ATTACHMENT 1

Salem

Community Food Study

March 2017

Prepared for:

City of Salem

ECONorthwest
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Acknowledgments

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ECONorthwest prepared Parts 1 and 2 of this report for the City of Salem. ECONorthwest received substantial assistance from Annie Gorski and Mark Metzger at the City of Salem, Kim Hanson at Kim Hanson Consulting, Aaron Reber from Aaron Reber Consulting, as well as many key informants.

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That assistance notwithstanding, ECONorthwest is responsible for the content of this report. The staff at ECONorthwest prepared this report based on their general knowledge of market feasibility and on information derived from government agencies, private statistical services, the reports of others, interviews of individuals, or other sources believed to be reliable. ECONorthwest has not independently verified the accuracy of all such information and makes no representation regarding its accuracy or completeness. Any statements nonfactual in nature constitute the authors' current opinions, which may change as more information becomes available.

For more information about this report:

Emily Picha
picha@econw.com
KOIN Center
222 SW Columbia Street, Suite 1600
Portland, OR 97201
503.222.6060

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Abiqua Academy
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Cascade School District
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Charlies Produce
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Cherry City Cake Supply
Corban University
Daily Table
Duck Delivery/United Salad
Hada's Boutique
Herr Kitchen
Hot Bread Kitchen
Island Girl's Lunchbox
Joyeria De Cristal
Kitchen on Court
La Bonita Mexican Bakery
La Cocina
Fresh and Local Foods
Fruteria La Cabana
LifeSource
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Los Lagos
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Marion Polk Food Share
Melting Pot Candy
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Natural Grocers
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Oregon Entrepreneurs Network
Oregon Food Truck Association
Oregon Garden Resort
Organically Grown Company
OSU Food Innovation Center
Pacific Coast Fruit Company
Paradiso (Grand Theater)
Portland Community College
Portland Mercado
Rafn's
Reed Opera House
Renegade Kitchens
Romana's
Salem Academy
Salem Hospital
Salem-Keizer School District (Sodexo)
Salem Public Market
Saturday Market
SeaTac-Tukwila Food Innovation Network
Silver Grille
State of Oregon Cafeterias
St. Vincent de Paul School
Sprout! (NEDCO)
Taqueria El Padrino
Truitt Family Foods
Ventura Foods
Western Oregon University
Willamette University
Willamette Valley Cookspace

Cover photo credits: Onay Davus, Brad Greenlee, and Garry Knight

Business Support Organizations and Resources Mentioned in this Report

MicroEnterprise Resources, Initiatives & Training (MERIT). MERIT helps entrepreneurs by providing training and ongoing support from prebusiness through startup, and beyond business launch. MERIT also provides access to small grants and microloans for new businesses.

Senior Core of Retired Executives (SCORE). SCORE counselors, comprised of active and retired business men and women, provide clients with free and confidential business counseling.

Chemeketa Small Business Development Center (SBDC). The SBDC is program of Chemeketa Community College. The SBDC provides comprehensive business support services and resources to startups and existing businesses, large and small. The program is funded by the Small Business Administration and receives support from the state of Oregon and local revenues.

Food Innovation Center (FIC). The FIC is a unique urban Agricultural Experiment Station located in Portland, Oregon. As part of Oregon State University, the FIC serves the Northwest food industry and communities, as well as national and international businesses. The FIC has three areas of excellence: a product and process development team to help new and established entrepreneurs bring products to market; a full service consumer sensory testing laboratory; and a food safety hub for education and testing.

Neighborhood Economic Development Corporation (NEDCO). NEDCO's microenterprise services equips entrepreneurs with the skills and financial resources necessary to operate a small business. The program is integrated with other NEDCO services to produce long-term success for Willamette Valley entrepreneurs. Sprout! Is a regional food hub sponsored by NEDCO in downtown Springfield Oregon that includes a public market, food incubation program, and commercial kitchen.

Micro Enterprise Services of Oregon (MESO). MESO is a program of Portland State University that seeks to broaden economic opportunities for underserved entrepreneurs by providing business support to increase growth in income, assets, and business skills. The program assists in the development of commercially viable businesses that pursue growth opportunities, create jobs, and restore economic balance among minorities and other underserved groups for the benefit of the greater community.

Specialty Food Association (SFA) and *Specialty Food Magazine*. SFA is a member organization providing tailored programs and services designed to help guide, support, and grow food related businesses. Specialty Food Association sponsors trade shows and taps into a passionate community of peers through a network with thought-leaders. Specialty Food Magazine is a publication of SFA that provides annual statistical analysis for the industry and is a nationally respected and authoritative resource.

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Summary

Background

For many years, the Portland Road Corridor has experienced economic decline, including depreciating property values, vacant and underutilized properties, and lack of new investment. In 2013, Salem's Urban Renewal Agency (Agency) directed staff and the North Gateway Redevelopment Advisory Board (NGRAB) to identify strategies that increase economic activity and jobs in the Corridor. The research associated with that process found that the area's residents must travel beyond the corridor for their daily needs and that there is strong community desire for increased food access and investments that can provide central gathering spaces. It led to the *Portland Road Action Plan*[i] (2016), which identified opportunities to support and grow small business activity, provide small, flexible industrial/commercial space, increase retail, restaurants, and other affordable food options. The hypothesis was that new food businesses could capitalize on the Corridor's existing local demand, access to major roads, and the existing base of food production industries. Several vacant and underutilized sites were identified for possible Agency investment.

The *Action Plan* recommended conducting a feasibility study to evaluate the need for a public market, food incubator, and/or food hub, as opportunities for increasing food access, jobs, and economic activity.

Purpose

The purpose of this document, the *Community Food Study,* is to advance the goals of the *Action Plan* by assessing the level of public support, business interest, and economic feasibility for specific food-related business concepts in the North Gateway Urban Renewal Area and citywide.

While these needs and opportunities are supported by initial market data and outreach completed in the *Action Plan*, the Community Food Study includes more detailed analysis and community outreach to determine if the project components (Public Market, Incubator, and Food Hub) are mutually exclusive or complementary, and whether each should be advanced for further conversation. Outreach in this phase of study included more direct communication with residents, including Spanish speakers, to clarify the market for each.

The *Action Plan* provided direction on the three distinct concepts evaluated in this study, evaluated in three sections of this report:

1) **Part 1: A food business incubator and/or commercial kitchen concept** that would nurture the development of new companies, helping them thrive and grow during the startup period when they are most vulnerable. Many programs provide clients with a range of services including production facilities, business support services, and other

resources tailored to young firms. This study explores the need for, and potential functions of, a business incubator to determine whether the concept warrants additional research toward implementation.

2) **Part 2: A public market** concept that would be a year-round permanent destination where local and regional food producers, artisans, and other businesses could bring their products and sell them directly or indirectly to consumers. A public market also serves as a venue and gathering place for the community and increases access to healthy food for the surrounding community. This study uses data and interviews to clarify what kind of public market might be viable, so that later analysis can provide a deeper assessment of financial feasibility.

3) **Part 3: A food hub** concept that would aggregate local agricultural products for retail and institutional sales and could provide other support services and roles. This concept is explored in a separate report completed by University of Oregon's Community Service Center and Kim Hanson Consulting. Key findings and models from the report are included in the executive summary.

Some of the analysis and recommendations from both reports overlap, including recommendations to evaluate "hybrid" models that incorporate elements of a food hub, public market, and incubator. Salem's Urban Renewal Agency and the project advisory committee will consider these findings when evaluating further study and investment, including possible site acquisition and development.

Investment Goals

The City's priority for the Community Food Study, as stated in the *Portland Road Action Plan*, is to focus on each concept's potential to increase economic activity and revitalize the Portland Road Corridor (including by evaluating end uses for specific opportunity sites). A viable business concept would need to be both financially feasible and in support of the City's investment goals:

1) Catalyze development in the Portland Road Corridor.
2) Encourage the growth of small, food related businesses and entrepreneurs in the Corridor.
3) Expand access to fresh, affordable, food for neighborhood residents and employees. Create a destination for residents and employees with gathering space, food, and other goods.
4) Attract people from outside the area with unique offerings of food, kitchen space, training/education, events, goods and/or services; strengthen Corridor identity.
5) Support the local economy by providing access for farmers to larger retail and institutional markets; strengthen connections among growers, producers, and processors; raise awareness for the value of locally grown/processed foods

The City does not have the resources to invest in these projects on its own. If the food concepts evaluated in this report are proven viable and partners are identified, it is possible that Salem's Urban Renewal Agency could provide support with North Gateway Urban Renewal Area (NGURA) grant funding, loans, property acquisition, and/or other development support on a site on the Corridor. If successful, it could trigger other development activity on the Corridor and support other *Action Plan* goals, including more housing and commercial and retail activity.

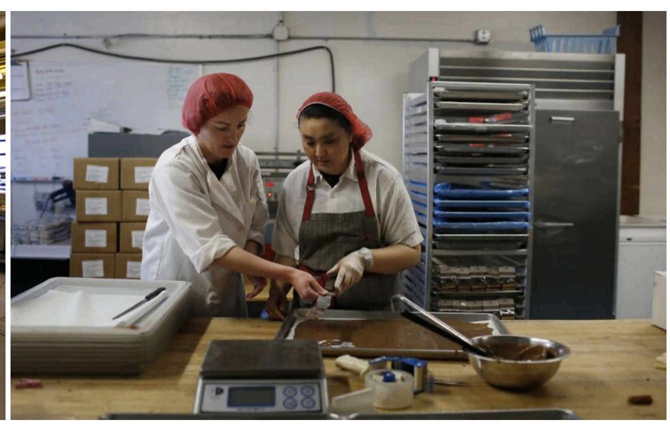
Key Findings

Our analysis found demand for each of the three concepts identified above. Our preliminary findings suggest that the most viable option for the Portland Road Corridor would likely be a hybrid "marketplace" that combines elements of the incubator, retail, and food hub concepts. The following sections summarize our key findings for the three main concepts. We also include an evaluation of different models based on the City's Investment Goals and recommended next steps for the City.

Business Incubator and Commercial Kitchen

Business incubators nurture the development of new companies, helping them survive and grow during the startup period when they are most vulnerable. Incubator programs provide client companies with a range of services, including access to production facilities, business support services, and other resources tailored to young firms. This report considers stand-alone commercial kitchens (without auxiliary services) as an additional business concept.

Kitchen Cru in Portland, OR. Photo credit: Kitchen Cru



La Cocina, San Francisco. Photo credit: Lea Suzuki, San Francisco Chronicle

Who might use an incubator or commercial kitchen and how?

Incubator: Startups. Services offered by food business incubators would fill a gap of business support services (e.g., planning, financing, space, marketing) that currently exist in Salem.

Commercial Kitchen: Startups and existing businesses. Evidence and anecdotal observations suggest that a community commercial kitchen would generate considerable interest from food startup entrepreneurs (e.g., small-scale bakers or people making value-added products such as prepared foods). A kitchen could serve as an ongoing space for production or for overflow space in times of peak production.

What is the landscape of existing facilities for food entrepreneurs in Salem?

Incubators: lack of services in Salem. Currently there are no food business incubators in Salem. Many of the food-specific industry resources are located in Portland or elsewhere. In addition, our project did not clearly define the specific needs for local startups, given the difficulty in reaching these populations.

Commercial Kitchens: cannot accommodate need, opportunities for expansion. There are several kitchens that can be rented out by the hour in Salem. Interviews with representatives from these kitchens revealed that some of the existing commercial kitchen spaces receive more inquiries than they can accommodate for shared kitchen space, and some existing facilities are using the bulk of the space for their own food business needs. Conversations with some commercial kitchen operators identified opportunities for expansion and enhancement of space and services. There is also some indication of need for specialized production space, such as food packaging and processing for specific products (e.g., meat and dairy), though more study would be needed to determine the best way to meet these needs.

Potential to serve non-English speaking entrepreneurs. Previous studies on the commercial kitchen landscape in the Mid-Willamette Valley found that since many people work out of licensed domestic kitchens, there is less need for public investments in commercial kitchen projects. However, in terms of access to business development resources, interviews with organizations working with food startups in Oregon and Washington indicated there are large barriers to entry for non-English speaking entrepreneurs in the food industry. Commercial kitchen incubators across the country have found success in attracting and serving immigrant and refugee communities who may have reservations about going through the process of licensing their home kitchens. This may indicate that a commercial kitchen on Portland Road could be a boon for the large Latino community in North Salem.

Summary: Incubator and Commercial Kitchen Findings

Our research found potential latent demand for both a business incubator and a commercial kitchen. However, of the incubator and commercial kitchen concepts, our outreach found that a business incubator would best meet the City's goals and have a greater chance at leveraging the work of existing business support agencies. Salem's business support agencies provide guidance to new entrepreneurs and small business owners, such as the Small Business Development Center, MERIT, Salem Ambassadors, SCORE, and the Strategic Economic Development Corporation (SEDCOR). However, while SEDCOR and Oregon Department of Agriculture provide some support to local startups, there is no local organization focused on the needs of startup food businesses, including advice or expertise on production, permitting, marketing, and legal requirements specific to the industry. An Incubator could help to fill this gap. In particular, our analysis and community conversations found that this type of a facility could be useful to connect business startups with new markets and support growth of new food manufacturing businesses. The City or Urban Renewal Agency could evaluate potential support of a commercial kitchen project if a developer came forward with a proposal.

Public Market

A public market is typically a year-round, permanent facility where local businesses sell food or craft items. Public markets take a variety of forms; each market is a unique reflection of its city and neighborhood. If located in the Portland Road area, such a concept could support small businesses, help to revitalize the Corridor, and expand food access. Other projects that could meet the goals of a public market could include a food hall, commercial condominiums organized around a common space.

Rochester Public Market in Rochester, NY. Photo credit: Max Lent

Milwaukee Public Market in Milwaukee, WI. Photo credit: Alexander Howard

What are the food access challenges in the Portland Road area?

Lack of nearby food purchasing options. Previously, the 2016 *Portland Road Action Plan* identified food access challenges on the Portland Road Corridor. The nearest supermarket to the Corridor is Roth's (1.4 miles away from the intersection of Portland Road and Bill Frey Drive) and the nearest discount grocery store is Walmart (over three miles away). Given the lack of food options on the Corridor, most residents leave to meet their daily needs, which can be inconvenient and costly. To understand the Corridor's food access challenges, the City conducted a survey of residents in Fall 2016 that garnered 222 respondents, 96 of which were from Spanish speakers. The survey identified the following issues related to distance of grocery options:

- Thirteen percent of North Salem respondents reported grocery stores are "hard to get to." This compares with 8 percent of respondents overall.
- Eighteen percent of all respondents and more than 25 percent of Spanish speakers reported walking to the grocery store occasionally. Census data show that 18 percent of North Salem residents do not have access to a car.

Price of food is a big concern. The survey also asked residents about the factors that influence their food purchasing choices. Price came up repeatedly as a driver of food purchasing decisions:

- Pricing is the main factor residents consider when choosing where to buy food. Overall, about one third (32 percent) of respondents indicated that the price of fresh fruits and vegetables were a key reason why they did not buy more.
- The majority of respondents on Portland Road (72 percent of Spanish vs 51 percent English speakers) cited low prices as the most important determinant for grocery store choice.

What are gaps in the existing supply of grocery stores and food providers on Portland Road?

Lack of both groceries and prepared food. The 2016 *Portland Road Action Plan* found that because the Corridor lacked supermarkets, specialty food stores, and restaurants, residents spent a combined $8.4 million on groceries and prepared food per year outside of the Corridor. In addition to a desire for a full-service grocery store, most respondents in the *Action Plan* and Food Study outreach said they would like to see more prepared food options in the area.

What would make a public market successful? What would be promising target markets?

A public market must balance the needs of consumers (who want low prices) and business owners (who want to make a living). A successful business concept along Portland Road should respond to the demographics of the area while still being a viable concept for small business owners. A partnership with a food bank or other nonprofit might help the market compete on price with discount grocers.

A public market could attract customers from both within and outside of the Corridor. The preliminary outreach with potential customers and vendors suggests that having a variety of prepared food vendors featured in one location at the public market could be a significant draw, particularly for the area's workforce. A review of best practices showed that promoting the market's unique elements, such as ethnic food vendors, hard to find products, and telling the community's story can help markets succeed in drawing people from outside the area.

Potential visitation and spending. We developed a baseline visitation estimate based on local demographic data and consumer preference assumptions from business plans for other similar public markets. While this is a preliminary estimate that deserves more analysis if this concept advances, we find potential visitation of 180,000 to 260,000 visitors per year and a total of about $4.3 million to $5.5 million in consumer spending.

Are vendors interested?

Yes – Aaron Reber Consulting discussed the public market with proprietors of mobile food carts (snacks), food trucks, bakeries, and other food related businesses located in North Salem and downtown. Business owners along the Corridor were enthusiastic about the concept of a public market or similar concept. About two-thirds of businesses surveyed replied that they may be interested in participating. Vendors were interested in concepts like a food hall, mercado, or public market. The majority favored a market location on Portland Road.

Summary: Public Market Findings

There is clear demand for community-oriented retail concepts along Portland Road that strike a balance between price, convenience, and novelty. The Community Food Survey found that Spanish speakers indicated specific interest in a public market to provide additional food options and a social gathering place for the community. Our analysis found that the major demand segments include: residents, employees, and people willing to travel for local produce, specialty prepared foods, and groceries and other unique offerings (food trucks or ethnic foods).

Food Hub

As defined by the USDA, a food hub is centrally located facility with a business management structure facilitating the aggregation, storage, processing, distribution, and/or marketing of locally/regionally produced food products. If located on the Portland Road Corridor, a food hub could improve access to fresh, local produce for residents while simultaneously helping Mid-Willamette Valley (Marion, Polk, and Yamhill) farmers strengthen their businesses.

Field Goods Food Hub in Athens, NY. Photo credit: Adam Friedberg.

What is the level of interest among producers and institutional buyers in using food hub services, and if so, for what services?

High interest from institutional food buyers and moderate interest from food producers. Kim Hanson of Kim Hanson Consulting and OSU Extension conducted interviews with thirty institutional buyers and fifteen small farmers to gauge interest in a food hub. Food buyers expressed interest in a food hub, and producers, while less interested overall, were receptive and curious. When interviewed, 85 percent of buyers stated they were interested in buying from a food hub and 53 percent of producers thought a food hub was a good business model; an additional 27 percent said "maybe" and requested more information.

Overlapping interest in aggregation, distribution/ transportation, and a mechanism for better connecting buyers and producers. While institutional buyers and producers differed on their interest in many potential services that a food hub could offer, the majority of both groups shared some similar interests:

- Aggregation services were supported by 100 percent of buyers and 64 percent of producers.
- Distribution/ transportation services were supported 69 percent of buyers and 64 percent of producers.
- Conversations with food buyers and producers revealed a lack of connections within the Mid-Valley food system that, if cultivated, might benefit both buyers and producers. Many buyers and farmers thought that a food hub could help strengthen connections between buyers and producers.
- Large numbers of buyers and producers agreed that a food hub could also be useful in creating a local food label (e.g., Mid-Valley Grown) to encourage greater identification with regional food production and to establish an area-wide definition behind the otherwise nebulous term "local."

What does consumer demand for local products in the Mid-Willamette Valley look like?

Steady or slightly lagging interest in local food. While 56 percent of institutional buyers said they experienced increasing interest from their customers in local food, anecdotal evidence suggests that overall, the level of energy surrounding local food in Salem and Marion County lags compared to other areas of the Willamette Valley. Producers felt that the community was not aware or interested in the benefits of local food purchasing. A food hub could help spark increased awareness of local food, which has the potential to increase the overall demand for local products. At the same time, if consumer demand is weak, it may be difficult for a food hub to generate sufficient operating revenue.

What opportunities exist to supply a food hub with agricultural products from the Mid-Willamette Valley (Mid-Valley)?

Strong agricultural base. Compared to the rest of the region, Marion County is in a favorable position to capitalize on small-scale farms to promote a shift toward a stronger local foods system. Marion County (which is 38 percent farmland) contains a greater portion of the entire Willamette Valley's farmland (14 percent) than any other county except Clackamas and Lane.

Opportunity to capitalize on food exports and increasing local food availability. A few agricultural products stand out as potential areas for growth, both for export and for increasing the availability of affordable locally grown food in the Mid-Valley region. These products include cattle, chickens, wheat, barley, and orchard products. It is possible that a food hub could assist with meat processing, food storage, and—to capitalize on the wheat production—flour milling. At the same time, a food hub might help bolster Marion County's declining vegetable production.

What else should the City of Salem and its partners take into consideration when assessing the feasibility of a food hub concept?

Lack of a champion. For a food hub to operate, there must be a local champion driving the effort. So far, no organization has stepped forward with an interest in developing a food hub.

Price point. Producers identified price as the biggest potential barrier to participation in a food hub because a low price point could bar profitability.

Location. Interviewees thought a food hub should be situated near the I-5 Corridor with easy access for large delivery vehicles. Portland Road offers good access to I-5.

Summary: Food Hub Feasibility Findings

Supply system: Marion County has a strong supply-base of many food products, but much of this food is not reaching local consumers. A food hub could strengthen connections in the Mid-Valley local food system.

Demand for services: There is widespread interest in the services a food hub could provide and a great need to better support the Mid-Valley producers and local food buyers. However, buyers and producers may have different expectations of a food hub, and consumer demand may be lower than desirable.

Other considerations: At present, no "champion" has volunteered to spearhead the effort of creating and operating a food hub in Salem; additional work would also be needed to understand alignments between the needs of producers and buyers.

Potential Food System Support Models

A thorough examination of the three concepts under consideration in the Community Food Study has yielded six potential models for further consideration. They include hybrid models combining several of the concepts as well as ideas for investments in existing facilities.

Exhibit 1. Summary of Possible Models

	Concept	Example	Market Niche	Challenges
Standalone Commercial Kitchen	Provide a rental kitchen for startup and established businesses that does not include wraparound services.	Cherry City Cake Supply	Startup and established businesses.	Difficult to sustain from kitchen fees alone.
Food Business Incubator	Identify partner organizations who can provide wraparound services to startups, including business development support and physical space/equipment (e.g., a commercial kitchen).	KitchenCru (PDX), La Cocina (San Francisco)	Startup businesses, could be focused on Latino-owned businesses.	Requires a "champion" to lead the development of an incubator.
Food Hub Services	Identify partner organizations who can build supply chain relationships to increase availability of Mid-Valley products in the Mid-Valley. This could involve the development of a physical space, or simply the strengthening of existing infrastructure and relationships.	Coordinate with distributors, producers, buyers. GrowFood Carolina	Local-focused distributors and institutional buyers.	Requires a "champion" to begin making connections.
Public Market or Food-Based Retail	Invest in existing infrastructure to create new market location with space for local food vendors. Could include social gathering, activities programming, childcare, and parking.	Olympia Public Market, Pike Place Market	Capitalize on the location by offering convenience goods and prepared foods. Consider community desire for ethnic restaurants and the area's higher percentage of Latinos.	Capital expenses for public market can be considerable and may lead to difficulties with financial sustainability. Need strong, motivated, and entrepreneurial champion and/or anchor tenant.
Investments in Existing Food Markets	Assist local market partner businesses in improving exterior aesthetics, adding signage, and expanding store footprint and offerings.	Work with Fruteria La Cabana, Businesses at Plaza Del Sol	Likely geared toward existing Latino markets, which primarily serve Latino residents.	
Marketplace Plus (retail space plus incubator or food hub services)	Invest in "market hall" set-up with commercial kitchen and retail space for incubator clients. Could also include food hub elements such as a delivery service and space for food storage/aggregation.	Sprout!, Worcester Food Hub; Boston Public Market	Wide range of target markets. Aimed at food entrepreneurs, local and nonlocal residents.	Capital expenses for public market can be considerable and may lead to difficulties with financial sustainability.

Other Models to Consider

While our analysis provides insight into the six models listed above, other models may also be useful to consider for the North Gateway Urban Renewal Area including:

- A mobile/pop-up market program.
- North Gateway farmers' market.
- A “seconds” market that accepts donations of imperfect produce or food nearing its expiration date.
- A community cooperative/buying club (such as Bountiful Baskets, an affordable food buying club operating elsewhere in Salem).
- A food processing facility (likely meat or dairy).

Exhibit 2. Models Evaluated by City Investment Goals

	Catalyze development	Encourage business growth on the Corridor	Expand food access for neighborhood	Attract people to the area	Strengthen food economy connections
Standalone Commercial Kitchen		*		*	*
Incubator	*	*		*	*
Food Hub Services					*
Public Market	*	*	*	*	*
Investments in Existing Food Markets			*	*	
Marketplace Plus *(retail space plus incubator or food hub services)*	*	*	*	*	*

Source: University of Oregon Community Service Center and ECONorthwest assessment

Recommendations

At this time, we recommend that the City work with its partners to identify a strong champion for capital investment and operations before additional refinement of the concepts.

Portland Road

- Continue conversations with Pedro Mayoral at Fruteria La Cabana regarding possible relocation or expansion of the market to address community goals.
- Work with local developers to brainstorm ideas and educate about existing city and urban renewal incentives.
- Consider incorporation of food business models into Corridor redevelopment projects. For example, the retail portion of the Epping property (a vacant four-acre site on Portland Road) could include microbusinesses with a central gathering space.

- Continue to explore feasibility of a public-private partnership at the former state police facility.
- Continue conversations with Marion-Polk Food Share about opportunities to leverage existing City investment in the Food Share's commercial kitchen to support local food entrepreneurship. This could include exploring additional opportunities for the Food Share's existing mobile food delivery program.

Citywide

Conduct further outreach to confirm interest and refine scope/role of food hub, including its relationship to other concepts (such as an incubator or public market); identify potential partners, including lead.

- To explore the possibility of addressing critical needs for food businesses, MERIT will convene with other business support organizations (including SBDC and the Oregon State University Extension) to identify possibilities for collaboration. Our research found that to advance this concept, it is critical that the City identify a project champion who is willing to secure funding for the ongoing operations of the facility.
- Work with local business support organizations, including SEDCOR, to continue conversations on shared actions to support startups and specifically, better identify the pipeline of food startup businesses.
- Consider whether the City is interested in engaging in a campaign with local food advocates to promote local food.
- Convene local producers and distributors in additional conversations to explore the feasibility of a Food Hub. Consider working with University of Oregon's Community Service Center, which has some capacity through the Economic Development Administration University Center to facilitate economic development projects.
- Follow up with NEDCO about partnership possibilities and interest in expanding its restaurant incubator in Salem.

Report Overview

This study evaluates each model based on its ability to meet these criteria. It is organized into the following sections:

Part 1:
Business Incubator/ Commercial Kitchen Analysis

Purpose
Methods
Demand assessment
Supply: Competition Assessment
Market Opportunity

Part 2:
Public Market Analysis

Purpose
Methods
Customer Demand Assessment
Supply: Competition Assessment
Market Opportunity

Part 3:
Food Hub Analysis

Purpose & Methods
Food Supply System
Food Hub Demand
Other Considerations
Preliminary Assessment of Feasibility
Next Steps & Alternative Options

This work was completed by University of Oregon's Community Service Center and Kim Hanson Consulting.

This report also includes a comprehensive appendix, starting on page 67.

Part 1: Business Incubator/ Commercial Kitchen Analysis

Business incubators nurture the development of new companies, helping them survive and grow during the startup period when they are most vulnerable. Incubator programs provide client companies with a range of services including access to production facilities, business support services, and other resources tailored to young firms. Food-based business incubators take many forms, but generally include a commissary kitchen, shared food storage and/or packaging/preparation area, and food vending stalls. In some cases, they also include business support services and mentoring, office space, links to vendors, and investment capital or loans. This analysis also looks at standalone commercial kitchens (without auxiliary services) as an additional business concept. This work builds upon previous analysis of *Feasibility Analysis for a Micro-Enterprise Food Manufacturing Accelerator* (2013), though it reaches a different set of conclusions (see inset on next page).

Purpose

This section addresses the following questions:

What needs could a food incubator support?

Who might use an incubator facility and how?

Are there existing gaps in service provision for food startups?

What is the landscape of existing facilities for food entrepreneurs in Salem?

Research and anecdotal evidence on the Portland Road Corridor shows that there are small food businesses operating out of home kitchens, in shared restaurant kitchen spaces, and in mobile food cart kitchens. Many existing and potential food business owners lack a certified commercial kitchen that would allow them to produce and sell value-added products, as well as the guidance that would allow them to more confidently run businesses. These businesses could be served by an affordable production facility with ancillary business development resources.

The *Portland Road Action Plan (Action Plan)* included a goal to provide innovative and affordable workspaces that foster the region's small businesses and spur reinvestment in underutilized and vacant sites along the Corridor. The *Action Plan* also found that one of the largest retail gaps in the area involves specialty food services. Therefore, if a food business incubator were housed in an upgraded and underused building on Portland Road, it would achieve several of the City's investment goals for the area. Over the past decade, many food business incubators have opened around the country. In general, their aim is to improve the success rate of participating small businesses. While the food industry has notoriously low business success rates, grocery products have a considerably easier time entering the market than restaurants. One study found that up to two-thirds of new grocery products are still on the market eighteen months after launch,[ii] and a full 55 percent make it five years.[iii] Business incubators are one way to improve the new business success rate.

Another study found that, on average, 86 percent of kitchen incubator clients were still in business after leaving the incubator program.[iv]

Previous Salem Research on Supports for Food Businesses

The City commissioned one previous study on the need for a new food business incubator in the Salem area, the *Feasibility Analysis for a Micro-Enterprise Food Manufacturing Accelerator (2013)*.[v] This study focused on concepts that would support the local food manufacturing sector. The study looked at two models: a 5,000 SF commercial kitchen facility and a 20,000 SF full-service pilot processing plant. The analysis found that Salem would be an "attractive location" for a food manufacturing acceleration program. At the same time, the study found that existing business assistance programs were disjointed, lacking communication and collaboration. The major findings from that study are:

- **A private commercial kitchen facility would be unlikely to pencil:** The study found that a kitchen would be unlikely to generate sufficient revenue to support operations as a privately financed effort. The study used data on the existing concentration of sole-operator businesses and the limited number of new startup food manufacturing businesses to develop a finding that Salem lacks the entrepreneurial activity to support a new facility. The analysis found this concept would have limited impact, given the presence of existing kitchen incubators in the Portland Metro area and Lane County.
- **Salem cannot currently support a small-scale pilot processing facility:** The study found that Salem is not ready for such an investment, given the lack of business demand and supporting partners to support the facility during project launch. The authors suggested additional, multistate analysis to ascertain where the facility could be located.
- **Need for Market Access:** The study found that Salem-area business support services lacked the ability to help food entrepreneurs access national and international market opportunities. Any new food business accelerator that could assist with export relationships would have a significant impact on the economic development potential of the local food business landscape.

While the findings from this study help to inform the possible scope and scale of an investment, and provide cautionary findings, the Community Food Study provides different findings for the following reasons:

- **Geographical specificity:** The impetus for this study comes from *Portland Road Action Plan* findings, with the aim of reinvestment tactics in the Portland Road Corridor.
- **Public investment to meet community goals:** The City is most likely to help invest in a project that fulfills multiple community goals, and likely includes multiple business concepts.
- **Emphasis on small business development:** Our findings contradict with some of the 2013 Feasibility Analysis findings from the 2013 study, specifically in the realm of entrepreneurial activity and collaboration between economic development organizations.
- **Focus on partnerships:** The 2013 Feasibility Analysis does not explore the potential of specific partnerships with area organizations. As part of our recommendation, we will identify potential partners who have expressed interest in these concepts.

Methods

To gather information on the business incubator concept, we conducted almost fifty interviews of people representing small business support organizations and small food-based businesses over the course of Fall 2016. We also evaluated existing case studies, surveys, and reports for similar projects across the country and summarized applicable best practices for food business incubators and commercial kitchens. We identified examples from midsized cities where the proposed concepts have been put into practice to achieve community and economic development goals.

These interviews mostly involved people and organizations in Salem, but they also included several existing facilities elsewhere in Oregon, Washington, and the rest of the United States.

Exhibit 3. Summary of Interviews

	Existing Businesses	Business Support Organizations	Commercial Kitchens
Number interviewed	30 businesses or representatives, including food trucks, farmers' market stall operators, storefront bakeries, and restaurants.	6 business service providers with services intended for all small businesses, not food specific.	10 commercial kitchen operators, some of which included food business incubator programs
Methods	Survey	Survey and phone interviews	Phone interviews
Purpose	Gauge interest in a commercial kitchen or food business incubator among likely or current entrepreneurs.	The purpose was to determine the range of services that are most needed, what gaps exist in the service landscape, and what level of interest, if any, exists to participate in the creation of a food business incubator in Salem	Surveying the current availability of commercial kitchen space and demand. Also looking at the equipment, facilities and space requirements for successful commercial kitchens.

