatoes	X	X	X	X	X		X
Carrots	X	X	X	X	X		
Green Peppers	X		X	X	X	X	X
Other Peppers		X	X		X	X	
Lettuce/Salad greens		X	X	X	X	X	X
Green Beans				X			

Peas				X			
Corn		X		X	X		
Squash							
Pumpkins							
Fresh Herb	X				X	X	
Apples			X				
Strawberries		X	X	X	X	X	
Raspberries				X	X		
Rhubarb			X				
Cherries				X			
Plums							
Blueberries			X	X	X		
Other: Parsley, cilantro							
<b>Value-Added Products:</b>							
Jams and Jellies			X			X	X
Salsa	X		X		X	X	X
Maple Syrup	X		X			X	X
Other Syrups							
Sauces/Marinades					X		
Pickles	X	X					X
Bread						X	X
Other Baked Goods							
Canned Vegetables							X
Canned Fruit							X
Frozen Vegetables				X	X		X
Frozen Fruit					X	X	
<b>Meat:</b>							
Fresh Meat:							
Beef	X	X	X	X			X

Pork	X	X		X			X
Lamb	X						
Chicken	X	X		X			X
Turkey				X			X
Processed Meat:							
Sausage	X						X
Ham	X	X					X
Hot Dogs							
Lunch Meat	X					X	
<b><u>Dairy and Eggs:</u></b>							
Milk	X		X	X	X	X	X
Cheese	X		X	X	X	X	
Cottage Cheese	X			X			X
Butter	X			X	X	X	X
Yogurt	X			X			
Eggs	X		X	X	X	X	X
<b>Other:</b>							
<b>7. Please rate the importance of the following factors in purchasing foods for your business/organization by checking one of the three options (Very Important, Somewhat Important, or Not Important).</b>							
Convenience	VI	VI	VI		VI	SI	VI
Quality/Freshness	VI	VI	SI		VI	VI	VI
Cost	VI	VI	VI		VI	SI	VI
Adequate Quantity of Products	VI	SI	VI		VI	SI	VI
Unusual Varieties	NI	SI	NI		SI	SI	VI
Year-Round Availability	SI	SI	VI		SI	VI	VI
Certified Organic	NI	NI	SI		NI	SI	SI
Chemical-Free Products	SI	NI	NI		SI	VI	SI
Adequately Inspected	VI	VI - MEAT	VI		VI	VI	VI
Non-GMO products	VI	NI	SI		SI	VI	SI
Grown Locally	VI	SI	VI		VI	SI	SI

Humanely Produced	VI	SI	NI		SI	SI	SI
Sustainably Produced	VI	SI	SI		SI	SI	SI
Locally Processed	VI	SI	SI		VI	SI	SI
Know the Vendor	SI	VI	SI		SI	SI	VI
Support the Local Economy	VI	VI	VI		VI	VI	SI
Other:							

Appendix 5: Pesch Foodshed Calculator

<b>Onamia-Isle Area Farmers' Markets</b>							
<b>Produce Availability &amp; Pricing (From current sales to MLHS and Onamia School)</b>							
Wholesale Prices per 2010 Season							
Pesch FoodShed Calculator based on 50 mile radius with estimated population of 27,000							
Market Share estimated at 5% of demand = 1,350 people							
<u>Produce</u>	<u>Price (Subject to Change)</u>	<u>Pesch FoodShed Calculator Demand</u>	<u>Unit</u>	<u>Pounds/Unit</u>	<u>5% of Demand in pounds</u>	<u>Necessary Acreage for 5% of Market Share</u>	<u>Projected Income</u>
<b><u>Vegetables</u></b>							
Asparagus/#	\$3.50	1030.6	Case	30.0	1545.9	0.39	\$5,410.65
Artichokes							
Bell Peppers/#	\$1.30	6525	Bu	28.0	9135	0.46	\$11,875.50
Basil							
Beans, Green & Wax/#	\$1.30						
Beets/#							
Broccoli/#	\$1.70	7080.9	Cases	23.0	8143.0	0.68	\$13,843.16
Cabbage/#	\$0.80	4637.7	Crate	50	11594.3	0.29	\$9,275.40
Carrots/#	\$1.00	4840.8	Bu	50.0	12102.0	0.30	\$12,102.00
Cauliflower/#	\$1.70	1875.7	Cases	25.0	2344.6	0.16	\$3,985.86
Celery/#		2872.6	Cases	60.0	8617.8	0.14	\$0.00
Celeriac					0.0		\$0.00
Cilantro					0.0		\$0.00
Chard	\$4.00				0.0		
Collard Greens		852.7	Bu	18.0	767.4	0.05	\$0.00
Cucumbers/#	\$1.40	3099.9	Bu	55.0	8524.7	0.43	\$11,934.62

Eggplant		783.7	Bu	33.0	1293.1	0.09	\$0.00
Escarole/endive		247.3	Bu	25.0	309.1		\$0.00
Garlic/#	\$4.00	2660.5	Case	30.0	3990.8	0.27	\$15,963.00
Kale	\$4.00	415.1	Bu	25.0	518.9	0.03	\$2,075.50
Leeks/#	\$1.75						
Lettuce /#	\$4.00	13680.1	Cases	40.0	27360.2	0.91	\$109,440.80
Lettuce, Romaine/#	\$4.00	10217.8	Cases	40.0	20435.6	0.58	\$81,742.40
Lettuce, Crispino Head	\$4.00				0.0		\$0.00
Lima Beans/#		25.1	Bu	30.0	37.7	0.02	\$0.00
Mushrooms (fresh)/#	\$5.00	69725.3		1.0	3486.3		\$17,431.33
Mustard greens	\$4.00	665.2	Bu	18.0	598.7	0.04	\$2,394.72
Onions/#, White/Red	\$0.90	11722.8	Sacks	50.0	29307.0	0.59	\$26,376.30
Onions, Green/#					0.0		\$0.00
Oregano							
Parsley							
Peas, Snap							
Potatoes-red & white/#	\$0.70	10596.9	Cases	100.0	52984.5	1.32	\$37,089.15
Pumpkins/#		139004.7	Lbs	1.0	6950.2	0.17	\$0.00
Radish/#	\$1.75	1177.2	Cases	12.0	706.3	0.10	\$1,236.06
Radish, German Sweet					0.0		\$0.00
Shallots							
Snap beans/#	\$1.30	1969.1	Bu	30.0	2953.7	0.74	\$3,839.75
Spinach/#	\$4.00	2202.1	Bu	25.0	2752.6	0.18	\$11,010.50
Squash, Winter/#	\$1.00	2680.7	Bu	45.0	6031.6	0.20	\$6,031.58
Spaghetti squash							
Butternut squash							
Butter cup squash							
Acorn squash							
Sweet Corn/#	\$2.00	4937.6	Bu	50.0	12344.0	1.23	\$24,688.00
Sweet Potatoes		3516.2	Cases	40.0	7032.4	0.70	\$0.00
Tarragon							

Tomatoes/#	\$1.80	27420.4	Flats	20.0	27420.4	1.02	\$49,356.72
Tomato, Cherry/Plum/#	\$2.50						
Turnip greens		645.9	Bu	18.0	581.3	0.04	\$0.00
Tomatillos							
Turnips/#	\$1.50						
Zucchini-green/yellow/#	\$1.20						
Zucchini-patty pan/#							
<b>Fruits</b>							
Apples/#	\$2.00	11101.0	Bu	40.0	22202.0	1.11	\$44,404.00
Blueberries		5723.9	Cases	2.7	772.7	0.10	\$0.00
Cantaloupe/each	\$1.75	8871.0	Cases	30.0	13306.5	0.67	\$23,286.38
Grapes		9845.4	Flats	22.0	10829.9	1.35	\$0.00
Honeydew	\$1.75	1822.0	Cases	30.0	2733.0	0.14	\$4,782.75
Raspberries/pint	\$5.00	1820.4	Flats	6.0	546.1	0.11	\$2,730.60
Rhubarb /bunch	\$3.00						
Strawberries/#	\$2.50	14503.6	Flats	6.0	4351.1	0.73	\$10,877.70
Watermelon		5163.2	Cases	85.0	21943.6	1.10	\$0.00
<b>Honey</b>					0.0		\$0.00
Quart	\$10.75				0.0		\$0.00
1# Jar	\$4.50				0.0		\$0.00
<b>Maple Syrup</b>					0.0		\$0.00
8 oz	\$7.00				0.0		\$0.00
12 oz	\$8.75				0.0		\$0.00
16 oz	\$10.00				0.0		\$0.00
32 oz	\$18.00				0.0		\$0.00
1 Gallon	\$55.00				0.0		\$0.00
Granulated Maple Sugar--1 #	\$12.00				0.0		\$0.00
<b>NEW_Sunflower Oil</b>					0.0		\$0.00

16 Oz	\$8.00				0.0		\$0.00
1/2 gallon	\$11.00				0.0		\$0.00
1 Gallon	\$20.00				0.0		\$0.00
<b>Wild Rice /#</b>	\$9.00				0.0		\$0.00
<b>Meats</b>							
<b>Meat (carcass weight)</b>							
Beef/#	\$2.28	1,756,609.5	Lbs		87830.5		\$200,253.48
Veal/#		10695.7	Lbs		534.8		\$0.00
Pork/#	\$2.34	1358516.7	Lbs		67925.8		\$158,946.45
Lamb/#		30639.1	Lbs		1532.0		\$0.00
Chicken/#	\$2.65	2306226.4	Lbs		115311.3		\$305,575.00
Turkey/#		472095.5	Lbs		23604.8		\$0.00
<b>Eggs (shell)</b>							\$0.00
Shell Eggs (count per capita)	\$2.50	4,584,790.5	Lbs		229239.5		\$47,758.24
<b>Dairy</b>							\$0.00
Butter		127,825.0	Lbs		6391.3		\$0.00
Whole and part-skim cheese: American		345,727.8	Lbs		17286.4		\$0.00
Whole and part-skim cheese: Other		536,437.1	Lbs		26821.9		\$0.00
Whole and part-skim cheese: Total							\$0.00
Beverage Milk (Gallons per capita)		557,765.5	Lbs		27888.3		\$0.00
Yogurt (Gallons per capita)		35,990.5	Lbs		1799.5		\$0.00
<b>Total Annual Sales:</b>							<b>\$1,255,717.58</b>
<b>30% Net Coop Income:</b>							<b>\$376,715.27</b>
<b>Total Acreage Needed to Meet Demand:</b>						<b>16.4</b>	
*Acreage predictions are for produce only; do not include acreage needed to meet demand for meat and dairy production.							

