USDA FoodLINC Site Visit
Portland, Oregon
Hosted by EcoTrust
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Report by Sue Beckwith
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What is FoodLINC - 1

• FoodLINC is a USDA program designed to increase farmer net income and increase quality rural jobs.

• FoodLINC accomplishes this by providing seed funding to 13 organizations nationwide to leverage local resources to expand the capacity of local food systems. FoodLINC calls this “Value Chain Coordination”.

• The Texas Center for Local Food was selected for participation because of Texas’ exceptional, yet somewhat disconnected, resources being applied to improving our local food system for the benefit of farmers and rural communities.

• The geographic focus for the Texas Center for Local Food is primarily, but not exclusively, central Texas in 2017 and our geographic scope will broaden in 2018 and beyond.

• USDA has provided the seed funding of $75,000 for two (2) years and a philanthropic partner is needed to fully fund the program at its budgeted level of $330,000 annually.
What is FoodLINC - 2

What is a Food Value Chain?

The food value chain may look a lot like a traditional supply chain on the surface, but . . .

- Businesses intentionally structure their core operations to produce both financial success and social benefit
- Shared mission and operational values support decisions and processes
Overview of Site Visit and this Report

• The USDA FoodLINC cohort from 13 organizations met in person to learn (i) what skills and resources we have to offer each other and (ii) to strategize together about what will make the FoodLINC program most effective.

• Our 2 days together included site tours of local food development projects in Portland and discussions of our FoodLINC projects including our goals, needs, and aspirations.

• As we got to know one another, we developed trust and a clearer understanding of the resources we have to share.

• This quick report describes the places we visited, an overview of the discussions, and some of the lessons I learned from this amazing group of people.

• These are Sue Beckwith’s personal observations - please share any factual errors, clarifications, and/or omissions. sueb@TexasLocalFood.org
The Redd is comprised of a two-block, 80,000-square-foot food production and distribution campus including two buildings: Redd West (left Phase I), a former distribution hub and sales center; and the Redd East (right Phase II), a 1918 ironworks. Located in downtown Portland.
With more than 20,000 square feet of warehouse space, Redd West (Phase I) serves as a cold storage, aggregation, packaging, and distribution center, and also includes three commercial production kitchens.
Phase 1 of the Redd campus is this 20,000 square foot warehouse space with cold storage.

That’s the cold storage on the left. Seemed like about 1500 sq ft of cold storage. See the loading dock for incoming (top right) and behind to the right off camera is the load out side, so from in to out, product doesn’t have to move far.
Anchor tenant and manager of warehouse space including distribution is B-Line, a locally owned company.

B-Line is a diversified company that delivers food and other products using electric assist trikes within a 2.5 mile radius in downtown Portland and in a few other cities in the region. B-Line has 8 trikes (carrying up to 800 lbs. each) and employs 20 people.
Starting as a last mile logistics company (60% of revenue), B-Line earns additional revenue by selling advertising on its trikes, leasing out warehouse bay space including cold storage, parcel delivery (non-food), and renting out office space. The bay on the left for example is leased to a local food artisan. Portland’s policy on reducing carbon emissions is partly responsible for increased parcel delivery - e.g. Office supply stores hired B-Line to deliver on their trikes.
(Left) Beer on tap.  (Right) Heat recovery from cold storage turned into hot water for commercial kitchens. The warehouse is not conditioned space and the midrange ambient temps in Portland make that workable.
The entire space of The Redd Phase I seems to have been thoughtfully designed; many of the current tenants were involved in the design process.
B-Line expects advertising revenue, including street level sampling, to increase from current level of 40%. Among the FoodLINC group, there was interest in what would happen if B-Line stops focusing on local food logistics as that becomes less of their core revenue. The B-Line and EcoTrust folks share a strong common vision and they believe that commitment will hold the relationships together. Of note —> The value of tenant relationships must extend beyond just real estate to clear points of leverage for each business.
The Redd Phase I includes 3 commercial kitchens with 1,200 sq feet of space each.

In the fall of 2016, this kitchen was leased by a 10-year old soup business. They also sublet the space a couple of days a week. The soup business delivers heat and eat soups in the downtown Portland area. They chose the Redd because they can leverage the daily local food deliveries for ingredients and contract with B-Line for soup delivery. B-Line charges 10% of invoice. Typical invoice for soup is about $20. His business is financed by 44 equity partners in for $10K apiece.
Food Corps - new national headquarters

$$\text{Food Corps pays rent as anchor office tenant.}$$
The Redd Phase I cost was $10M (left side of image). The Redd phase II is expected to cost $20M (right side of image). Phase II is planned to be a more public space perhaps with food retail and a community kitchen.

$10M paid for with combination of grants, new market tax credits ($8M) all managed by a full time finance manager with experience in multitiered financing.
The Redd phase II is a beautiful old iron works. Redevelopment is in the planning stages in 2017.
Other site visits included the main EcoTrust building that includes office space, conference room, a health care facility, and a small cafe. The space is plush and technologically tricked out with wide open spaces and comfortable spaces for working or chatting.
The FoodLINC group ate wonderful food at restaurants that source most of their ingredients locally. Don’t worry funders, we each paid for our own drinks.

(Left) **Groundbreaker** - gluten free beer, yummy meats and greens
(Right) **Ned Ludd** - delicious food from an experienced restauranteur
FoodLINC cohort discussions - 1

• Most of our time together was spent in discussions and thought provoking sessions. The national support team from the Wallace Center did an excellent job fitting a lot into our 2 days.