Key Assumptions

- The facility is on the Portland Road Corridor.
- The facility would draw clients from the larger Salem-Keizer region.
- Purchase or construction of the facility may include funding from Salem's Urban Renewal Agency, but the facility would not be owned or operated by the City.
- Operations costs would not be fully covered by any kitchen rental fees; therefore, ongoing financial support would be required.
- Identification of a partner willing to take a leadership role in program development will be key to the success of the incubator.

Small Business Data

We use several sources for gathering information on small businesses and startups:

- **Nonemployer statistics.** The Census Bureau produces nonemployer statistics for counties and MSAs. A nonemployer business "has no paid employees, has annual business receipts of $1,000 or more ($1 or more in the construction industries), and is subject to federal income taxes. Most nonemployers are self-employed individuals operating very small unincorporated businesses, which may or may not be the owner's principal source of income."[vi]

- **U.S. Census Employment Local Employment Dynamics partnership.** The state of Oregon works with the U.S. Census Bureau's Local Employment Dynamics (LED) Partnership. That data provides information on the Salem MSA's employment by the age of firms.
- **Food Innovation Center data**. Per OSU's Food Innovation Center, eight individuals from Salem and ten from the surrounding communities accessed the Center's programs or services since January 2015.

Limitations

Four major difficulties affected outreach efforts for the incubator/commercial kitchen:

- **Language barrier:** An interpreter was present during many of the conversations with Portland Road businesses. However, nuances may have been lost in translation. For these reasons, our outreach did not fully answer the question regarding demand for commercial kitchen space, particularly for small, Latino owned food vendors operating in the area.
- **Perception:** Another limitation of this outreach to existing business owners is that Latino community members cited a general distrust of government, which may have dampened participation and engagement in our surveys and interviews with existing business owners.
- **Lack of access:** Small business owners were often unresponsive to our requests for feedback on these concepts.
- **Lack of data:** There is no one data source to ascertain the pipeline of possible clients for a business incubator. We used data on food safety licenses as well as the Quality Workforce Indicator data from the U.S. Census.

The full results of our outreach are included in **Appendix C: Business Outreach Results**.

Demand Assessment

This section describes the demand for a new food business incubator facility from potential new food business startup clients. It explores the perspective of potential clients and how it would complement the existing business support organization landscape.

What needs could a food incubator support?

Would-be entrepreneurs need diverse support in the following areas:

Business Planning. Many first-time entrepreneurs struggle to assemble a business plan to present to potential lenders and investors. Normally, a business coming into an incubator already has an idea for a good or service (i.e., she has identified the need and the product to meet that need). Business support organizations often provide one-on-one consulting to aid in this big picture analysis, as well as finer-grained market research to assess the competitive landscape for a startup firm's products, assessing costs, determining staffing needs, and to set prices.

Financing. Our research found that the number one question that new business owners at all scales have for business support organizations is, how do I get access to capital? For small, individual firms, the solution might mean access to matched Individual Development Accounts that allow them to build up a modest amount of startup capital. For larger firms hoping to graduate from an incubator, it may mean help filing loan applications or partnering with investors.

Space. Leasing a commercial kitchen location, or having one's own house permitted as such, can be a difficult and expensive process. This is even truer for finding a good retail location or distribution warehouse in a desired area. Incubators often help solve these problems by providing a commercial kitchen, dry and refrigerated storage space, a retail storefront or attached restaurant, and sometimes even office space for kitchen tenants. Once the business is ready to move on from the incubator, the incubator may aid in negotiating a lease or consultation regarding the size and requirements for a new facility.

Assistance with State and Local Requirements. Permitting often presents a major barrier to first-time business owners. Kitchen incubators help with the task of meeting state and local requirements for commercial food preparation facilities. Some small business incubators even include grants to cover the cost of permitting for their lowest income program participants.

Business Administration. Once a new business is established, first-time entrepreneurs often have difficulty navigating the legal and accounting landscape without guidance. Several business support organizations mentioned tax accounting and bookkeeping services as crucial, but often are very expensive resources for new firms. Since bookkeeping services are unregulated, many small business owners report difficulties in finding high-quality services at affordable prices. Some business incubators have a network of vetted professional service providers that they can direct new entrepreneurs to, saving business owners time and later problems.

Marketing. Often overlooked by first-time business owners, marketing can make the difference between success and failure for food businesses. Business support organizations can help early-stage entrepreneurs gain an accurate picture of the market landscape and understand how to reach the targeted audience for their product. Sometimes offered as an additional consultation or a referral to marketing professionals at reduced rates, many incubators list marketing as one of the services they offer their clients. Other incubators market their tenants' goods as an á la carte menu of offerings to larger buyers. For example, we researched one organization called Hot Bread Kitchen that helps to get their tenants into Whole Foods stores, since they have an established relationship with the grocery chain.

Mentorship. One of the more common tips offered by business support organizations is establishing a mentor-mentee relationship with an experienced business owner. Two examples include the SCORE program, run by the Small Business Administration, and "Starve Ups," a local business startup accelerator built around a mentorship model. When asked about mentorship in the interviews we conducted, many kitchen incubator operators mentioned how more experienced kitchen users often shepherd newer business owners through any difficulties.

Key Outreach Findings

In our interviews with local business service providers and outreach with local businesses, we found the following:

Commercial Kitchens

- **Salem's existing commercial kitchen spaces receive more inquiries than they can accommodate for shared kitchen space.** We spoke with four commercial kitchen representatives in Salem. Renegade Kitchens opened in 2014 as a commercial rental kitchen but soon realized the demand for its own catering far exceeded its own capacity, unless they closed the rental kitchen and moved solely to a catering model. Renegade Kitchen came to this realization based on initial interest in their commercial kitchen rental, which was about one to three calls per week. They believe there is a market for a commercial kitchen project to succeed. Marion-Polk Food Share also indicated that they receive requests for use of their licensed kitchen as well. These requests are often from existing partners that want to teach a class or prepare a meal. Willamette Valley Cookspace in Carlton, Reed Opera House, and Cherry City Cake Supply all report a steady number of inquiries for use of their commercial kitchen and bakery facilities.
- **Few existing businesses interviewed cited the need for commercial kitchen space.** Of the fifteen food-related businesses surveyed (food trucks, restaurants, bakeries, farmers' market stands, and grocery markets) who answered, only two respondents answered yes to the question, "Would a rental commercial kitchen be something you would be interested in?" Eighty percent of respondents stated that they would not be interested now; however, our outreach specifically centered around existing business owners who may not be the appropriate target for a shared commercial kitchen space or an early-stage business incubator.
- **The State's current system of domestic kitchen licensing involves several barriers for the Latino community.** The community's resistance to involvement with the government has been found to depress their interest in domestic kitchen licensing. Other food business incubator projects, such as the Food Innovation Network in SeaTac-Tukwila, Hot Bread Kitchen in New York, and La Cocina in San Francisco noted regulatory barriers as a key challenge for their immigrant clients. These same organizations have found that the immigrant communities they serve have been happy to have a central kitchen to use. All three programs reported being at capacity currently, with a wait list to join. Because the 2013 *Feasibility Analysis for a Micro-Enterprise Food Manufacturing Accelerator* study[vii] was not focused on the needs of this particular set of businesses, it may not have captured this particular challenge.

Business Incubator

- **Food businesses require special support.** The most necessary business support services identified by local service agencies, such as Marion-Polk Food Share, Sprout!, and the Food Innovation Center, were regulatory in nature and specific to the food industries. Many of these services are not provided by existing Salem-based business support services like MERIT and the SBDC, which provide more general small business support.
- **There is some indication of need for specialized production space.** As food businesses scale up, some find that they lack the ability to produce, package, and distribute their larger pipeline of orders. One interviewee, NEDCO, indicated that the Mid-Willamette Valley could use processing and packaging facilities for meat, cheese, and dairy.
- **There is often a disconnect between what entrepreneurs say they need and the types of services that have the greatest impact on these businesses**. Entrepreneurs are eager to ask about financial assistance and grants that might be available, but many of the support organizations and food business incubators we interviewed did not think these services were the most needed. The most important services that these businesses need, per the staff from several incubators that we interviewed, are:
    - **Financial literacy.** This includes the ability to understand business financials and understand how to forecast future capital needs and expenses.
    - **Basic culinary skills.** Many business owners are good and creative cooks, but need to learn more efficient cooking skills for commercial operations, including knife skills or help with scaling up production, etc.
    - **Timing expansion.** New entrepreneurs struggle to know when and how to bring on employees, as well as the administrative requirements that are involved in becoming an employer.

> "What businesses really need is business support like drafting HAACP plans, food safety plans, nutritional facts, document control, quality assurance, FDA, ODA, business licenses, inventory tracking, and supplier verification processes - to name a few."
> -Community Food Study Interviewee

- **Our interviews found that there are barriers to entry for non-English speaking entrepreneurs in the food industry.** For example, MERIT, a Salem-based business support organization, indicated in our interview that they had not tracked the demographics of their clients by industry; however, interviews with staff reveal that inquiries regarding starting specialty food businesses tend to be posed by English-speaking entrepreneurs, whereas immigrant Spanish-speaking clients more often express interest in starting businesses that face lower barriers to entry, such as daycares and landscaping.

Salem Small Business and Startup Landscape

This section provides an overview of small businesses and food-related businesses in Salem. These findings demonstrate whether Salem has a significant gap or surplus in the creation of new firms, specifically in food businesses as compared to the state. A gap in new business formation may point to existing regulatory or cultural barriers in the city's small business landscape. This section poses the following questions:

- How does Salem compare with Oregon in terms of startups and small businesses? Has this changed over time?
- What is the share of employment in new businesses in the food industry compared to the state?

Small businesses employ a smaller share of people in Salem than in the rest of Oregon, given the presence of state government.

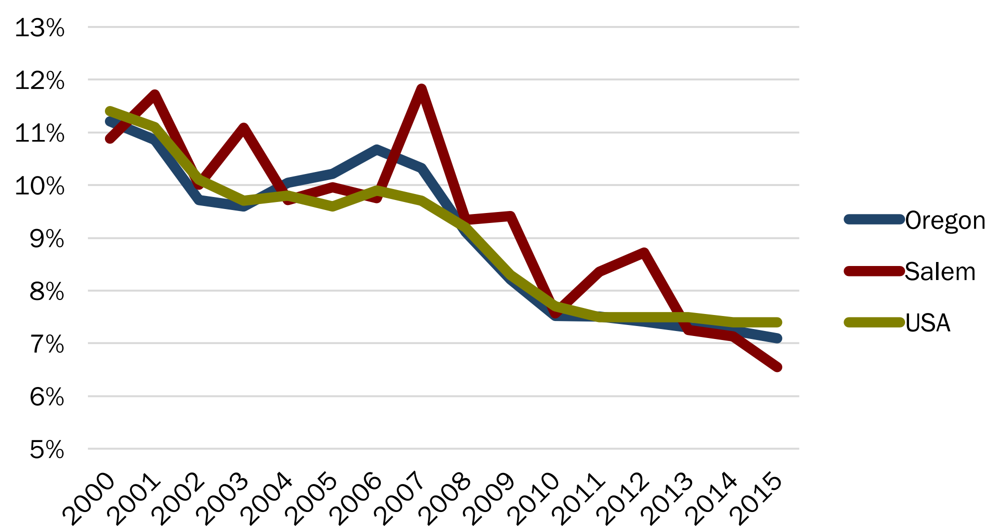
Salem has twice the share of people working in food manufacturing than exist statewide.

More than one out of five entrepreneurs nationwide are Latina/o.

How does Salem compare with Oregon in terms of startups and small businesses?

Salem currently has a smaller share of employment in new firms than Oregon. Following national trends, employment in new firms as a share of total employment in the city of Salem has been falling for the past fifteen years. This is in keeping with national and statewide trends for state capitols. Exhibit 4 shows that over the past twenty-five years, Oregon has lost the lead it once had over the nation in the proportion of startups as a share of total businesses. Salem fares similarly, if a little lower even than the statewide numbers.

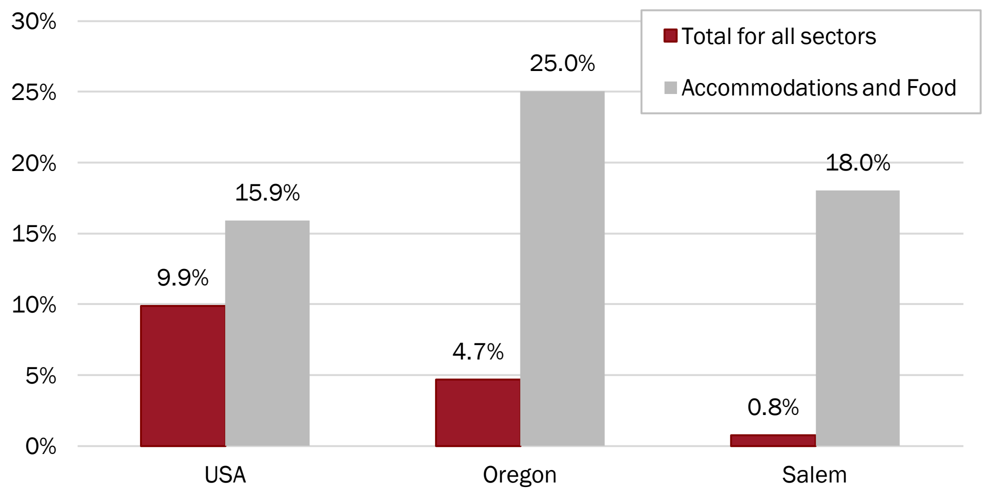
Exhibit 4. Share of Salem Employment in New Firms, Less than Three Years Old



Source: QWI Explore application, U.S. Census Bureau. https://qwiexplorer.ces.census.gov/

Salem lags Oregon in growth of businesses without employees. One common way that researchers measure entrepreneurship is to study nonemployer establishments. A nonemployer business is one that has no paid employees, has annual business receipts of $1,000 or more ($1 or more in the construction industries), and is subject to federal income taxes. Exhibit 5 shows that while Oregon lags behind in the United States, and Salem lags behind in Oregon in the percent growth of nonemployer establishments from 2009 to 2014, Oregon and Salem have experienced more aggressive growth than the country in the number of nonemployer businesses within Accommodations and Food, the NAICS industry category that includes the food industry.

Exhibit 5. Percent Change in Total Nonemployer Establishments by Industry, 2009–2014

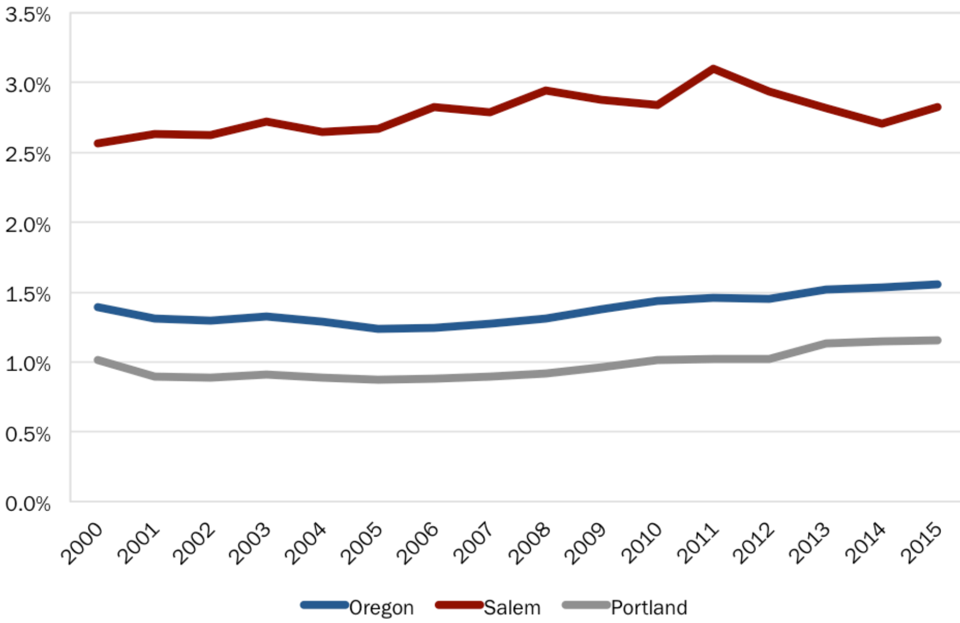


Source: U.S. Census Bureau 2016, Nonemployer Statistics by Legal Form of Organization: 2009 and 2014. http://www.census.gov/econ/nonemployer.

What is the share of employment in new businesses in the food industry compared to the state?

Salem has a larger share of food manufacturing employment than Oregon. Exhibit 6 shows Salem has more than twice the share of people working in Food Manufacturing than in Portland and Oregon. Employment in Food Manufacturing represents over 2.5 percent of total employment in Salem, compared to 1.5 percent statewide and 1 percent in the Portland metro area.

Exhibit 6. Share of Total Employment in Food Manufacturing, 2000–2015



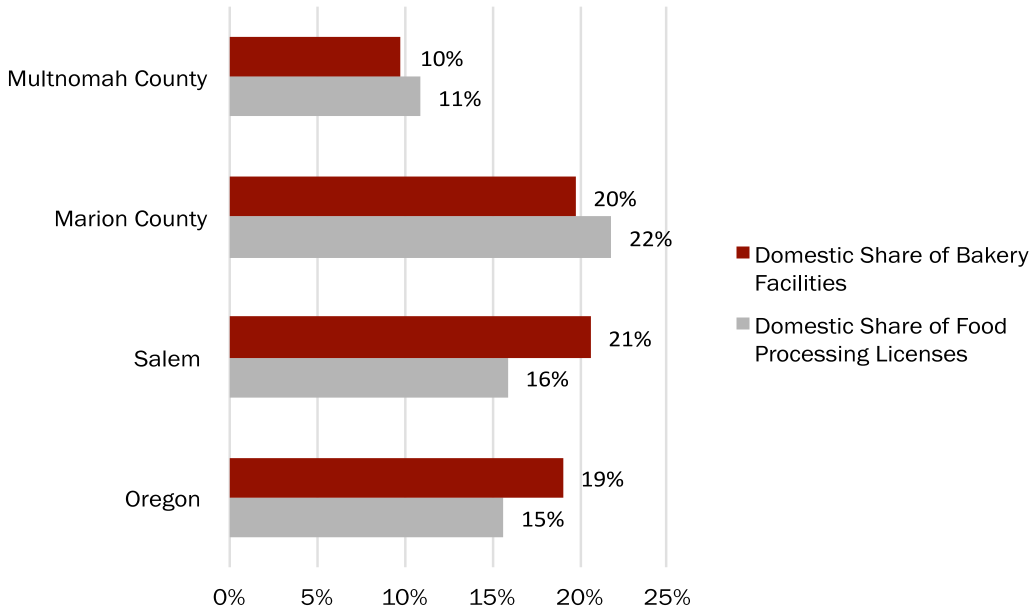
Source: U.S. Census Bureau. 2015. Quarterly Workforce Indicators Data. Longitudinal-Employer Household Dynamics Program http://lehd.ces.census.gov/

How do Marion County's share of domestic kitchens and food processing licenses compare to Oregon and other areas in the state?

The *2013 Micromanufacturing Feasibility Study* used the Census County Business Patterns from 2010 to find that most entrepreneurial activity occurred in the Portland region, not in the southern or central Willamette Valley. However, permitting activity indicates a spike in food-related entrepreneurial activity in Salem since 2010.

Food licenses are required for every commercial establishment that wishes to sell food to the public, including domestic kitchens, restaurants, bakeries, wholesalers and food manufacturing plants. Exhibit 7 shows that in 2016, a higher share of Salem and Marion County's food safety licenses go to domestic kitchens (16 percent and 22 percent, respectively) than in Multnomah County (11 percent). Salem and Marion County also have a significantly higher share of licensed domestic bakery facilities than Multnomah County and the state. Domestic kitchen licenses are a reliable pipeline for new entrants into the food industry. The higher share of domestic kitchen licensing in Salem and Marion County could indicate a higher interest in food-based businesses in the study area, or it could reflect the shortage of readily available commercial kitchens available for new entrepreneurs to use.

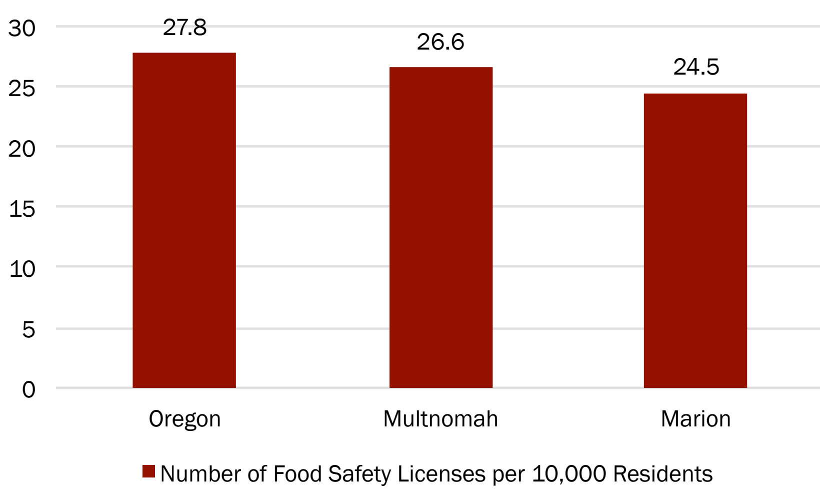
Exhibit 7. Percentage of Domestic Food Processing and Bakery Licenses, 2016



Source: Oregon Department of Agriculture

Marion County has slightly fewer commercial kitchen food safety licenses per capita than Oregon. The number of new or renewed food safety licenses can provide a proxy for the potential pipeline of new clients for an incubator. Exhibit 8 provides a comparison of the number of food safety licenses per ten thousand residents in Oregon, Multnomah County, and Marion County. Marion County lags behind both Multnomah County and Oregon in general, but still receives an estimated 772 food licenses each year.

Exhibit 8. Number of Food Safety Licenses per 10,000 Residents, 2016



Source: Oregon Department of Agriculture

Supply: Competition Assessment

This section describes the current landscape of food business incubator and support programs that businesses in the Salem MSA use. It focuses on programs within the MSA, but includes some nonlocal resources on which local businesses rely.

In our interviews with local service providers, we found the following:

- **Existing business service providers are at capacity**. Existing business service providers such as MERIT and MESO indicated in our interviews that their current programs do not have the capacity to offer new clients the additional need for one-on-one mentoring essential to food startup business success.[viii] These clients range in skill level, but some are "very green" and require a lot of staff time and attention.
- **There are no business incubators aimed at food businesses in Salem**. Exhibit 10 provides an overview of comparable facilities within Salem and outside of Salem. Beyond Marion-Polk Food Share's Incite program, there are no programs aimed at food entrepreneurs in Salem. The Willamette Valley Cookspace is a small program located in Carlton, about an hour outside of Salem. However, they report that most of their clientele has come from the Portland metro area, rather than from Salem. At the same time, there are several facilities located in Portland, and one in Springfield (Sprout).
- **Existing general business service providers report that few nonmanufacturing related food businesses utilize their services**. Per Chemeketa's SBDC, accommodation and food service businesses represented fewer than 8 percent of all clients. The 2016 SBDC client list by NAICS code shows, the largest share of potential businesses was in the manufacturing sector (13 percent), followed by retail (12.5 percent) and professional services (11 percent).[ix]
- **Many service providers do not have comprehensive client tracking systems that track demand by industry.** Several food business and support programs that we interviewed outside of Salem cited the lack of systematic follow up with program graduates and the failure to track success levels as a major area of improvement. Others had data that was considerably out of date and did not reflect the full breadth of their client list.

Exhibit 9. Food Entrepreneurship Service Providers Overview

Organization	Location	Org structure/ financial info	Pop. Served	Business services /assistance finding funding
In Salem				
Community LendingWorks	Salem	A Community Development Financial Institution and NEDCO Affiliate Nonprofit	Artisans, microenterprises, farmers and small businesses	Credit rehabilitation, consumer and business loans, microloans.
MERIT	Salem	Nonprofit	Startups, including low-income and Spanish speakers	MERIT provides business support services for smaller businesses and lower income people in Salem. Offers three-tiered classes for beginner, launching, and growing businesses. Works with MESO to arrange IDAs and microloans to qualified entrepreneurs. Can aid with legal services, market research, tax preparation.
NEDCO	Salem, Springfield	Nonprofit	Low income population	Microenterprise counseling, entrepreneur education, business plan development, workshops, IDA program, business matched savings and loan program, personal financial wellness education.
Chemeketa Community College Small Business Development Center (SBDC)	Salem	Institution	Small business owners	Offers business counseling, education, and information to small business owners. The staff and counselors in Salem can tap resources available through SBDCs throughout the state. In 2015, SBDC served 308 clients. Of those, fewer than 40 percent (123 clients) were pre-venture ("tire kickers"). Of pre-venture clients, the SBDC logged 11 business starts.
SCORE	Salem	Nonprofit	Small business owners, new entrepreneurs	Offers mentorship from experienced, often retired, entrepreneurs.
Outside Salem				
PCC CLIMB Center 'Getting Your Recipe to Market'	Portland	Funded by SBA, state of Oregon, and Portland Community College	Pre-launch food business entrepreneurs	14-week intensive course called "Getting Your Recipe to Market" that is designed to provide a solid foundation in organizational skills and product development, as well as food safety, recipe testing, packaging, production and distribution. It concludes with an opportunity to present new products to New Seasons for sale in their stores.
OSU Food Innovation Center	Portland	Institution	Pre-launch food business entrepreneurs; existing businesses	Provides technical and educational assistance on the basics of developing a food product, ranging from packaging to food safety and shelf life considerations.
Mercy Corps Northwest	Portland	Nonprofit	Entrepreneurs	Initial consultation and business plan workshops, to courses for entrepreneurs at different levels. MercyCorps NW also offers microloans and Individual Development Accounts that provide an 8:1 match up to a goal of $4000 in savings.
Oregon Entrepreneurs Network	Portland, with events statewide	Nonprofit	Startups in many industries	Professional organization that offers networking events, webinars, and workshops on topics of interest to business owners, new product trade shows, and contacts with potential investors.
Regional Accelerator and Innovation Network (RAIN)	Eugene and Corvallis	Nonprofit	Startup and early growth-stage companies	Accelerator that offers a twice-yearly, 12-week program offering intense training and mentoring to early growth-stage companies in and around Eugene, Oregon.

Exhibit 10. Commercial Kitchens in Salem and Food Incubator Competitor Facilities

Facility	Population Served	Amenities available	Limitations	Possibility for expansion
Commercial Kitchen Facilities in Salem				
Renegade Kitchen	Used for their own catering operation, but sometimes available for others to rent.	Products may be sold through on-site retail location. Cost ranging from $15–24 per hour depending on use.	Not available for hourly rental on regular basis.	Unknown
Marion-Polk Food Share	Low-income population. Supports programs that address the root causes of hunger and collects and distributes food to a network of more than 100 partner-agencies.	Nonprofit, full commercial kitchen available for rental for community events. Offers job skills training programs, including the Incite Kitchen Program: A 10-week culinary arts training program for unemployed young adults with a high school diploma or GED, and formal work experience opportunities in their warehouse, office, and commercial kitchen.	Haven't yet worked out kitchen rental schedule.	May have interest in kitchen expansion to support an incubator. Would likely need operational and programmatic support.
Cherry City Cakes Supply	Used for their own cake bakery business, along with rental by the hour for other area bakers.	Full commercial bakery equipment. Ovens, mixers, ranges, tables. $24/hour, with decreasing prices as number of hours used increases.	Not an incubator, only a facility with available rental time.	Unknown
Reed Opera House	Full in-house catering kitchen with four current tenants.	Ballroom kitchen available for catering at $250/day. Very basic amenities, 2 ovens, 2 refrigerators, 2 freezers, electric stove, no mixers.	Not true commercial kitchen in the sense of equipment available. Not incubator. Full occupancy.	Possible, but would require subsidy.
Incubator Facilities outside of Salem				
OSU Food Innovation Center (Portland)	Food entrepreneurs, professionals near Portland	Rental by the hour, additional fee for storage. Food safety, marketing research business services. Access to affordable office space.	Fee-for-service set at market rate. Not accessible to low-income community.	Low. Does not believe there is more unmet need for additional services.
Sprout! (Springfield)	Low-income food entrepreneurs in Springfield	Requires acceptance to program, storage also available. Through the Hatch Business Incubation program, offer opportunities to qualified start-ups and existing food businesses that can benefit from access to a commercial kitchen, retail restaurant space, technical assistance and training, and business advising.	Food and restaurant business advising, business management as part of incubator program.	Products may be sold at onsite farmers' market.
Willamette Valley Cookspace	Food entrepreneurs in Yamhill county and beyond	Private, for profit. Rental commercial kitchen, storage. Business support services and consulting. New product development, to business marketing, packaging, labeling, ingredient sourcing and retail placement.	Forty minutes outside of Salem	Unknown
KitchenCru (Portland)	Food industry professionals	Rental by the hour, market rate only, additional fee for storage. Provides mentorship on food production, packaging, branding, business planning, distribution at market rates	Market rate kitchen rental. Not accessible to low-income community	Unknown

Market Opportunity

Our analysis finds that there is an existing network of business support organizations that can aid with many of the challenges that new food business startups face. At the same time, there are no programs specifically aimed at food entrepreneurs in Salem. Existing entrepreneurs in Salem need to travel to Portland or south to Eugene to access many of the specialized services that food entrepreneurs need, such as access to space and marketing support. An incubator could help to provide those specialized services as well as the space that food entrepreneurs need.

ECONorthwest conducted interviews with existing incubators throughout Oregon and nationally. This outreach is summarized in **Appendix A: Best Practices Report**. It is based on the data from the previous sections and stakeholder interviews conducted by ECONorthwest. The following is a summary of the opportunities and challenges posed by the food business incubator concept on the Portland Road Corridor, as determined from interviews with numerous existing business services and commercial kitchen operators:

What needs could a food incubator or commercial kitchen support?

Food startups encounter an array of challenges in the early stages of business creation. Exhibit 11 shows that an incubator has the potential to meet a broader array of business needs than a commercial kitchen.

Exhibit 11. Business Needs

Need	Incubator	Commercial Kitchen
Business Planning	●	
Financing	●	
Space	●	●
Assistance with State and Local Requirements	●	○
Business Administration (e.g., accounting)	●	
Marketing	●	
Mentorship	●	

Source: Fall 2016 outreach with food incubators and commercial kitchens

Who might use an incubator or commercial kitchen and how?

- **Commercial Kitchen: Startups and existing businesses.** Evidence and anecdotal observations suggest that a community commercial kitchen would generate considerable interest from food startup entrepreneurs as an ongoing space for production or for overflow space in times of peak production.
- **Incubator: Startups**. Services offered by food business incubators in other parts of the country would fill a gap of business support services (e.g., planning, financing, space, marketing) that currently exist in Salem. One of the most important roles of the incubator should be connecting clients to possible new markets. This can be achieved through building relationships with national grocers, farmers' market associations, and regional or national food distributors.

Are there existing gaps in service provision for food startups?

- Salem has business support agencies that provide guidance to new entrepreneurs and small business owners, such as the Small Business Development Center and MERIT. Other services and support are offered through Salem Ambassadors, SCORE, and SEDCOR. However, no local organization focuses on the needs of startup food businesses, including advice or expertise on production, permitting, marketing, and legal requirements specific to the industry. SEDCOR and Oregon Department of Agriculture provide some support.

What are some of the lessons learned from other incubators that potential partners should consider?