## Appendix 6: Local Food Network Researched Organizations

### Lanesboro Local - [www.lanesborolocal.org](http://www.lanesborolocal.org)

Community-based non-profit website/store connecting farmers, producers, and artisans in southeastern MN with consumers. They include 80 artisan members, 18 food producers, and 12 smaller food companies which they purchase wholesale from. Producers bring in their own products. The store is open year-round, 7 days a week; hours vary depending on the season.

Contact: Linda Hazel, Store Manager  
507-467-2944, [lhazel@frontiernet.net](mailto:lhazel@frontiernet.net)

### PrairieFare - [www.prairiefare.com](http://www.prairiefare.com)

A small group of 5 western MN farmers who collaborate to market their products to local institutions. Mainly sell humanely raised meats, organic animal grains, apples, pumpkins, and ornamental fall products.

Contact: Audrey Arner, Moonstone Farm  
320-269-8971, [moonstone@mvtvwireless.com](mailto:moonstone@mvtvwireless.com)

### Whole Farm Co-op - [www.wholefarmcoop.com](http://www.wholefarmcoop.com)

This cooperative of farm families offers online ordering of groceries, a storefront in Long Prairie, and numerous drop sites for bulk orders throughout the Twin Cities metro area as well as in several other central and northeastern MN locations.

Contact: 320-732-3023, [info@wholefarmcoop.com](mailto:info@wholefarmcoop.com)  
*Visited by Barb and Lynn 3/3/10*

### Price Direct

A local foods initiative promoting direct marketing of locally grown foods in Price County, WI. Funded through a USDA Agriculture and Entrepreneur Education Grant with assistance from UWEX Emerging Agricultural Markets Team. Group is more an information sharing network versus a distribution network, but working towards developing a sustainable local foods system.

Contact: Jane Hansen, Marketing Specialist

### Fairbury Local Food Project, LLC - Stewards of the Land

A group of direct-market farmers partnered with their local independently-owned grocery store to create an “indoor farmers’ market.” Farmers are responsible for stocking products while the store is responsible for providing shelf space, advertising and bar codes for products. The store receives 20% of the commission, with 80% going back directly to the farmers. The group is organized as an LLC and facilitates the relationship between the grocery store and the farmers.

Contact: Marty and Kris Travis, Coordinators  
815-692-3363, [mandk@thespencefarm.com](mailto:mandk@thespencefarm.com)  
[www.thestewardsoftheland.com](http://www.thestewardsoftheland.com), [www.thespencefarm.com](http://www.thespencefarm.com)

### Good Natured Family Farms Cooperative

A cooperative of farmers in Kansas selling directly to their local, independently owned grocery store. Their goal is “to use sustainable farming practices to produce the highest quality, freshest tasting local foods possible.” Coordinator position is paid through a small fee members must pay in order to be a part of the coop. In this coop the producers agree on a price to sell their products, the coordinator then adds a mark up to cover the cost of packaging, labeling, administrative and marketing costs, and the price is then negotiated with the grocery store. In order to protect against potential liability issues members must sign the Memorandum of Understanding which specifies obligations and functions of members within the alliance.

Contact: Diana Endicott, <http://www.goodnatured.net>  
(620) 939-4933, [allnatural@ckt.net](mailto:allnatural@ckt.net)

## **Appendix 7: Local Food Network Interview Questions**

1. What is the business/financial structure of your organization?
2. Why did you choose that model?
3. What lessons did you learn in the start-up of your organization?
4. What would you do differently?
5. Is there any helpful/relevant literature or studies that you would recommend for our members to read?
6. What are your successes?
7. What have been your challenges?
8. What marketing strategies have been the most successful?
9. Location – What factors were considered when choosing your organization's location?
10. What are the days and times of your operation?
11. How many items/products do you offer?
12. How are products delivered?
13. Any other insights that you would like to share?

**Appendix 8: Scenario 1, Buy Option**

<b>Start-Up Store Front (Buy Facility) Collaborative Sales</b>		<b>Notes:</b>	<b>Master Budget linked to all others.</b>			
<b>Key Assumptions and Sources &amp; Uses Budget:</b>		Format Drafted October 13, 2008 by Bill Gessner, CDS Consulting Cooperative 612-823-4509, BillGessner@cdsfood.coop				
<b>Drafted 12 October 2010</b>						
Updated 18 Jan 2011		This is an initial working draft.				
Facility: Pizza Plus Building, Main Street Onamia		This scenario will need to be tested with a financial pro forma to determine if the scenario is financially feasible.				
<b>Key Assumptions:</b>	Annual Costs	This scenario assumes a purchase				
retail square feet	400	retail is typically 65 - 70% of total space				
total square feet	1920	Total lot is 16 x120 feet				
Projected Sales (Net)	\$28,827	See Projected Sales Worksheet for year 1				
Projected Sales (Gross)	\$96,090	\$600/retail sq. ft is an initial projection prior to a market analysis				
		to be adjusted following a professional market/site/location analysis				
Mortgage amount \$50,000		30 yr fixed rate 3.2%	\$2,984.76	Annual Mortgage payment--includes PMI		Mortgage amount \$50,000

				\$10,379.16	Annual Mortgage payment--includes PMI	Mortgage amount \$200,000
		30 yr fixed rate 3.2%				
Real Estate Taxes	\$390.00					
Insurance	\$1,700.00	Includes premises, equipment, product liability insurance quotes, First State Agency, Onamia, MN.				
Common Area Maintenance (CAM)	\$1,920.00					
Water, Sewer	\$204.00					
Off Street Parking		6/1000 sq ft of retail space for customers, local minimum requirements vary. Employees park elsewhere.				
		An alternate ratio is 4-11 spaces/1000 sq ft of total space				
Date of Possession	Mar, 2011					
Open for Business	May, 2011					
<b>Uses:</b>						
Closing costs \$50,000	\$1,500	Closing costs estimated at 3% of purchase price, includes legal fees				\$1,500
Closing costs \$200,000		Not included in subtotal				\$6,000
Building purchase	\$50,000					
Improvements	\$28,800	\$15/sq ft				
Equipment--	\$17,874	ECRDC Price Estimates 10.4.10 less existing equipment				typical range = \$60 - 80/sq ft but it can be higher or lower
Inventory	\$8,008	1/12 of First year projected sales				typical range = \$35 - 45/retail sq ft

Fees	\$6,562	includes consultants, plumbing, electrician, store design, environmental, misc.				
		Fees are initially estimated at 12% of the above costs plus an allowance of \$30,000 for project management				
Licensing						
MN Wholesale Produce Dealer		Cooperative - If at least 75% of the business is with member or stockholder patrons, you are not considered a Wholesale Produce Dealer				
		and you do not need to be licensed. However, if less than 75%, you are defined as a Wholesale Produce Dealer and need to file this				
		application.	Min Application Fee: \$110			
Establishment Plan Review & Retail Food Handler's License	\$200	Fee based on square footage of establishment. See application packet				
Plumbing Inspection	\$300	MN Depart of Labor & Industry, Plumbing Inspection Unit				
Plumbing Plan Review	\$220	Based on number of water supply(<25), drainage units (<25) and sanitary interceptors (\$70 ea)				
GAP/GHP Audit		MDA Fruit & Vegetable Inspection Unit, USDA Good Agricultural Practices / Good Handling Practices Audit Program \$92/hr plus mileage				
Wholesale Food Handler License	\$284	MDA , Consolidated Food License Application				
Wholesale Food Proc/Manufac License	\$169	MDA, Jan 1-Dec31 Required for cold storage warehouses, wholesale bakery, others				
Operating/Admin prior to Opening	\$0	Basic expenses incurred in 3 yrs prior to opening				
Start-up Promotion	\$6,144	Allows for promotion before opening day. Equivalent to 3 months of Year 1 advertising budget added on.				
		2% of Year 1 sales divided by 4				
Start-up Staffing	\$39,023	Year 1 labor (25% of sales) + salary/benefits for G.M. for 6 months (1/2 of \$30K)				
Holding/Site Costs	\$4,010	taxes/ins/CAM/utilities before opening				
Interest during project		estimated at \$1,000,000 of debt at blended interest of 7% for 4 months at 50% avg. draw				
Post Opening Professional Support	\$6,200	set aside for consulting support to develop operating systems and provide support in Year 1				
Working Capital, allowance	\$5,765	6% of Yr 1 sales	To provide adequate cash flow to cover initial operating losses.			