• How do we talk about our projects and how do we get others to care? Through these discussions it became clear that the cohort falls pretty evenly into 2 groups which we called “hubs” and “nubs”.* The Texas Center for Local Food is a “nub”.

• Topics: (i) Market assessment and comparative advantage, (ii) How to conduct value chain convenings, (iii) Matchmaking and networking with businesses along the chain, (iv) Working with institutions. TCLF was in topic group (i) since market assessment is key to our work in value-added product development. I gleaned valuable information particularly from Dan at the Rocky Mountain Farmers Union who was skeptical that a small farmer-owned value-added packaged product will be successful; Dan felt that the low supply and seasonality of our Texas Farmers’ Goods products would impede market success. Dan has shared his recently completed feasibility study for fresh cut value-added.

* “Hubs” are primarily focused on aggregation and distribution. “Nubs” are primarily focused on network enhancement, economic development, and other activities not typically associated with a food hub. The credit for the term “nubs” I believe goes to Sarah Fritschner of Louisville.
FoodLINC cohort discussions - 2

• Discussions on “Needs and Expertise” were the most useful to Sue for TCLF. The people in the FoodLINC cohort are smart and capable as well as graceful, kind, and open to sharing. The mutual trust we developed on this trip has already proved valuable to the Texas Center for Local Food in that we can share not just our successes but also failures - and so we can truly learn from others’ work. We can get beyond what’s on our web sites.

• Social network mapping is a tool for understanding the relationships. To some it may seem a bit esoteric but after the presentation by Sarah Rocker (Penn State), I can see its value to us at TCLF to understand communication strengths and weaknesses. For example, by mapping the communication links between UT Austin dining, farmers, and food policy folks, we might find that Edwin Marty at the City of Austin has the most relationships with UT Austin. If we want to convene a meeting with UT to buy from more farmers, we would turn to Edwin to help us set that up. TCLF will explore the usefulness of this tool in 2017.

• Equity: The core challenge is to balance increased farmer net income with affordable access to healthy food for all people. Strong need to educate our mostly white, generally from privilege, farmers and food policy folks about our own privilege and how that plays out in our work. To truly succeed, we must be more inclusive.
Lessons Learned
Texas Center for Local Food - 1

- Texas FoodLINC focus doesn’t have to be primarily on aggregation and distribution. We can work on value-added product development as long as we meet FoodLINC goals. As we develop our networks, we can expand to aggregation and distribution in future.

  - About half of the 13 FoodLINC groups are food hubs focused on aggregation and distribution. (“hubs”)
  - The other half are focused on networking and convening farmers with buyers and working with economic development leaders. (“nubs”)

- Huge resources in the FoodLINC cohort. My todos: (i) read feasibility on fresh cut from Rocky Mountain Farmers Union, (ii) read EcoTrust’s infrastructure gaps reports, (iii) get on Redd email list, (iv) watch and use as examples Glenn Holmes’ farms videos, (v) try out social network analysis, (vi) describe our work publicly in a way that it’s consistent with other FoodLINC orgs, etc.

- Our developing “chamber of commerce” model for local food system development is sound.

- In developing the Elgin Local Food Center, be sure potential tenants have value they can leverage beyond real estate or kitchen access. Use concept of “keystone species” but be careful not to create single point of failure.
The vocabulary of FoodLINC can be confusing to others and that can hinder success because others may feel like outsiders to some special club. e.g.: “Value Chain Coordinator” “Value Chain” “food hub”. I checked with colleagues on the ways I use FoodLINC terms and they seemed fine with our approach:

• I describe the “Value Chain” as the supply chain looked at through the lens of value to each player. Value is determined by each player whether they be farmer, consumer, processor, distributor.. each must get the value they require or they will stop participating in the system.

• I don’t use the term Value Chain Coordinator (VCC) much outside the FoodLINC group, but I see the usefulness of it to describe the work of convening and facilitating interaction across the supply or value chain. For example, introducing local chefs to farmers who could grow for them.
I am interested in the usefulness of food-hub.org as way to develop farmer-buyer networks. That software may be in flux for the next year.

For operational food hubs, lack of software integration is a problem. e.g. financial s/w doesn’t track inventory; logistics s/w doesn’t integrate with financial.

Would like to have met more farmers.

Unanswered questions: What is volume and dollar value (to farmer) of local food delivered to the Redd? Is there an evaluation of farmer satisfaction?

Overall, my time and our money very well spent for this event.
Next Steps

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• ToDos - Pay special attention to: (i) Food corridor development from Appalachian Sustainable Development, (ii) value added at Fresno and Rocky Mountain, (iii) Redd Phase II build out, (iv) funding examples for health and wellness links to our goals, (v) consistent messaging.

• ToDos - Use evaluator to max benefit. Submit monthly outcomes; ask questions; check in regularly.

• Todos - Share: (i) report from our SARE: Beyond Fresh project on value-added through farmer lens when complete in 2017, (ii) share value added product feasibility from our Elgin Local Food Business Plan Pilot (AMS-LFPP), (iii) share agenda and evaluation from our seminar for rural leaders on “Local Food as a Driver of Economic Development”, (iv) our outcomes.
Conclusion

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A very worthwhile experience. It is an honor to work with such capable people for the benefit of Texas farmers and rural communities.