- There is a critical need for a project champion. Rarely are kitchen rental fees enough to fully cover operational expenses without anchor tenant (e.g., a brewery, bakery, etc.). Successful programs often rely on inexpensive rents and the existence of a nonprofit or social enterprise to help defray the incubator's costs.
- Interviews with operators of food business incubators yielded important insights regarding the difficulties of funding capital costs and day-to-day operations. Capital costs were not generally cited as the biggest challenge of an incubator kitchen project. Because many projects adapt existing commercial kitchens for their programs, capital costs can be kept low or managed with grants and fundraising campaigns. Some organizations, such as the Food Innovation Network in SeaTac, have opted to run pilot incubator projects in an existing kitchen while they raise funds for their own facility through a concerted capital campaign.
- However, most successful programs that serve low-income communities with subsidized rates cannot cover their operations expenses based on hourly kitchen rental fees. The representatives we interviewed stated that at most, membership fees, hourly kitchen and storage rates covered about 50 percent of operating costs. For this reason, projects such as Hot Bread Kitchen and La Cocina have developed corollary social enterprises that sell products made in the kitchen. Operating a successful social enterprise is a formidable challenge in and of itself, though it has the added benefit of serving as a clear model for incubator clients.
- The exact location of the kitchen is less important than the amenities offered. Having sufficient working and storage space and equipment to avoid crowding is critical for smooth operations of the kitchen.
- Targeting an inexperienced demographic will likely entail very high educational investments in the early business stages.
- Sustainable operations often rely on inexpensive rents and the existence of a social enterprise whose revenues help defray the incubator's costs.

- A motivated and empowered agency or organization that takes the lead on direction setting is crucial in order to be nimble and meet the local market's needs as industry demands change.
- The economic impacts of the incubator should be measured by an independent agency. Studies have found varying degrees of positive economic outcomes from kitchen incubators. Public funding merits a thorough examination of the program's effectiveness at helping local businesses find and enter new markets.
- Any potential incubator needs to outline a clear exit strategy for when businesses "graduate" from the program. This allows the organization to keep tabs on alumni, ensure that the network grows, and that businesses do not stagnate at a certain size simply because they have outgrown program.

Models

To spur additional conversations and inform the recommendation, Exhibit 12 shows the three potential models for additional consideration and analysis.

Exhibit 12. Incubator Model Considerations

	Incubator	Standalone Commercial Kitchen	Processing or Copacking Facility
Concept	Provides wraparound services to startups, providing production facilities, business support services, and other resources tailored to young firms. This could include a commercial kitchen that is rented to nonclients during off peak hours.	Provides a rental kitchen that could be rented by the hour by startup and established businesses. Does not provide wraparound services.	Provide processing facilities for meat, cheese, and dairy providers in Willamette Valley. This concept was identified through outreach but was not studied closely as part of the Community Food Study. The facility could be a private facility or a rental facility.
Clients	Startup businesses, could be focused on Latino-owned businesses	Startup and established businesses.	Meat, cheese, dairy producers.

Part 2: Public Market Analysis

A public market is typically a year-round, permanent facility where local businesses sell food and other craft items. Public markets take a variety of forms; each market is a unique reflection of its city and neighborhood. Markets always include vendor stalls where local, independent businesses sell food and craft products. In addition, they may also include a small format grocery store, event space, a commercial kitchen, food carts, and other amenities for both shoppers and vendors.

Getting to the *appropriate* concept requires a multistep analysis to: (1) evaluate demand for a public market generally, (2) identify what specific products and services residents and local businesses are willing to pay for, and (3) develop a concept that both meets demand and is financially viable.

This study is at the preliminary stage of this analysis (Step 1). It evaluates the demand for a public market and the spending needed to support it. Potential concepts to be explored in future analysis include: a specialty grocery store, a market hall, a set of small stores that would sell food products, or investments in existing stores.

This section uses market data and outreach with potential vendors and customers to define the concept for a potential public market, which could take many shapes. It is not a market assessment of a specific concept, which would come in a later phase of analysis if the City and Advisory Committee make that recommendation.

Purpose

The City decided to explore the public market concept for the following reasons:

- **Support for small businesses.** Marketing and visibility is one of the largest challenges for small food businesses. A public market allows businesses to participate in a larger concept and comarket with other vendors.
- **Revitalization of the Corridor.** One of the recurring themes from the *2016 Portland Road Action Plan*[x] process was the need for improving economic activity and creating central gathering spaces to support the neighborhood's community character. With the right concept and set of partners, a public market concept could provide a visible display of reinvestment in the Corridor.
- **Expanding food access.** One concern motivating this study are the food access challenges identified through the *Portland Road Action Plan*. In the summer and fall of 2015, residents expressed a desire for a grocery store, central food marketplace, or other unique food-related destination along Portland Road. The retail leakage analysis performed for the *Action Plan* confirmed the unmet demand specifically for food-based businesses on the Portland Road Corridor. As shown in Exhibit 13, the area has a deficit in supermarkets, general merchandise stores (i.e., Fred Meyer), and limited-service

restaurants (in which patrons generally order and pay before eating). In addition, specialty foodservices (i.e., bakeries) and full-service (sit-down) restaurants have very small gaps. At the same time, the area has more bars and liquor stores than residents demand.

Exhibit 13. Portland Road Retail Gap (within One Mile of Portland Road, 2015)

Retail Stores	Local Demand as a % of Local Sales	Opportunity Gap (Expenditures-Sales)	Supply
Food & Beverage	**63%**	**($13,594,067)**	**Oversupplied**
Supermarkets	139%	$4,024,708	Undersupplied
Convenience Stores	8%	($12,125,083)	Oversupplied
Specialty Food	112%	$205,541	Undersupplied
Beer, Wine & Liquor	49%	($5,699,234)	Oversupplied
Foodservice & Drinking	**127%**	**$3,293,403**	**Undersupplied**
Full-Service Restaurants	107%	$438,281	Undersupplied
Limited-Service Eating Places	209%	$3,246,284	Undersupplied
Specialty Foodservices	145%	$532,921	Undersupplied
Drinking Places (bars)	39%	($924,083)	Oversupplied

Source: *Portland Road Action Plan*, City of Salem, ECONorthwest

Methods

Our research strategy included outreach to business owners and residents in and around the Portland Road area, as well as a survey of best practices from public markets in other cities across the country.

Outreach to the city's business community involved surveys and interviews with over thirty small businesses, such as food trucks, farmers' market vendors, storefront bakeries and restaurants, and business support organizations over the course of September and October 2016.

Concurrently, City of Salem staff and Mano a Mano, a project consultant with experience connecting with the Latino community, administered a Community Food Study Survey to residents and shoppers on Portland Road in October 2016. We also drew some methodology from previous market research performed by ECONorthwest for the city of Yakima, WA. A full summary of outreach and survey results can be found in **Appendix B: Salem Community Survey Results**. The best practice research on public markets is included in **Appendix A: Best Practices Report.**

Limitations

- **Language barrier:** An interpreter was present during many of the conversations with Portland Road businesses. However, nuances may have been lost in translation.
- **Perception:** Another limitation of this outreach to existing business owners is that Latino community members cited a general distrust of government, which may have dampened participation and engagement in our surveys and interviews with existing business owners.

- **Lack of access:** Small business owners were often unresponsive to our requests for feedback on these concepts.
- **Lack of data:** The Community Food Study survey focused on general shopping preferences and was successful in providing an overview of food access challenges in the area. However, the survey did not specifically address the concept of a public market along Portland Road.

Assumptions

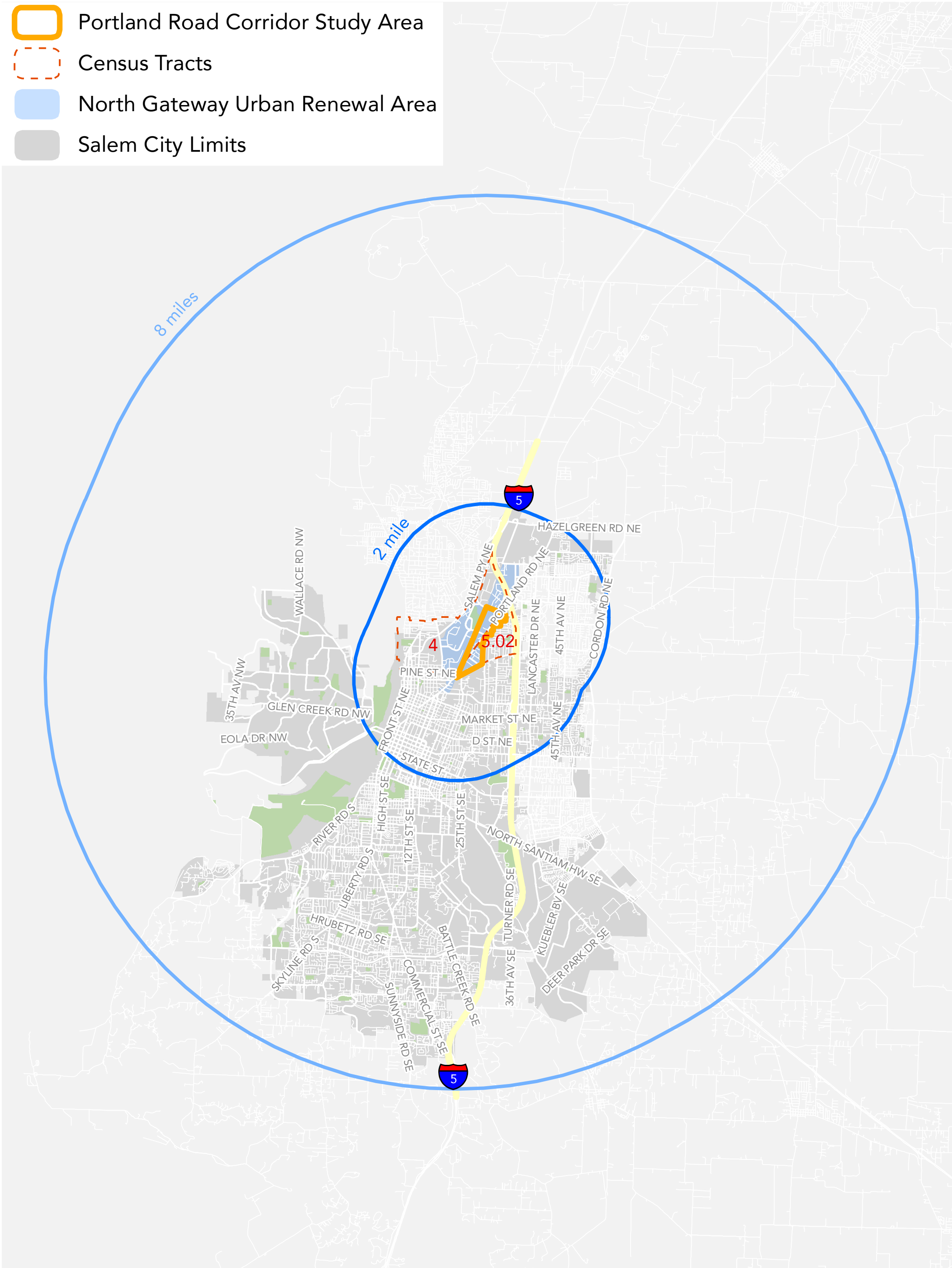
The public market assessment is based on the following assumptions. After further study, outreach, and partner involvement, these assumptions may change:

- The proposed market would be located on Portland Road in Salem.
- The facility would be somewhere between 15,000–30,000 square feet in size.
- The product focus would be fresh, local produce, and packaged and prepared foods. Ideally the product mix would cover the essential food groups and fill in any gaps that currently exist in the neighborhood's food access currently, such as meat and dairy, as well as prepared foods (possibly provided in food carts).
- The market would focus on finding committed, permanent vendors. At the same time, the market should host rotating local vendors and products to ensure variety and to continue the market's function as a small-business retail incubator.
- The primary clientele served by a public market would be people living within a two-mile radius, though if marketed well, it could draw from households within an eight-mile radius.

Trade Area

For this analysis, ECONorthwest analyzed two trade areas: (1) a primary trade area within two miles of Portland Road and (2) a broader trade area within eight miles of Portland Road. These two trade areas are shown in Exhibit 14. As a rule of thumb, most public market studies use a twenty-minute trade area as the upper limit of how far most people are willing to drive for shopping or eating out. ECONorthwest translated this to an eight-mile trade area centered around Portland Road, given an average driving speed of twenty-five miles per hour within the city. However, the most dependable source for year-round sales would be households living within two miles of the site based on a convenience drive time of eight minutes.

Exhibit 14. Trade Area



Source: City of Salem GIS. Red annotations denote Census tract names.

Customer Demand Assessment for a Public Market

This section describes the potential customer demand for a public market using data on income, spending patterns, and input from the Fall 2016 community survey conducted by the City of Salem.

Area Incomes and Demographics

Per 2015 estimates from the Bureau of Labor Statistics, 93,684 households live within eight miles of the Portland Road Corridor area illustrated in Exhibit 11. As shown in Exhibit 15, fewer than 20 percent of these households reside within the two-mile radius of the Corridor. A higher share of households earns less than $50,000 within the two-mile radius (57 percent) than within the eight-mile boundary (50 percent). Fully 30 percent of households within two miles of the Corridor earn less than $25,000. Within the eight-mile boundary, the percentage of households earning less than $25,000 is 24 percent.

Exhibit 15. Household Counts and Shares by Income (2016 estimates)

	Less than 2 miles		Less than 8 miles	
	Number	Percent	Number	Percent
$0-24.9K	5,445	30%	21,874	23%
$25-49.9K	5,045	28%	25,630	27%
$50-74.9K	3,009	17%	16,491	18%
$75-99.9K	1,787	10%	11,949	13%
$100-$149.9K	1,996	11%	11,849	13%
$150K+	911	5%	5,890	6%
Total	18,193	100%	93,684	100%

Source: ESRI Business Analyst Online (2016).

In addition to being more likely to earn less than people throughout the rest of Salem, people within two miles of the Portland Road Corridor are more likely to be younger (median age of 30.7 vs. 35.8) and of Hispanic background (42 percent vs. 24 percent) than residents in the eight-mile boundary.

Exhibit 16. Trade Area Demographics

	Less than 2 miles	Less than 8 miles
Median HH Income	$35,432	$48,700
Percent Hispanic	42%	24%
Median Age	30.7	35.8

Source: ESRI Business Analyst Online (2016)

Food Spending Patterns

Using data from the most recent (2012) U.S. Bureau of Labor Statistics' consumer expenditure survey, ECONorthwest estimated food spending within the two-mile and eight-mile study areas. ECONorthwest based these expenditures on BLS average spending for households by income bracket, using the income brackets shown in Exhibit 15. Households in the core market area spent over $91 million on food for consumption at home and $55 million on food and beverages consumed outside of home per year.

Exhibit 17. Food Spending within Two and Eight Miles of North Gateway URA, 2016

	Less than 2 miles	Less than 8 miles
Food	**$146.9 M**	**$677.4 M**
Food at home	$91.1 M	$404.8 M
Cereals and cereal products	$4.3 M	$18.9 M
Bakery products	$8.3 M	$36.7 M
Meat and Seafood	$18.8 M	$82.8 M
Dairy and Eggs	$10.9 M	$48.6 M
Fresh fruits	$5.9 M	$26.8 M
Fresh vegetables	$5.2 M	$23.4 M
Processed fruits	$2.6 M	$11.7 M
Processed vegetables	$3.1 M	$13.4 M
Sugar and other sweets	$3.4 M	$15.0 M
Fats and oils	$2.7 M	$11.9 M
Miscellaneous foods	$16.2 M	$72.3 M
Nonalcoholic beverages	$8.7 M	$38.3 M
Food away from home	$55.8 M	$272.6 M
Alcoholic beverages	**$9.4 M**	**$46.3 M**
Total Household Spending on Food & Bev	**$156.3 M**	**$723.7 M**

Source: Bureau of Labor Statistics Consumer Expenditure Survey (2012), ESRI Business Analyst Online (2016). Center point at Epping Property, 3350 Portland Road NE

Resident Outreach Results

In Fall 2016, the City of Salem designed and administered the Salem Community Food Survey to solicit feedback from area residents about their food shopping. The survey received 222 responses, including 96 Spanish and 126 English. Respondents of the survey identified low prices, quality and selection, as well as easy accessibility as the most important elements determining purchase of groceries. The survey revealed that income and transportation challenges impact food choices for many North Salem residents. Food related businesses marketing to the North Salem community should be centrally located and offer competitive pricing to be viable in the area. The survey did not directly ask about residents' desires for a public market on Portland Road.

Income and transportation challenges impact food choices for many North Salem residents.

Key barriers to eating healthy food include:

- **Pricing**. Overall, about one-third (32 percent) of respondents indicated that the price of fresh fruits and vegetables were a key reason why they did not buy more. Thirty-eight percent of Spanish-speaking respondents indicated that price was the key barrier, compared with 28 percent of English-speaking respondents. North Salem residents were no more likely to name pricing as a key barrier than residents from other areas in Salem.

Spanish-speaking respondents were more likely to say that price was the main determining factor of where they shopped. These residents were more likely to name the local market, Fruteria La Cabana, as the main grocery source.

Transportation. Thirteen percent of North Salem respondents said "stores are hard to get to." This compares with 8 percent of respondents overall. The nearest supermarket is 1.4 miles away (Roth's Fresh Foods) from the intersection of Portland Road and Bill Frey Drive, in the heart of the North Salem/Portland Road area. The nearest discount grocery store is more than 3 miles away (Walmart). The survey asked participants how they traveled to get most of their food. They could list more than one mode. The results show that 85 percent of respondents use their car to get their groceries while 45 percent use an alternative mode of transportation, at least part of the time. Eighteen percent of all respondents and more than 25 percent of Spanish speakers walk to the store on occasion. This is consistent with Census data that shows 18 percent of North Salem residents do not have access to a vehicle.[xi]

Respondents account for a variety of factors when determining their grocery store of choice.

Respondents identified low prices, quality and selection, as well as easy accessibility as the most important elements determining where they purchase their groceries and what those groceries are. Key findings include:

- About 55 percent of respondents said they shop primarily at WinCo, Walmart, Grocery Outlet or Mega Foods, which are considered "discount" stores. Thirty percent of respondents said they shop primarily at Winco, a large full-service grocery store. Walmart (16 percent) and Fred Meyer (14 percent) stores followed.
- Just over a quarter of respondents (26 percent) primarily shop at Safeway, Roth's Fresh Foods, or Fred Meyer, which can be more expensive but promote high-quality organic and locally grown foods.
- Low prices are more important to Spanish speakers than English speakers and respondents in general (72 percent Spanish vs 51 percent English speakers cited it as the most important determinant for grocery store choice).
- About 61 percent of respondents mentioned convenience stores as their secondary food source. Almost half of the people who shop for food at convenience stores mentioned proximity to home as a deciding factor in where they chose to shop.
- Another 27 percent of residents said that food banks, churches, or other community organizations were a secondary source of food for their home. English and Spanish speakers expressed significant differences in their choice of secondary food sources and in their willingness to walk to shop.

- English speakers were twice as likely to pick fresh and local food sources as their secondary shopping choice. Spanish speakers were twice as likely to choose convenience stores for their secondary shopping preference.

There is a strong desire for more food options along Portland Road and in North Salem

Food access solutions typically address barriers to buying fresh foods, but can also include affordable ready-made foods from restaurants and walk-up carts. There was a strong desire among survey respondents to see more prepared food options along Portland Road. About 65 percent of all respondents and 55 percent of North Salem respondents think additional food options are needed. Those who want to see more options opted for more sit-down restaurants and ethnic restaurants.

There is community desire for a social gathering space that would include food options, especially among Spanish speakers. While administering the 2016 Salem Community Food Survey to Spanish speakers, the City found that participants desired a Public Market in the area that would be a source food and goods, as well as a social gathering place for their community. For many Latinos, a public market space offering a mix of food, goods, and services would be like the *mercados* they are familiar with.

Appendix B: **Salem Community Food Study Survey Results** provides a complete overview of our survey findings.

Visitation Estimate Range

Potential partners will conduct their own analysis of potential demand. However, as a benchmark, we have estimated a range for visitation based on one method for estimating demand for a public market. Our estimate assumes that the market would attract heavy demand from area workers during morning and lunchtime hours if it included an array of prepared foods options. These workers currently lack choices along the Portland Road Corridor for quick service restaurants.

The estimate accounts for demographics of the area, adjusting demand based on income level. Given the limited set of Salem-specific assumptions gathered through the Community Food Survey for specialty market visitation, our work draws spending assumptions from another public market study in Yakima, which has a similar set of demographics to the Portland Road Corridor. At the same time, given the lack of counter-service restaurants, it is likely that prepared foods vendors would capture significant local demand.

Using these methodology and assumptions, we found a preliminary visitation range of 181,000 to 262,000 visitors per year. Assuming a dominance of prepared food vendors in a public market, a total of $4.1 to $5.5 million in spending would be expected for a 15,000-square-foot market. A full overview of the methodology for arriving at this estimate is included in **Appendix G.**

Supply: Competition Assessment

This section provides an overview of the existing supply of grocery stores and restaurants in the area based on readily available data sources.

Existing Seasonal and Permanent Markets

Salem currently has a variety of seasonal and permanent markets within the bounds of the two-mile and eight-mile study area. The Salem Public Market, Oregon's oldest farmers' market is located about four miles from the center of the Portland Road Corridor. It is open year-round and features a small selection of whole foods and handmade goods. Interviews with vendors indicated a strong interest for more support from the city, especially if there were to be investments in expanding or establishing a new public market in Salem.

Other farmers' markets include the downtown Salem Saturday Market, which features locally grown produce and a number of other vendors. Being an outdoor market, it operates seasonally and only one day a week. In North Salem, Norman's Farmers Market is located about two miles away from the center of Portland Road Corridor, east of I-5, and is a small indoor market featuring local products.

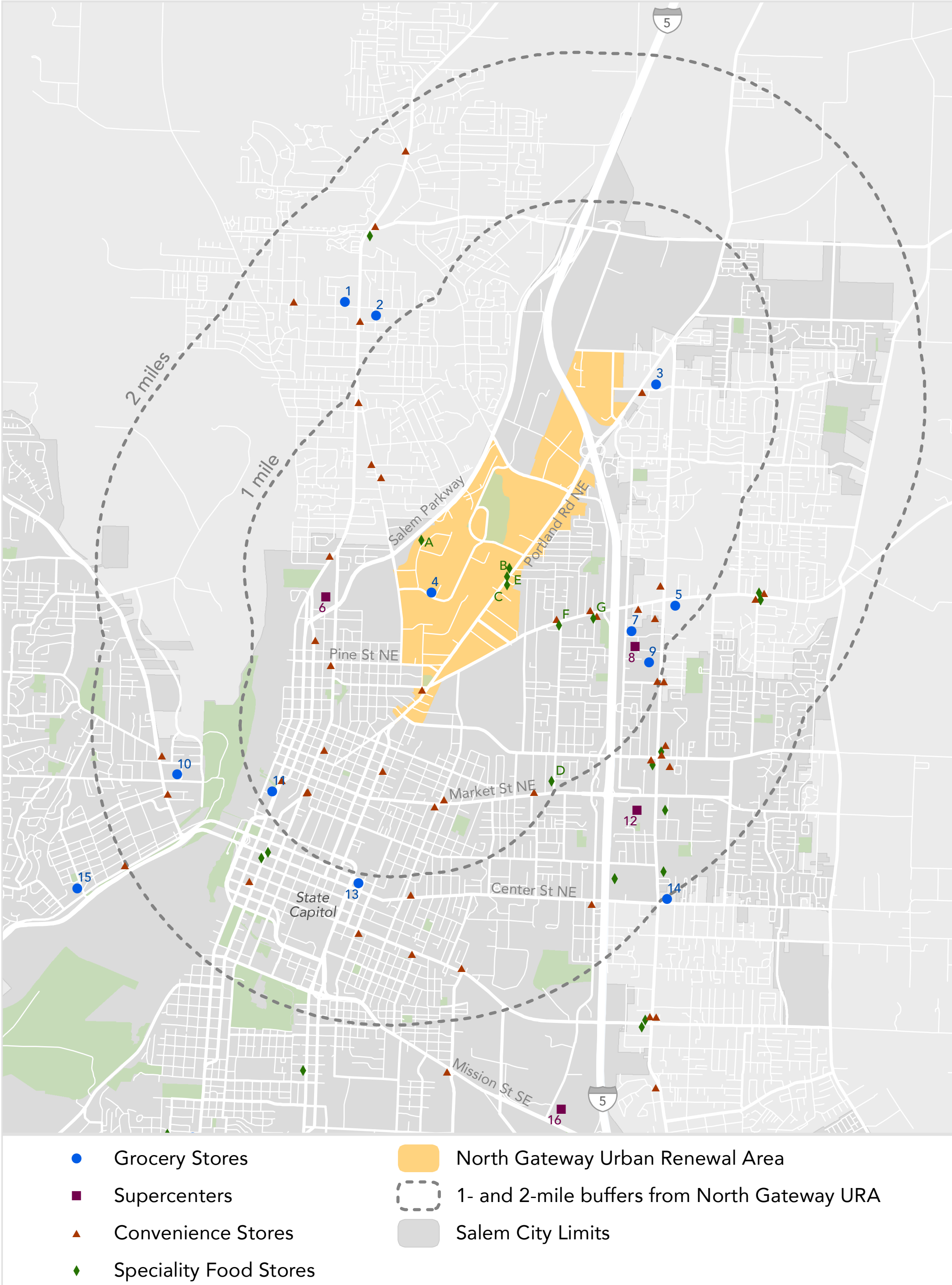
Existing Grocery Stores

A public market concept will need to find its niche among the many grocery stores in Salem. The neighborhood around the Portland Road Corridor qualifies as a "food desert," as defined by the USDA, because it is a low-income community where more than a third of residents are more than a mile away from a large grocery store. Community survey results, described above in *Resident Outreach Results*, confirm that some area residents have a difficult time getting to the grocery store.

ECONorthwest gathered information on existing grocery stores within two miles of the North Gateway Urban Renewal Area (NGURA) in North Salem to provide information on the existing supply in the area. Exhibit 18 provides an overview of existing grocery stores near the Portland Road Corridor. There is a large cluster of stores along Lancaster Drive NE about 1.7 miles from Bill Frey Drive and Portland Road that includes Walmart, Food 4 Less, and Safeway. Many residents shop at Winco, which is over six miles away from Bill Frey Drive and Portland Road.

Grocery stores within the North Gateway Urban Renewal Area include Cash & Carry and specialty stores include Fruteria La Cabana, El Rodeo Meat Market and Taqueria, and Franz Bakery.

Exhibit 18. Grocery Stores within Two Miles of North Gateway URA



Key	Grocery Stores
1	Roth IGA
2	Safeway
3	Roth IGA
4	Cash & Carry
5	Safeway
6	Fred Meyer
7	Salem Food-4-Less
8	Walmart
9	Grocery Outlet
10	Roth IGA
11	Grocery Outlet
12	Fred Meyer
13	Safeway
14	Roth IGA
15	Safeway
16	Costco

Key	Specialty Grocery Stores
A	Franz Bakery Outlet
B	El Rodeo Meat Market and Taqueria
C	Fruteria La Cabana
D	El Palmar
E	La Bonita Market
F	A Dong Oriental Market
G	Que Huong Market

Source: Google

Restaurants

Salem has concentrations of restaurants within a mile of the Portland Road on high-speed, car-oriented arterial corridors. Most restaurants within two miles of Portland Road, however, are in and around the downtown and capitol area, and therefore, not immediate competitors. The North Gateway area has very limited restaurant offerings, with only a handful of limited service restaurants. Full-service restaurants are slightly more represented in the area. Outside of the Corridor there is a large cluster of full- and limited-service restaurants in the downtown core. Exhibit 19 shows that there are 513 restaurants within two miles of the URA, about half of which are full service.

Exhibit 19. Restaurants within Two Miles of North Gateway URA

Type of Establishment	NAICS	Number of restaurants
Full Service	722410, 722511, 722514	245
Limited Service	722513, 722515	268

Source: Google Maps

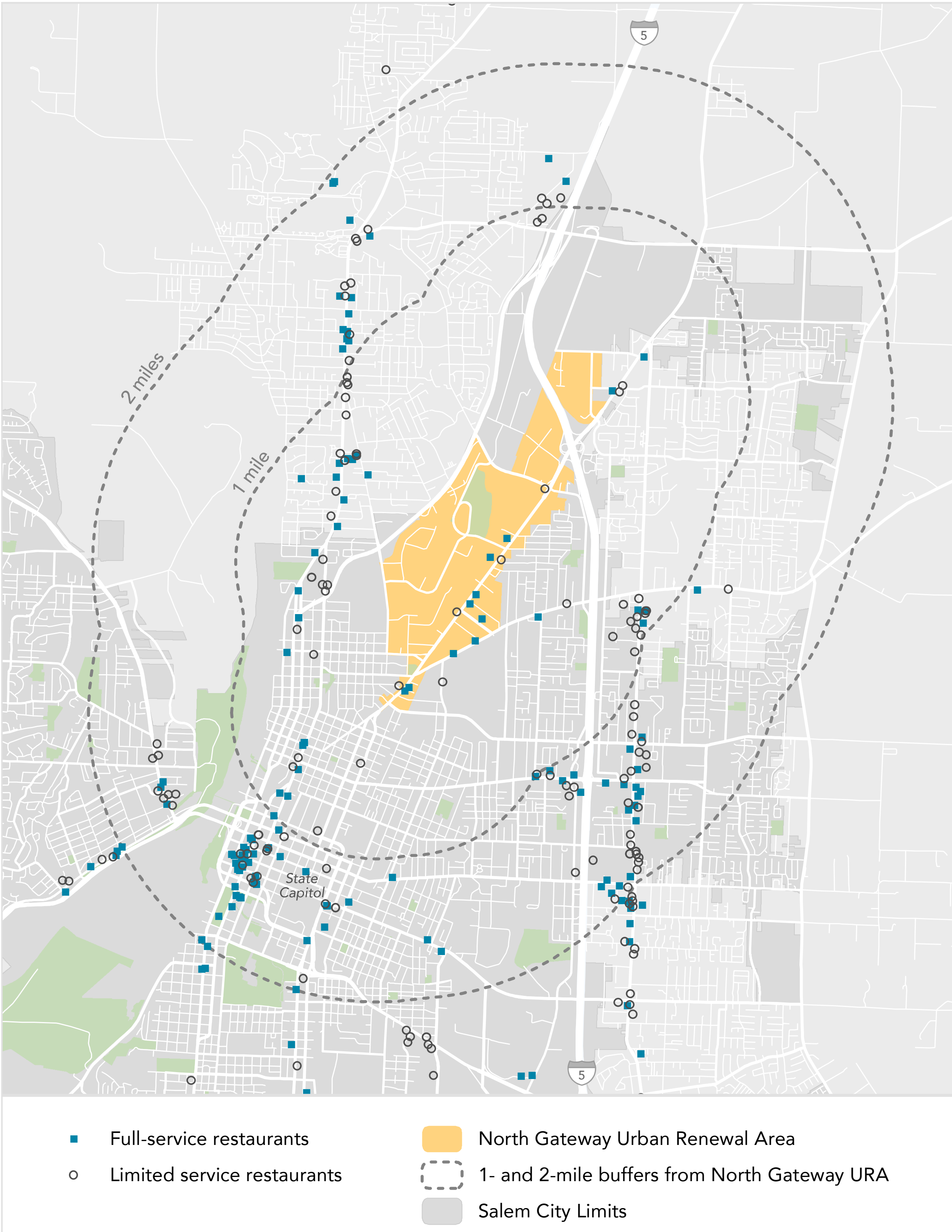
One advantage of a new public market with a variety of prepared food offerings would be its unique market position. The current restaurant offerings in the North Gateway Urban Renewal Area do not include a location where customers can access food from multiple vendors around the same seating area. Food cart pods and other forms of food courts, including those at indoor public markets, have been very successful in many locations recently. One such location, Barrel & Keg in downtown Salem, hosts a rotating menu of local mobile food vendors, which encourages repeat visits.

Local Food Cart Pod, Barrel & Keg, Salem

Source: Google

Exhibit 20 shows restaurants within two miles of North Gateway URA.

Exhibit 20. Restaurants within Two Miles of North Gateway URA



Source: Google and Quarterly Census of Employment and Wages data, 2015

Vendor Demand

Aaron Reber Consulting conducted outreach with local businesses to gauge attitudes toward a public market, including Latino-owned businesses along Portland Road, vendors at the Salem Public Market, and representatives of business organizations. Outreach to nineteen local businesses yielded the following insights about vendor demand:

- Sixty-eight percent of the small business owners and business representatives interviewed stated that they would or might like to participate in a public market.
- Of the twelve interviewees who weighed in on a potential location, over half identified the Portland Road Corridor as a prime location for a public market. That location has many existing Latino-owned businesses, which the proposed market could leverage for its benefit.
- City or URA investment in a public market outside the downtown core may be met with some resistance from vendors at the existing Salem Public Market and farmers' markets. It will be important to draw in leadership from the existing marketplaces in Salem if the City does decide to move forward with such a market in the Portland Road Corridor.