subtotal Uses	\$173,558					
Overrun Allowance	\$26,034	Initially calculated at 15% of subtotal. Lowered to no lower than 10% as costs become known.				
		Assumes overrun allowance is 50% facility improvements and 50% equipment.				
<b>Total Uses</b>	<b>\$199,592</b>	\$104	The current typical project cost for an existing co-op to relocate is \$225 - 250/sq ft			
<b>Sources:</b>						
Cash from benefits, donations	\$5,000	Net Proceeds, unless expenses are shown in Uses (line 33 or 34)				
Grants	\$99,796	USDA Community Food Projects Grant. Requires 50% matching funds.				
Member Equity-if Coop Model Adopted	\$50,000	500 members at an average of \$100/member. Member share requirement might be higher (e.g. \$200 or \$300) or ongoing (\$30/yr as equity)				
		Member equity would need to be fully raised within 2-3 months of opening.				
		End of: Stage 1 = 300 members, Stage 2A = 450 members, Stage 2B = 600 members,				
		4000 sq ft of retail has potential for 2500 - 3000 members by Year 5.				
Member Loans	\$0	120 loans at an average size of \$5,000. Min. size loan is \$1,000. Seek appropriate legal & consultant advice.				
		Length of loan term: 4, 5, 6, 7, 8, 9 and 10 years, possibly longer.				Blended interest rate of 3.5 - 4.0%
Miscellaneous	0	Other types of equity investors.		Does not include donations of time.		
<b>subtotal Owner's Contribution</b>	<b>\$154,796</b>	<b>77.6%</b>	Owner's Contribution should be as close to 50% (or higher) as possible, and at least 33%.			
Landlord Contribution		25% of leasehold improvements provided by the landlord, possible range equals \$15 - 25/sq ft, but not always				
Vendor Credit		25% of inventory covered by regular terms with vendors (not just opening order terms)				
		Terms need to be established with vendors over time. There is no guarantee of initial terms. Initial terms might be COD.				
Free Fill		15% of initial inventory provided by manufacturers, accessed by working with distributor				
City/Community		low interest, long term loan accessed through local sources (city, neighborhoods, foundations) (3%, 10-15yrs)				

			not easy to find, not always available, if available - possibly lots of hoops and red tape
<b>subtotal External/Subordinated</b>	<b>\$0</b>	<b>77.6%</b>	Owner's Contribution plus External/Subordinated should be as close to 75%, at least 55%
<b>Bank Debt</b>	<b>\$44,796</b>	<b>22.4%</b>	Bank Debt (Senior Debt)(First Position) might be between 25 - 45% of total. Aim for 25%
<b>Total Sources</b>	<b>\$199,592</b>	<b>100%</b>	
<b>Note: What might be the collateral value for a bank loan in this scenario?</b>			
	Equipment of \$390,000 at 70% = \$273,000		
	Half of Overrun Allowance might be equipment: \$108,075 at 70% = \$75,653		
	Leasehold Improvements and Inventory are low grade collateral		
	They might be valued at 35% = \$240,826 (An unproven and optimistic assumption)		
	Thus total collateral might be \$589,479		
Cash Flow, Quality of Management, Quality of Location/Market will be primary determinants of bankability beyond collateral.			
Note: Collateral value for equipment can vary, as the economy fluctuates. The range could be viewed as 30 - 70%			



			An alternate ratio is 4-11 spaces/1000 sq ft of total space										
Date of Possession	Mar-11												
Open for Business	May-11												
<b>Uses:</b>													
Acquisition	n/a												
Leasehold Improvements	\$28,800	\$15/sq ft	typical range = \$65 - 80/sq ft but it can be higher or lower										
Equipment	\$17,874	ECRDC Price Estimates 10.4.10 less existing equipment		typical range = \$60 - 80/sq ft but it can be higher or lower									
Inventory	\$8,008	1/12 of First year projected sales		typical range = \$35 - 45/retail sq ft									
Fees	\$6,562	includes consultants, architect/engineer, store design, legal, financing, environmental, misc.											
		Fees are initially estimated at 12% of the above costs plus an allowance of \$30,000 for project management											
Licensing													
MN Wholesale Produce Dealer		Cooperative - If at least 75% of the business is with member or stockholder patrons, you are not considered a Wholesale Produce Dealer											
		and you do not need to be licensed. However, if less than 75%, you are defined as a Wholesale Produce Dealer and need to file this											
		application.	Min Application Fee: \$110										
Establishment Plan Review & Retail Food Handler's License	\$200	Fee based on square footage of establishment. See application packet											
Plumbing Inspection	\$300	MN Depart of Labor & Industry, Plumbing Inspection Unit											
Plumbing Plan Review	\$220	Based on number of water supply(<25), drainage units (<25) and sanitary interceptors (\$70 ea)											
GAP/GHP Audit		MDA Fruit & Vegetable Inspection Unit, USDA Good Agricultural Practices / Good Handling Practices Audit Program \$92/hr plus mileage											
Wholesale Food Handler License	\$284	MDA , Consolidated Food License Application											
Wholesale Food	\$169	MDA, Jan 1-Dec31 Required for cold storage warehouses,											

Proc/Manufac License		wholesale bakery, others												
Operating/Admin prior to Opening	\$0	Basic expenses incurred in 3 yrs prior to opening												
Start-up Promotion	\$6,144	Allows for promotion before opening day. Equivalent to 3 months of Year 1 advertising budget added on.												
		2% of Year 1 sales divided by 4												
Start-up Staffing	\$39,023	Initially estimated as 1/12 of Year 1 labor (25% of sales) + salary/benefits for G.M. for 6 months (1/2 of \$30K)												
Holding/Site Costs	\$4,010	lease deposit, if required, plus option/rent/taxes/ins/CAM/utilities before opening												
Interest during project		estimated at \$1,000,000 of debt at blended interest of 7% for 4 months at 50% avg. draw												
Post Opening Professional Support	\$6,200	set aside for consulting support to develop operating systems and provide support in Year 1												
Working Capital, allowance	\$5,765	6% of Yr 1 sales	To provide adequate cash flow to cover initial operating losses.											
subtotal Uses	\$123,558													
Overrun Allowance	\$18,534	Initially calculated at 15% of subtotal. Lowered to no lower than 10% as costs become known.												
		Assumes overrun allowance is 50% leasehold improvements and 50% equipment.												
<b>Total Uses</b>	<b>\$142,092</b>	\$74	/sq ft	The current typical project cost for an existing co-op to relocate is \$225 - 250/sq ft										
<b>Sources:</b>														
Cash from benefits, donations	\$5,000	Net Proceeds, unless expenses are shown in Uses (line 33 or 34)												
Grants	\$71,046	USDA Community Food Projects Grant. Requires 50% matching funds.												
Member Equity	\$50,000	500 members at an average of \$100/member. Member share requirement might be higher (e.g. \$200 or \$300) or ongoing (\$30/yr as equity)												

			Member equity would need to be fully raised within 2-3 months of opening.							
			End of: Stage 1 = 300 members, Stage 2A = 450 members, Stage 2B = 600 members,							
			Stage 3A = 800 members, Opening or within 2 months after Opening = 1000 members							
			4000 sq ft of retail has potential for 2500 - 3000 members by Year 5.							
Member Loans	\$0		120 loans at an average size of \$5,000. Min. size loan is \$1,000. Seek appropriate legal & consultant advice.							
			Length of loan term: 4, 5, 6, 7, 8, 9 and 10 years, possibly longer.				Blended interest rate of 3.5 - 4.0%			
Miscellaneous	0		Other types of equity investors.				Does not include donations of time.			
<b>subtotal Owner's Contribution</b>	<b>\$126,046</b>	<b>88.7%</b>					Owner's Contribution should be as close to 50% (or higher) as possible, and at least 33%.			
Landlord Contribution	\$0	\$4/sq Ft	25% of leasehold improvements provided by the landlord, possible range equals \$15 - 25/sq ft, but not always							
Vendor Credit			25% of inventory covered by regular terms with vendors (not just opening order terms)							
			Terms need to be established with vendors over time. There is no guarantee of initial terms. Initial terms might be COD.							
Free Fill			15% of initial inventory provided by manufacturers, accessed by working with distributor							
City/Community			low interest, long term loan accessed through local sources (city, neighborhoods, foundations) (3%, 10-15yrs)							
			not easy to find, not always available, if available - possibly lots of hoops and red tape							
<b>subtotal External/Subordinated</b>	<b>\$0</b>	<b>88.7%</b>					Owner's Contribution plus External/Subordinated should be as close to 75%, at least 55%			
Bank Debt	<b>\$16,046</b>	<b>11.3%</b>					Bank Debt (Senior Debt)(First Position) might be between 25 - 45% of total. Aim for 25%			
<b>Total Sources</b>	<b>\$142,092</b>	<b>100%</b>								



Real Estate Taxes										
Insurance	\$405.00		Includes general commercial liability, product liability (\$100,000 product exposure). First State Agency Oct 2010.							
Common Area Maintenance (CAM)										
Water, Sewer	\$204.00		Additional expense for product washing at both locations							
Off Street Parking			6/1000 sq ft of retail space for customers, local minimum requirements vary. Employees park elsewhere.							
			An alternate ratio is 4-11 spaces/1000 sq ft of total space							
Date of Possession	Mar, 2011									
Open for Business	May, 2011									
<b>Uses:</b>										
								\$3,600		
Improvements	\$6,600	\$10/sq ft	typical range = \$65 - 80/sq ft but it can be higher or lower							
Equipment--	\$15,000	Refrig Delivery Truck						typical range = \$60 - 80/sq ft but it can be higher or lower		
Inventory	\$8,008	1/12 of First year projected sales						typical range = \$35 - 45/retail sq ft		
Fees	\$3,553	includes consultants, plumbing, electrician, store design, environmental, misc.								
		Fees are initially estimated at 12% of the above costs plus an allowance of \$30,000 for project management								
Licensing										
MN Wholesale Produce Dealer	\$110	Cooperative - If at least 75% of the business is with member or stockholder patrons, you are not considered a Wholesale Produce Dealer								
		and you do not need to be licensed. However, if less than 75%, you are defined as a Wholesale Produce Dealer and need to file this								

		application.	Min Application Fee: \$110						
Establishment Plan Review & Retail Food Handler's License	\$200	Fee based on square footage of establishment. See application packet							
Plumbing Inspection	\$300	MN Depart of Labor & Industry, Plumbing Inspection Unit							
Plumbing Plan Review	\$220	Based on number of water supply(<25), drainage units (<25) and sanitary interceptors (\$70 ea)							
		<b>Note: Plumbing inspections not required unless equipment is added/changed.</b>							
GAP/GHP Audit		MDA Fruit & Vegetable Inspection Unit, USDA Good Agricultural Practices / Good Handling Practices Audit Program \$92/hr plus mileage							
Wholesale Food Handler License	\$284	MDA , Consolidated Food License Application							
Wholesale Food Proc/Manufac License	\$169	MDA, Jan 1-Dec31 Required for cold storage warehouses, wholesale bakery, others							
		<b>Note: Some of licensing may already exist at the Mille Lacs Food Coop &amp; Billie's Market</b>							
Operating/Admin prior to Opening	\$0	Basic expenses incurred in 3 yrs prior to opening							
Start-up Promotion	\$6,144	Allows for promotion before opening day. Equivalent to 3 months of Year 1 advertising budget added on.							
		2% of Year 1 sales divided by 4							
Start-up Staffing	\$39,023	Year 1 labor (25% of sales) + salary/benefits for G.M. for 6 months (1/2 of \$30K)							
Holding/Site Costs	\$405	taxes/ins/CAM/utilities before opening							
Interest during project		estimated at \$1,000,000 of debt at blended interest of 7% for 4 months at 50% avg. draw							
Post Opening Professional Support	\$5,800	set aside for consulting support to develop operating systems and provide support in Year 1							
Working Capital, allowance	\$5,765	6% of Yr 1 sales		To provide adequate cash flow to cover initial operating losses.					
subtotal Uses	\$91,581								
Overrun Allowance	\$13,737	Initially calculated at 15% of subtotal. Lowered to no lower than 10% as costs become known.							
		Assumes overrun allowance is 50% facility improvements and 50% equipment.							
<b>Total Uses</b>	<b>\$105,318</b>	\$160	/sq ft	The current typical project cost for an existing co-op to relocate is \$225 - 250/sq ft					