Appendix C provides the full results of the business outreach.

Market Opportunity

ECONorthwest's analysis confirms *Portland Corridor Road Action Plan* finding that there is clear demand for additional food options in the area and that the area lacks adequate supply of food options. Given low incomes in the area and a demonstrated food access need, the most beneficial concept for the area may not be the most economically feasible. Given the intersection between existing supply of food purveyors and area demand, there is an established market opportunity for:

- **Convenience foods and walk-up restaurants.** Most respondents indicated there is a need for additional restaurants or other food alternatives in the North Salem/Portland Road area. A food access solution can address barriers to buying fresh foods, but it can also support economic development in the area by attracting vendors of affordable ready-made foods from restaurants and walk-up carts. Preliminary outreach with potential vendors indicate there is strong interest in the concept, but that the concept should not compete with the existing Salem Public Market.
- **Synergy between prepared and whole food vendors.** If possible, on-site prepared food vendors should be encouraged or required to purchase a certain percentage of their supplies from the fresh and dry goods market to increase the likelihood of financial sustainability for the market portion of the project. If colocated with a food hub, the market vendors could easily access local produce.
- **A partnership with local nonprofits working in food access (e.g., Marion-Polk Food Share) to broaden their scope of services to serve area residents.** This could represent a natural extension of the nonprofit's stated mission to increase access to healthy food. This is especially true, given that a portion of residents around Portland Road buy fewer fruits and vegetables due several reasons: difficulty getting to stores, a lack of fresh fruits and vegetables at the stores where they shop. North Salem residents were also more likely to say that they walked to buy their groceries.
- **Specific offerings for Latinos in the area.** Residents and potential vendors pointed to a desire for a culturally appropriate market concept in the Portland Road area that would serve existing residents and customers of existing Latino-owned businesses in the area. This would also highlight the area's character and potentially help build community identity, pride, and attachment.

In a study of shopping habits, the USDA has found that most Americans bypass the grocery store nearest to them. So, even if there were a larger market with greater selection, it may not gain market share unless it can be price competitive with superstores such as Winco and Walmart.[xii]

Models

Our outreach found that food-related businesses marketing to the North Salem community should be centrally located and offer competitive pricing to be viable. This is challenging given the need for many small business startups to offer their products at a premium, given the labor required to produce them. To spur additional conversations, Exhibit 21 shows a set of potential models for additional consideration and analysis.

Exhibit 21. Food Access Model Considerations

	Mobile Program	North Gateway Farmers' Market	Investments in Existing Food Markets	Public Market	'Seconds' Market
Concept	Supplement neighborhoods that host a market or farm stand on days when the market or stand is not in operation. Stop at civic and retail locations for fixed, short periods of time.	Add days and hours and extend season for farmers' market. Has the advantage of featuring local foods at their peak of freshness.	Assist local market partner business in expanding store footprint and offerings (i.e., Fruteria La Cabana and/or businesses at La Plaza Del Sol). This concept could include food carts outside of the main store.	Invest in existing infrastructure to convert into new market location, consolidating local food vendors Features (i.e., social gatherings and activities for kids, childcare, parking)	Invest in nonprofit public market that specializes in prepared food made with near-expiration donated food and fresh produce.
Market niche	Low-income residents, area employees. The program's novelty might generate significant press and community interest.	Most likely to be people who shop at existing green grocers and specialty markets. Would need public subsidy to attract low-income residents.	Most likely geared toward existing Latino specialty markets, which primarily serve Latino residents. Investments could include storefront improvements that provide more information to a broader audience on the store's offerings.	Capitalize on the location by offering convenience goods and prepared foods that customers buy at a premium because they are close to home. Consider international theme, given community desire for more ethnic restaurants and the area's higher percentage of Latino residents.	Creative sustainability by using a waste resource. Low-income residents and area employees benefit from markedly lower prices.

Part 3: Food Hub Analysis

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UNIVERSITY OF OREGON

March 10, 2017

To	**City of Salem, Urban Development Department**
From	**Aniko Drlik-Muehleck, Sadie DiNatale, and Bob Parker, UO Community Service Center;** **Kim Hanson, Independent Consultant**
SUBJECT	**FOOD HUB ASSESSMENT IN SALEM, OREGON**

INTRODUCTION

The research presented in this report provides a preliminary assessment of the feasibility of developing a physical food hub in Salem, Oregon. A food hub, as defined by the United States Department of Agriculture (USDA) Agriculture Marketing Service, is "a centrally located facility with a business management structure facilitating the aggregation, storage, processing, distribution, and/or marketing of locally/regionally produced food products."

Broadly, this report considers the viability of a food hub serving the Mid-Willamette Valley (Marion, Polk, and Yamhill Counties) by exploring the capacity of the existing local food supply chain and by assessing the interest of potential food hub participants (institutional food buyers, farmers, and food distributors) in participating in a food hub.

Project Background

On March 28, 2016, the Salem Urban Renewal Agency approved of the Portland Road Corridor Action Plan report and recommendations. One of the Action Plan recommendations includes evaluating the feasibility of developing a Food Incubator, Public Market, and/or Food Hub, within the Portland Road Corridor. This study looks specifically at the Food Hub concept. A separate document, created by ECONorthwest, explores the Food Incubator and Public Market concepts.

Purpose and Methods

The purpose of the food hub assessment is to determine whether there is support for a food hub in Salem, what the target markets would be (for both the agricultural side and the institutional side), and whether local food supply would be sufficient to make a food hub operation viable. We answer the following questions in this report:

- What opportunities exist to supply a food hub with agricultural products from the Mid-Willamette Valley (Mid-Valley)?

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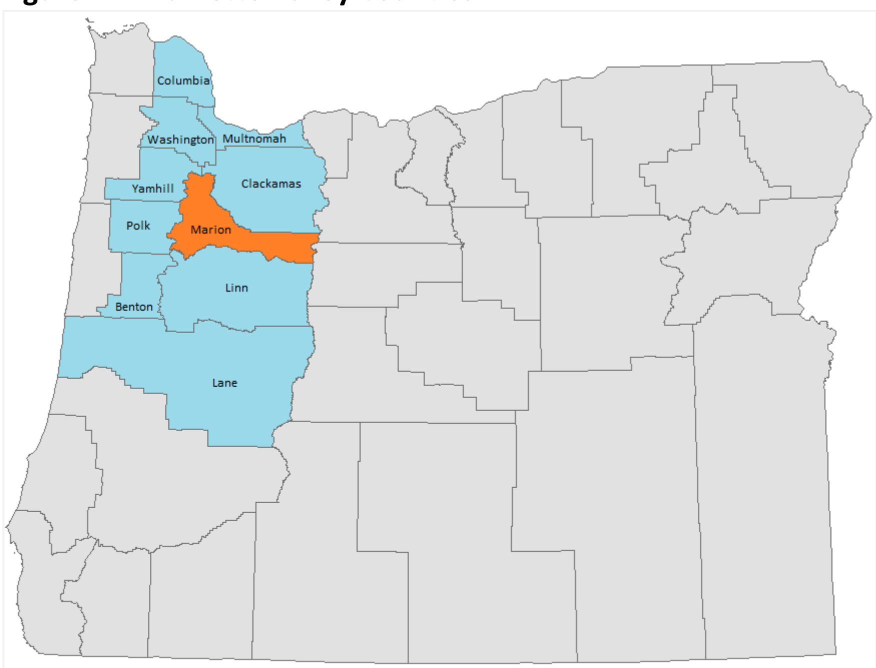
- What does the current landscape of aggregation, processing, storage, and distribution look like in the Mid-Valley?
- What is the level of interest among producers and institutional buyers in using food hub services and what services have the highest interest?
- What does consumer demand for local food products in the Mid-Valley look like?
- What models might be used to provide food hub services to the Mid-Valley?

To answer these questions, the project team reviewed existing studies and analyzed the Mid-Valley food economy using data from the most recent (2012) Agricultural Census. Our assessment of local food supply often relies on comparisons to food production in other Willamette Valley counties. Figure 1 depicts the counties we reference in this report, which include Columbia, Multnomah, Washington, Clackamas, Yamhill, Marion, Polk, Linn, Benton, and Lane Counties.

Figure 1 Willamette Valley Counties



Source: Wikimedia Commons, with modifications made by Community Service Center.

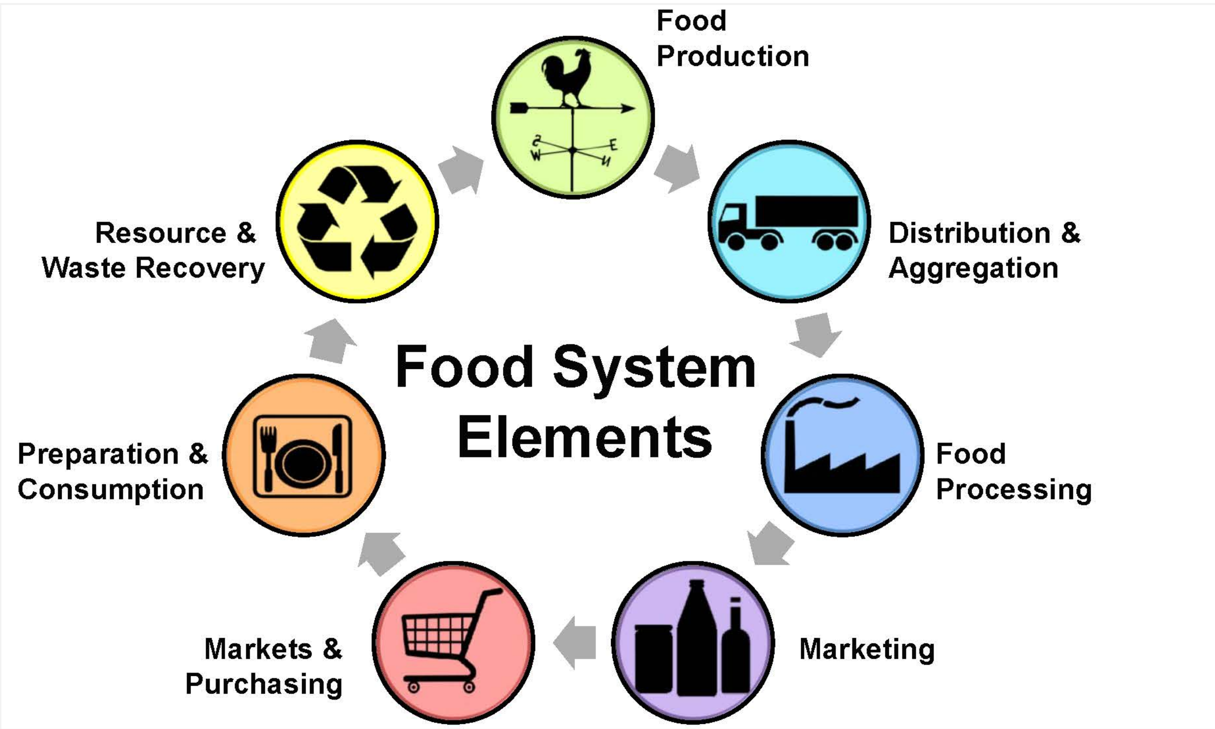
This feasibility assessment was further informed by interviews and surveys with neighborhood residents, existing food businesses, farmers, institutional food buyers, and local food distributors. Further details from the outreach conducted as part of this study can be found in Appendix J. This section contains five parts:

1. Food Supply Considerations
2. Food Hub Demand Considerations
3. Other Considerations
4. Preliminary Assessment of Feasibility
5. Next Steps and Alternative Options

I. Food Supply Considerations

This section presents a cursory assessment of Marion County's current food supply chain. This analysis focuses on small- to mid-sized producers to examine the status of agriculture in the Mid-Valley food economy. Figure 2 depicts the elements that create the cycle of a food system. In this section, we consider food production, storage, distribution, and processing to better understand how food cycles through the Mid-Valley food system.

Figure 2. Food System Elements.



Source: Adapted by Christy Shi, Center of Environmental Farming Systems. From: Wilkins, J. and Eames-Sheavly, M. "Discovering the Food System: An experimental learning program for young and inquiring minds." Cornell University, Department of Nutritional Science and Horticulture.

What opportunities exist to supply a food hub with agricultural products from the Mid-Willamette Valley (Mid-Valley)?

Despite slight declines in total farm acreage over the past three decades, agriculture is an important economic driver in Marion County.[1]

Figure 3 shows that compared with other counties in the Willamette Valley, Marion County has the third highest percentage of the Willamette Valley's total

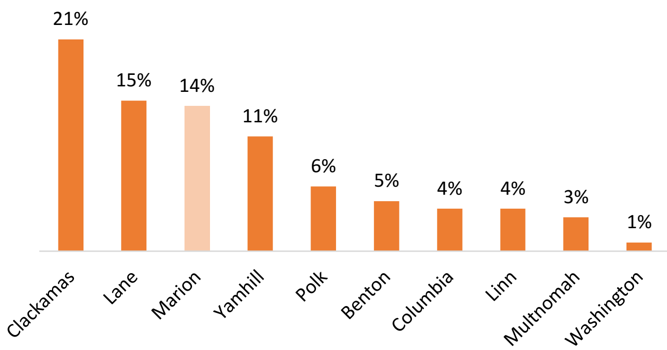
Snapshot of Farming in Marion County (2012)	
Total farm acres	286,194
Farm acreage as a percent of total county area	38%
Percentage of farms that are 50 acres or less	73%

Source: United States Department of Agriculture (USDA). 2012 Census of Agriculture: Oregon State and County Data.

[1] United States Department of Agriculture. 1987, 1992, 1997, 2002, 2007, 2012 Census of Agriculture: Oregon State and County Data. 2016. Also see Table H-2 in Appendix H.

farmland (14%). Collectively, the Mid-Valley counties (Marion, Polk, and Yamhill) have 31% of the Willamette Valley's total farmland.

Figure 3. Percent of Total Farmland (acreage) in Willamette Valley, 2012



Source: USDA. 2012 Census of Agriculture: Oregon State and County Data. Table 8. Farms, Land in Farms, Value of Land and Buildings, and Land Use: 2012 and 2007.

Changes Over Time in Marion County (2007 – 2012)
Total farm acres have decreased by 7%
Total number of farms has decreased by 4%

Source: United States Department of Agriculture (USDA). 2012, 2007 Census of Agriculture: Oregon State and County Data.

A large supply of agricultural land combined with an increasing share of acreage classified as "small farms" (50 acres or less) suggests that Marion County may be in a favorable position to provide local food products to the surrounding area.[2] While available data does not specify what percentage of farms produce food, farms that supply food locally tend to be smaller in size and scale. In comparison to other counties in the Willamette Valley, Marion County has the third largest number of small farms, after Clackamas and Lane Counties.[3]

Food and Agricultural Employment and Production

The data show mixed results regarding employment opportunities in Marion County's agricultural industry. Overall, employment in farm labor has declined slightly over the past decade, but that the industry as a whole has experienced modest employment growth. As a share of total employment, agriculture, forestry, hunting and fishing jobs accounted for 7% of all employment in Marion County in 2015, up less than a percentage point from its share of total employment in 2005.[4] As Figure 4 shows, most of the employment growth in Marion County's agricultural sector comes from activities that *support* agriculture, but that are not

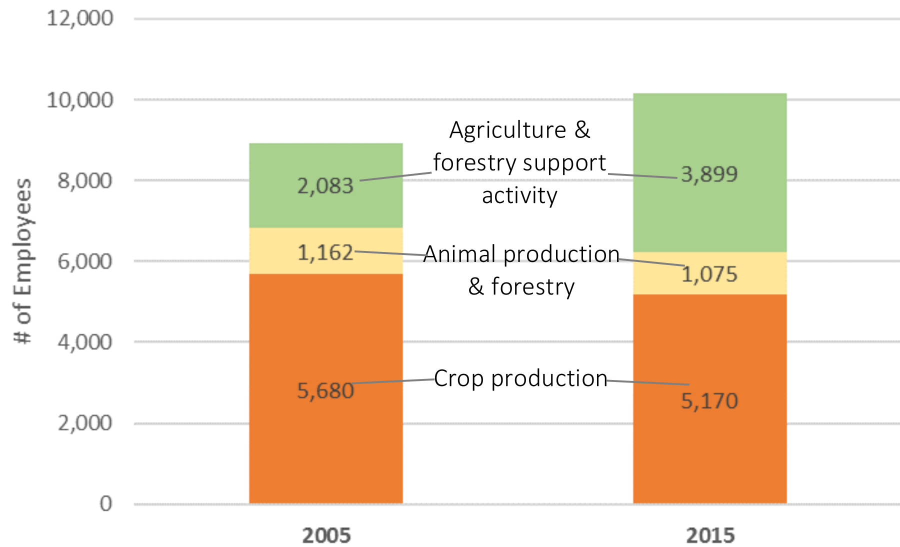
[2] United States Department of Agriculture. 2012 Census of Agriculture: Oregon State and County Data. Also see Table H-2 and Figure H-2 in Appendix H.

[3] United States Department of Agriculture. 2012 Census of Agriculture: Oregon State and County Data. Also see Table H-3 in Appendix H.

[4] Oregon Employment Department. Employment and Wages by Industry (QCEW), Marion County Annual Reports 2005 & 2015. Industry Descriptions: "Total all ownerships" and "Agriculture, forestry, fishing & hunting."

directly classified as crop or animal production. Examples of this might include farm management services.

Figure 4. Employment in Marion County's agricultural and forestry sector, 2005 and 2015.



Source: Oregon Employment Department. Employment and Wages by Industry (QCEW), Marion County Annual Reports 2005 & 2015. NAICS Codes 11, 111, 112, 113, and 115.

Despite this modest growth in agricultural jobs, food production in Marion County has decreased overall since 1987.[5] The number of vegetable farms and acres in vegetable production (a potential staple of a food hub) have declined by just under 40% since 1987 (although between 2007 and 2012, vegetable farms and acreage held relatively steady).[6] As shown in Table 1, however, the production of certain food commodities has increased. These areas of food production (cows, chickens, wheat, barley, and orchards) could potentially form a solid base for both the supply of a local food hub and export to surrounding areas.

Table 1. Livestock and food crop increases, 2007-2012.

Livestock or Crop	Growth between 2007 – 2012
# of cattle and calves	2%
# of chicken farms	56%
# of broiler and other chicken-like farms	75%
Bushels of wheat	622%
Bushels of barley	58%
Acres of orchards	15%

Source: United States Department of Agriculture. 2007, 2012 Census of Agriculture. 2016.

Even though much of Marion County's food production remains stagnant or declining (with the exception of commodities listed in Table 1), several core non-food agricultural products are

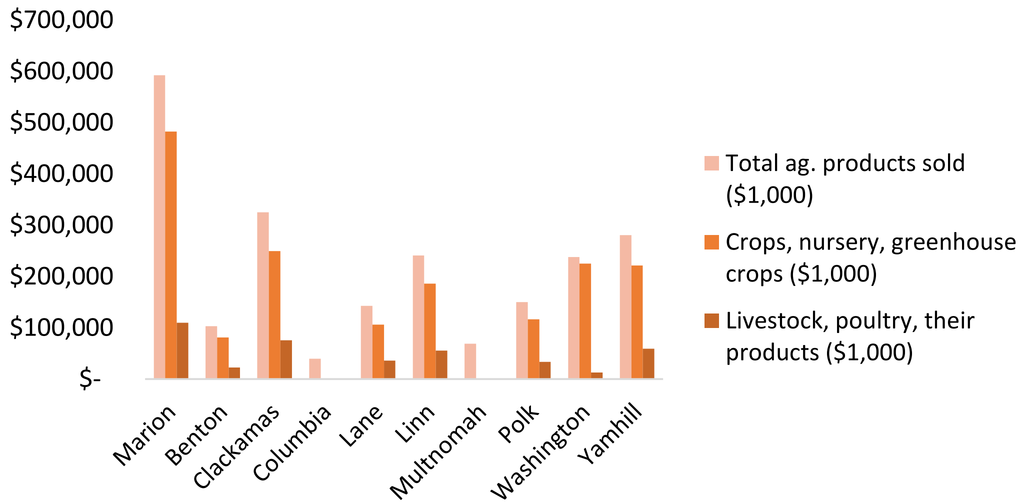
[5] United States Department of Agriculture. 1987, 1992, 1997, 2002, 2007, 2012 Census of Agriculture. Also see Table H-4, Figure H-3, and Figure H-4 in Appendix H.

[6] *Ibid.*

driving growth in the County's comparatively robust agricultural sector.[7] Acres of farmland for corn silage as one example, has increased by almost 50% from 2007 to 2012.[8] Floriculture (nursery) acreage has increased by nearly 90% from 2007 to 2012.[9] When we compare selected non-food crop production across the Willamette Valley, we can also note that Marion County has a significantly higher rate of non-food production than most counties in the region.[10]

Additionally, Marion County continues to have a proportionately higher market value of agricultural products sold when compared to counties in the Willamette Valley (see Figure 5). In fact, the Oregon State Agricultural Extension Service found that "Marion County has the highest value of agricultural production of any county in Oregon" due in large part to the expansive nursery industry and other commodity crops such as wheat.[11]

Figure 5. Market Value Comparison of Agricultural Products Sold, Marion County, 2012



Source: USDA. 2012 Census of Agriculture: Oregon State and County Data. Table 2. (Also see Table H-7 in Appendix H.)

While food production of the commodities that might typically supply a food hub (fruits, vegetables, and dairy) is not leading the growth of Marion County's agricultural sector, there is certainly potential for food production to strengthen, particularly in those areas that are already experiencing growth. A food hub could build from a foundation of existing food production and gradually help to strengthen the local food sector by connecting farmers with new market opportunities. In the long term, a food hub might even play a role in reversing the decline of vegetable production in Marion County by creating new connections with distributors and institutions interested in sourcing their produce locally.

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[7] United States Department of Agriculture. 2012 Census of Agriculture: State and County Data. Also see Table H-5 in Appendix H.

[8] *Ibid.*

[9] *Ibid.*

[10] United States Department of Agriculture. 2012 Census of Agriculture: State and County Data. Also see Table H-6 in Appendix H.

[11] Oregon State University Extension Service. Marion County: Agriculture. 2016. http://extension.oregonstate.edu/marion/agriculture

What does the current landscape of aggregation, processing, storage, and distribution look like?

Currently, Marion County has many small to mid-size farms that sell directly through farm stands, u-pick operations, community supported agriculture (CSA), and to a lesser extent grocery stores, restaurants, and wholesale markets in Salem and the Mid-Valley region. There are limited systems in place to support relationships between Mid-Valley producers and larger buyers, such as restaurants, grocery stores, hospitals, schools, and food manufacturers. While there is an online food hub that Ecotrust (a Portland-based environmental advocacy nonprofit) developed several years ago, including a specific Farm to School portal, its scale and especially the time it takes to make individual connections with producers is not a good fit for larger buyers (see Appendix J for more information about the opinions of institutional buyers).

The following subsections delve into mapping the existing supply chain using information gathered during the outreach interviews and data from the US Census using NAICS industry codes.

Food Processing (Manufacturing)

Compared to the Willamette Valley region, Marion County employs the most individuals in food manufacturing after Multnomah County and encompasses the largest annual payroll (at approximately $360 million).[12]

In 2014, Marion County was home to 350 manufacturing establishments, 50 of which were food-manufacturing establishments.[13] The manufacturing sector employed 9,566 employees—3,412 being food manufacturing employees.[14] From 2010 to 2014, food manufacturing establishments increased by 14% (25% from 2005 to 2014) and the number of food manufacturing employees increased by 4% (32% from 2005 to 2014).

Appendix I, Table I-1 provides a list of food-processing centers in Marion County. While not comprehensive, it provides an overview of the local processing industry. In general, processing facilities range in size from smaller operations (under 50 employees) to larger operations with a national base (with more than 500 employees).

Food Storage

Marion County hosts a more storage/warehousing facilities than other counties in the Willamette Valley, except Multnomah County. Figure 6 shows there were six refrigerated warehousing and storage or farm product warehousing and storage establishments in Marion County in 2014.[15] Data is not available for the refrigerated and farm product warehousing and storage sub-categories of warehousing and storage, but employment in general warehousing

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[12] US Census. Oregon County Business Patterns using 2012 NAICS Code 311, 2014. Table CB1400A11. Also see Table H-8 in Appendix H.

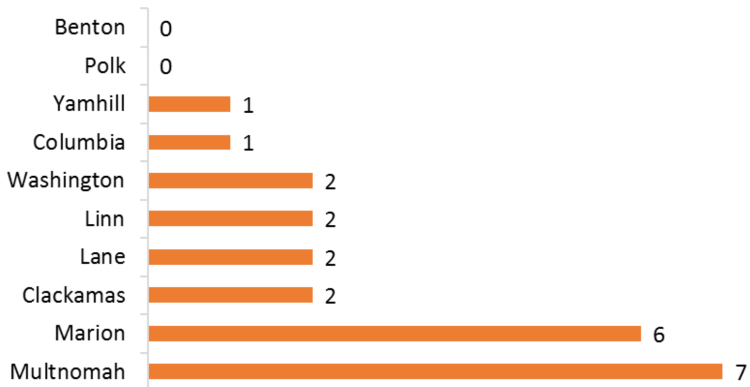
[13] *Ibid.*

[14] *Ibid.*

[15] US Census. Oregon Counties Business Patterns with 2012 NAICS Code 49312 & 49313, 2014. Table CB1400A11.

and storage has been shrinking, while the number of establishments has been growing. From 2005 to 2010, employees in this sector decreased by 4%, while the number of warehousing and storage establishments increased by 12% between 2005 and 2014.

Figure 6. Number of farm and refrigerated storage and warehousing facilities in the Willamette Valley, 2014



Source: US Census. Oregon Counties Business Patterns with 2012 NAICS Code 49312 and 49313, 2014. Table CB1400A11.

Food Distribution

Compared to the greater Willamette Valley region, Marion has a slightly lower amount of grocery and related wholesale establishments than counties with available data.[16] As of 2014, there were 23 grocery and related product merchant wholesalers in Marion County employing 906 people with an annual payroll of approximately $50 million.[17] From 2010 to 2014, the number of grocery and related wholesale establishments decreased by 23% and the number of employees dropped by 16%.

The majority of distributors are not based in the Mid-Valley and most of the food products they distribute, including some "local" items, originate outside of the Mid-Valley. The fact that the vast majority of food sold in the Mid-Valley comes from outside the region suggests that much of the institutional and consumer spending on food "leaks" out of the Mid-Valley. In other words, most of the dollars spent on food in Salem are going to non-local distributors and producers who are less likely to invest back into the Mid-Valley economy.

Overall Assessment of the Food Supply Chain

Marion County has a strong supply-base of many food products, but much of this food is not reaching local consumers.

Compared to the rest of the region, Marion County is in a favorable position to capitalize on small-scale farms to promote a shift towards a stronger local foods system. Almost three-quarters of farms in Marion County are small-scale (less than 50 acres). While the overall

[16] US Census. Oregon County Business Patterns using 2012 NAICS Code 4244, 2014. Also see Table H-9 in Appendix H.
[17] *Ibid.*

number of small farms in Marion County has slightly declined in the past three decades, small farms now account for a greater share of total farms. Marion County (which is 38% farmland) also contains a greater portion of the entire Willamette Valley's farmland (14%) than any other counties except Clackamas and Lane.

Food production growth areas offer an opportunity for Marion County to focus on food exports, as well as increasing the availability of locally grown food in the Mid-Valley region. The local food movement is attracting attention in Marion County, even with declines in farming from 2007 to 2012 (farmland acreage by 7%, number of farms by 4%, and average farm size by 3%). While food production for most commodities (livestock and selected crops harvested) decreased from 1987 to 2012, several commodities have sprung back between 2007 and 2012. These products include:

- **Cattle and cows**: total number (of animals) increased by 2%
- **Chickens and broiler chickens**: total number of farms increased by 56% and 75% respectively
- **Wheat**: total bushels increased by 622%.
- **Barley**: total bushels increased by 58%
- **Orchards**: total acreage increased by 15%

Marion County has a robust, growing food processing sector. Recent growth in the industry indicates that conditions and labor force in Marion County are conducive to the development of food processing, and that there may be further growth potential in this industry. It is unclear, however, how much of the food processed at these facilities actually originates from Marion County or the Mid-Valley. Smaller farms in particular may have trouble working with large-scale food processors because they cannot provide products at a cost-effective scale. The next section, "Food Hub Demand Considerations," further discusses the need for processing facilities that meet the needs of small farms.

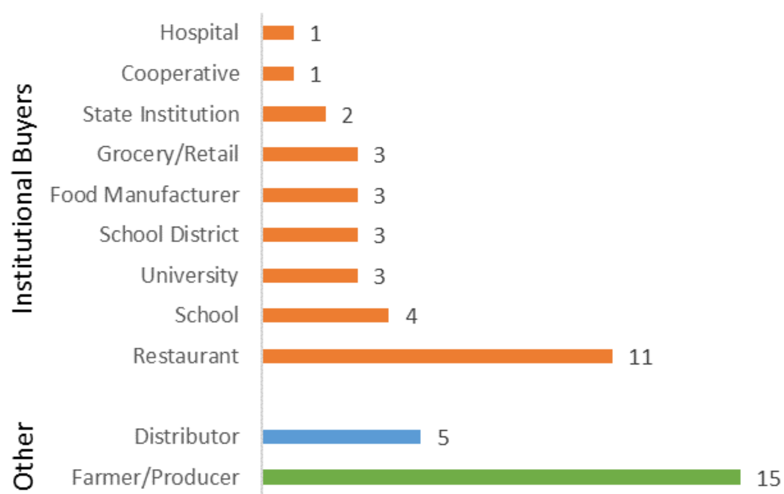
Marion County has ample food storage capacity, but current facilities may not meet the needs of smaller farmers. As with the food processing sector, more research is required to determine whether these facilities are meeting the needs of smaller-scale food producers. Some storage facilities might be designed to accommodate greater quantities than most small farmers produce, making it difficult for small farmers to access storage services. The next section, "Food Hub Demand Considerations," further discusses the storage needs expressed by smaller producers.

Food distribution in Marion County appears to be lagging. The majority of food distributors that serve Marion County originate outside of the county and often do not source from farms in the Mid-Valley. As a result, it is likely that the Mid-Valley experiences a great deal of leakage on food spending. While some of this leakage may be offset by income from exports of food products, the Mid-Valley is missing opportunities to keep local money recirculating in the Mid-Valley economy.

2. Food Hub Demand Considerations

For a food hub to be feasible, there must be interest in the services it provides and the local food products it supports. To gauge demand for a food hub in Salem, members of the project team reached out to producers, buyers, and distributors via in-person and phone interviews. While the consumer market was not included in this outreach, Kim Hanson conducted 30 interviews with institutional food buyers and five food distributors. Additionally, project team members from OSU Extension interviewed 15 small- to mid-scale farmers from Marion, Polk, Clackamas, and Linn Counties. Figure 7 breaks down the interviews by category. Appendix J includes additional information about the outreach methodology. We use the information gathered from these interviews to assess the interest in a food hub.

Figure 7. Number of interviews by category.



What is the level of interest among producers and institutional buyers in using food hub services and what services have the highest interest?

Food buyers expressed interest in a food hub, and producers, while less interested overall, were receptive and curious. When interviewed, 85% of buyers stated they were interested in buying from a food hub and 53% of producers thought a food hub was a good business model; an additional 27% said “maybe” and requesting more information.

More specifically, food buyers and producers expressed the most interest the following core services that a food hub could offer:

- **Aggregation**: 100% of buyers thought that aggregating local product in a one-stop facility ranked first in terms of a local food system support service that would help their business, followed by managing relationships with farmers/ranchers. Among producers, 64% expressed interest in being able to aggregate their products with those of other farmers to better serve larger buyers.

- **Increasing Local Sales**: 93% of producers would like to increase their local sales. Produce and dairy items were the most common local purchases for buyers. While dairy needs are being met with local suppliers, local produce is readily available during the growing season in the Mid-Valley and not well represented in the current distribution system.
- **Transportation/Distribution**: The majority of buyers would need delivery services to participate in the food hub. Distributors already model delivering product to buyers while picking up from farms (or back-hauling) on their return, but the farms they work with are often not Mid-Valley farms. Including a distribution element such as farm pick-up would make it less time-consuming and costly for farms to participate in a food hub.
- **Storage/Processing**: 64% of producers identified cold storage as a need, but storage was not important to buyers who receive frequent deliveries. Distributors identified value-added processing as a high growth area, and 71% of producers said they were interested in having access to value-added processing. Specifically, interviewees consistently identified a USDA certified meat processing facility as a major need in the Mid-Valley.
- **Community Education**: Informing the community about the value of local food and farming was the highest business priority for producers (93% of farmers indicated this would be helpful to their business). While less important to buyers, several mentioned the growing focus on the quality and sourcing of food from their customers, especially on college campuses, at retail grocery stores, and for hospital employees. Many interviewees believed that the Salem community is not as aware of the importance of local food as other communities, such as Portland, where many Mid-Valley farmers currently travel to sell their product.

Table 2. Summary of interest in food hub core services (from interviews with buyers and producers).

Food Hub Service	Buyers	Producers
Aggregation	100%	64%
Increasing local sales	-	93%
Managing contracts/relationships with farmers	81%	-
Transportation/distribution	69%	64%
Local food label (e.g. Mid-Valley Grown)	44%	43%
Meat processing	31%	43%*
Light processing (washing, chopping, sorting)	44%	29%
Community education	25%	93%
Value-added processing (e.g. commercial kitchen)	13%	71%
Cold storage	13%	64%
**Note: 80% of farmers who produce meat were interested in meat processing*		

Source: Outreach interviews to institutional buyers and producers.

Beyond the specific services a food hub might offer, conversations with food buyers and producers revealed a lack of connections within the Mid-Valley food system that, if cultivated, might benefit both buyers and producers. Many institutional buyers commented that it is difficult to identify where food is grown given a mismatch in definitions of local (many consider "local" to be as expansive as Oregon or the Pacific Northwest). From producers' perspectives, it can be challenging to connect with Mid-Valley buyers – only one farmer interviewed had a relationship with a local institution. Therefore, while "local" purchasing is important to institutional buyers (95% of those interviewed already purchase what they consider to be local product) and producers are eager to increase their local sales, the Mid-Valley currently lacks the connected network of buyers and producers required to significantly grow the local food economy. While a food hub is by no means the only solution to this problem, it could certainly play a role in bridging the gap between buyers and producers.

What does consumer demand for local food products in the Mid-Valley look like?

The food hub assessment did not directly gather data on consumer demand for local products in the Mid-Valley. However, since Mid-Valley residents are the end-consumers of the products a food hub might coordinate, we briefly discuss the anecdotal evidence of consumer demand that emerged from buyer, producer, and distributor interviews.

Of buyers interviewed, 56% saw a growing consumer demand for local product. In addition to local, buyers noted other trends such as organic, hormone-free, and non-GMO. At Corban and Willamette Universities in particular, the local food movement is growing. Corban now has a student-based food advisory board, farm to fork events, and is working to launch a new campus farm and agriculture program. One Silverton restaurant that offers a rotating, higher-end menu highlighting local products has witnessed a 180-degree turnaround in local food interest since the restaurant's launch 16 years ago.

Those who did not see a growing demand for local product from their customers offered two primary explanations. First, some interviewees stated that the local food movement has been growing for many years and they did not necessarily see it increasing more at this time. Second, several interviewees cited a lack of awareness on the part of those they serve. As previously mentioned, both food buyers and producers do not feel that the Salem community is sufficiently aware of the benefits of local food, and therefore, demand is much lower than in other parts of the Willamette Valley (namely, Portland, Eugene, and Corvallis). Additionally, the price of local products may pose a significant barrier for many lower-income Salem residents.

Overall Assessment of Demand for a Food Hub, or Food Hub Services

There is widespread interest in the services a food hub could provide, and a great need to better support the Mid-Valley local food system. However, buyers and producers may have different expectations of a food hub and consumer demand may be lower than desirable.

Both food buyers and producers expressed enthusiasm for the food hub concept in the abstract. Upon further probing about the services desired of a food hub, a majority of both buyers and producers pointed to **aggregation**, **distribution/transportation**, and a **mechanism for better connecting producers to buyers** as useful attributes. For other potential food hub services, however, buyers and producers were less aligned. Farmers were extremely interested in community education, but only 25% of buyers saw this as a priority. Similarly, 71% of producers indicated interest in value-added processing (such as a commercial kitchen), but only 12.5% of buyers thought this service would be useful to them. If a food hub concept moves forward, it may be challenging to gain support from both buyers and producers who have different ideas about how the food hub might best serve them. Each of the players in a future food hub would need to negotiate an appropriate mix of services that would allow for more efficient supply of local products.

Additional study will be required to assess consumer demand for the local products a food hub would provide. The issue of consumer demand must also overlay any discussion of a food hub, but at present, we do not have enough information to assess consumer demand for local food in the Mid-Valley (and Salem in particular). While institutional buyers expressed steady or increasing interest from their customers in local food, some evidence suggests that overall, the level of energy surrounding local food in Salem and Marion County lags compared to other areas of the Willamette Valley. A food hub could help spark increased awareness of local food, which has the potential to increase the overall demand for local products. At the same time, if consumer demand is weak, it may be difficult for a food hub to generate sufficient operating revenue.

3. Other Considerations for Developing a Food Hub

This section presents issues beyond supply and demand that should be considered when assessing the feasibility of moving forward with a food hub concept.

Food Hub Champion

For a food hub to operate there must be a local champion driving the effort. So far, no organization has stepped forward with an interest in developing a food hub. As the City of Salem considers options for supporting a food hub, it must either identify partners with a demonstrated interest in creating a food hub or deviate from the norm by creating a publicly owned and operated food hub. It would be highly unusual for the City to take on operations of a food hub. This would represent a stretch of the City's mission and could potentially limit the flexibility of the food hub's operations.

Resource Alignment

It is worth noting that even a community with demonstrated "readiness" may not necessarily be able to sustain a successful food hub. The Grower Collaborative (GC) in California, founded in 2004, acts as a cautionary tale for communities. The GC functioned as an aggregation and distribution food hub for communities of farmers for seven years. Yet despite the community's need for a distribution service, GC eventually failed due to financial struggles.[18] The Community

[18] Community Alliance with Family Farmers. Making the Invisible Visible: Looking Back at Fifteen Years of Local Food Systems Distribution Solutions. Community Alliance with Family Farmers. October 2014. http://caff.org/wp-content/uploads/2010/07/CAFF-Lessons-Local-Distribution-102814.pdf

Alliance with Family Farmers, the parent organization of the GC, published an analysis of what makes a food hub successful and concluded:

> *"The solution is not a single entity that tries to solve distribution challenges for a region – it is to work with all of the regional stakeholders to adapt their systems to serve more local food…By working with multiple entities – farmers, distributors, processors, a variety of buyers of different scales, and more – to build upon existing infrastructure and forge more direct connections, a stronger, more inclusive regional food system can be established that leverages resources and supports local farmers."*[19]

Rather than jumping to build a physical food hub, conversation in the Mid-Valley could might begin with a discussion of ways the *existing system* can be strengthened and expanded to support the local food economy. By better aligning existing resources, many of the goals of a food hub might be achieved without the expense developing new infrastructure.

Price Point

Price for both buyers and producers is a key concern. Producers identified price as the biggest potential barrier to participation in a food hub because a low price point could bar profitability for producers. According to one farmer, "the price point could be too low for smaller farmers because the larger volume buyers want low prices." Fortunately for producers, the majority of buyers expressed a willingness to pay a small premium for local food in order to support area farmers, and a small amount to support the food hub operations. This is especially true if they can pass on this cost to their customer or cut other costs to balance the budget. Arriving at a mutually agreeable price will be critical for a food hub's success.

Product Differentiation

It will be important to define what types of products a food hub could sell. What will the hub define as "local"? What about other certifications like organic? Being too restrictive may limit potential food hub participants, but being too lax may dilute the food hub's mission or defeat the purpose of supporting the Mid-Valley food system.

Scale and Volume

The food hub must be scaled appropriately to succeed. Additional analysis would need to define the targeted product volumes, buyer size, and sales. Our outreach found that some producers might have to grow more to participate, but would only do so with production planning and pre-identified buyers and a profitable price point. Other producers are already larger scale and wonder if a food hub could meet their needs or if volume would be too small.

Seasonality and Year-Round Operations

To operate year-round, many producers have included items such as meat, dairy, eggs, and value-added products in their business. For a food hub to operate in the off-season, it will likely

[19] *Ibid.*

need to think beyond fresh produce. Beyond seasonal limitations, margins on produce are very low. One critical feasibility question will be to determine whether a food hub would operate year-round and what products it would sell, or whether it would operate only during the peak, fresh production season.

Location

Food producers in particular stated that services should be situated near the I-5 corridor with easy access for large delivery vehicles. Many interviewees supported the Portland Road location. Some mentioned alternative locations at 25^{th} and Madrona/McGilchrist, or Kuebler Road near I-5.

4. Preliminary Assessment of Feasibility

Strong interest in local food. Marion County's food landscape and political climate are ripe to support the local food movement. There is significant energy and interest surrounding local food. Institutional buyers are committed to purchasing local products and Mid-Valley producers are eager to expand their sales locally. Agricultural data suggest that small farms are becoming increasingly important in the Mid-Valley food system, with several growth areas including cattle and cows, poultry, wheat, barley, and orchard products.

Collective desire for food hub services. During interviews, participants in the Mid-Valley food economy expressed interest in bridging some of the gaps in the food system, including increasing capacity for product aggregation and distribution, and creating a stronger mechanism for connecting food buyers with producers. Producers in particular expressed a desire to better educate the community about the benefits of local foods, and both producers and buyers demonstrated some interest in improving the marketing of local products. A food hub located in Salem could potentially provide all these services and more to support and strengthen the local food system.

Lack of a champion. At present, no organization has stepped forward to spearhead the effort of creating and operating a food hub in Salem. This is a critical missing piece for further movement on the creation of a food hub. While the City of Salem could provide incentives to support the capital investment in a food hub (if it meets the urban renewal investment goals), it is not in a strong position to serve as an organizer and operator for the hub.

Thus, until a champion emerges to guide the development of a food hub, we do not advise the City to invest significantly in the concept of a physical food hub.

This does not mean, however, that the food hub concept cannot move forward in other ways. In the next section, we suggest potential next steps for the City of Salem and its partners, including some examples of strategies to increase availability of food hub services in the Mid-Valley.

NEXT STEPS AND ALTERNATIVE OPTIONS

Although this study focus on the North Gateway Urban Renewal Area, outreach to food buyers, producers, and distributors revealed a more far-reaching need to strengthen the local food economy broadly across the Mid-Valley. The following three suggestions for next steps focus on cultivating the local food system in the Mid-Valley, with some specific recommendations for the North Gateway Urban Renewal Area that emerged from conversations with buyers and producers. All three steps could occur simultaneously.

Step A: Supporters should begin work on strengthening the Mid-Valley food system and local food economy. Support could include connecting producers with local buyers via strategic relationship building or through the creation of a Mid-Valley Local Food Network. Stakeholders should work with community partners (Marion-Polk Food Share, Willamette University and OSU Extension) to support the development of a Mid-Valley Local Food Network. Supporters could also work with existing distributors to increase their offerings of Mid-Valley grown or produced products. Essential to this step is the development of community awareness program, the development of a promotion and marketing plan for Salem and Mid-Valley, and the development of a local food guide. In addition, partners could develop a program aimed at promoting access to and awareness of affordable local food options.

Step B: Supporters should continue to explore and develop a Mid-Valley food hub concept. Partners should conduct follow-up meetings with interested producers and buyers to better understand needs and determine the strongest model for region. An important step in determining the concept's viability is to conduct a feasibility study that could lead to the development of a business plan. Producers, buyers and community partners should be involved during the development of a business plan to ensure a shared vision is being carried out. During this stage of the process, time should be spent looking for an organization who is passionate and competent to manage and/or govern the food hub. Additionally, the City and its partners should explore the feasibility of linking a food hub facility to food business incubation concepts. Finally, the City will need to weigh its ability to serve as a partner in project infrastructure or capital costs.

Step C: Supporters should pursue healthy food access opportunities for North Gateway Urban Renewal Area. One opportunity that could be considered is a retail farm stand, a new farmer's market location, or an on-site consumer CSA or buying club. Another option could be a "seconds" market to sell imperfect product at reduced prices or a community grocery store. A food hub could serve as a central location for these businesses to grow around serving dual marketing prospects.

Models to Explore

To complement these three next steps, we provide four examples to help imagine potential paths forward that will result in a stronger Mid-Valley food system. Since the food hub concept currently lacks a champion, we recommend the City and other local food advocates draw inspiration from Examples 3 and 4 in the near term.

- **Example 1: "Traditional" Food Hub.** The common conception of a food hub includes a physical space for aggregation of products, such as a warehouse, combined with the organizational capacity and infrastructure to provide services such as distribution, community education, and local food advocacy. A real world example is GrowFood Carolina. This food hub works with local producers to aggregate food which it stores in the GrowFood warehouse until GrowFood delivery trucks distribute products to institutional buyers including grocery stores, community institutions (schools, hospitals, etc.), and restaurants.
- **Example 2: Food Hub + Direct-to-Consumer.** Another viable model operating combines the "back end" aggregation and distribution capability with a retail market or other direct-to-consumer component (i.e., an on-site CSA or buying club, a community grocery store, etc.). Intervale Food Hub provides a real world example of this model. Intervale works with local producers to aggregate food, manages an online ordering system where customers (both individual consumers and institutions) can select which food they would like, and operates a delivery system. Intervale distributes product to institutions and designated drop sites where consumers can pick up their orders. Consumers can also elect to pick up their order directly from the food hub.
- **Example 3: Food Hub Services from Existing Distributors.** A third example could involve the City of Salem and/or partners working with existing distributors directly to increase the number of Mid-Valley farms that provide food. This model can also increase the number of Mid-Valley institutions that purchase food through outreach, education, and marketing. During distributor interviews, Pacific Coast Fruit Company, Charlie's Produce, and Organically Grown Company all expressed interest in increasing their operations in the Mid-Valley. Since an organization has not taken the lead on connecting these companies with Mid-Valley growers, the distributors have so far had limited connections to farms in the region.
- **Example 4: Directly Supporting and Cultivating the Mid-Valley Food System.** Finally, the City of Salem and/or partners could focus on community awareness and marketing to strengthen the local food system. This model is demonstrated in the work of the Willamette Farm and Food Coalition (WFFC) in Lane County, Eugene, and Springfield (with the support of county and city economic development staff). The WFFC produces a local food buying guide, promotes local food awareness, and promotes food equity. Most recently, the WFFC has worked with partners to develop the "Willamette Valley Grown and Crafted" brand intended to help Willamette Valley producers better market their products.

Endnotes

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Appendix

Appendix A: Best Practices Report
Appendix B: Salem Community Survey Results
Appendix C: Business Outreach Results
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Appendix A: Best Practices

The City of Salem contracted with ECONorthwest and the Community Planning Workshop at the University of Oregon to complete a review of food access, business incubation, and food hub models and best practices locally and nationally. The purpose of this memorandum is to explore lessons learned from examples that are most relevant for the City in addressing the needs and opportunities of the area.

We evaluated existing case studies, surveys, and reports for similar projects across the country and summarized applicable best practices for food markets, business incubators, and food hubs. In particular, we identified examples from mid-sized cities where the proposed concepts have been put into practice to achieve community and economic development goals.

This memorandum provides a research summary and implications for each of the three concepts, as well as an overview of useful resources that our team reviewed. The memorandum contains the following sections:

1. Public Market
2. Business Incubator
3. Food Hubs
4. Useful Resources

1 Public Market

For this report, a public market is defined as a year-round permanent destination where local and regional food producers, artisans, and other businesses bring their products and sell them directly to consumers. A public market also serves as a venue and gathering place for the community, and provides a variety of services. Public markets are typically owned and operated by public or non-profit entities, though private "public markets," often targeted at a more affluent demographic, are increasingly common.

1.1 Research Summary

Facility Characteristics

This section provides best practices related to site location and facility characteristics like storage, gathering spaces, and accessibility.

Location: Research on public markets demonstrates that location is perhaps the most important factor in any market's success. According to the Project for Public Space, most successfully integrated markets tend to be at places of confluence, where people naturally come together. Typically, this location is in the center of a town or neighborhood. A market's main customer base will **usually** live no further than 15 minutes from the market.[1] For that reason, the market should be located in a high-traffic location, easy to reach from a variety of transit options, and have plenty of available parking. Consulting firm, Public Market Development, stresses that an ideal location will have at least 50,000 residents within a 20-minute radius of the market.[2]

Site Characteristics: Sites with existing public activity, such as parks, plazas, bus stops, and retail shopping, are often great neighbors for markets. The market space should be big enough to be interesting, varied, and allow for traffic flow, but not so large that it is difficult to keep open year-round. Alternately, the space should be flexible enough to permit other uses during the off-season.

In addition to ample parking it's also important to consider the market's product delivery needs. The site should include a separate loading area and sufficient circulation space for delivery trucks without negatively impacting car and pedestrian traffic.

Building Size: Studies of existing, successful markets have found that public market buildings are most successful when they have between 15,000 to 30,000 square feet of covered space for vendors, event space, offices, and storage. Extra plaza space, available for farmers' market day tables in addition to permanent stalls, is also a common feature in successful public markets.

Products and Services

Recruiting the right vendors and product mix is a crucial component to a market's success. This section provides best practices related to retail efficiencies, products, and pricing.

Vendor Mix: Key qualifications do not have to include experience, but successful vendors will bring enthusiasm and commitment to a new and untested market, as well as an understanding of how to showcase their products to the public, both in visual presentation and personal interaction. Research done for a public market in Yakima, WA found that over 50 percent of potential market customers prioritized local goods over other qualities, including variety and price. As such, many public markets dictate that the majority of goods sold must be locally sourced or manufactured. A 2008 national survey, found that half of U.S. consumers see local food as coming from within a 100-mile radius around their location, however market managers are free to set their own definition of "local" as necessary.

According to a Project for Public Space study, a large market should have at least three vendors for each major product category (e.g. produce, meat, cheese, dry goods, arts and crafts, etc.), though smaller markets may only have one or two. Market management should be willing and ready to experience a certain degree of vendor turnover as the market's customer base determines the best mix. Continually bringing in new vendors and experimenting with the product mix will add an element of interest and encourage return visits by customers.

Studies of public markets have also demonstrated the importance of including prepared food vendors, particularly because their higher revenues allow them to afford paying higher rent. Many markets, such as the Portland Mercado, have a cluster of food carts with a seating area, which creates a gathering place and generates income for the market. However, the PPS report also stresses that if the goal of the public market is mainly to support local agriculture, it is important not to add too many prepared foods so that the focus does not shift away from fresh food and the market's overall mission.[3]

Market Promotion: The product mix should emphasize unique aspects of the community. Promotional materials should highlight vendors that can only be found in that market, or whose stories reflect the lived experience of diverse communities. This diversity can and should extend to other aspects of the market programming, such as live music or cooking demonstrations, as well as partnerships with community partners who may rent or volunteer at tables or otherwise use the space for events and public outreach.

Theme: Market analysis does not always translate to what the market will look like**.** A market analysis done for the Portland Mercado assumed that 75 to 80 percent of sales would come from a primary market of Latino residents in an 8-minute convenience trade area.[4] However, since opening, the Mercado has found that a 80 percent of its customer base is people of non-Hispanic backgrounds residing the immediate neighborhood.[5]

Business and Financial Structure

This section summarizes lessons on capital funding and startup, and business operations models that are common for public markets around the country.

Importance of Mission: Most public market business and financial structures reflect the fact that they are mission-driven endeavors. The mission of many public markets is to support food and agriculture-related entrepreneurship and small business through providing a place, not only to sell products, but also to serve as a gathering and meeting place.

Operator Mix: Historically, public markets were owned and operated by the city, however over time food production and distribution systems changed. Nonprofit corporations, alongside strong community and stakeholder representation, now operate many long-standing markets.

Market Orientation: Despite the resurgence of public markets, their financial viability remains precarious, particularly for those that serve low-income communities. A study by the Southland Farmers' Market Association found that 30 percent of new farmers markets failed in California, and that the disparity in gross revenues between markets in low- versus middle-income communities could exceed an order of magnitude ($200,000 per year vs. $3.7 million per year.)[6]

Capital Outlay: Project for Public Space research shows that public markets often overspend on construction of the facility and are then hampered by loan repayment they cannot afford once in operation. Public Market Development found that public markets typically need between 50-100 percent grant support for capital funding, and will likely require some operating support until they reach full occupancy, hopefully within 3 to 4 years of opening.[7] Most markets must cobble together a combination of grants to secure enough funding for the initial capital outlay. Some commonly used sources of funding are: United States Department of Agriculture, state departments of agriculture, Community Development Block Grant funds, state cultural funds, Tax Increment Financing, as well as a variety of private sources of capital, such as Business

Improvement Districts, and debt financing like Section 108 loan guarantees.[8]

Operations Funding: Funding operations expenses often depend on charging annual vendor fees and establishing public-private partnerships for support. The Boston Public Market opened in 2015 as a partnership between the nonprofit Boston Public Market Association, private donors, foundations, the City of Boston, and the project's seed funder, the Commonwealth of Massachusetts. Vendors are charged fees on a sliding scale formula that takes into account the size of the retail area and the vendor's sales volume. During 2014 and 2015, the market received donation support for operations, as well as in-kind legal and marketing services valued at about $1 million. As of 2016, the market is still not able to cover its operating expenses with current revenues, including donations, and is obligated to do additional fundraising to meet debt obligations.

Market Management: A Board of Directors is a common management model for public markets. There are exceptions, such as the Oxbow Public Market in Napa Valley, which is a for-profit market with a managing partner and a group of investors. Findings from a public market feasibility study conducted for the City of Boulder found that city ownership of the new public market buildings, and management by a not-for-profit corporation was the most preferred option.[9]

Strong, professional market management has also been found to be crucial for successful public markets. Having paid staff, rather than relying on volunteers is highly correlated with an increase in vendor satisfaction and market success. Writing clear vendor rules and guidelines at the outset of the search for vendors, as well as market by-laws are also fundamental to efficient management.

1.2 Implications for Salem

Determining whether there is true market demand for a year-round indoor market in Salem is the obvious first step. There are a variety of existing food outlets in the area, so ensuring the business community feels it is benefiting more than losing from the addition of a potential competitor will gain necessary support.

The location of the market will be pivotal to its success, and there are a number of tradeoffs that the City and its partners would need to consider. A public market in the North Gateway area of Salem would potentially meet a number of local economic and community development goals, such as: expanding residents' access to healthy foods; supporting local agricultural and food producers by connecting urban and rural food systems; and creating a new social space within the community that supports small business entrepreneurship. Nevertheless, the failure of a large and visible project could be more detrimental to the community than not undertaking the project in the first place. Any financial viability analysis of the market must also consider the financial expectations of the vendors. The economic development value of the project depends on vendors' ability to incubate or maintain financially sustainable businesses.

As several studies point out, clear articulation of the purpose or mission of the public market is hugely important and can help in decision-making throughout the start up process and beyond. The City will also have to explore the viability of partnerships and the nonprofit entity that will likely operate the public market. The case for significant public investment becomes much more difficult to make without sufficient interest and dedication from a group willing to take on management of the market.

2 Business Incubators

Business incubators nurture the development of new companies, helping them survive and grow during the start-up period when they are most vulnerable. Programs provide client companies with a range of services including production facilities, business support services and other resources tailored to young firms.

2.1 Research Summary

Facility Characteristics

This section summarizes best practices related to site location and facility characteristics of food business incubators.

Differentiation between incubator and commercial kitchen: While commercial kitchens merely provide access to kitchen equipment, business incubation programs also provide clients access to appropriate rental space and flexible leases, technical assistance, shared basic business services and guidance in obtaining the financing necessary for company growth. Without this additional assistance in the realm of finding financing and sustainable growth, commercial kitchens have been found to be insufficient to bridge the gap between a thriving small business and a successful enterprise that can afford the costly next steps once businesses seek to move into their own spaces.[10]

Amenities: Food business incubators generally include commercial kitchen equipment, adequate prep space, storage and refrigeration to accommodate numerous clients at once, as well as adequate loading areas to accommodate trucks and other delivery vehicles. The type and amount of support services offered by each different program varies. Examples include:

- Food truck commissaries, such as Food Fort in Columbus, Ohio,
- Start-up breweries, like Bake, Boil and Brew in San Antonio, TX.
- Programs targeted toward particular communities, such as low-income immigrants and women, which include facilities for workshops and business development classes in addition to food production facilities, like La Cocina in San Francisco, CA.

Co-location: Many larger food business incubators are located in universities or community colleges, since those institutions often already have the necessary facilities. There are also several examples of incubators connected with public markets, such as the Incubator Kitch in Grand Rapids' Downtown Market.

Business and Financial Structure

This section addresses support services (e.g., coaching, product development consulting, production assistance, access to capital, and access to markets) and provides information on how incubators partner with local nonprofits or business development organizations.

Mission: The most common goals of food business incubation programs are creating jobs in a community, enhancing an area's entrepreneurial climate, building or accelerating growth in the local food industry, and diversifying the local economy.[11]

Program offerings: Incubators provide business assistance and classes, access to low-interest lending, and supporting entrepreneurs in obtaining sales venues, distribution, and contract opportunities. According to a study conducted by the International Business Innovation Association (INBIA) as well as a 2013 survey of the industry by an independent consultant, found that the most successful business incubators, in terms of client outcomes, are nonprofit organizations focused on economic development.[12]

Evaluating success: There are a variety of widely accepted best practices among high-achieving business incubator programs. These range from having a written mission statement, to selecting client start-ups based on cultural fit, screening and choosing clients based on potential for success, and finding ways to showcase clients to the community and potential funders. All of these practices are highly correlated with client success. Conversely, incubation programs with lax or no exit policies have been found to have less-than-optimal performance.

External, independent evaluators should conduct periodic assessments of business incubation programs receiving public support. The outcome evaluations should control for the age of the program and the client base that is serves. This periodic analysis of the incubator's economic impact is especially important in light of research that has questioned the efficiency of public funding for incubator programs that do not lead to significant economic development for the communities they serve.[13]

Partnership Formation: Many successful nonprofit food incubators begin as partnerships between nonprofits and local governments. For example, Food Fort in Columbus is operated by nonprofit economic development agency, Economic & Community Development Institute (ECDI), the third largest SBA microlender in the country.

Operating Expenses: Food business incubators across the country have found a range of ways, from private ownership to foundation sponsorships, to fund operations. It is crucial that the incubator, whether private or publicly operated, be based on a structure for financial sustainability. A case study of incubator kitchens found that revenue from leasing a commissary kitchen was not likely to cover more than 30 to 40 percent of a facility's cash flow, even when the kitchen was fully booked.[14] According to a 2013 industry report, only 39 percent of for-profit incubators were profitable, and 31 percent of nonprofit food incubators were operating at a loss. Options include:

- **Privately owned with outside funding:** Union Kitchen, in Washington D.C. is a privately owned incubator that has received public funding to support its job-training programs. This B-Corporation is mission-driven, and has found a financial model that is sustainable. In 2014, they had over 50 members and 17 full-time employees who help provide branding, design, marketing, distribution and technical assistance consulting services.
- **Nonprofit with Foundation backing:** La Cocina, in San Francisco, partnered has partnered with private foundations to evaluate and improve their services, as well as establish funding networks for their graduates. Another example of a thriving nonprofit incubator, Edible Enterprises, of Norco, LA, is a program of the New Orleans Food and Farm Network (NOFFN). The program began in 2007 through collaboration between the St. Charles Parish government, the Norco Community Economic Development Foundation and River Parishes Community Development Corp. The kitchen and food production facility opened its doors in June 2009, and has helped launch over 35 successful food businesses, as well as connect growers with wholesale customers. Prepared food producers and businesses in need of small co-packing services can rent the facility on an hourly basis, as well as access business development classes and advice from experienced entrepreneurs. Hot Bread Kitchen, in Long Island City, NY, is able to fund 65 percent of its operating expenses through kitchen rentals and bread sales—the rest comes from charitable giving and grants.
- **Public-Private initiatives:** The SeaTac-Tukwila Food Innovation Network is a broad-based initiative that partners the cities of Sea-Tac and Tukwila with number of private for-profit and nonprofit groups, including the Center for Inclusive Entrepreneurship (CIE). Building on the work CIE has done to support marginalized communities pursue small businesses opportunities, the collaborative is working on establishing a facility that will house "a distribution hub for aggregating local produce, a commercial kitchen for training, incubating and supporting a variety of new, small-scale, healthy food enterprises, and classrooms and office space for participating community-based economic and business development programs." The group recently received a $750,000 grant from King County to continue their work.

Business Plan: Chief among best practices that have been identified for financial sustainability is the development and implementation of a realistic business plan that assumes the need for outside funding, whether from grants, charitable giving, or some other financially sustainable business endeavor. Other key concepts highlighted by International Business Innovation Association (INBIA) are:

- **Integration.** The incubator should seek to integrate the program and activities into the fabric of the community and its broader economic development goals and strategies.
- **Management.** Build an effective board of directors committed to the program's mission and to maximizing management's role in developing successful companies.
- **Networks.** Develop stakeholder support, including a resource network that helps the program's client companies and supports the program's mission and operations.

1.3 Implications for Salem

A 2013 report for Salem's Urban Renewal Agency looked into the feasibility of a micro enterprise food-manufacturing accelerator, and decided against recommending the construction of a facility because of lack of a guaranteed market for those services. Specifically, the report found that the existence of community food processing kitchen accelerators and incubators in the Portland Metro and Lane County areas presented too much competitive pressure on a Salem-based program. Furthermore, there were significant doubts about whether the area's entrepreneurial culture and activity could generate enough economic return to warrant public investment. Given the fact that national examples demonstrate the tenuous financial viability of a standalone food business incubator space, any future feasibility study of the food business incubator should revisit these questions to determine if market conditions have changed.

Another consideration for future study is the importance of avoiding a duplication of efforts. Chemeketa Community College and MERIT offer many of the same services a food business incubator would be expected to provide. In addition, Oregon's rather liberal regulations on home-based commercial kitchens further cast doubt on the need of a new kitchen facility.

Salem should explore the possibility of leveraging existing resources to allow Portland Road area residents more access to existing business development and education services without replicating facilities that may be underutilized. FoodLab Detroit, a mission-driven consortium of specialty food businesses in Detroit, has started Kitchen Connect, a distributed incubator that connects food entrepreneurs to under-used kitchen space throughout the state. They also provide technical assistance, workshops and other startup services for food businesses.

The possibility of co-locating a kitchen incubator at the public market should also be explored. Many markets, like the Downtown Market in Grand Rapids, MI, have incubator kitchen space available, which strengthens the relationship between local food producers and the market venue, and generates future vendors and products that can be sold in the market.

3 Food Hubs

To guide our research, we use the following definition of a food hub:

> *"A centrally located facility with a business management structure facilitating the aggregation, storage, processing, distribution, and/or marketing of locally/regionally produced food products" – USDA Agriculture Marketing Service.*

Food hubs support comprehensive, localized food systems within a region and can take a variety of forms. Each food hub is tailored to fit the needs of the community; there is no "one-size-fits-all" model. To generalize, however, food hubs often offer:

- Support services to small businesses and the food industry.
- Wholesale activities, which serve industry more than individual consumers.

- Distribution services in areas lacking food distributors to serve local small farms.
- Food processing facilities in areas lacking processing infrastructure.

Food hub services can be co-located with a public or farmers' market (effectively a retail outlet), or be developed at a separate site depending on the mix of services intended, the costs associated, and the requisite siting characteristics.[15]

3.1 Research Summary

This section outlines some of the best practices for food hubs in the United States. The best practices discussion is organized into three categories: (1) facility characteristics (best practices of location and form); (2) products and services (best practices of products offered by food hubs and benefits provided); and (3) business and financial structure (pros and cons of organizational structures and financial models).

Facility Characteristics

The majority of food hubs provide a "brick and mortar" space for farmers, distributors, and consumers to come together to engage in the purchase and sale of local and regional farm goods. Permanent physical space allows for food hubs to provide a number of tangible goods to farmers, including:

- Space for storage and aggregation of goods,
- Food processing amenities (space and equipment), and/or
- Distribution infrastructure, often including a loading dock and distribution vehicles.

Some "brick and mortar" food hubs, like the **Organic Valley Produce Program** based in La Farge, WI, are located on the outskirts or in industrial areas of cities and function primarily as a warehousing, aggregation, and distribution point that provides farmers with a space to deliver their goods and consumers to pick them up. Others, like the **Wedge Co-op** in Minneapolis, MN, are located in city centers and function solely as a retail outlet for local and regional goods. Still others function as both, like **La Montañita co-ops** in New Mexico, which combine warehousing, processing, and sales in each of its multiple facilities throughout the food hub's service area.