<b>Sources:</b>														
Cash from benefits, donations	\$2,000		Net Proceeds, unless expenses are shown in Uses (line 33 or 34)											
Grants	\$52,659		USDA Community Food Projects Grant. Requires 50% matching funds.											
Member Equity--if coop model adopted	\$50,000		500 members at an average of \$100/member. Member share requirement might be higher (e.g. \$200 or \$300) or ongoing (\$30/yr as equity)											
			Member equity would need to be fully raised within 2-3 months of opening.											
			End of: Stage 1 = 300 members, Stage 2A = 450 members, Stage 2B = 600 members,											
			Stage 3A = 800 members, Opening or within 2 months after Opening = 1000 members											
			4000 sq ft of retail has potential for 2500 - 3000 members by Year 5.											
Member Loans	\$0		120 loans at an average size of \$5,000. Min. size loan is \$1,000. Seek appropriate legal & consultant advice.											
			Length of loan term: 4, 5, 6, 7, 8, 9 and 10 years, possibly longer.							Blended interest rate of 3.5 - 4.0%				
Miscellaneous	0		Other types of equity investors.							Does not include donations of time.				
<b>subtotal Owner's Contribution</b>	<b>\$104,659</b>		<b>99.4%</b>		Owner's Contribution should be as close to 50% (or higher) as possible, and at least 33%.									
Landlord Contribution--16.5%	\$1,089		25% of leasehold improvements provided by the landlord, possible range equals \$15 - 25/sq ft, but not always											
Vendor Credit			25% of inventory covered by regular terms with vendors (not just opening order terms)											
			Terms need to be established with vendors over time. There is no guarantee of initial terms. Initial terms might be COD.											
Free Fill			15% of initial inventory provided by manufacturers, accessed by working with distributor											
City/Community			low interest, long term loan accessed through local sources (city, neighborhoods, foundations) (3%, 10-15yrs)											

			not easy to find, not always available, if available - possibly lots of hoops and red tape	
<b>subtotal External/Subordinated</b>	<b>\$1,089</b>	<b>100.4%</b>		Owner's Contribution plus External/Subordinated should be as close to 75%, at least 55%
<b>Bank Debt</b>		<b>0</b>		Bank Debt (Senior Debt)(First Position) might be between 25 - 45% of total. Aim for 25%
<b>Total Sources</b>	<b>\$105,748</b>	<b>100.4%</b>		

Appendix 11: Scenario 4, Lease Option #2

<b>Farm Market Café, LLC</b>										<b>5-May-11</b>
<b>Start-Up Funds for a New Business</b>										
<b>Required Start-Up Funds</b>			<b>Amount</b>		<b>Totals</b>	<b>Depreciation</b>			<b>Notes</b>	
	<b>Fixed Assets</b>									
		<b>Leasehold Improvements</b>	\$ -							
		<b>Sign</b>	500			20.00	years			
		<b>Equipment &amp; Furniture</b>	13,000			7.00	years			
		<b>(See equipment inventory)</b>	-			7.00	years			
		<b>Vehicles</b>	-			5.00	years			
		<b>Other Fixed Assets</b>	-			5.00	years			
			-			5.00	years			
	<b>Total Fixed Assets</b>				\$ 13,500.00					
	<b>Operating Capital</b>									
		<b>Start-up Staffing</b>	2,871						1/12 of year 1 labor	
		<b>Prepaid Insurance Premiums</b>	2,691						Commercial & Workers Comp	
		<b>Inventory</b>	3,821						COGS Food & Bev	
		<b>Legal and Accounting Fees</b>	1,100						Legal, accounting, tax advice, business software	



	<b>Loans</b>								
	<b>Other Bank Debt</b>			0.00%	-	5.00%	36.00		\$0.00
<b>Total Sources of Funding</b>				100.00%	\$ 44,519				\$257.07

### Appendix 12: Price Comparisons Competitor Analysis

Farmers' Cooperative Potential Competitors										
Prices current as of 1/5/11										
	Apperts		Upper Lakes Food		Bix Produce Company				Sysco	
	800-225-3883		800-879-1265		800-642-9514					
Do they offer Local Foods?	Yes		yes		yes				yes	
	when available		When available		Local Farmers				"MN Farmers' Market"	
							<b>Bix Local Produce</b>			
Produce	Price	Pack Size	Price	Pack Size	Price	Pack Size	Price	Pack Size	Price	Pack Size
Apples	27.07	100 Ct			25.75	100 Ct	37.65	100 Ct	X	40#
Beans									X	1 Bu
Broccoli	20.38	4Pk, 3#/Pk	29.45	19 Ct	18.4	4pk, 3#/Pk				
Cabbage									X	50#
Carrots	22.52	5#	25	5#	25.75	4/5#				
Cauliflower	24.29	12 Ct	48.54	9 Ct	33.25	9-12 Ct				
Corn									X	45#
Cucumbers	22.37	5#	28.61	50#						
Eggplant									X	1 Bu
Garlic					73.15	30#				

Lettuce, Romaine	18.55	4#	24.4	24 Ct	24.45	24 Ct		24		
Onions	9.09	25#			14.5	50#				
Pears									X	10 #
Peas									X	1 Bu
Peppers, Green	15.99	5#, XL	19.67	25#	12.8	5#			X	25#
Peppers, Other									X	25#
Potatoes	16.88	50#	16.2	80 Ct	19.3	50#			X	50#
Squash, Acorn									X	35#
Squash, Buttercup									X	35#
Squash, Butternut							8.25	10#	X	35#
Strawberries									X	1 flat
Tomatoes	18.94	25#, 5x6	20	25#	26.7	25#, 5x6	43.25	28 Ct, Flat		
<b>Specialty</b>										
Maple Syrup									X	4/1 Gal.
Specialty Cheese									X	1/10 #
Pork									X	
Apple Cider									X	1 Gal.
*Prices are for non-local food items unless otherwise specified										

## Appendix 13: Farmers' Cooperative Meeting Minutes

### A. Minutes 3 February 2010, 1-3 pm—corrected.

#### Attendance:

Present: Barb Eller, Lynn Crotty, Joe Riehle, Bill Havisto, Jo Rapatz, Chris Miller, Deb Nass, Maureen Switzer, Mary Pat Sorvik, Carol Jacobs, Cyndy Rudolph, Dana Raines, Gerhardt Bergman, Chuck Long, Marge Agnew, John Hurley

Not able to attend: Angie Moen, April Weinrich, Mary Kunesh, Marilyn Mooreman

**Purpose of meeting:** To establish a firm commitment to pursue forming a Farmers' Cooperative for all-season sales and marketing of local foods.

#### 1. Introductions

2. **Survey interest identified among producers:** Barb Eller reported that the producer survey administered to Isle and Onamia vendors in the summer/fall of 2010 found that 100% of vendors were "somewhat interested" in forming a cooperative.

3. **Discussion of Shared Vision:** Key Points/Questions/Concerns that were written on the white board are outlined below:

- Is there an interest in forming a cooperative? What **issues** need to be addressed?
  - May need to buy site for a permanent home for the Onamia Farmers' Market
  - Would we have the volume necessary to cover overhead expenses?
  - Potential for growth – is the building off of 169 big enough?
  - Would this be competition for the ML Area Food Coop? Or could it benefit them? The group views them as a resource/potential customer.
  - Product liability: benefit of a cooperative is that liability could cover all members
  - With a coop, would the identity of individual producers be retained?
  - If year round, would off-season sales be on a consignment basis?
  - Would food have to be certified organic? (and ensuing discussion of USDA standards for using the term "organic" and new – non-USDA – certification for "certified naturally grown").
  - Other benefits: Member owned, controlled. Operates as a break-even business with profits going to members as patronage dividends.
- What form would the coop take?
  - Store front?
  - Order-delivery system
  - Discussion of Whole Farm Coop in Long Prairie and their order-delivery system. They also have a storefront and website.
  - Discussion of website concept developed by Deb Nass as possible marketing tool/for use in an order-delivery system: [www.millelacsareapages.com](http://www.millelacsareapages.com)
  - Other order-delivery systems: [localharvest.org](http://localharvest.org), [oklahomafoods.org](http://oklahomafoods.org)
- What facilities and services might be included in a coop?
  - Commercial kitchen/equipment for: freezing, canning, juicing
  - Root crop storage facilities
  - Commercial dehydrator

- Potential Customers/Markets:
  - Churches
  - Mille Lacs Health System
  - Schools
  - Businesses
  - Grocery stores
  - Individuals
  - Issues: Consumer education – how to we get more people to cook/ preserve their own foods? Or would they want to buy foods that have already been processed?
  - Food Miles: can use concept of food miles as a marketing tool. Get people to see the real expense of foods that are not locally produced.
  - Need to look into Minnesota Farm-to-School Toolkit

4. **Simplified Steps for Cooperative Development:**

- Dana Raines from Onanegozie Resource Conservation and Development in Mora discussed process for conducting a feasibility study. Dana will look for a template, other examples of similar feasibility studies.
- Questions to be addressed in such a study:
  - What can the area/region support?
  - What area are we talking about exactly—tentatively defined area of interest as within 50 miles of the Onamia-Isle corridor.
  - Study needs to be taken to potential customers/consumers
  - What are other existing resources and venues in the area?
  - Are there other similar coops from which we can learn?
  - How far do people want to go?
  - Study should examine viability of various alternatives.

5. **Clear Mandate to Proceed with a Feasibility Study:** Those in attendance agreed to go forward with a feasibility study.

6. **Elect Steering Committee:** A Steering Committee was formed. Members are: Barb Eller, Chuck Long, Deb Nass, Cyndy Rudolph, Joe Riehle, Mary Pat Sorvik and Angie Moen. Consultants -- Carol Jacobs, Maureen Switzer, Lynn Crotty, Bill Havisto

NOTE: Next meeting of the Steering Committee is 18 Feb, 1 pm, Rolf Olsen Center, Community Ed Classroom, Onamia.

**B. Minutes 8 March 2010, 12-2 pm**

Attendance:

Present: Barb Eller, Lynn Crotty, Joe Riehle, April Weinreich, Cyndy Rudolph, Chuck Long, Geri Pohlkamp

Not able to attend: Angie Moen, Mary Kunesch, Bill Havisto, Deb Nass, Maureen Switzer, Carol Jacobs, Dana Raines

1. The purpose of this meeting is to continue to define components of a feasibility study for the proposed Farmers' Cooperative to market and sell locally grown/raised agricultural products, and locally produced value-added products and hand-made crafts.

2. See minutes 16 Feb 2010 for complete feasibility study components. The following parts were discussed:

a. Demographics—Cyndy will expand this area to include poverty rates, unemployment rates, farming income and size of farms, incidence of obesity and diabetes.

b. Current market attractiveness and future trends—Barb will work.

c. Existing Customer characteristics—summary of Farmers' Market surveys completed and attached here. Isle and Onamia Farmers' Markets will continue surveys throughout the upcoming season.

d. Potential customers –EBT capability at Isle and Onamia will expand customer base.

e. Institutions—Lynn and Cyndy completed a proposed survey 'Local Foods Organization/Business Survey' draft 3/8/10 attached. To maximize returns suggested that face-to-face surveys be completed. Barb will do Health Care Institutions; Cyndy and Geri will do schools. Mille Lacs Health System will be purchasing fresh produce from us and Onamia Schools has indicated interest. Bret Wilson will coordinate school. Barb will provide list of vendors who wish to sell to MLHS and the school.

f. Producer Characteristics—Marilyn and Barb completed a 'Grower/Farmer/Artisan questionnaire designed to elicit producer's capacity. Attached. Barb and Marilyn will give to producers at upcoming Farmers' Market organizational meetings.. A summary of producer surveys completed Fall 2009 was completed. Attached Farmers' Market Vendor Profile.

g. Lessons Learned from elsewhere—Barb, Marilyn and April visited with the board of Whole Farm Coop, Long Prairie on March 3. They are a group of 30 farm families who cooperatively market their products primarily via the internet. Orders are placed once/week, packed, and shipped via their own refrigerated truck to various drop-sites. They have approx 400 items on their order list. Operations are modeled after the Oklahoma Food Coop. They do include additional value-added items for customers not produced by their member farmers. But consistent with their locally grown, organic, and sustainable philosophy, all items are procured as local as possible and within the state. They have found that a mark-up of 30% over producer prices is necessary. They tried 15% and were losing money rapidly. Items are sold to customers from multiple producers who meet regularly to agree on prices, e.g., there is one price for ground beef regardless of farm source. They have contracted with local processor for meat packing. They do not have institutional customers as have found it impossible to compete with shipped in produce prices. Their 'storefront' has limited items on display, a large walk-in freezer and a

walk-in cooler, space for temporarily storing produce, washing, and packing. Website:  
<http://www.wholefarmcoop.com>

Joe is working with a Brainerd group who is developing a website and intent to market to local resorts. <http://www.localdirt.com> now includes 5-6 farms and 3-4 resorts that are committed to buying local.

h. Permanent Store Front—April Weinreich expanded this area. Attached.

3. Next meeting with East Central Regional Development to discuss Business Plan development on March 24, 3 pm, Rolf Olsen Center, Community Ed. Classroom.

4. Meeting adjourned ~3 pm.

### **C. Minutes 24 March 2010, 3-5 pm**

Attendance:

Present: Barb Eller, Joe & Shannon Riehle, April Weinreich, Cyndy Rudolph, Chuck Long, Carol Jacobs, Deb Rasmussen, Marilyn Moorman, Gerhard Bergman, Jo Rapatz, Dana Raines, Jordan Zeller

1. The purpose of this meeting is to continue to define components of a feasibility study for the proposed Farmers' Cooperative to market and sell locally grown/raised agricultural products, and locally produced value-added products and hand-made crafts.

2. Jordan Zeller from East Central Regional Development attended to advise of assistance he can provide:

Assistance with Business Plans and cash flow projections. Loans generally require 3 year cash flows; granters require 5 year cash flows.

For legal assistance 'Legal Core' provides free assistance.

For business assistance the Service Corp of Retired Executives(SCORE) may be able to help.

3. Additional ideas discussed:

--Doing a virtual business with delivery, similar to Whole Farm Coop

--Establishing a store front with a lease rather than buy to minimize capital outlay

--Organizational structure—perhaps 501c6 nonprofit is more advantageous than a cooperative

--A small building in town may be least expensive

--We may entail less risk by starting small, e.g., expand the number of days the Farmers' Market is open, and growing from there.

--the Small Business Development Center has resources re marketing

4. The group felt we are not yet ready to pursue a business plan with ECRDC, but we should ask:

--What is the market? Complete the Institutional Surveys. (See attached Project Update)

--What is our Producer Capacity? To email out Producer surveys.(Barb)

5. Contact SCORE to see if there is a retired executive in our area who would be willing to help (Gerhard B. will do)

Next Meeting 28 April 2010, 7 pm, Onamia Library (old depot building) to review institutional surveys. Agenda attached.

#### **D. Minutes 28 April 2010, 7-9 pm, Onamia Library**

Present: Barb Eller, Bret Wilson, Paul Warhepa, Deb Rasmussen, April Weinrich, Chuck Long

Not attending: Lynn Crotty, Joe Riehle, Marilyn Moorman, Cyndy Rudolph, Dana Raines, Angie Moen, Mary Kunesh, Bill Havisto, Deb Nass, Maureen Switzer, Mary Pat Sorvik, Carol Jacobs, Jo Rapatz

1. Review of Institutional Surveys—Business surveys ongoing (see Project List attached)

a. Health Care Institutions—Barb surveyed Fairview Northland, Princeton; Mille Lacs Health System, Onamia; and Riverwood Medical Center, Aitkin. Also spoke with Dan Witcomb, Princeton FM who had not considered them a customer. All 3 are interested in procuring local, fresh produce. MLHS intends to order from us this season, but did not return the survey. Summary attached (Bret will work on compiling a complete summary and will forward when complete).

b. Schools—Cyndy/ Geri/Bret —Onamia school serves 4125 meals/week, intends to procure from us this season. Nay-Ah-Shing interested but locked into purchase orders only.

c. Restaurants and groceries, Onamia—Jo (not able to attend)

d. Restaurants, Wahkon, Isle —April—surveys done Isle Coffee Shop, Sunrise Coffee House, Bella's plus others pending.

e. Resorts, Isle East—Marilyn (not able to attend)

f. Reservation, Dan's Catering—Deb--

2. Funding Update for feasibility study

- a. \$5000 Onamia Healthy Community Partnership, Initiative Foundation approved.
- b. In-kind: Onanegozie RC&D \$3000, Onamia Community Education, ECRDC

3. Bret and Chuck attended the Farm-to-Cafeteria Conference in Baxter and provided summary. Discussion included looking closely at Lessons Learned, the need for a coordinator such as VISTA/Green Corp volunteer.

4. Barb requested Budget items for the Feasibility Study: Office supplies, mileage for surveys, coordinator position, compile & analyze survey information, examine viability of various options, infrastructure needed, e.g., freezer, cold storage capability.

5. Due to the busy season ahead, this group will not meet again until fall. Bret is doing summaries of surveys, so get any that you complete after the meeting to him. Chuck will check into Bethanie Kloeker's position with the City of Rogers. Barb will check the Heartland Food Network and UM Extension, other lessons learned/existing comparable projects. Gerhard was to check into SCORE (see minutes 24 March 2010). Barb will work the budget for Initiative Foundation funding with Marge Agnew's help. As information becomes available, share with all. Anticipate late fall meeting to discuss progress.

6. Next meeting: Fall 2010

**E. Minutes 29 September 2010, 7-9:15 pm, ROC**

Present: Barb Eller, Cyndy Rudolph, Dana Raines, Marilyn Moorman, Lynn Crotty, Emily Mehr, Maureen Switzer, Deb Rasmussen, Carol Jacobs

3. Committee Organization—nominations were finalized

Chair – Barb Eller

Vice Chair – Marilyn Moorman

Secretary – Emily Mehr

Treasurer – Lynn Crotty

4. Review/revise work done to-date and to-be-done (see project summary worksheet)

Working timeline revisions:

- a. Institutional Surveys will be finalized and summarized by **Emily** by the October meeting
- b. Similar food networks in MN will be reviewed and contacted by phone and interviewed by various members. The list will be compiled from the Minnesota Institute for Sustainable Agriculture's food and farm directories list. Standard questions will be developed by **Emily**

- and Cyndy** so results will be easier to summarize. Some of the questions already discussed are: What is their business/financial structure? Why did they choose that model? What are their lessons learned? What would they do differently if they were to do it all over again? What are your successes? Any helpful/relevant literature or studies that they would recommend for our members to read? What haven't I asked that I should have?
- c. **Emily** will read the Local Food Systems Concepts, Impacts, and Issues study by the USDA and summarize findings for the group.
  - d. **Barb and Marilyn** will present the feasibility data thus far to the Onamia and Isle Farmer's Market vendors at their end of the season potluck, tentatively scheduled during the last two weeks in October.
5. Financial: Budget draft reviewed and confirmed
- a. Members present reviewed budget break-down and approved budget projections 9-0.
6. Dana Raines presented the Community Food Projects Competitive Grants Program funded through the National Institute of Food and Agriculture (USDA). The grant, due on November 17<sup>th</sup>, is designed to make food projects self-sustaining within 2 or more sectors of the food system. The grant allows for the purchase of property and/or remodeling of property. All in attendance agreed that this grant would significantly benefit the goals and vision of the Farmers' Coop. **Dana** has volunteered to write the grant with the ideas and assistance of the committee.
7. Select specific options/combinations for financial projections
- Options and combinations were discussed, **Barb** will run financial projections for all scenarios.
- a. All season market with permanent storefront
  - b. Coop Marketing/labeling—cooperative marketing and sales to existing retailers, e.g., groceries, the Mille Lacs Food Coop, other partners—
  - c. Cooperative marketing and sales to institutions—health care, schools, restaurants, resorts
  - d. Order-delivery network via website to individual consumers using existing farmers' markets, churches, schools, etc.
  - e. Infrastructure for processing—freezing, canning, juicing, root crop storage facilities, commercial dehydrator, other
  - f. Marketing Plan/Education—consumer, farmer/grower— applicable to all options.
8. **Cyndy and Emily** will have more concrete information about the Local Foods Conference at the October meeting. Conference tentatively scheduled for February 2011.
9. Next meeting Tuesday October 19<sup>th</sup>, 3:30 pm, ROC. Meetings were tentatively scheduled for the 3<sup>rd</sup> Tuesday of each month.