A small number of food hubs have a significant virtual component, like **Food-Hub.org** in Portland, OR. These food hubs provide data sharing and online marketplaces for farmers and consumers in addition to physical distribution capacity for local farm goods. Virtual food hubs may not have their own physical space, but instead rely on partnerships with existing brick and mortar facilities. *Know Your Farmer, Know Your Food* describes virtual food hubs as leveraging:

> *"the Internet-based market by finding ways to add value to exchanges in areas of logistical, financial, and information services. These virtual food hubs can automate business processes that lower the costs of access to local foods. The biggest advantage of virtually based hubs is lowering the transaction cost of a sale of a particular agricultural item for both the producer and the consumer purchasing the product."*[16]

Products and Services

Products and services offered by food hubs largely depend upon the food hub's focus, whether it is retail driven, non-profit driven, producer driven, or consumer driven.

Geography: In most cases, the products offered are either from local or regional producers. According to a 2015 survey of Food Hubs by the USDA nine out of ten food hubs source their goods from within 400 miles of the hub.[17] Local or regional definitions can be anything from nearby counties, such as **Local Food Hub** in Charlottesville, NC, or a multi-state area, such as the virtual food hub **Food-Hub.org**. In Oregon, where counties are nearly the size of some states, a single county, or a tri-county area such as Polk, Yamhill and Marion counties could be ideal.[18] Ultimately, the business plan for every food hub must determine which geography and type of products fit within the food hub's scope and values.

Services:

- **Aggregation/distribution:** Food hubs can provide an aggregation and distribution point for local farmers. Aggregation provides a drop off point for multiple farmers, allowing for a simpler central pick-up point for distributors and consumers looking for local and regional products. Aggregation and distribution is a key amenity that food hubs provide for transferring small and mid-sized farm production from small markets, like a local farmers market, to larger scale distribution, like supplying restaurants or grocery outlets. The University of Vermont conducted a study on the **Intervale Food Hub** that showed: "aggregation of resources, such as materials, storage, distribution and even capital and expertise, can decrease agricultural producer overhead costs and increase profitability allowing farmers to "scale up" by combining products."[19]
- **Business activities:** Food hubs can provide coordination of business activities, such as supply chain logistics, marketing, and training for farmers in business management and farming techniques. Some food hubs provide a business management team to coordinate supply chain logistics, including seeking markets for producers and coordinating with distributors, processors, and buyers. Food hubs can offer business expertise that help develop business management skills that some farmers may lack. If a food hub has the goal of producing self-sustaining farming businesses, then guidance and training for self-sufficiency is necessary. Some hubs, such as **Local Food Hub** in Charlottesville, NC, also offer training for farming best practices and coordination of planting schedules to ensure continued availability of produce throughout the year.

Business and Financial Structure

Food Hubs generally fall under five categories of organizational structure:

- Privately owned
- Nonprofit
- Cooperative
- Publicly held
- Unstructured

According to the USDA National Food Hub Survey, 38% of food hubs are a privately owned for-profit entity, 36% are a nonprofit, 19% are a for-profit cooperative, 4% are "unstructured," and 3% are publically owned (these numbers vary based on the definition of food hub).[20] The USDA's report demonstrates that purely publically owned food hubs are very rare – those that do exist are state-sponsored in heavily agricultural states like **North Carolina** where the Department of Agriculture and Consumer Services operates state "farmers' markets".[21] The majority of food hubs with a public component function as a public-private (for-profit) or a public-nonprofit partnership. We therefore address public-private or public-nonprofit partnerships as a separate category and do not provide specific information about publically-owned operations. Similarly, we do not provide information about "unstructured" food hubs. This category is essentially a catch-all for models that do not fall neatly into the other four categories.

For-Profit Entity (privately owned)[22]

One of the primary goals of a for-profit food hub, such as the virtual food hub **Local Dirt**, in Wisconsin, is to maximize profits for the stakeholders of the organization. Despite the profit motive, however, may for-profit food hubs also adopt environmental and/or social missions. For-profit food hubs can take several forms: they can be owned by a single individual, operated by a corporation (owned by a number of individuals and operated by an elected board), or function as a partnership of multiple individuals or organizations (this can take the form of a B-corporation, Limited Liability Company, or a Limited Liability Partnership).

Pros: For-profit operations allow for a food hub to focus on increasing profit for all involved parties, to provide increased efficiency of delivery of goods, and a simplified business relationship between businesses and farmers. For-profit entities are appropriate and successful when clear market opportunities exist. Private ownership can also provide increased access to private startup funding.

Cons: For-profit operations provide little to no access to government funding or grants for startup and operation costs. Additionally, the focus on profit and efficiency may cause deviation from principles of increasing access to local foods (profit-based entities focus on maximizing price and volume to boost overhead).[23] For-profits are also subject to taxes from which nonprofit entries are exempt.

Nonprofit Entity

Nonprofits, like the **Intervale Food Hub** in Burlington, VT, are formed to either promote or actively advance a greater public good. Through operations, a nonprofit may produce revenues exceeding expenditures but all profits are generally reinvested in the organization to further its mission. Nonprofits are governed by a board of directors.

Pros: Nonprofit food hubs focus on the good provided to their community rather than focusing on profits: profits are reinvested to better the community and to benefit farmers. In addition to a broader mission, nonprofits are appropriate when market dynamics may not support a for-profit entity. They also have greater access to grants and public assistance for startup and operation costs. Nonprofits are not subject to corporate taxes.

Cons: Due to a focus on community good rather than profits, nonprofits may find it difficult to maintain operations without continued grant funding or donations from interested parties.[24] They may also assess fees or dues to members to help financially sustain the organization. The process for founding a nonprofit can be more complicated than other options and includes an approval process from the federal government to achieve nonprofit status.

For-Profit Cooperative

Cooperatives can take multiple forms. **The Wedge Cooperative** in Minneapolis, MN is a consumer owned retail outlet that provides a space for producers to vend their goods. **La Montañita** in New Mexico is a producer owned outlet that provides warehousing, processing, distribution, and retail. **The Oklahoma Food Cooperative** in Oklahoma City, OK, is a producer and consumer owned outlet that operates primarily online. Cooperatives elect a board of directors and make decisions through a democratic process. Funds for operation are through direct contribution from farmers and consumers through membership fees or purchases of share of stock. A portion of the net earnings is used to maintain the organization.[25]

Pros: Cooperatives will reflect consumer demand for products because they are often stocked and run by the consumers who use them. Democratic decision-making provides stronger buy-in from members by giving them a stronger voice in operations.

Cons: Democratic nature of cooperatives can slow down decision making on the organizational and business side, making them less adaptable to market fluctuations.

Public-Private (or Nonprofit) Partnerships

Local and regional food production is a key concern for government entities. For this reason, public-private partnerships for food hubs, like the **Wisconsin Food Hub Cooperative**, often involve space (land and/or a building) owned by a government entity with operations managed by a private or nonprofit organization.

Pros: Partnerships leverage public funding and private capital for the greater good of a community. A broad range of funding allows for partnerships to better withstand fluctuations in markets, and growing seasons. These partnerships are effective in instances where a private or nonprofit entity is unable to generate funds for capital investments land or buildings. From a public perspective, they allow the public entity more control over location, operations, and other elements of the food hub. These partnerships also demonstrate a community wide commitment to local and regional food production.

Cons: The process for establishment can be lengthened by the public process. A partnership is subject to fluctuations and whims of government funding and political state.

Summary of Food Hub Models from UC Davis Report "Context Matters: Visioning a Food Hub in Yolo and Solano Counties."[26]

Model Type	Explanation	Benefits	Risks	Examples
Non-Profit	Hubs that are created and maintained by non-profit organizations to facilitate farmer to consumer transactions.	• More likely to attain grant funding • More likely to focus on community development aspects of the food system (e.g. needs of low-income or agricultural producers	• May not have the business or technical background necessary to create a viable operation • Once seed funding has exhausted it may be difficult to stay viable • May not have seed funding	Intervale Center Food Hub (VT), Appalachian Sustainable Development (VA)
Producer / Entrepreneur	Primary impetus is from farmers or others working in the food system. Focus is on providing distribution and processing outlets for producers.	• More like to have adequate business/technical background • More likely to have solid knowledge of local food system • Like to feel a high level of "investment" in the success of the hub because of personal commitment	• May not have necessary seed funding	Okanogan Producers Marketing Association
Public		• Potentially more stable if a steady flow of funding is secured • Coordination with other relevant government agencies may lessen "red tape" • Local government has a vested interest in stimulating the local food economy	• With shrinking budgets, securing support/funding may be difficult • May not have relationships with various stakeholders (farmers, distributors, processors etc.)	Many "State Farmers Markets" in the Southeast and Midwest
Wholesale/ Retail	The main revenue source for the hub is retail shopping.	• More likely to have business savvy and existing connection to consumers and producers • May have existing infrastructure	• Governance structure can vary dramatically (e.g. administration)	
Cooperative	Cooperative food hubs are generally organized by a producers or consumers.	• Reflects existing consumer demand • Often a way to connect consumers and producers with limited use of a "middle-man"	• May have limited infrastructure • May not have necessary business/agriculture background necessary to initiate operate a business • Will need to identify who will be responsible for coordination • May not have relationships with stakeholders	Oklahoma Food Coop
Virtual	Food hubs where local individuals and businesses can exchange services and goods directly through an online service.	• No (or minimal) new infrastructure costs • Large amounts of information available online • Can connect producers and buyers in real time and in a way that can be tracked	• Non-transparent governance with limited connection with various stakeholders	Food Hub (OR)

Source: Central Oregon Food Hub Feasibility Study

3.2 Implications for Salem

As the City of Salem considers whether or not to move forward with supporting a food hub, we suggest the City consider two key factors: financial viability and partnerships.

Viability

In New England, an initiative funded by the USDA to create a cluster of food hubs throughout the region identified four indicators for the viability of sites and readiness of a community to create and sustain a local food hub. The four indicators include:[27]

- Existing Infrastructure (supply of production, aggregation, or distribution facilities)
- Supply of Goods (local or regional food production capacity)
- Demand for Goods (demand from institutional buyers or individual consumers, especially unmet demand)
- Need (for a facility to fill a hole in existing services)

We recommend that the City of Salem evaluate the study area based on all of the USDA indicators. Is there truly a gap in the infrastructure supporting local food? And is the best option for filling that gap the creation of a food hub?

In some instances, it may be more efficient to support existing infrastructure rather than creating a whole new "food hub." Even a community that demonstrates "readiness" based on the indicators may not necessarily be able to sustain a successful food hub. The **Grower Collaborative**, or "GC," in California, founded in 2004, acts as a cautionary tale for communities. The GC functioned as an aggregation and distribution food hub for communities of farmers for seven years. Despite need for a distribution service, GC failed due to financial struggles.[28] Community Alliance with Family Farmers, the overarching organization for the GC published an analysis of what makes a food hub successful, and concluded:

> *"The solution is not a single entity that tries to solve distribution challenges for a region – it is to work with all of the regional stakeholders to adapt their systems to serve more local food…By working with multiple entities – farmers, distributors, processors, a variety of buyers of different scales, and more – to build upon existing infrastructure and forge more direct connections, a stronger, more inclusive regional food system can be established that leverages resources and supports local farmers. This will in turn support the procurement and accessibility of local food throughout the community.*[29]

On the other hand, the USDA's 2015 Food Hub Survey found that the absolute number of food hubs that have been in operations for three or more years increased compared to the 2013 survey results (the number of food hubs across the country is increasing). Additionally, the 2015 survey found that 75% of responding food hubs reported that their revenues met or exceeded their expenses. Together, these figures indicate that while some food hubs may be struggling with viability, many more are succeeding.

Partnerships

As the City of Salem considers options for supporting a food hub, it must either identify partners with a demonstrated interest in creating a food hub or deviate from the norm by creating a publically owned and operated food hub. It would be highly unusual for the City to take on operations of a food hub. This would represent a stretch of the City's mission and could potentially limit the flexibility of the food hub's operations.

If the City chooses to support the infrastructure for a food hub (as many other jurisdictions have), it will need to identify either a nonprofit or for-profit partner who is willing and enthusiastic about building out the operations of a food hub. Currently, it is unclear whether such a partner exists in Salem.

4 Useful Resources

Barham, James, Debra Tropp, Kathleen Enterline, Jeff Farbman, John Fisk, and Stacia Kiraly. *Regional Food Hub Resource Guide*. U.S. Dept. of Agriculture, Agricultural Marketing Service. Washington, DC. April 2012. http://dx.doi.org/10.9752/MS046.04-2012

> This resource provides an in depth analysis of best practices for the establishment, management, and the continued success, and positive impact of food hubs in communities.

Community Alliance with Family Farmers. *Making the Invisible Visible: Looking Back at Fifteen Years of Local Food Systems Distribution Solutions.* Community Alliance with Family Farmers. October 2014. http://caff.org/wp-content/uploads/2010/07/CAFF-Lessons-Local-Distribution-102814.pdf

> This resource provides a candid analysis of the successes and failures of the Community Alliance with Farmers and Growers Collaborative in California. The document presents in depth and cautionary information necessary for any food hub feasibility study.

Community Service Center, University of Oregon. "Lane County Public Market and Food Hub Analysis." Community Service Center. August 2014. https://www.eugene-or.gov/DocumentCenter/View/17891

> This resource presents an analysis of a food hub and public market feasibility study in the Eugene/Springfield area. The document gives an in depth analysis of consumer's needs and desires for local and regional food.

Cook, Matson, Sullins. *USDA Service Report 73.* USDA Rural Development, January 2013. http://www.rd.usda.gov/files/sr73.pdf

> This report provides an overview of the issues, opportunities, constraints, and regulations that food hubs face. It also provides an analysis of the different business structures and functions of food hubs and a roadmap for establishment of a food hub.

Econsult Solutions. *U.S. Kitchen Incubators: An Industry Snapshot.* Econsult Solutions, Inc. 2013. http://www.econsultsolutions.com/wp-content/uploads/2013/08/ESI-SharedKitchenReport_2013.pdf

Research into the operations, financial viability, and lessons learned from national models of kitchen incubators and different approaches to culinary micro-enterprise development.

Food Systems Analysis. *Context Matters: Visioning a food hub in Yolo and Solano Counties*. University of California, Davis. June 2011 Context Matters: Visioning a Food Hub in Yolo and Solano Counties. https://www.solanocounty.com/civicax/filebank/blobdload.aspx?blobid=12151

This resource provides an analysis of recent trends in food hubs across the United States.

Hall, E. *Measuring the Economic Impact of a Nonprofit Small Business Kitchen Incubator*. University of Pennsylvania. 2007. http://repository.upenn.edu/cgi/viewcontent.cgi?article=1009&context=senior_seminar

A case study of Nuestra Culinary Ventures, a kitchen incubator in Boston, with a useful rubric for economic impact analysis. Finds that the economic development achieved by the kitchen incubator does not justify the level of public investment.

Harbage, Rebecca. *Bringing Food Systems Home: Preliminary Analysis for a Regional Food Hub in Oregon's Mid-Willamette Valley*. University of Oregon. June 2013. https://core.ac.uk/display/36687523

This project provides a preliminary analysis of the Mid-Willamette valley's readiness and capability of supporting a local and regional food hub.

Illinois Department of Commerce and Economic Opportunity. *Building Successful Food Hubs: A Business Planning Guide for Aggregating and Processing Local Food in Illinois.* Illinois Department of Agriculture. January 2012. http://www.familyfarmed.org/wp-content/uploads/2012/01/IllinoisFoodHubGuide-final.pdf

This resource provides an analysis of different types of food hubs, including aggregation centers and processing centers and the products, services and business models therein. It also provides an analysis of the process of developing a successful food hub.

Know Your Farmer, Know Your Food Regional Food Hub Subcommittee. *Regional Food Hubs: Linking producers to new markets.* Presentation to City of Boulder Colorado on Regional Food Hub aspects. 2013. https://www-static.bouldercolorado.gov/docs/getfile-1-201304100940.pdf

This document provides an overview of the common characteristics between food hubs, distribution of types of food hubs throughout the United States, and a work plan for developing a food hub.

Lewis, D., Harper-Anderson, E., and Molnar, L., *Incubating Success: Incubation Best Practices That Lead to Successful New Ventures.* National Business Incubation Association. 2011. https://www.inbia.org/docs/default-source/research/download-report.pdf?sfvrsn=0

Research study examining the relationship between incubator best practices and client outcomes. While not specific to the food industry, many best practices for entrepreneurship development apply.

Making Your Market A Dynamic Community Place. Partnership for Public Space. 2016. http://www.pps.org/reference/main-street-guide-to-markets/.-

This guide serves as an introduction to some of the key principles of developing and managing a successful market including site selection, marketing and promotion, partnership building, vendor and product mixes, and programming.

Marketek. *Market Analysis for a Portland Mercado*. 2012.
https://portlandmercado.files.wordpress.com/2012/05/mercado-market-study-05-17-12.pdf

This resource provides an feasibility study and market analysis for a small Latino business-themed public market in Portland, OR.

Schmidt, Kolodinsky, DeSisto, Conte. *Increasing Farm Income and Local Food Access, A Case Study of a Collaborative Aggregation, Marketing, and Distribution Strategy That Links Farmers to Markets.* University of Vermont. 2011. http://www.agdevjournal.com/attachments/article/189/JAFSCD_Collaborative_Aggregation_August-2011.pdf

This resource provides a case study of the success that the Intervale Food Hub, located in Vermont, has shown with aggregation, processing, and distribution of local and regional goods. It provides a qualitative assessment of best practices and limitations of the food hub.

United States Department of Agriculture. *Findings of the 2015 National Food Hub Survey*. Michigan State University. 2015. http://www.ngfn.org/resources/ngfn-database/30%20-%202015%20Food%20Hub%20Survey%20Report.pdf

Overview and analysis of a USDA and Michigan State University administered survey in 2015 showing successes, failures, and the demographics of food hubs.

Van Dis, Katrina. *Central Oregon Food Hub Feasibility Study.* Central Oregon Intergovernmental Council. 2012. http://ngfn.org/resources/ngfn-database/knowledge/central-oregon-food-hub-feasibility-study2.pdf

This resource provides a summary of best practices for food hubs in the United States.

4.1 Food Hub References:

Grower's Collaborative, CA: http://caff.org/wp-content/uploads/2010/07/CAFF-Lessons-Local-Distribution-102814.pdf

Intervale Food Hub, VT: http://www.intervalefoodhub.com/

La Montañita, NM: http://lamontanita.coop/

Local Food Hub, Charlottesville, VA: http://www.localfoodhub.org/

Oklahoma Food Cooperative, OK: http://oklahomafood.coop/

Organic Valley Produce Program: http://www.organicvalley.coop

The Wedge, Minneapolis, MN: http://www.wedge.coop/

Wisconsin Food hub Cooperative: http://www.wifoodhub.com/

Endnotes

[1] *Making Your Market A Dynamic Community Place.* Partnership for Public Space. 2016. http://www.pps.org/reference/main-street-guide-to-markets/

[2] Zahretsky, A. Public Market Development website.

[3] *Making Your Market A Dynamic Community Place.* Partnership for Public Space. 2016.

[4] *Market Analysis for a Portland Mercado. 2012. Marketek.*

[5] *Ibid.*

https://portlandmercado.files.wordpress.com/2012/05/mercado-market-study-05-17-12.pdf

[6] *Public Markets as a Vehicle for Social Integration and Upward Mobility*. 2002. Partnership for Public Space and The Ford Foundation. http://www.pps.org/pdf/Ford_Report.pdf.

[7] Zahretsky, A. Public Market Development website.

[8] *ibid.*

[9] Public market feasibility study completed for the City of Boulder. https://www-static.bouldercolorado.gov/docs/EPS_Boulder_Market_Hall_Feasiblity_Draft_Final_Report-1-201604051312.pdf

[10] Fassler, J. *Stuck in the Middle.* The New Food Economy. April, 2016. http://newfoodeconomy.com/after-the-incubator/?mc_cid=c7d24dc122&mc_eid=be6976bed4

[11] International Business Innovation Association website. *Program Best Practices*. https://www.inbia.org/resources/for-program-managers/program-best-practices

[12] *U.S. Kitchen Incubators: An Industry Snapshot.* Econsult Solutions, Inc. 2013. http://www.econsultsolutions.com/wp-content/uploads/2013/08/ESI-SharedKitchenReport_2013.pdf

[13] Hall, E. *Measuring the Economic Impact of a Nonprofit Small Business Kitchen Incubator*. University of Pennsylvania. 2007. http://repository.upenn.edu/cgi/viewcontent.cgi?article=1009&context=senior_seminar

[14] Danovich, T. *What Are Food Incubators, and Do They Create Viable Businesses?* Eater website. February, 2016. http://www.eater.com/2016/2/26/11110808/food-incubator-accelerator-small-business

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[16] Cook, Matson, Sullins. USDA Service Report 73, USDA Rural Development, January 2013.

[17] United States Department of Agriculture. "Findings of the 2015 National Food Hub Survey." Michigan State University. 2015. http://www.ngfn.org/resources/ngfn-database/30%20-%202015%20Food%20Hub%20Survey%20Report.pdf

[18] Mid Willamette Food Hubs

[19] Schmidt, Kolodinksy, DeSisto, Conte. Increasing farm income and local food access, A Case Study of a Collaborative Aggregation, Marketing, and Distribution Strategy That Links Farmers to Markets. University of Vermont. 2011.

[20] United States Department of Agriculture. "Findings of the 2015 National Food Hub Survey." Michigan State University. 2015. http://www.ngfn.org/resources/ngfn-database/30%20-%202015%20Food%20Hub%20Survey%20Report.pdf

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[22] Van Dis, Katrina. Central Oregon Intergovernmental Council. Central Oregon Food Hub Feasibility Study. 2012.

[23] Illinois Department of Commerce and Economic Opportunity. Building Successful Food Hubs: A Business Planning Guide for Aggregating and Processing Local Food in Illinois. Illinois Department of Agriculture. January 2012. http://www.familyfarmed.org/wp-content/uploads/2012/01/IllinoisFoodHubGuide-final.pdf

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[25] Illinois Food Hub Guide

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[29] *Ibid.*

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Appendix B: October 2016 Community Food Study Food Access Survey Results

Methodology

In Fall 2016, the City of Salem initiated a Community Food Study to examine how to improve food access and support food businesses along Portland Road. To reach local residents, City of Salem staff and Mano a Mano, a project consultant with experience connecting with the Latino community, administered a Community Food Study Survey between October 3 and October 31, 2016. The survey solicited input from residents, employees, and shoppers in the area regarding their food buying choices and preferences, potential barriers to purchasing more fresh and healthy foods, to gauge the need and/or interest in a public market and greater variety of food options in the area.

The study focused on resident food access needs and did not specifically ask residents about the food concept alternatives (Public Market, Food Hub, or Food Business Incubator) that are the subject of the Salem Community Food Study. As such, the study does not make findings with respect to the suitability of North Salem for the alternatives. At the same time, the survey did glean some input about the concepts through conversations with survey respondents.

The City conducted the survey in English and Spanish, and in both hard copy and online “SurveyMonkey” formats. The survey was promoted and distributed in print and electronic formats through the following methods:

- Mano a Mano conducted door-to-door outreach with area residents.
- City staff distributed surveys to more than 25 area agencies that disseminated the survey to their networks, including the Kroc Center, Marion Polk Foodshare, SEDCOR, Latino Business Alliance, the North Salem Business Association, local churches, and the Northgate Neighborhood Association.
- Staff (including Mano a Mano personnel) distributed paper surveys at various locations in North Salem along Portland Road including Fruteria La Cabana, the Center 50+, and the St. Vincent de Paul Food Bank.
- Hallman Elementary School distributed surveys at their November parent meeting. The school is in heart of the Portland Road Corridor and Northgate Neighborhood. About 78% of Hallman students are “English learners.”
- The daughter of Pedro Mayoral, owner of Fruteria LaCabana, collected 40 surveys from customers at her father’s store and from families at Waldo Middle School where she attends. Some respondents completed the surveys on their own, while staff administered surveys individually or in small groups.
- The City promoted the survey on the City’s webpage and through social media.

Limitations

The Community Food Survey is not a scientific survey. The opinions collected are not from randomly selected participants. Survey response rates for the Portland Road Action Plan, especially among Latinos, prompted staff to take a different approach to increase participation. A report prepared for the

City of Salem, titled *Engaging the Latino Community in Salem,*[1] gave advice about how to better engage the with Latino community. The report stated, "While translating information into Spanish is important and required by Title VI (of the Civil Rights Act), we recommend that outreach efforts go further. Visiting Latino/a businesses, community organization offices, schools, and libraries to distribute information will provide more opportunities for face-to-face interaction between the city and members of the Latino community. These strategies will not only disseminate information more widely, but will also demonstrate a commitment on the behalf of the city to truly engaging with the Latino community."

Staff went into schools, stores, food banks and community centers to engage residents of the North Salem neighborhood. These "intercept surveys," collected responses from people frequenting these locations and was not a random sample of residents. In doing so, staff understood that the responses would be skewed to represent Latino families who live and shop in North Salem, families with children in elementary and middle school, persons who depend on food banks to supplement their food sources, and persons who participate in activities at the Center 50+ Community Center.

While not a random sample, engaging with people where they live and shop did result in a far larger response rate than past survey efforts. In total, 222 individuals completed the survey. Respondents included 105 English, 102 Spanish and 2 Russian-speaking respondents. Of these, 115 responses were from individuals living in North Salem/East of I-5 or North Salem/Portland Road. Sixty-one of the respondents in North Salem are Spanish speakers (60%).

Administering the survey face-to-face allowed staff to explain the purpose of the survey. Many surveys were completed without the benefit of staff involvement, either online or by allowing school district staff, food bank staff and others to distribute and collect paper copies of the survey. This did not allow staff to explain the context of the survey to participants beyond the introduction which stated, "Please take a moment to let us know about the food you purchase or receive in the Northgate/Portland Road area of North Salem. Your responses will help the City of Salem to support projects that could bring more sources of healthy and wholesome food to the area."

Survey Content: Focus on Access to Fresh and Health Foods

The survey focused on neighborhood access to fresh and healthy foods and the desire for more restaurants and food options in the area, to gauge the need and/or interest in a neighborhood public market, food trucks, and access to a greater variety of food options. For the purpose of this study, fresh and healthy foods include fresh fruit, vegetables, and other healthful whole foods. The US Department of Agriculture (USDA) calls neighborhoods with little access to food stores "low access communities" or "food deserts." The USDA Office of Economic Research states, "There are many ways to measure food store access for individuals and for neighborhoods, and many ways to define which areas are food deserts—neighborhoods that lack healthy food sources. Most measures and definitions take into account at least some of the following indicators of access:

[1] "Engaging the Latino Community in Salem;" 2011, pg. 29. http://www.cityofsalem.net/Residents/Sustainable-Salem/SCI/Documents/SCY-Salem-Civic-Engagement-Planning-report-2011.pdf

- Accessibility to sources of healthy food, as measured by distance to a store or by the number of stores in an area.
- Individual-level resources that may affect accessibility, such as family income or vehicle availability.
- Neighborhood-level indicators of resources, such as the average income of the neighborhood and the availability of public transportation[2]."

To qualify as a "low-access community," at least 500 people and/or at least 33 percent of the census tract's population must reside more than one mile from a supermarket or large grocery store (for rural census tracts, the distance is more than 10 miles)[3].

The recently adopted Portland Road Corridor Action Plan shows that the Corridor area has a population of about 10,000 residents in Census Tracts 4 and 5.02. Within the area, 42% of residents are Hispanic. About 49% have annual household incomes of less than $25,000 (75% earn less than $50,000). About 18% of households have no access to a vehicle[4]. In large portions of the Portland Road Corridor, the nearest full service grocery store is 1.4 miles away (Roth's Fresh Foods).

Key Questions and Survey Results

Survey Response

In total, 222 individuals completed the survey. There were various questions that respondents skipped, resulting in different respondent totals for each question.

Shown below are the results and analysis of six questions from the survey that examine access barriers to fresh and healthy foods. The results show the response of all survey participants as well as the breakdown in responses between those who speak English and Spanish, and those living in the North Salem/Portland Road Corridor area versus other areas of Salem.

Survey questions:

- What are the most common reasons respondents don't eat more healthy foods?

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[2] USDA Economic Research Service; Food Access Research Atlas: Definitions. https://www.ers.usda.gov/data-products/food-access-research-atlas/documentation/

[3] "USDA Defines Food Deserts;" Nutrition Digest Volume 38, No. 2, American Nutrition Association; http://americannutritionassociation.org/newsletter/usda-defines-food-deserts

[4] "Portland Road Corridor Action Plan;" ECONorthwest for the City of Salem, June 2016, pgs. B-5 and B-6 http://www.cityofsalem.net/Departments/UrbanDevelopment/DepartmentProjects/Documents/Portland-Road-Action-Plan.pdf

- Is time of travel (a measure of distance) or mode of transportation a barrier to food access?
- Where do respondents prefer to shop and why?
- What motivates respondents to choose one store over another?
- What secondary food sources do respondents choose?
- Are additional food options needed in the Northgate/Portland Road area?

These key questions are addressed in a series of tables followed by a brief summary.

What are the most common reasons respondents don't eat more healthy foods?

Table 1. Barriers to healthy food access.

6. What keeps you and your family from eating more fresh fruits and vegetables? (Check all that apply)

Answer Options	English Count	%	Spanish Count	%	Total Count	%
They are too expensive	32	27.6%	34	38.2%	66	**32%**
Stores are hard to get to	4	3.4%	13	14.6%	17	**8%**
Poor quality fruit and vegetables where I shop	4	3.4%	6	6.7%	10	**5%**
They don't sell fresh fruit and vegetables where I shop	1	0.9%	4	4.5%	5	**2%**
Not enough time to prepare them	6	5.2%	8	9.0%	14	**7%**
Don't have kitchen equipment	2	1.7%	2	2.2%	4	**2%**
Unsure how to prepare them	3	2.6%	8	9.0%	11	**5%**
Don't like them	3	2.6%	4	4.5%	7	**3%**
Not enough to feed everyone…	4	3.4%	7	7.9%	11	**5%**
Nothing is keeping me…	73	62.9%	33	37.1%	106	**52%**
Other (please specify)	6	5.2%	4	4.5%	10	**5%**
answered question	**116**		**89**		**205**	
skipped question	**5**		**6**		**11**	

Table 1 shows that more than half of all respondents (58%) indicate "Nothing" is keeping them from eating more healthy foods, or "they do not like them." About 32% of respondents indicate that fresh fruits and vegetables are "too expensive." The lower incomes found in North Salem may contribute to this response. Table 1 also shows that 15% of respondents buy fewer fruits and vegetables due to difficulty is getting to stores, or the store(s) they shop do not have fresh fruits and vegetables, or the quality is poor. Together, these responses may be indicators of transportation barriers and or income constraints.

Table 2 shows barriers to eating more healthy foods for residents in North Salem. The cost of fresh fruits and vegetables is no more a barrier in North Salem than other areas of Salem. About 13% of North Salem respondents cite, "stores are hard to get to," as a barrier to eating healthy foods compared to 8% for respondents as a whole and 4% for English speakers.

Table 2. Barriers to Eating More Healthy Food for North Salem		
Barriers to eating more healthy food	**Count**	**North Salem Respondents (108)**
Nothing is keeping me from eating…	48	**44%**
They are too expensive…	37	**33%**
Stores are too hard to get to.	14	**13%**

Is time of travel (a measure of distance) or mode of transportation a barrier to food access?

Table 3 shows that about 57% of all respondents said it took 10 minutes or less to get to the place where they get most of the food they prepare at home (Table 3). Of those traveling 10 minutes or less, 85% drove their own vehicle to get there. About 25% said they walked.

Table 3. Travel Times						
4. How long does it take to get to where you get most of the food you prepare at home? (Check only one)						
Answer Options	English Count	%	Spanish Count	%	Total Count	%
0-5 minutes	25	21.6%	17	17.9%	42	**20%**
5-10 minutes	42	36.2%	36	37.9%	78	**37%**
10-20 minutes	38	32.8%	28	29.5%	66	**31%**
20 minutes or more	11	9.5%	16	16.8%	27	**13%**
answered question	**116**		**95**		**211**	
skipped question	**5**		**0**		**5**	

Question #5 of the survey asked about travel modes to the grocery store and allowed respondents to list more than one travel mode without ranking those used most often. Table 4 shows that 85% of respondents use their car get groceries. In total, 45% use non-vehicular mode of transportation to get to the store. About 18% of respondents walk. As mentioned previously, Census data from the Portland Road Corridor Action Plan indicates 18% of residents in the North Salem/Portland Road area do not have access to a car.