## **F. Minutes 19 October, 2010,**

**3:30-4:45 pm, Rolf Olsen Center**

On 3 Feb 2010 the Steering Committee was formed to pursue a feasibility study of collaborative marketing and sales of locally grown/raised agricultural products, locally produced value-added products, and hand-made crafts.

Present: Nett Hart, Cyndy Rudolph, Deb Rasmussen, Barb Eller, April Weinreich, Billie Hill, Nicoline Hill, Emily Mehr, Jo Rapatz, Marilynn Moorman, Maureen Switzer

**3. Approve Minutes 29 September – approved**

**4. Foodshed Assessment – Tabled for next meeting, 11/10**

Summary of Institutional Surveys – Emily

Summary of Wholesale Produce Sales to MLHS & Onamia School—Barb

Preliminary Summary of Producer and Customer Surveys 2010—

Pesch Foodshed Assessment Worksheet--

**5. Summary of USDA Study – Emily – Tabled for next meeting, 11/10**

**6. List of questions for similar Local Food Organizations/Networks—Emily & Cindy – Tabled for next meeting, 11/10**

**7. Options/combinations for financial projections –Barb**

**a. Two new partnering options were discussed.**

**1. Isle Food Coop Partnership:** Maureen Switzer shared her ideas on the Isle Food Co-op partnering with our producers to accomplish similar goals. The option seemed like a venue worth exploring further. Maureen will discuss the potential partnership with the Isle Food Coop board at their next meeting in early November. Money from the Community Food Projects Competitive Grant could be used to purchase the building the Isle Food Coop is currently in, expand and/or remodel (if need be), and act as the year-round store front for our local foods. Further information will be available at the next meeting.

**2. Billie’s Market Partnership—**Nicoline and Billie Hill discussed their interest in buying local products from farmers in the surrounding communities to sell at their Market. They are currently interested in networking with local producers to supply local foods to their customers, when available. Further information will be available.

**3.** A partnership with both the Isle Food Coop and Billie’s Market would allow us to have a daily presence in both the Isle and Onamia area. The partnerships would help us tap into markets that already exist as we continue to expand our production to meet the demand shown by the Foodshed Assessment.

**8. Financial Projections: Budget numbers were reviewed and discussed by the group.** The numbers and information gathered will be used when Barb, Lynn and Emily go to the East Central Regional Development Commission on Thursday October 21. The following budgets

and projections were reviewed and discussed with the group. Updates will be provided at the next meeting.

a. Projected sales (Year 1 and Population based Assessment—1 file, 2 worksheets--attached)

a. All season market with permanent storefront—buy or lease (2-Budgets attached)

b. Collaborative Marketing/labeling/sales—

--Collaborative marketing and sales to existing retailers, e.g., groceries, the Mille Lacs Food Coop, other partners—

-- Collaborative marketing and sales to institutions—health care, schools, restaurants, resorts

--Collaborative sales with Delivery network via website/phone/mail to individual consumers using existing farmers' markets, churches, schools, etc.

d. Infrastructure for processing—freezing, canning, juicing, root crop storage facilities, commercial dehydrator, commercial kitchen, other (equipment costs attached)

e. Marketing Plan/Education—consumer, farmer/grower—as part of every option.

**9. Winter Local Foods Conference – Cindy & Emily – Tabled for next meeting, 11/10**

Coop 101 Conference—Dana – **Tabled for next meeting, 11/10**

**10. The next meeting will be on Wednesday November 10<sup>th</sup> at 3:30 at the ROC**

#### **G. Minutes 10 November, 2010, 3:30 pm, Rolf Olsen Center**

On 3 Feb 2010 the Steering Committee was formed to pursue a feasibility study of collaborative marketing and sales of locally grown/raised agricultural products, locally produced value-added products, and hand-made crafts.

Present: Lynn Crotty, Dana Raines, Carol Jacobs, Maureen Switzer, Marilyn Moorman, Barb Eller, Nett Hart, Cyndy Rudolph, Emily Mehr

2. Farm to Hospital Workshop on November 16<sup>th</sup>, St. Cloud - **Emily will attend and report information back to group and area hospitals.**

3. Approve Minutes 19 October – **Approved**

4. Foodshed Assessment

Summary of Institutional Surveys – **Emily summarized the School and Restaurant/Resort surveys and concluded that more education about serving local foods is needed for the institutions. Overall many of the institutions have misconceptions about USDA inspections of food products, when in reality, some of those products (produce) don't need inspections.**

Summary of Wholesale Produce Sales to MLHS & Onamia School—**Barb summarized results from last year's sales and believes there is the potential to quadruple sales if there was a paid coordinator position. It was stated that a minimum of 4 hours per week, plus the time to fill orders**

**was needed for a coordinator position to be successful. The group discussed possibilities for connecting farmers to institutions via coordinator contacting farmers versus farmers contacting coordinator with produce available.**

**Preliminary Summary of Producer and Customer Surveys 2010— Emily summarized Farmers' Market surveys – overall conclusions: both producers and consumers were local to their respective markets, pleased with the 2010 market and planning to participate in the market again next year.**

**Pesch Foodshed Assessment Worksheet— Barb summarized worksheet – 16.4 acres of land needed to produce 5% of the market demand. See worksheet attached if you have questions.**

**5. Summary of USDA Study – Emily summarized “Local Food Systems: Concepts, Impacts, and Issues” (USDA, 2010). Study summarized various local food markets around the US.**

**6. List of questions for similar Local Food Organizations/Networks—Emily & Cyndy – Questions were reviewed by group and approved. Emily is working on interviewing various food networks and will create a summary when complete. Attached is a summary about the Fairbury Local Food Project from Illinois, which is a group of farmers who have partnered with their local grocery store to market and sell their products.**

**7. Winter Local Foods Conference – Cyndy, Nett, & Emily – Scheduled for February 4<sup>th</sup> and 5<sup>th</sup>, 2011 at the ROC in Onamia. Friday evening: Local Foods Dinner, a screening of the movie Fresh and kid's activities. Saturday afternoon: workshops, food demonstrations, resource fair, children's activities. Group discussed guest columns in The Messenger relating to local foods leading up to the event.**

**Coop 101 Conference—Dana shared information about a coop workshop discussing coop basics, case studies, and alternatives to coops. Tentatively scheduled for a weekday in January, Dana will update the group once a final date and location have been determined.**

**8. Discuss Community Kitchen Facility Options – Seven potential locations for community kitchens were brainstormed. Emily will get in contact with those locations and report information at upcoming meetings.**

**9. Update Feasibility Study Timeline – Attached is timeline**

**10. Community Food Projects Competitive Grant Draft—Dana Raines – Titled: Mille Lacs Area Community Food Connections. Group reviewed grant draft, goals, and objectives of proposal. Due November 17<sup>th</sup>.**

**11. Next meeting date, time, location - TBD**

**12. Adjourn**

#### **H. Minutes 10 December, 2010, 3:30 pm, Rolf Olsen Center**

On 3 Feb 2010 the Steering Committee was formed to pursue a feasibility study of collaborative marketing and sales of locally grown/raised agricultural products, locally produced value-added products, and hand-made crafts.

**Present: Deb Rasmussen, Barb Eller, Carol Jacobs, April Weinreich, Cyndy Rudolph, Emily Mehr**

1. New member introductions
2. Agenda—changes/additions?
3. Approve Minutes 10 November - **Approved**
4. Approve Emily's travel expenses for reimbursement – **Approved: Motion – April Weinreich, Second – Cyndy Rudolph**

Travel Reimbursement at \$.50/mile.

November 2010 - Total of 170 miles, \$85.

12/3/2010 - Chaska Farm-to-Cafeteria Workshop roundtrip total of 186 miles, \$93

Total reimbursement: \$178 m/s approve

5. **Approve Emily's registration fee for the Midwest Value Added Agriculture Conference in Madison, WI, January 27-28<sup>th</sup>, 2011. – Approved: Motion- Carol Jacobs, Second – Cyndy Rudolph**

Conference Registration Fee - \$150.00

6. MISA Phone Survey update – **Group reviewed and discussed successes, challenges, and words of wisdom gathered from organizations researched. Organizations were located in MN, WI, IL and KS. See summary attached for more information.**
7. Nov 19 Coop Initiative Conference Call Summary—**Barb & Emily summarized conference call with 4 other groups in MN at various stages of creating local food networks in their communities. The next call is scheduled for Friday December 17, 2010 at 2pm. The agenda for the call will be emailed out when available. If interested in participating in the call, let Emily know.**
8. Funding Update—CFP grant not submitted this round – **Discussed potential funding options and next steps.**
9. Feasibility Study Project Summary Update –**Study to be completed February 2011, move on to business transition plan. Upon completion, begin community outreach with presentations to both producers and consumers.**
  - a. List missing pieces – **Feasibility Study timeline reviewed and updated – see attached timeline for updates.**

**-Emily will compile an evaluation of various food distributors currently providing local institutions with produce. This information will help local vendors to determine competitive prices for their products.**

b. Plan for completion – **Emily will compile a working draft of the feasibility study to be reviewed at the January 19<sup>th</sup> meeting, with completion scheduled for February 2011.**

c. Business transition plan - **Barb contacted SCORE (non-profit counselors for small businesses) on Dec 10 seeking assistance for transitioning to a business plan, mission statement, business structure, and further details. More information at the next meeting.**

10. Next meeting date, time, location – **Wednesday January 19<sup>th</sup>, 2011, 4 pm at the ROC**

11. Adjourn

Upcoming Meetings/Ed Opportunities:

25 Jan, 2011 6:30 pm Farmers' Market Symposium, Pine City

4-5 Feb 2011 Local Foods Conference, Onamia

18-19 Feb 2011 SFA Conference, St. Joseph, MN – The Routes of Sustainability: Farming, Food and Fellowship

#### **I. Minutes 19 January, 2010, 4:00 pm, Rolf Olsen Center**

On 3 Feb 2010 the Steering Committee was formed to pursue a feasibility study of collaborative marketing and sales of locally grown/raised agricultural products, locally produced value-added products, and hand-made crafts.

**Present: Barb Eller, Deb Rasmussen, April Weinreich, Carol Jacobs, Jo Rapatz, Emily Mehr, Cyndy Rudolph, Lynn Crotty, Marge Agnew, Joe Riehle, Samantha.**

3. Approved Minutes 10 December. **Motioned: Joe Riehle, Second: Carol Jacobs**

4. **Approved mileage reimbursement for Emily's trip to Madison, WI** for the Midwest Value-Added Conference, 1/26/11-1/28/11. (244 miles at \$.50/mile = \$244 to be reimbursed). **Motioned: April Weinreich, Second: Deb Rasmussen**

5. SCORE Counselor: Scott Powers. Will review draft of feasibility study and assist with transition to a business plan.

5. Review draft of Feasibility Study – **Draft Reviewed.**

**Discussed minor edits/additions for the next draft. Goals of the study were reviewed and agreed upon by all members present. A discussion was had about the name of the group. In the draft of the**

study it is called The Mille Lacs Area Food Network, further discussion is needed before a name can be finalized.

Reviewed and updated financial projections for buy, lease, partner options.

After reviewing and discussing the draft of the feasibility study, it was decided that another location would be examined as a potential site to lease. Next meeting will follow up with this inquiry and additional financial projections.

If you were not present at the meeting and would like a copy of the draft sent to you, let Emily know at [emehr@onamia.k12.mn.us](mailto:emehr@onamia.k12.mn.us), 532-6838

6. Business transition timeline – **Tabled**

7. Next meeting date, time, location – **Thursday February 24, 6-8pm, Rolf Olsen Center**

8. **Adjourn at 6:30pm**

Upcoming Meetings/Education Opportunities:

14-15 Jan 2011 Organic Conference, St Cloud

25 Jan, 2011 6:30 pm Farmers' Market Symposium, Pine City

**25 Jan, 2011, 6-8:30pm – MN Central Business Development, Building a Marketing Plan \$40**

**27 Jan, 2011, 6-8:30 – Starting a Business: 6 Steps to Success \$30**

4-5 Feb 2011 Local Foods Conference, Onamia

17 Feb 2011, 4-7 pm, Coop 101, Rolf Olsen Center, Onamia

19 Feb 2011 Sustainable Farming Assoc, St Joseph

#### **J. Minutes 24 February, 2011, 6:00 pm, Rolf Olsen Center**

On 3 Feb 2010 the Steering Committee was formed to pursue a feasibility study of collaborative marketing and sales of locally grown/raised agricultural products, locally produced value-added products, and hand-made crafts.

**Present: April Weinreich, Lynn Crotty, Barb Eller, Emily Mehr**

3. Approve Minutes 19 January – Motioned: Lynn, Second: April - Approved

4. Activities:

a. Farmers' Market Symposium update – Barb, Marilyn, Deb.

**Barb shared information about various organizations present at the symposium that have resources relevant for future progress of the Steering Committee's plans. Rural Development, MN Farmers' Market Association, AURI, University of MN Extension, Central MN Jobs and Training Services, and MN Small Business Development Services Center all offer services and programs that have potential to assist the project.**

b. Midwest Value-Added Conference update – **Emily attended workshops relating to community kitchens, the history of cooperatives, institutional purchasing and distribution, selling to grocers and a panel discussion about various local food networks in the Midwest. See attachments for further information about each workshop session.**

c. Co-op 101 workshop update – **Kevin Edberg presented a workshop at the ROC on Feb 17<sup>th</sup> about how coops work and how they can be applied to projects relating to local food development.**

d. Food Court site visit – **Barb and Lynn explored a new option for leasing the Food Court site located next to Noble Wear in Onamia. The facility would serve lunch daily for Noble Wear employees as well as act as a year-round store front for local food items. Budgets and Break Even Analysis' are being run on the option and will be available at the next meeting.**

5. Set deadline for Final Feasibility Study Report & Schedule Outreach. **Final deadline for feasibility study re-set for May 15<sup>th</sup>, 2011. Outreach dates to be determined.**

6. Next meeting date, time, location – **Tuesday March 29<sup>th</sup>, 6 pm at the ROC.**

**Coffee and Cookies by April Weinreich will be offered! We hope to see you there!**

7. Adjourn **@ 8:30pm.**

FYI Upcoming Meetings/Education Opportunities:

- March 8, 2011, 8:30-11:30am, Understanding and Interpreting Your Financials, \$35

(pre-registration required), St. Cloud SCORE

- March 17, 2011, 9am-12pm, **Region 5 Development Commission re local foods**

**distribution systems**, Northland Arboretum, Brainerd. Barb, April and Emily will be attending.

- March 24, 2011 **Roadside Advertising in a Digital Age**, Foley Intermed School, 840

Norman Ave N., Foley, MN Contact: Susanne Hinrichs, [612-625-6246](tel:612-625-6246), [hinri110@umn.edu](mailto:hinri110@umn.edu)

- March 26, 2011, 9-11:30 am, **Starting a Business: Six Steps to Success**, \$30 (\$25 pre-paid),

St. Cloud SCORE

- March 29, 2011, 6-9 pm, **Income Taxes for One Owner Businesses**, \$30 (\$25 pre-paid), St. Cloud SCORE.

### **K. Minutes 29 March, 2011, 6:00 pm, Rolf Olsen Center**

On 3 Feb 2010 the Steering Committee was formed to pursue a feasibility study of collaborative marketing and sales of locally grown/raised agricultural products, locally produced value-added products, and hand-made crafts.

1. **Present:** Lynn Crotty, Nett Hart, Pat Root, April Weinreich, Peter Clay, Penny Simonsen, Marilyn Moorman, Barb Eller, Deb Rasmussen, Gerhart Bergman, Brock Holbert, Emily Mehr

2. Approve Minutes 24 February – **M Nett Hart/S Deb Rasmussen/approved**

4. Activities:

a. MN Local Food Distribution meeting update, Brainerd 3-17-11 – **Barb & Emily – See attached summary in Minutes**

b. Secrets to Super Successful Local Marketing update, St. Cloud 3-29-11-Emily – **See attached summary in Minutes**

5. Decision point: **Pursue lease option Food Court for all season market & café**

a. It was decided by the members present last night that the group would pursue the lease option at the Food Court. Brock Holbert summarized existing equipment, space, and rent. Rent would be 10% of sales off-set by 25% commission to us if we sold his T-shirts. Previous tenant's rent was a 'wash' under this agreement. Average utilities for this space: ~ \$440/month. We would need Commercial Liability, including Product Liability, Insurance.

b. After discussion, the Limited Liability Company (LLC) was selected as the organizational structure. Initial Organizers of the LLC: Barb Eller, Pat Root, Debra Rasmussen. Others may be interested pending financials-Barb to do for next meeting. Barb will also discuss with Scott Powers, SCORE consultant at phone date 3/30. Having at least 5 Organizers would meet the time commitment required to open a new business. Each needs to commit 10-20 hrs/week. Future LLC Members can contribute as well. After filing, the internal Operating Agreement spells out how the company will function. Emily will contact farmer group in PA/Ohio to see if they will share their OA as start point.

c. Preliminary discussion of start-up included a 3 phase approach:

1. Reopen café using local foods and including fresh breads. Additional equipment needed for this includes a range and oven. Brock indicated that both will fit under existing fire suppression hood. Pat will measure space. Barb obtained the last MDH Inspection of the Food Court and spoke with MDH Inspector Joleen Hoepner on 3/29. She will do walk through and

requested we tape off where the range and oven would be placed. Brock noted that minor deficiencies present on MDH Inspection Report had been corrected. In the future, this kitchen could also be used for value-added products from farmers/growers.

2. Phase 2 would open an all season farmers' and artisanal market. Additional equipment needed would include more cold storage, display shelves and bins. Jurisdiction for this would be the MN Department of Ag (MDA). Member questioned if MDA might also have jurisdiction of the café if it was a deli. Barb to check with MDA Inspector.

Further discussion: The open air seasonal market will continue. Brock offered the covered porch of the Nobel Wear building and the lot to the west of the building if it is needed for this.

3. Phase 3 would include using the space for collection, minor processing, and wholesale distribution of locally grown foods. There is loading dock available, 3 bottom sink. Additional equipment: Stainless steel tables. 1 Table currently available. This phase would formalize current wholesale sales of local produce to MLHS and the Onamia School, adding the other interested health facilities and schools as production capacity increases.

6. The 'Health Regulations' portion of the Feasibility Study is done. It was sent to members with request to review for completeness. Completion date for the complete Feasibility Study is May 15<sup>th</sup>. The community outreach part of this study can include the business transition plan and seeking additional member equity. Plan and schedule outreach dates for feasibility study – **Tabled for next meeting**

7. Next meeting date, time, location- **Monday April 4<sup>th</sup>, 7:30 pm at the ROC**

8. Adjourn M Nett Hart/S Lynn Crotty/adjourned **@ 8pm**

#### **FYI Upcoming Meetings/Education Opportunities:**

- **Seasonal Eating Calendar:** How to Plan Your Life Around Seasonal Local Foods  
Thu Mar 31 6pm – 8pm, Valley Natural Foods, 13750 Cty Rd 11, Burnsville, MN 55337  
[952-891-1212 http://www.valleynaturalfoods.com/docs/VNF-Class-Booklet-Jan-Mar2011.pdf](http://www.valleynaturalfoods.com/docs/VNF-Class-Booklet-Jan-Mar2011.pdf)  
-Free on-line business topics: [http://www.score.org/online\\_courses.html](http://www.score.org/online_courses.html)

#### **- Annual Isle Farmers' Market Information Meeting**

Tues April 12, 6pm, Isle Creative Arts Center

#### **-Onamia Community Garden Information Meeting,**

Tues April 19, 6:30 pm, Onamia Alliance Church

#### **L. Minutes 4 April, 2011, 7:30 pm, Rolf Olsen Center**

On 3 Feb 2010 the Steering Committee was formed to pursue a feasibility study of collaborative marketing and sales of locally grown/raised agricultural products, locally produced value-added products, and hand-made crafts.