While the percentage of English and Spanish speakers who use their vehicle to shop is about the same (83 to 84 percent), Spanish speakers are twice as likely to walk to get their groceries.

Table 4. Travel Modes						
5. How do you travel to the place where you get most of your food? (Check all that apply)						
Answer Options	**English Count**	**%**	**Spanish Count**	**%**	**Total Count**	**%**
My vehicle	100	84%	79	83.2%	179	**84%**
I take taxi or pay someone to drive me	3	3%	8	8.4%	11	**5%**
I ride for free with someone	11	9%	9	9.5%	20	**9%**
I walk	14	12%	24	25.3%	38	**18%**
I ride a bike	6	5%	4	4.2%	10	**5%**
I take the bus or public transportation	10	8%	7	7.4%	17	**8%**
Other (please specify)	0		0		0	**0%**
answered question	**119**		**95**		**214**	
skipped question	**2**		**0**		**2**	

Tables 5 and 6 show North Salem respondents have similar travel times and modes as other respondents.

Table 5. Travel Times for North Salem		
Travel Time	**Count**	**North Salem Respondents (125)**
0-5 minutes	18	**14%**
5-10 minutes	45	**36%**
10-20 minutes	38	**30%**
20 minutes or more	14	**11%**

Table 6. Travel Modes for North Salem		
Travel Modes	**Count**	**North Salem Respondents (115)**
My vehicle	95	**83%**
Pay someone to drive me...	8	**7%**
Ride with someone free…	8	**7%**
Walking	25	**22%**
Cycling	6	**5%**
Transit	8	**7%**

Where do respondents prefer to shop and why?

Table 7 shows 30% of all respondents said they shop primarily at WinCo, a large full service grocery store. Walmart (16%) and Fred Meyer (14%) stores followed. WinCo, Walmart, Grocery Outlet and Mega Foods stores are reputed to be discount stores. More than half (55%) of survey participants shop at one of these discount stores for most of their groceries.

Participant preference for Fruteria La Cabana (13%), a small Latino produce and grocery store on Portland Road, was nearly equal to larger stores like Fred Meyer and Walmart. LaCabana was the store of choice for 27% of Spanish speaking respondents, while just 3% of English speakers chose the store.

Staff administered 15 intercept surveys at Fruteria LaCabana. Staff left additional surveys at the store for customers to self-administer. As mentioned earlier, the daughter of the owner of Fruteria LaCabana, collected 40 surveys from customers at her father's store and from families at Waldo Middle School where she attends. Waldo Middle School is located in North Salem. About 64% of students at the school are English learners[5].

Thirty-two respondents listed other stores or groups of stores. The survey directed respondents to select one response. "Other" responses include participants who marked more than one store on paper surveys. Staff uploaded paper surveys to SurveyMonkey. Those with multiple answers to Question #1 were marked as "Invalid Response." It is reasonable to assume that recipients who listed more than one store, do not have a strong preference for a single store and shop more than one location on a regular basis. Costco, Life Source and Trader Joe's were individually listed as "Other" choices.

Table 7. Shopping Preferences

1. Where do you get most of the food that you make at home? (Check only one)

Answer Options	English Count	%	Spanish Count	%	Total Count	%
Fruteria La Cabana	4	3.3%	21	26.6%	25	**13%**
El Rodeo Meat Market	0	0.0%	0	0.0%	0	**0%**
Gas Station Mini-Mart	0	0.0%	0	0.0%	0	**0%**
Grocery Outlet	6	5.0%	0	0.0%	6	**3%**
Walgreens	0	0.0%	0	0.0%	0	**0%**
Safeway	16	13.2%	3	3.8%	19	**10%**
Roth's Fresh Markets	3	2.5%	0	0.0%	3	**2%**
Walmart	15	12.4%	16	20.3%	31	**16%**
WinCo	35	28.9%	24	30.4%	59	**30%**
Fred Meyer	23	19.0%	4	5.1%	27	**14%**
Mega Foods	3	2.5%	9	11.4%	12	**6%**
Food Bank	3	2.5%	2	2.5%	5	**2%**
Other (please specify)	13	10.7%	19	24.05%	32	**16%**
answered question	**121**		**79**		**200**	
skipped question	**0**		**16**		**16**	

[5] Waldo Middle School Report Card 2014-2015, School Profile; http://www.waldomustangs.org/

Table 8 shows that shopping preferences among North Salem/Portland Road respondents were similar to the participants as a whole. About 57% shop discount grocery stores.

Table 8. Shopping Preferences in North Salem

Answer Options	Count	North Salem Respondents (106)
Fruteria LaCabana	16	**15%**
Walmart	21	**20%**
WinCo	31	**29%**
Fred Meyer	12	**11%**
Mega Foods	9	**8%**
Other	17	**16%**

What motivates respondents to choose one store over another?

Table 9. Reasons for shopping at their primary stores

2. Why do you get most of your food there? (Check all that apply)

Answer Options	English Count	%	Spanish Count	%	Total Count	%
Low prices	61	51%	63	72%	124	**60%**
Good selection and quality	61	51%	50	57%	111	**53%**
It's close to home	57	48%	33	38%	90	**43%**
It's on my way to/from...	12	10%	12	14%	24	**12%**
They have a pharmacy	12	10%	12	14%	24	**12%**
Near Transit (choice missing from English Version)	0	0%	11	13%	11	**5%**
They treat me well there	25	21%	23	26%	48	**23%**
They accept the Oregon Trail Card, SNAP, or WIC vouchers	18	15%	13	15%	31	**15%**
Other (please specify)	14	12%	4	5%	18	**9%**
answered question	**120**		**88**		**208**	
skipped question	**1**		**7**		**8**	

Question #2 on the survey allows more than on response. “Low prices,” “Good selection and quality,” and “It’s close to home,” were the most common reasons given for where people grocery shop. (Table 9). Low prices are more significantly important to Spanish speakers than English speakers and respondents in general. The shopping priorities among North Salem respondents are very similar. The English version of the survey inadvertently left out the option “Near Transit” that was part of the Spanish survey.

Table 10. Reasons North Salem respondents shop at their primary stores		
Why do you get most of your food there?	**Respondents (112)**	**%**
Low prices	68	**61%**
Good selection and quality	55	**49%**
It's close to home	46	**41%**
It's on my way to/from...	15	**13%**
They have a pharmacy	10	**9%**
Near Transit (choice missing from English Version)	7	**6%**
They treat me well there	21	**19%**
They accept the Oregon Trail Card, SNAP, or WIC vouchers	19	**17%**

What secondary food sources do respondents choose?

The survey asked respondents where they shop, apart from supermarkets or grocery stores. The variety of responses hints at different needs and priorities of respondents (Table 11). Question #3 allows more than one response.

Convenience

Small markets, corner stores, mini-marts, and pharmacies/variety stores are commonly thought of as convenience stores. About 61% of respondents selected one or more of these types of stores as secondary sources of food they cook at home. For respondents that indicated they obtained food from these types of convenience stores, 45% indicated that shopping close to home was a priority in choosing where they shop for most of their food. The survey shows Spanish speakers shop convenience stores as a secondary food source more than twice as often (84%) as English speakers (37%).

About 66% of North Salem respondents rely on convenience stores for secondary food access. This is similar to respondents as a whole.

Financial Need

Food obtained at Food Banks and Churches or community organizations may be an indicator of financial need. Twenty-seven percent of all respondents listed these as secondary food sources. Spanish speakers were less likely (22%) to name Food banks and churches as secondary sources as English speakers (30%). About 20% of North Salem respondents rely on Food Banks and Churches for secondary food sources.

Fresh and Local Foods

“Farmer’s Market,” “Co-op or Local Farm” and “From my garden or a community garden” were three of the secondary sources identified by respondents. It is reasonable to assume that these sources reflect a desire to obtain fresh and local foods. Combined, 52% of all respondents listed these as secondary sources. Among those who selected one of these secondary sources, only about 8% selected “Food Bank” as one of their secondary sources.

Spanish speakers (30.3%) chose fresh and local food sources as a secondary shopping choice. English speakers (66.9%) were more than twice as likely to choose fresh and local secondary sources.

North Salem respondents were less likely to access fresh and local foods (32%) than respondents citywide (52%).

Table 11. Secondary food sources

3. Besides supermarkets or grocery stores, where else do you get food? (Check all that apply)

Answer Options	Spanish Count		North Salem Count	%	Total Count	%
Small market or corner store	32	42.1%	34	**33%**	60	**32%**
Gas station mini-mart	16	21.1%	16	**16%**	25	**14%**
Pharmacy or variety store like Walgreens	16	21.1%	17	**17%**	28	**15%**
Farmer's market	17	22.4%	19	**18%**	51	**28%**
Ethnic food market (Asian, Latino, etc.)	10	13.2%	15	**15%**	25	**14%**
Co-op or local farm	1	1.3%	4	**4%**	15	**8%**
Meals on Wheels	1	1.3%	1	**1%**	1	**1%**
Food bank	8	10.5%	21	**20%**	37	**20%**
Church or community organization	9	11.8%	10	**10%**	13	**7%**
From my garden or a community garden	5	6.6%	10	**10%**	30	**16%**
Neighbor or family member not living with me	1	1.3%	3	**3%**	7	**4%**
Other (please specify)	15	19.7%	9	**9%**	33	**18%**
answered question	**76**		**103**		**185**	
skipped question	**19**				**31**	

Are additional food options needed in the Northgate/ Portland Road area?

The survey asked respondents whether other food options that might be needed in the Northgate/ Portland Road area. If their answer was yes, respondents were asked to identify additional food options they would like (Table 12). The question focused on the needs of a particular area, Northgate and the Portland Road area. Some 203 respondents who answered Question #7. Respondents from outside of the area may not be familiar with neighborhood needs. When the surveys were administered, some respondents answered from the perspective of a consumer visiting the area.

Table 12 shows 65% of all respondents and 55% of North Salem respondents think additional food options are needed. Those who want to see more options opted for more sit-down and ethnic restaurants. Two Spanish-speaking residents commented, “more restaurants with healthy foods and affordable prices” are needed.

Table 12. Other Food Options Needed?				
7. Are more restaurants or other food options needed in the Northgate/Portland Road area? (Check only one)				
Answer Options	**North Salem Count**	**%**	**Total Count**	**%**
No	49	**45%**	72	**35%**
Yes, more fast food restaurants	12	**11%**	15	**7%**
Yes, more sit down restaurants	19	**17%**	42	**21%**
Yes, more food carts or walk-up dining	9	**8%**	22	**11%**
Yes, more ethnic food restaurants	25	**23%**	41	**20%**
Other (please specify)	7	**6%**	30	**15%**
answered question	**109**		**203**	
skipped question	**13**			

Key Themes

- More than half of all respondents (52%) indicate "Nothing" is keeping them from eating more healthy foods. About 32% say that fruits and vegetables are "too expensive,"
- **Portland Road area respondents have a greater likelihood of citing difficulty of getting to the store as a key barrier to food access. Of all survey respondents,** 8% indicate "Stores are too hard to get to." In North Salem, 13% of respondents said stores were hard to get to. This coincides with the 18% of residents in the area who do not have access to a vehicle. The nearest supermarket is 1.4 miles away (Roth's Fresh Foods) from the intersection of Portland Road and Bill Frey Drive, in the heart of the North Salem/Portland Road area. The nearest discount grocery store is more than 3 miles away (Walmart).
- **Many survey respondents use a mode of transportation other than a car to buy groceries**. The survey shows that 85% of respondents use their car get their groceries. However, 45% of respondents use an alternative form of transportation, at least part of the time. About 18% walk.
- **The majority of respondents shop at discount stores.** About 55% of respondents said they shop primarily at WinCo, Walmart, Grocery Outlet or Mega Foods which are considered "discount" stores. Just over a quarter of respondents (26%) shop at Safeway, Roth's Fresh Foods or Fred Meyer which can be more expensive but promote organic and locally grown foods.
- **About 61% of respondents selected convenience stores as secondary food sources**, with 45% of those indicating that shopping close to home was a priority in choosing where they shop for most of their food.
- **Many respondents indicated that they obtained food at food banks and churches or community organizations, which may be an indicator of financial need.** Twenty-seven percent of respondents listed these as secondary food sources.
- **There is a desire to obtain fresh and local foods.** "Farmer's Market," "Co-op or Local Farm" and "From my garden or a community garden" were three of the secondary sources identified by

respondents. It is reasonable to assume that these sources reflect a desire to obtain fresh and local foods. Combined, 52% of all respondents listed these as secondary sources.

- **A majority of respondents (65%) want additional food options in the North Salem Portland Road area.** Participants expressed a desire for more sit-down and ethnic restaurants. Two Spanish-speaking residents commented, "more restaurants with healthy foods and affordable prices" are needed.

- **English and Spanish speakers expressed significant differences in their choice of secondary food sources and in their willingness to walk to shop.** English speakers were twice as likely to pick fresh and local food sources as their secondary shopping choice. Spanish speakers were twice as likely to choose convenience stores for their secondary shopping preference, and were twice as likely to walk, in addition to using their car for shopping.

- **There is community desire for a social gathering space that would include food options, especially among Spanish speakers.** In the course of administering the survey to Spanish speakers, participants frequently indicated their desire for a Public Market in the area that would be both a source food and goods, but would be a social gathering place for their community. For many Latinos, a public market space offering a mix of food, goods and services would be similar to the Mercados they are culturally familiar with.

Implications

The Portland Road Corridor is a mix of commercial and industrial zoning that reduces the number of "roof tops" in the Portland Road Corridor which are often counted by larger retail grocers when locating a new store. A neighborhood scale grocery would need to compete with large discount stores (Walmart, Mega Foods, and Grocery Outlet) located about 3 miles away.

The Salem Community Food Survey confirms that low prices, quality and selection are important to most shoppers. The survey also reveals income and transportation challenges impact food choices for many North Salem residents. Food related businesses marketing to the North Salem community should be centrally located and offer competitive pricing to be viable in the area.

Food access solutions typically address barriers to buying fresh foods and produce, but can include access to affordable ready-made foods from restaurants and walk-up carts. Most respondents indicated there is a need for additional restaurants or other food alternatives in the North Salem/Portland Road area. Most prefer additional sit down and ethnic restaurants.

Appendix C: Stakeholder Feedback for Public Market, Commercial Rental Kitchen, and Food Business Incubator

Methods

The purpose of this portion of the outreach was to gauge community interest in a public market and learn more about how to structure it.

Aaron Reber Consulting (ARC) reached out to over thirty entities including small business support networks, small food business owners such as food trucks and farmers' market stalls, storefront bakeries, and restaurants over the course of five weeks in September and October.

A major limitation in reaching out to small businesses is the ability to pin them down in order to have the conversation. ARC returned numerous times to a number of restaurants to no avail. Small business owners tend to spend so much of their time operating their businesses; they don't have the bandwidth to participate in conversations.

Second, a strong language barrier existed when reaching out to the predominantly Latino community of small business owners on Portland Road. For this reason, an interpreter was brought in to assist in many of these conversations. That being said, one never can be sure that something isn't lost in translation.

On that note, Latino community members hail from many different countries where governments can be rife with corruption. This causes a general distrust of government and anyone representing them. One small business owner called out that fact that ARC was representing the City as a possible reason for lack of participation and engagement. ARC didn't feel that people were actively avoiding conversations though, just that they weren't interested.

Last, the size of the budget was fairly limiting. Given the amount of time it takes to track down small business owners and convince them to participate, ARC could have easily spent twice the amount of time reaching out to community partners and small business owners and learned much more.

These limitations necessarily point towards a skewed data set in that ARC only spoke with people who had the time, bandwidth, and desire to speak to a representative of the City of Salem about a study for a potential project. It's not that the findings aren't telling, but they may not be entirely representative. Moving forward, ARC recommends utilizing the Latino Business Alliance, Salem Capitol Connections, and Mano a Mano to further reach out to the Latino business community.

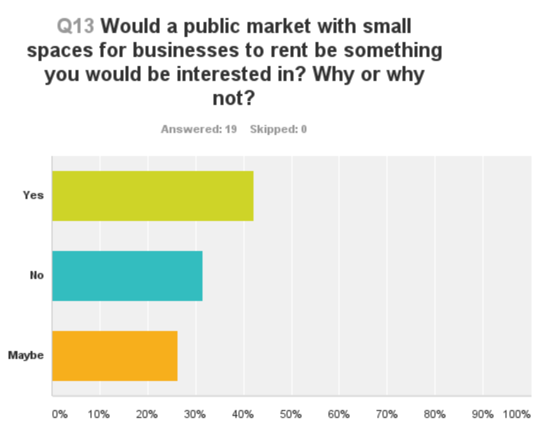
Organizations Reached Out To		Non Responsive
Rafn's	La Bonita Mexican Bakery	Vagabond Brewing
Romana's	Island Girl's Lunchbox	Don Pedro Time
Los Lagos	Renegade Kitchens	Salem Capitol Connections
Paradiso (Grand Theater)	Saturday Market	Latino Business Alliance
La Fruteria La Cabana	Salem Public Market	Fruit Box and Snack Bar
Casa Mexico	Chemeketa Small Business	El Grullense
Melting Pot Candy	Development Center	El Tacazo
Herr Kitchen	Mano a Mano	Fruit Box
Lorenzo's Kitchen	MERIT	
Mrs. Clugston's Bakery	Oregon Food Truck Association	
Hada's Boutique	Marion County Environmental	
Perfumeria Orquidia	Health	
Joyeria De Cristal	Marion-Polk Food Share	
Taqueria El Padrino		

Public Market

Key Themes

The public market question was by far the most engaging. Most interviewees had some type of response and wanted their voices heard.

The first question asked of all small businesses, was "Would a public market with small spaces for businesses to rent be something you would be interested in? Why or why not?" About 68% of businesses replied that they would or might be interested in participating.



Positive comments:

"If a busy public market was created, it might be a good place for us to sell our sauces."

"I dream of creating a market like Pike Place in Seattle. A place that actually draws consumers to Salem from all over."

"Something like Pine Street Market would be amazing. I would sell my food truck in a heartbeat and move in. It's modern and you can pull in other vendors and it's like a food court for small food businesses."

However, there were other voices that were not keen on the idea:

"I already have a stand at Salem Public Market. Folks aren't aware of the place. There are 6 empty booths here. We don't have the foot traffic that the Salem Saturday Market has. If you do this, you will break the other public markets in Salem and put them (us) out of business."

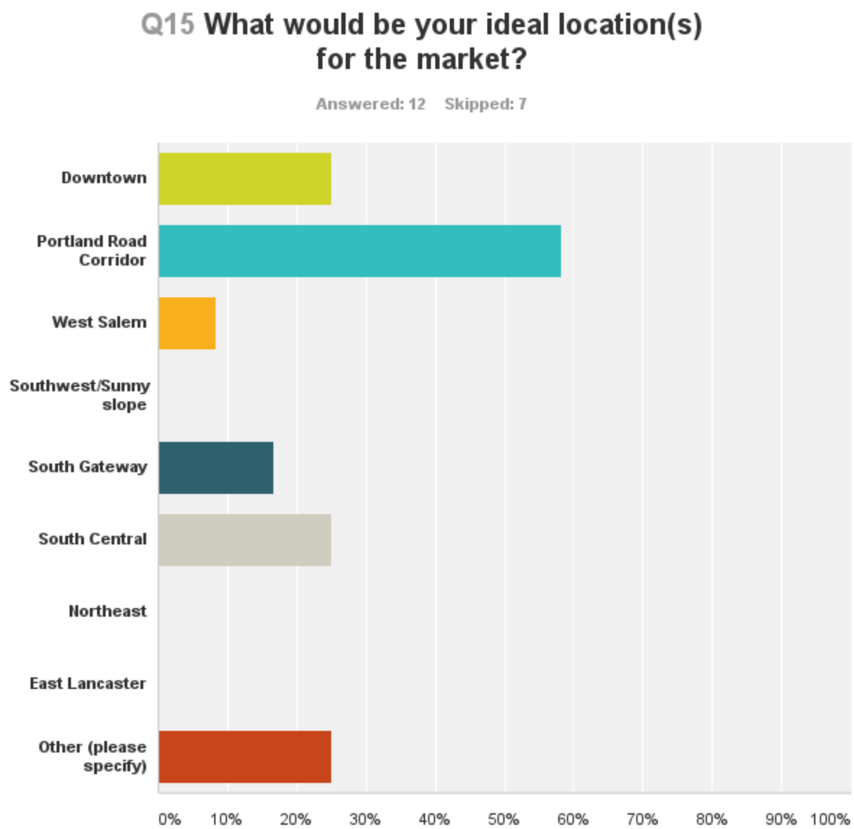
"We are just getting started and are satisfied with our current location."

"We are in our first year and not ready to branch out."

"We are happy at Saturday Market."

With regards to location, this data is potentially skewed. Given that many of the interviewees already own businesses in the Portland Road Corridor, there was definitely a propensity towards building a public market there. One respondent on Portland Rd replied that "People know about Portland Rd Corridor already so it wouldn't be a big shift for them." Yet another respondent who runs a food stand at Saturday Market stated, "A lot of my current customers are based downtown so Portland Rd may be out of the way for them."

That being said, the response was positive for this area given that it is highly Latino and many of these businesses focus on the Latino community. As seen below, the question, "What would be your ideal location(s) for the market?" yielded a response of about 58% of people saying Portland Road would be a good place.



In trying to learn what business owners think would be the best way to attract customers to a public market, we asked the question, "What do you think would attract consumers to the market? [Key information we're looking for: are there specific amenities that would attract customers?" The key words mentioned throughout these responses were:

Parking

Visibility

Accessibility

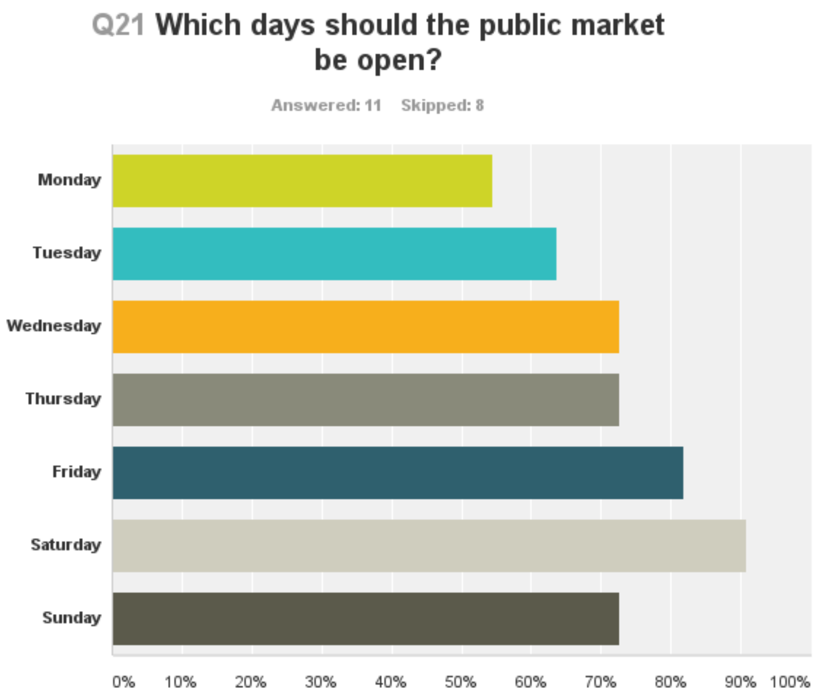
Events

Gathering Place

Regular business hours

Advertising

Saturday was the most popular day that business owners indicated as an appropriate day to be open. That being said, the voting was close, as seen below.



Other opinions:

"I would hope that such a mercado would merge with other ethnic communities also and be more of an international mercado."

"There should be an "hours open" requirement to make sure the mercado always seems open for business. If you have 20 booths, but only 3 are open, it doesn't help consumers."

"[We're] losing vendors at Public Market because we don't get any help from city with publicity. Why would you build another one when you already have the oldest one in Oregon since 1942?"

"A public market may help us gain new customers that didn't know we exist."

Implications

An overwhelming majority of small business owners interviewed stated that they would or might like to participate in a public market. Additionally, a majority of those interviewees stated the Portland Road Corridor as a prime location for a public market.

The question of where to invest in a public market is one that could not be answered within the allocated budget. However, if partnering with the Latino community is desired, the Portland Road Corridor already has a thriving Mercado scene which could be augmented by something well-designed for access and visibility. This area would make the most sense for an international-type market.

Yet, the question of the other public markets should be kept close in mind. Any investment in a public market outside of the existing Wednesday, Saturday, and Salem Public Markets will most certainly be met with some resistance from market partners. It would make sense to draw in leadership from the existing marketplaces in Salem when designing/planning such a market in the Portland Road Corridor.

Commercial Rental Kitchen

Key Themes

Renegade Kitchens opened in 2014 as a commercial rental kitchen but soon realized the demand for its own catering far exceeded its own capacity unless they closed the rental kitchen and moved to a solely catering model. Upon opening for business, they would receive 1-3 calls per week regarding rental kitchen space. It's tapered off since then, but they believe the market is there for a model like this to succeed.

Marion-Polk Food Share also believes there is a market for a commercial rental kitchen. Abisha Dunivin said "We do not market our commercial kitchen as available for rent, but we still receive a lot of requests for the space." She indicated that these requests are often from existing partners that want to teach a class or prepare a meal, but the demand is still there.

However, what we see again is the outreach data disagreeing with the anecdotal evidence we gleaned from businesses already operating in this manner. Perhaps the reason for this difference is that our outreach targeted businesses that are already in operation. Reaching out through Chemeketa and MERIT for younger businesses did not yield any participation so we don't have the voices of entrepreneurs that are just beginning the exercise of starting a business.

Indeed, of the 15 food-related businesses surveyed (food trucks, restaurants, bakeries, farmer's market stands, and grocery markets) who answered, only two respondents answered yes to the question, "Would a rental commercial kitchen be something you would be interested in?" As seen below, this amounts to 80% of respondents stating that they would not be interested at this time.

Those who responded that they would or might like to rent a commercial kitchen expressed the need for permanent storage, dry storage, walk-in cooler, cold storage, oven and stove-top range as the highest on their list of priorities. Yet, this data set only included 3 respondents who said they would potentially be interested.

Question 30 asked "Would you use the commercial kitchen more or less if it were co-located with a public market?" Of the stakeholders responding, none said they would use a commercial kitchen less if it were co-located with a public market.

Implications

City of Salem will need to reach out to budding food entrepreneurs through whichever method it deems appropriate if it wants to continue with looking further into this project. Conversations with potential partners seem to yield one answer to the demand question, and primary research yields a completely different viewpoint.

Given the aforementioned limitations of the study, it is difficult to tell with any degree of certainty if the commercial rental kitchen would be fully utilized. The one thing we can say is that co-locating it with a public market wouldn't necessarily hurt its overall utilization.

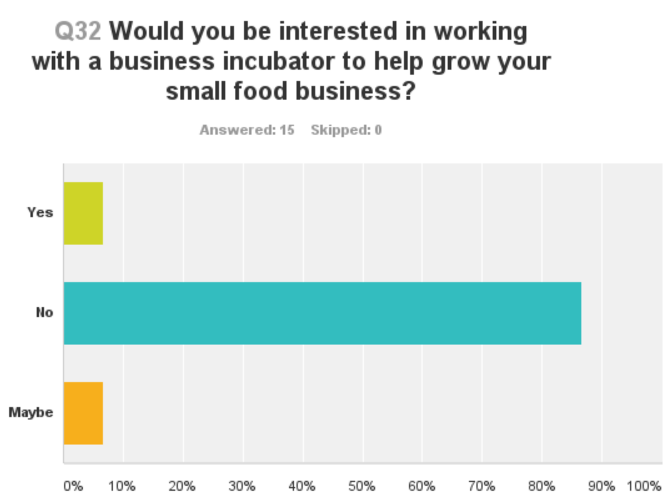
Food Business Incubator

Key Themes

When speaking with a potential partner, Marion-Polk Food Share, there could be potential demand for a food business incubator. Abisha Dunivin says, "In the last year, we've had 2 small food businesses with a lease drawn up, draft documents, waiting for funding, waiting for something to happen, and then they haven't come through. It seems small food entrepreneurs don't always understand what they need help with."

"What they really need is business support like drafting HAACP plans, food safety plans, nutritional facts, document control, quality assurance, FDA, ODA, business licenses, inventory tracking, and supplier verification processes - to name a few. We like the idea of having one or two partners on-site that we don't have to dedicate too much time to. Do we need to help them with all of these processes? We don't know how much of that work we should be doing. If we did do that, what do we charge? Is this mission-based or not? If we were to actually advertise, we'd get a LOT more folks signing up. BUT, we don't have the bandwidth for helping these folks build their businesses."

However, in conversations with potential customers from food trucks to other small food businesses, there appears to be little demand. Of the 15 food-related businesses surveyed (food trucks, restaurants, bakeries, farmer's market stands, and grocery markets) who answered, only two respondents answered yes to the question, "Would you be interested in working with a business incubator to help grow your small food business?" As seen below, this amounts to 84.2% of respondents stating that they would not participate at this time.



This issue may be that small food businesses actually don't know what they don't know when it comes to their own businesses. That being said, here are some direct quotes from small business owners:

“We are just getting started and not sure what we would need.”

“We have a number of businesses. We don't have the time to use something like this. We are pretty savvy business owners and are happy with our trajectory.”

“We're happy with where we are business-wise.”

“We are happy with the trajectory of our business.”

“I'm satisfied with where my business stands right now.”

“I don't know what direction I want to go yet.”

“We've worked with Chemeketa in the past and have had great success. We've moved forward quite nicely!”

Implications

There are a number of small business resources in Salem that are designed to help entrepreneurs with their businesses and business ideas, but none focusing specifically on the needs of food businesses. The Oregon Food Innovation Center in Portland is specifically designed to help entrepreneurs bring food products to market, but this does not exist in Salem. Food entrepreneurs who want help are forced to drive to Portland, work with what they have, or go ahead with their ideas with no assistance.

Given MPFS’s feedback of food entrepreneurs potentially not understanding the level of documentation and regulation that packaged foods need, there may be space for collaboration. Collaboration between some small business resources (such as Chemeketa Small Business Center or Salem Capitol Connections), MPFS, and Oregon Food Innovation Institute may yield a positive result for Salem-based entrepreneurs wishing to bring their food products to market.

A potential partner may opt to place some type of business assistance within the potential commercial rental kitchen in order to help those who are already renting kitchen space, but it does not look like a food-business incubator would be a standalone draw. Either way, this type of project would take extensive stakeholder education regarding what a food business incubator does and why small business owners should be involved.

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Appendix D: Public Outreach Strategy

OBJECTIVE

To explain the purpose of the Northgate Food and Market Study and to solicit participation in various outreach events and survey tools aimed at understanding resident and business opinions and priorities regarding the need for: 1) Supermarket/ Public Market; 2) a Food Incubator that would support start-up food businesses; or 3) a Food Hub that would collect locally grown food and produce for wholesale distribution to grocers, restaurants, food manufacturers and institutions.

NOTES

- Print and electronic versions of Action Plan materials will be available in Spanish and English. Every effort will be made to have translation services available when presentations are made to community groups.
- Information regarding the project, including dates/times of public forums will be distributed through the City's social media, including Twitter and Facebook, and using press releases issued to all other area media outlets (Spanish and English)
- A project website will be established and include key projects, feedback opportunities, and contact information
- Project surveys will be available in electronic and print format and in Spanish and English; staff will use many of the methods identified above to distribute project surveys.