Present: Jo Rapatz, Lynn Crotty, Deb Rasmussen, April Weinreich, Pat Root, Naomi Iserman, Marilyn Moorman, Barb Eller, Emily Mehr, Mary Kunesh

2. Approve Minutes 29 March 2011 M: April, S: Marilyn – Approved with addition

Addition to 3/29 Minutes: Lynn Crotty offered and was approved as the bookkeeper for the initial organization.

3 Approve Emily's Mileage to "Local Marketing 101" workshop in St. Cloud on 3/29. 103 miles round trip, amount to be reimbursed: \$52.50. **M: April, S: Deb – approved**

4. Review prelim financial statements Food Court

a. Sales Projections – **Group reviewed "Sale Projection Café" financials put together by Barb. The cost to the Café was estimated based off wholesale prices from the 2010 season. The price to the consumer was determined by a 30% mark up of the cost to produce. The café will be open 5 days/week, serving breakfast and lunch.**

**Menu items were discussed – the group decided that it is important to start off as simple as possible with menu items. The kitchen space would not be conducive to making and selling pizzas, so that item was removed from the Sales Projection sheet. Tentative additions to the menu include breakfast (muffins, scones, fruit with granola, breakfast sandwiches, coffee), desserts (seasonal baked goods and pies), sorbet with local fruits. The addition of breakfast and desserts to the menu will make-up for the removal of pizza from the menu.**

**A discussion was had about whether or not the Café will be able to use items canned in the kitchen in their menu. Barb will check with the Department of Health about the use of preserved foods in the Café.**

**Deb is a certified Food Safety Manager and volunteered to receive additional training for canning/preserving. Deb will also develop a training manual for local growers who would like to use the kitchen for value-added products. Note: this is part of Phase 2, and will not be included in the initial start-up.**

**April will create a list of kitchen supplies and equipment that will need to be purchased before the Café can open. Emily will research prices for that equipment so we have a better idea of what the start-up costs will be.**

**Mary Kunesh is interested in supplying coffee to the Café.**

**Pat Root will be the head chef and will develop a tentative menu based off of the 2010 Wholesale produce availability records. She will determine cost to Café of each menu item which will help create more accurate sales projections.**

**Barb will send the group an example of a “farmers’ diner” business plan to be reviewed before the next meeting.**

**Naomi indicated interest in being a second cook.**

b. Statement of Income & Cash flow Year 1

c. Year 1 Cash flow by month

d. Start-up Café Sources & Uses Budget

Approve with changes M/S

5. Approve legal consultant: **Gail Jackson has agreed to review our Internal Operating Agreement once drafted at a rate of \$150/hour. M: Deb, S: April - approved**

6. Approve accounting & tax consultant: **Robin Straka, local CPA and tax consultant. Use her services as needed M: April, S: Mary - approved**

7. Business Plan & Internal Operating Agreement

--file LLC M/S - **Tabled**

8. Plan and schedule outreach dates for feasibility study/member equity drive - **Tabled**

9. Next meeting date, time, location – **Thursday April 14<sup>th</sup>, 6:30 @ the ROC**

10. Adjourn **@ 9:30pm**

FYI Upcoming Meetings/Education Opportunities

**Free on-line business topics: [http://www.score.org/online\\_courses.html](http://www.score.org/online_courses.html)**

**-Annual Isle Farmers’ Market Information Meeting**

**Tues April 12, 6 pm, Isle Creative Arts Center**

**-Onamia Community Garden Information Meeting**

**Tues April 19, 6:30 pm, Onamia Alliance Church**

**M. Minutes 14 April, 2011, 6:30 pm, Rolf Olsen Center**

On 3 Feb 2010 the Steering Committee was formed to pursue a feasibility study of collaborative marketing and sales of locally grown/raised agricultural products, locally produced value-added products, and hand-made crafts.

Present: Mary Kunesch, Gerhart Bergman, April Weinreich, Pat Root, Marilyn Moorman, Emily Mehr, Deb Rasmussen, Lynn Crotty, Barb Eller

3. Approve Minutes 4 April 2011 **M: Gerhart, S: Marilyn – approved with no changes or additions**

4. Name proposed company & sign LLC reg **M: Pat, S: Deb, approved – “Farm Market Café, LLC”**

**The group brainstormed a list of potential names for the café. After discussing and then voting, the group decided that the LLC would be called “Farm Market Café, LLC.” Barb Eller, Pat Root and Deb Rasmussen, as the founding management team, signed the LLC paperwork which will be filed with the State this week.**

5. Review Business Plan Café Phase 1

**Equipment List- Group reviewed the equipment list for items needing to be purchased before the Café can open. April drafted a list of equipment, Emily gathered price estimates from A-Z Restaurant Equip in Princeton, and Pat gathered prices for equipment from the unused kitchen at the Onamia High School. Pat will compile the lists and come up with a final itemized price list by the next meeting.**

Approve with changes to go forward to Onamia City Council May 11 M/S

**Those present last night will review and edit the Business Plan draft. Comments, edits, additions should be emailed to Barb by Thursday April 21. With changes, Business Plan will be approved at next meeting and presented at the Onamia City Council Meeting on May 11.**

6. Review Int Op Agreement to go forward to legal & accounting review M/S

**Those present at last night’s meeting will also review the Int Op Agreement and will approve at next meeting.**

7. Plan and schedule outreach dates for feasibility study/member equity drive - **Tabled**

8. Next meeting date, time, location – **Thursday April 21, 6:30pm @ ROC**

10. Adjourn @ **8:30pm**

FYI Upcoming Meetings/Education Opportunities:

**Free on-line business topics: [http://www.score.org/online\\_courses.html](http://www.score.org/online_courses.html)**

**-Onamia Community Garden Information Meeting**

**Tues April 19, 6:30 pm, Onamia Alliance Church**

**N. Minutes 21 April, 2011, 6:30 pm, Rolf Olsen Center**

On 3 Feb 2010 the Steering Committee was formed to pursue a feasibility study of collaborative marketing and sales of locally grown/raised agricultural products, locally produced value-added products, and hand-made crafts.

**Present: Pat Root, Deb Rasmussen, Barb Eller, Emily Mehr**

3. Approve Minutes 14 April 2011 **M: Deb, S: Pat - approved**

4. Review Business Plan Café Phase 1

Menu – **will feature hot & cold sandwiches, soups, homemade breads, breakfast sandwiches, homemade granola, and delicious desserts. All items will feature seasonal, local foods.**

Equipment List--summary of MDH walk-thru April 19. – **List was reviewed. Pat will send finalized list with prices to Emily to be added to the business plan.**

Vendor List

Logo—Brock offered his artist

Approve with changes to go forward to Onamia City Council May 11 M/S – **Pat and Deb will review business plan and get changes to Emily by Thursday May 5<sup>th</sup>, to be approved for Onamia City Council Meeting on May 11<sup>th</sup>.**

5. Review Int Op Agreement – **Pat and Deb to review as soon as possible, will be approved at 5/5/11 meeting.**

Approve with changes to go forward to legal & accounting review M/S

6. Plan and schedule outreach dates for feasibility study/member equity drive

-Budget \$3200 for **10 community meetings in Onamia, Isle, Garrison, Milaca and Pierz. Meetings to cover findings of the feasibility study, share information about the business plan, sign members up for the Farm Market Café, LLC. These meetings will start around June 15<sup>th</sup> and run throughout the summer.**

8. Next meeting date, time, location – **Thursday May 5<sup>th</sup>, 6:30 @ the ROC.**

10. Adjourn @ **9:15**

FYI Upcoming Meetings/Education Opportunities:

**Free on-line business topics: [http://www.score.org/online\\_courses.html](http://www.score.org/online_courses.html)**

**O. Minutes 5 May, 2011, 6:30 pm, Rolf Olsen Center**

On 3 Feb 2010 the Steering Committee was formed to pursue a feasibility study of collaborative marketing and sales of locally grown/raised agricultural products, locally produced value-added products, and hand-made crafts.

**Present: Deb Rasmussen, Barb Eller, Pat Root, Emily Mehr, Lynn Crotty**

3. Approve Minutes 21 April 2011 **M: Pat, S: Deb - approved**

4. Review Business Plan Café Phase 1

Vendor List

Logo—Brock offered his artist

Approve with changes to go forward to Onamia City Council May 11 M/S

**Business Plan was reviewed and approved for the May 11 City Council meeting.**

**If you would like a copy to review, contact Emily or Barb.**

5. Review Int Op Agreement

Approve with changes to go forward to legal & accounting review M/S

**The group elected to be taxed as an S-Corporation, upon the advice of Robin Straka, CPA. Reviewed and approved, pending legal review by Gail Kulick.**

6. Plan and schedule outreach dates for feasibility study/member equity drive

-Budget \$3200 for 10 community meetings

**Decided to hold 2 large meetings vs. 10 smaller meetings. Details to be discussed further and planned at next meeting.**

-Membership drive

7. Marketing Options/Ideas - **Tabled**

8. Next meeting date, time, location – **Monday May 16<sup>th</sup>, 6:30pm at the Café (108 Wall Street S., next to Noble Ware)**

10. Adjourn **@ 8:45pm**

FYI Upcoming Meetings/Education Opportunities:

**City Council Meeting Wednesday May 11<sup>th</sup>, Farm Market Café, LLC will be asking for loan to cover start-up costs of Café.**

**Free on-line business topics: [http://www.score.org/online\\_courses.html](http://www.score.org/online_courses.html)**