Draft Communication Schedule

Audience	Purpose	Method	Schedule
Urban Renewal Agency	Communicate project objectives and methodology; project updates as needed; obtain feedback and adopt final recommendations and report.	Agency staff reports, adoption of final recommendations and report	Informational reports – September, January 2016 Phase I rec's: March 2016
NGRAB and Northgate N'hood Association	Communicate project objectives and methodology; project updates as needed; obtain feedback on final recommendations and report. NGRAB will provide formal recommendation to the Agency Board.	Presentation and discussion at monthly NGRAB meetings as needed. Presentation and discussion at Northgate Neighborhood Association (N.A.) meetings as needed.	Monthly meetings—September and December 2016
Northgate Residents	Explain the purpose of the Northgate Food and Market Study and solicit participation in various outreach events and survey tools. Assess food access needs and barriers. Assess market interest/need for local fresh food market.	Door to door surveys administered by Mano a Mano staff. Distribution of electronic/print information and online surveys to N.A. members and to the general public Information posted at area businesses (Kroc Center, Center 50+, etc) Updates included in electronic newsletters and shared with N.A. chairs for distribution via social media Distribution of information to area schools 1 postcard mailing with the project website link and dates of public meetings in English and Spanish.	Phase I – September 2016 - March 2017 Phase II (if needed) – September 2017- March 2018 Public Forum #1 and #2–October 2016 Residential Survey- September-October 2016 Postcard mailing to over 1500 residents and businesses – September-October 2016
Latino Residents and Businesses	Explain the purpose of the Northgate Food and Market Study and solicit participation in various outreach events and survey tools. Assess food access needs and barriers. Assess market interest/need for local fresh food market.	Information distributed to the Salem Latino Business Alliance, Mano a Mano, Salem–Keizer Center for Equality and other Latino networks. Door to door surveys administered by Mano a Mano staff. Information distributed to Latino churches in the area. Distribution of information via Spanish media, including radio and newspaper (translation of project "service announcement") One on one discussion and or focus groups with area businesses Coordination with Salem-Keizer Schools to distribution information to students/families of neighborhood schools (feasibility TBD) Public meetings hosted at area organizations and/or businesses 1 postcard mailing with the project website link and dates of public meetings in English and Spanish.	See above Public forum materials and outreach will be available in Spanish and English Translation will be available at the public forums KWIP radio Possible Spanish TV (KUMPTV) Postcard mailing to over 1500 residents and businesses – September-October 2016 Public Forum #1 and #2–October 2016

Audience	Purpose	Method	Schedule
Area Businesses and Property Owners	Explain the purpose of the Northgate Food and Market Study and solicit participation in various outreach events and survey tools.	Distribution of information via the Salem Chamber, SEDCOR, North Salem Business Association, and other networks Distribution of project information via door to door outreach 1 postcard mailing	Public forums (see above) Postcard mailing to over 1500 residents and businesses – September-October 2016
Producers--Farmers and Ranchers	Explain the purpose of the Northgate Food and Market Study and solicit participation with interview, survey and/or focus group outreach. Assess production (type and volume) and existing marketing and distribution channels. Assess need for aggregation, distribution, and marketing support in Mid-Valley. Identify how Food Hub could best serve Mid-Valley and potential barriers to participation. Assess interest in participation.	Individual interviews (in-person and phone) with small to mid-size farmers and ranchers located in Marion and Polk counties One focus group with small group of interested farmers to further explore Food Hub concept and models 1 postcard mailing with the project website and on-line survey link	September-November 2016 November 2016 Postcard mailing to farmers and ranchers to share project and invite participation in on-line survey – October 2016
Buyers--Distributors, Food Manufacturers, Institutions (universities, hospitals, schools), Grocery/ Retail, and Restaurants	Explain the purpose of the Northgate Food and Market Study and solicit participation with interview, survey and/or focus group outreach. Identify current sources and distribution channels for local produce, meat, and dairy. Identify strengths and challenges in local sourcing, including infrastructure needs. Identify how Food Hub could best serve Mid-Valley and potential barriers to participation. Assess interest in participation.	Individual interviews with key stakeholders (in-person and phone) One focus group with small group of interested buyers to further explore Food Hub concept and models 1 postcard mailing with the project website and on-line survey link	September-November 2016 November 2016 Postcard mailing to buyers to share project and invite participation in on-line survey –October 2016
Industry Experts	Input on project findings and recommendations (including market analysis, opportunity sites, etc.) Do the findings reflect current market conditions? Are recommendations achievable / financially feasible? Items missing?	Individual interviews with key informants Focus group discussion	November 2016

DRAFT LIST OF ORGANIZATIONS TO INCLUDE IN OUTREACH MAILINGS/EMAIL:

- CAN Centers and N [2] - North Neighbors Community Progress Team, Sam Skillern (sam@salemlf.org)
- Interface Network
- Salem-Keizer Center for Equality
- Mano o Mano
- Latino Business Alliance
- Kroc Center – posting information on bulletin board/community area; other coordination; distributed via their 7000 person email list
- Hallman Elementary School – other schools in area? – distribution of info to student families; possibly housing outreach event
- Don Pedro Restaurant -
- St Vincent's Church – possible host of outreach event
- NGRAB list and NGRAB extra list
- Faces of America
- Postings on area bulletin boards – Center 50+ and Broadway Commons?

Appendix E: Business Outreach Strategy

Aaron Reber will be completing outreach with Salem-area businesses on business needs and the desire for facilities such as a public market or a small business food incubator. Aaron will be completing outreach in Fall 2016 and will summarize the information in a memorandum summarizing key themes around desire in these concepts and what is missing for business needs, along with providing raw notes.

OUTREACH SCHEDULE

The following outreach schedule is a guideline created to give some structure to the conversation with the business community with regards to the public market and .

Audience	Purpose	Method	Schedule
Urban Renewal Agency	Communicate project objectives and methodology; project updates as needed; obtain feedback and adopt final recommendations and report.	Agency staff reports, adoption of final recommendations and report	Informational reports – September, January 2016 Phase I recommendations: March 2016
Chemeketa Small Business Development Center	Explain the purpose of the Northgate Food and Market Study and solicit information on who is operating or looking into the small food business arena in Salem. Who would be interested in a market/incubator?	In person meeting with point-of-contact.	September – November 2016
Mano a Mano	Same as above	In person meeting with point-of-contact.	September – November 2016
Vagabond Brewing, specifically AJ Klausen	Same as above	In person meeting with point-of-contact.	September – November 2016
Oregon Food Truck Association, Salem Area	Same as above	In person meeting with point-of-contact.	September – November 2016
Marion-Polk	Same as above	In person meeting with	September –

Audience	Purpose	Method	Schedule
Food Share		point-of-contact.	November 2016
Renegade Kitchens	Same as above	In person meeting with point-of-contact.	September – November 2016
Salem Latino Business Alliance	Same as above	In person meeting with point-of-contact.	September – November 2016
Latino Businesses	Same as above	In person meeting with point-of-contact.	September – November 2016
Stakeholders located through conversations above	Explain the purpose of the Northgate Food and Market Study and solicit feedback on the proposed questions.	In person meeting or phone call with point-of-contact.	September – November 2016
Industry Experts	Input on project findings and recommendations (including market analysis, opportunity sites, etc.) Do the findings reflect current market conditions? Are recommendations achievable / financially feasible? Items missing?	Individual interviews with key informants Focus group discussion	Ongoing

LIST OF POTENTIAL STAKEHOLDERS FOR OUTREACH

The following list is an evolving one that will serve as a guideline for conversations.

- Incubator/Rental Kitchen
    - Local food entrepreneurs and food truck/trailer owners
    - Oregon Food Innovation Center
    - Willamette University Angel Fund
    - Ventura Foods
    - Salem Keizer Career and Technical Education Center (CTEC)
    - Empowerment and Leadership for Youth and Young Adults Program (ELY)
    - CAN Centers and N 2 - North Neighbors Community Progress Team, Sam Skillern (sam@salemlf.org)
    - Highland Area Partnership
    - NGRAB list and NGRAB extra list

- Public Market
    - La Fruteria
    - Businesses at La Plaza Del Sol
    - Willamette University Angel Fund
    - Don Pancho Mexican Foods
    - La Bonita
    - CAN Centers and N 2 - North Neighbors Community Progress Team
    - Highland Area Partnership
    - NGRAB list and NGRAB extra list

ATTACHMENT 1: OUTREACH QUESTIONS

The City of Salem has asked us to explore possibilities for a public market and/or a mixed-use business incubator. A public market (similar in scale to the Portland Mercado) would include lots of small spaces for local businesses to showcase and sell their wares. A mixed-use business incubator (similar or smaller in scale than the Redd?) might include a commercial kitchen, office space, and other amenities to help small businesses get started and grow. A first step in our process is to reach out to small business owners in Salem to explore their interest in a public market and/or a mixed-use business incubator. Would you mind spending a few minutes answering some questions?

OUTREACH QUESTIONS (ALL)

What type of product do you make or produce? And how long have you been in this business?

Is this business your sole source of income?

What is your annual revenue through this business? $0-10k, $10k-50k, $50k-100k, or more than $100k?

How many hours a week do you dedicate to the business?

Do you have any partners, employees, etc.? If so, how many?

Where are you currently making and selling your product (or operating your business)? Are you happy with your current location?

Who are your clients or to whom are you looking to sell?

Would a public market with small spaces for businesses to rent be something you would be interested in? Why?

Would a rental commercial kitchen be something you would be interested in?

How much would you be willing to pay for such a service?

PUBLIC MARKET QUESTIONS

What do you think would attract consumers to the market? *(Key information we're looking for: are there specific amenities (e.g., parking, community gathering spaces, restaurant, child care, etc.) that would attract customers?)*

What would be your ideal location for the market? *(probe for downtown? Other place in the city, etc.)*

Would you like the market to be an indoor or outdoor space (seasonal) or a combination of both?

If you had a space located in the market, how large would it be and what would it look like? *(For reference, public markets generally have spaces ranging in size from 6X12 feet to 36X36 feet, with the average unit being 12X12 feet. Smaller units are for single vendors, while larger units (generally at or above 12X24 feet) have one vendor selling products from multiple producers).*

If you received the amenities and space you require to be successful, what would be a reasonable rent on a monthly basis?

How many days a week and hours a day should a public market be open?

COMMERCIAL KITCHEN QUESTIONS FOR FOOD CARTS AND OTHER FOOD ENTREPRENEURS

> Aaron will first connect with Chemeketa Small Business Development Center, Vagabond, Mano a Mano, and Oregon Food Truck Association in order to learn more about who is already moving in this area. This will use valuable time but will help locate our target stakeholders for the incubator/public market.

To be useful to your business, what would a commercial kitchen need to include? *(Be sure to ask about permanent/day and cold/dry storage requirements)*

How much space would you require *(ask for prep and storage space separately)?*

How often would you use a commercial kitchen and for how many hours at a time?

If the commercial kitchen had everything you needed, what would be a reasonable rent for its use? (By the hour? By the day?)

Would you use the commercial kitchen more or less if it were co-located with the public market?

Assuming that you want your business to grow, what are the 2 or 3 most important things you need for this to happen? *(may need to probe – operating capital, better location for production, marketing assistance, etc.)*

How do you think the market or commercial kitchen could help your business grow?

What are the biggest barriers to fulfilling your business goals? Financing?

What are folks paying now for space? Is this a question that can be answered by other research?

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Appendix F: Advisory Committee Membership

Jason Cox, NGRAB representative

Elizabeth Miller, Minto Island Growers (MIG)

Rick Gaupo, Marion Polk Foodshare

Levi Herrera-Lopez, Mano a Mano

Forrest Peck, MERIT

Lisa Hartwick, NEDCO/ Sprout

Pedro Mayoral, Fruteria La Cabana

Chuck Lee, Career and Technical Education Center

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Appendix G: Public Market Visitation and Spending Estimate Range

We have included below one method for estimating demand for a public market. It is likely that any potential partners/investors will conduct their own analysis. This estimate was developed using data from previous market surveys in Yakima, WA to determine the frequency of visits to specialty grocery stores by income level[1] as well as data from *Specialty Food Magazine* for transaction averages.

Households. ECONorthwest used data on how frequently households shop at specialty markets to determine the number of likely visitors to a public market on Portland Road. Specialty markets along Portland Road include Fruteria La Cabana and El Rodeo Meat Market And Taqueria. The Community Food Survey did not gather this information for the Portland Road area, so we based our assumptions on survey work completed in 2015 by ECONorthwest for another public market feasibility assessment in Yakima, Washington. Based on the number of households by income level and our assumption on how frequently people at that income level shop at public markets, Exhibit 1 shows that existing markets would receive an estimated 1.4 million annual visits.

Exhibit 1. Specialty Grocery Visits Within 8-mile Radius of Portland Road Corridor

Shopping Frequency	Less than $25K	$25-$50,000	$50-$75,000	Over $75K	Total Visits
Once per year	3,676	3,818	2,752	3,488	13,734
Once every 3 to 6 months	7,353	7,637	4,533	7,557	27,079
Once every 2 to 3 months	9,515	13,237	11,008	17,438	51,199
Once per month	49,307	70,259	62,162	118,581	300,309
Once per week or more	258,647	330,928	126,266	302,266	1,018,107
Never	-	-	-	-	-
Total	328,499	425,879	206,721	449,329	1,410,428

Source: US Census Bureau, *Specialty Food Magazine*, Assumptions from Yakima Public Market Analysis (2015) on shopping frequency by income bracket using Portland Road 8-mile buffer income data.

Employees. Other than nearby households, consumer demand is also derived from local employees and visitors to the trade area. As seen in Exhibit 2, about 27,000 people work within the 2-mile area (an 8-minute drive time) around the Portland Road Corridor.[2,3]

[1] Data from Yakima provides a rough proxy for household spending estimates until a more detailed demand estimate can be undertaken. Income levels in the Yakima study were similar to levels on Portland Road. 79% of households earned less than $75,000 per year in Yakima, compared with 75% of households within two miles of Portland Road. In addition, 41% of Yakima residents identify as Hispanic or Latino, compared to 42% of residents within two miles of Portland Road.

[2] Using the Epping property at 3350 Portland Rd. NE as the center point.

[3] US Census Bureau, On The Map App. https://onthemap.ces.census.gov/

Exhibit 2. Inflow and Outflow of Workers From Study Area

Source: OnTheMap, US Census Bureau

Estimate of Visitation and Spending to a Portland Road Public Market

To generate a rough visitation estimate for a potential Portland Road public market, we assume that the market will capture a fair share of consumer specialty food spending. To do that, we take the following steps:

Estimate market size. ECONorthwest conducted research on best practices for public market size and found that most successful markets average 15,000 square feet.

Estimate "fair share" of visitation from households. According to the U.S. Bureau of Labor Statistics, there are 39 specialty food stores in Marion County. *Specialty Food Magazine* reports that the average specialty food store is 5,010 square feet.[4],[5] Assuming, on average, these 39 stores are comparable in size to other specialty food stores across the nation, then there are approximately 195,000 square feet of specialty food stores in the county.[6] Adding 15,000 square feet of additional specialty food space to the market, the total would increase to 210,000 square feet. A public market of this size would increase the volume of specialty food stores in Marion County by about 7.6 percent. Once built, the market would comprise 7.1 percent of total

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[4] *The State of the Specialty Food Industry*. Specialty Food Magazine, April 2012.

[5] Specialty food stores in North Salem are smaller than 5,000 SF. Marion County Assessors' Office shows that Fruteria La Cabana on Portland Road is about 2,072 square feet, Gillespie's Meat Shop on Silverton Rd. is 2,613 square feet, Morrow and Son's Produce on Silverton Rd. is 2044 ft. However, life Source Foods on Commercial SE is 20,499 feet and Natural Grocers on Commercial SE is 15,285 feet.

[6] Specialty food stores vary in their customer base and revenues depending on a range of factors, including quality and variety of products, cost, and location. For the purposes of the community food study, we need to understand only the total estimated volume of specialty food store activity to estimate the share of activity that the Portland Road Market could capture.

specialty food space, and thus would receive about 100,000 visits per year from existing spending, assuming that it gets a "fair share" of spending.

Estimate worker demand. To avoid double counting residents and workers, we subtracted those who live and work in the area. Then, we used the methodology used in the market analysis performed for the Portland Mercado[7] to determine worker-based demand. There are a limited number of lunch options along the Portland Road corridor, which allows for a more aggressive assumption for capture of worker spending. We assumed that the area's 27,000 employees will visit the new Portland Road market for lunch or lunchtime grocery shopping an average of six times per year, for 162,000 visits.

Estimate spending. This estimate of spending and visitation is based on a set of informed assumptions that should be refined with more detailed analysis. We generated a spending and visitation estimate range shown in Exhibit 3 and Exhibit 4, using the following set of assumptions:

Low	High
• 40% of household visits spend the average $41.49 transaction size, and 60% spend $20 on restaurant or other small purchases. • The area's workers visit on average six times per year, spending an average of $15 per visit.	• Half of household visits spend the average $41.49 transaction size, and half of visits spend $20 on restaurant or other small purchases. • The area's workers will drive 162,000 visits to the market, spending an average of $15 per visit.

Exhibit 3. Portland Road Public Market Spending and Visitation Estimate - LOW

	Transaction Assumption	Percent of Visits	Number of Visits	Total Spending
Households - Large Purchase	$41.49	40%	40,056	$1,661,930
Households - Small Purchase	$20.00	60%	60,084	$1,201,685
Workers (3x per year)	$15.00	100%	81,000	$1,215,000
Total			181,140	$4,078,615

Source: ECONorthwest, Portland Mercado Market Study, *Specialty Food Magazine*

Exhibit 4. Portland Road Public Market Spending and Visitation Estimate - HIGH

	Transaction Assumption	Percent of Visits	Number of Visits	Total Spending
Households - Large Purchase	$41.49	50%	50,070	$2,077,412
Households - Small Purchase	$20.00	50%	50,070	$1,001,404
Workers	$15.00	100%	162,000	$2,430,000
Total			**262,140**	**$5,508,816**

Source: ECONorthwest, Portland Mercado Market Study, *Specialty Food Magazine*

For a 15,000 square foot market, this market assessment assumes a preliminary visitation range of 181,000 to 262,000 visitors per year and a total of $4.1 million to $5.5 million in consumer spending.

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[7] Marketek. 2012. *Market Analysis for a Portland Mercado.* https://portlandmercado.files.wordpress.com/2012/05/mercado-market-study-05-17-12.pdf

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APPENDIX H: SUPPLY CHAIN DATA

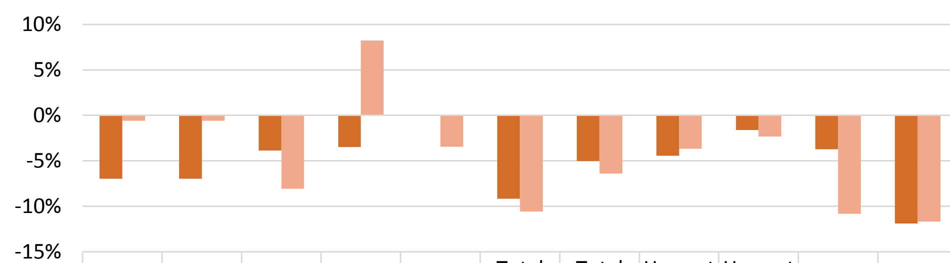
The following data tables, referenced throughout the memorandum, convey food supply data.

Table H-1: Agricultural Land Use and Farm Size Overview

	Marion County		Oregon	
	2007	**2012**	**2007**	**2012**
Total Area, 2010 (acres)	756,691	756,691	61,432,326	61,432,326
Land in Farms (acres)	307,647	286,194	16,399,647	16,301,578
Proportion of Total Area in Farms	41%	38%	27%	27%
Number of Farms	2,670	2,567	38,553	35,439
Average Size (acres)	115	111	425	460
Median Size (acres)	17	17	29	28
Total Cropland (farms)	1,962	1,782	26,650	23,829
Total Cropland (acres)	225,094	213,788	5,010,408	4,690,420
Harvested Cropland (farms)	1,736	1,659	22,131	21,316
Harvested Cropland (acres)	199,832	196,590	3,037,261	2,966,351
Irrigated Land (farms)	1,101	1,060	16,792	14,975
Irrigated Land (acres)	96,382	84,916	1,845,194	1,629,735

Source: United States Department of Agriculture. 2012, 2007 Census of Agriculture: Oregon State and County Data. Table 8. Farms, Land in Farms, Value of Land and Buildings, and Land Use: 2012 and 2007. https://www.agcensus.usda.gov/Publications/2012/Full_Report/Volume_1,_Chapter_2_County_Level/Oregon/st41_2_008_008.pdf. Table 10. Irrigation: 2012 and 2007. https://www.agcensus.usda.gov/Publications/2012/Full_Report/Volume_1,_Chapter_2_County_Level/Oregon/st41_2_010_010.pdf

Figure H-1. A Comparison of Land Use and Farm Size for Marion County and Oregon, 2007 and 2012



	Farms Acres	Total Area in Farms	# of Farms	Avg. Farm (acres)	Median Farm (acres)	Total Crop-land (farms)	Total Crop-land (acres)	Harvest Crop-land (farms)	Harvest Cropland (acres)	Irrig. Land (farms)	Irrig. Land (acres)
Marion % Change (2007-2012)	-7%	-7%	-4%	-3%	0%	-9%	-5%	-4%	-2%	-4%	-12%
Oregon % change (2007-2012)	-1%	-1%	-8%	8%	-3%	-11%	-6%	-4%	-2%	-11%	-12%

Source: United States Department of Agriculture. 2012, 2007 Census of Agriculture: Oregon State and County Data. Table 8.

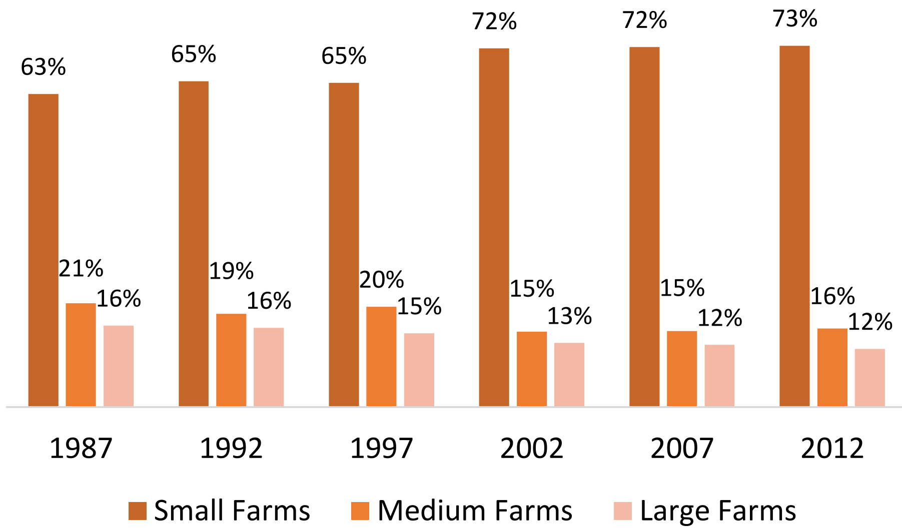
COMMUNITY SERVICE CENTER
1209 University of Oregon | Eugene, Oregon 97403 | T: 541.346.3889 | F: 541.346.2040 | http://csc.uoregon.edu

Table H-2. Farm Size Trends in Marion County, 1987-2012

Farm Size Trends in Marion County												
	1987		1992		1997		2002		2007		2012	
Total Farm Acreage	306,740		302,462		306,083		341,051		307,647		286,194	
Total Number of Farms	2,586	100%	2,494	100%	2,546	100%	3,203	100%	2,670	100%	2,567	100%
Small Farms (1-49 acres)	1,625	63%	1,631	65%	1,656	65%	2,306	72%	1,929	72%	1,862	73%
Medium Farms (50-179 acres)	538	21%	466	19%	513	20%	485	15%	408	15%	405	16%
Large Farms (180+ acres)	423	16%	397	16%	377	15%	412	13%	333	12%	300	12%

Source: United States Department of Agriculture. 1987, 1992, 1997, 2002, 2007, 2012 Census of Agriculture: Oregon State and County Data. Table 8. Farms, Land in Farms, Value of Land and Buildings, and Land Use: 2012 and 2007. Table numbers for years prior to 2012 vary.
2012: https://www.agcensus.usda.gov/Publications/2012/Full_Report/Volume_1,_Chapter_2_County_Level/Oregon/st41_2_008_008.pdf
2007: https://www.agcensus.usda.gov/Publications/2007/Full_Report/Volume_1,_Chapter_2_County_Level/Oregon/
2002: http://agcensus.mannlib.cornell.edu/AgCensus/getVolumeOnePart.do?year=2002&part_id=1003&number=37&title=Oregon
1997: http://agcensus.mannlib.cornell.edu/AgCensus/getVolumeOnePart.do?year=1997&part_id=935&number=37&title=Oregon
1992: http://agcensus.mannlib.cornell.edu/AgCensus/getVolumeOnePart.do?year=1992&part_id=873&number=37&title=Oregon
1987: http://agcensus.mannlib.cornell.edu/AgCensus/getVolumeOnePart.do?year=1987&part_id=99&number=37&title=Oregon

Figure H-2. Farm Size Trends in Marion County, 1987-2012.



Source: USDA. 1987, 1992, 1997, 2002, 2007, 2012 Census of Agriculture: Oregon State and County Data. Table 8. Table numbers for years prior to 2012 vary. (Total Farms: 1987 = 2,586; 1992 = 2,494; 1997 = 2,546; 2002 = 3,203; 2007 = 2,670; 2012 = 2,567).

Table H-3. Farm Size Comparison in Willamette Valley, 2012

	Marion	Benton	Clackamas	Columbia	Lane	Linn	Multnomah	Polk	Washington	Yamhill
Total Farm Acreage	286,194	123,975	162,667	56,668	219,625	331,316	29,983	144,748	135,733	177,365
Average Size, acres	111	140	43	75	83	159	50	127	83	87
Median Size, acres	17	20	15	25	18	25	10	25	13	20
Total Number of Farms	2,567	886	3,745	751	2,660	2,083	598	1,143	1,643	2,028
Small Farms (1-49 acres)	1,862	633	3,048	525	1,965	1,349	507	754	16	1,494
Medium Farms (50-179 acres)	405	139	544	171	476	429	64	264	33	354
Large Farms (180+ acres)	300	114	153	55	219	305	27	125	104	180

Source: United States Department of Agriculture. 2012 Census of Agriculture: Oregon State and County Data. Table 8. Farms, Land in Farms, Value of Land and Buildings, and Land Use: 2012 and 2007.
https://www.agcensus.usda.gov/Publications/2012/Full_Report/Volume_1,_Chapter_2_County_Level/Oregon/st41_2_008_008.pdf

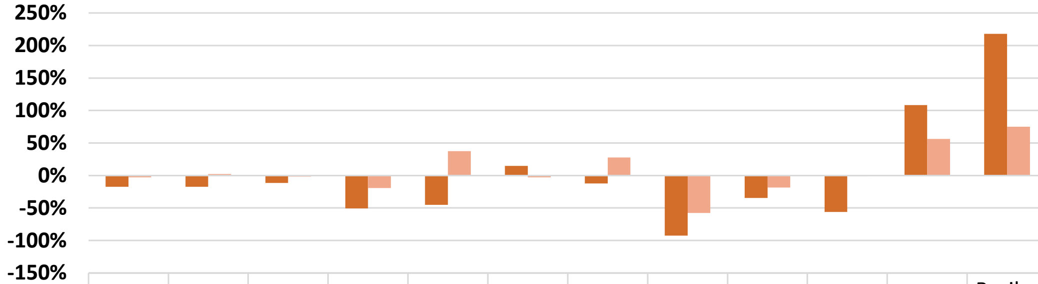
Table H-4. Food Production by Commodity and Quantity

	1987	1992	1997	2002	2007	2012
Livestock and Poultry:						
Cattle and Calves						
Farms	1,081	973	885	1,020	920	895
Number	45,931	44,462	41,102	38,688	37,203	38,015
Beef cows						
Farms	739	619	614	691	663	653
Number	8,010	7,074	6,538	5,745	4,900	3,947
Milk cows						
Farms	120	100	63	88	48	66
Number	13,464	14,861	12,777	14,509	15,919	15,472
Hogs and Pigs						
Farms	131	107	85	97	90	115
Number	14,512	10,625	4,963	3,579	2,588	1,094
Sheep and Lambs						
Farms	303	267	232	278	243	198
Number	18,743	12,412	8,913	10,811	8,321	8,214
Chickens						
Farms	189	156	143	288	252	394
Number	1,065,580	-	-	-	-	-
Broilers/Other meat-type Chickens						
Farms	11	10	9	33	20	35
Number	-	-	-	-	2,869,227	-
Selected Crops Harvested:						
Wheat for Grain						
Farms	416	291	178	162	69	219
Acres	24,513	20,775	10,341	9,573	3,741	21,113
Bushels	1,882,519	1,745,381	866,326	870,806	292,203	2,110,395
Barley for grain						
Farms	37	14	6	6	11	10
Acres	526	277	134	121	168	220
Bushels	23,150	12,242	5,624	6,910	9,904	15,624
Oats for grain						
Farms	165	102	67	56	34	21
Acres	4,098	3,091	2,582	2,679	1,005	1,000
Bushels	259,049	244,570	253,265	252,280	88,771	67,859
Vegetables						
Farms	344	304	292	304	212	211
Acres	38,734	40,037	37,413	31,410	25,012	23,940
Land in orchards						
Farms	511	452	404	407	340	325
Acres	8,585	9,479	10,640	9,907	10,174	11,724

Source: United States Department of Agriculture. 1987, 1992, 1997, 2002, 2007, 2012 Census of Agriculture. Tables 11, 12, 13, 19, 20, 24, 25, and 28 for 2012; Table numbers vary by year. (Number means the total amount of the commodity for the year; i.e. there were 38,015 cows in 2012).

2012: https://www.agcensus.usda.gov/Publications/2012/Full_Report/Volume_1,_Chapter_2_County_Level/Oregon/
2007: https://www.agcensus.usda.gov/Publications/2007/Full_Report/Volume_1,_Chapter_2_County_Level/Oregon/
2002: http://agcensus.mannlib.cornell.edu/AgCensus/getVolumeOnePart.do?year=2002&part_id=1003&number=37&title=Oregon
1997: http://agcensus.mannlib.cornell.edu/AgCensus/getVolumeOnePart.do?year=1997&part_id=935&number=37&title=Oregon
1992: http://agcensus.mannlib.cornell.edu/AgCensus/getVolumeOnePart.do?year=1992&part_id=873&number=37&title=Oregon
1987: http://agcensus.mannlib.cornell.edu/AgCensus/getVolumeOnePart.do?year=1987&part_id=99&number=37&title=Oregon

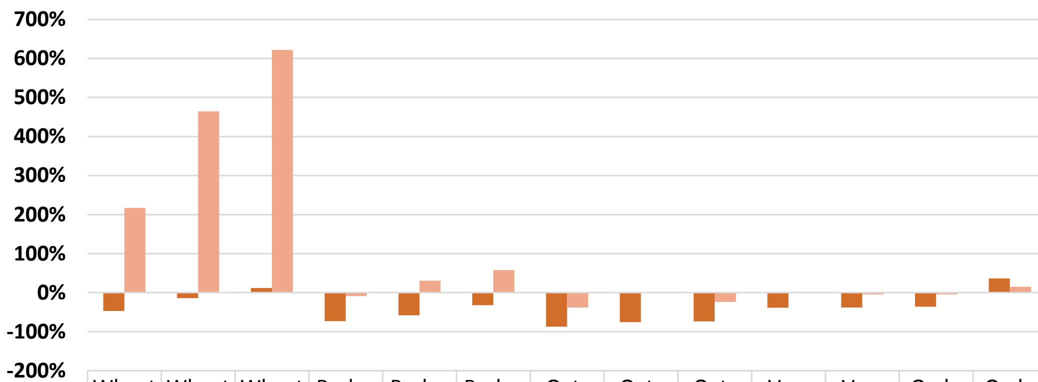
Figure H-3. Food Production Changes by Commodity (Livestock and Poultry).



	Total Cattle & Calve Farms	Total # of Cattle & Calves	Beef Cow Farms	# of Beef Cows	Milk Cow Farms	# of Milk Cows	Hog & Pig Farms	# of Hogs & Pigs	Sheep & Lamb Farms	# of Sheep and Lamb	CHKN Farms	Broiler & Other CHKN-like Farms
% change 1987-2012	-17%	-17%	-12%	-51%	-45%	15%	-12%	-92%	-35%	-56%	108%	218%
% change 2007-2012	-3%	2%	-2%	-19%	38%	-3%	28%	-58%	-19%	-1%	56%	75%

Source: United States Department of Agriculture. 1987, 1992, 1997, 2002, 2007, 2012 Census of Agriculture. (Number means the total amount of the commodity for the year; i.e. there were 38,015 cows in 2012).

Figure H-4. Food Production Changes by Commodity (Selected Crops Harvested).



	Wheat Farms	Wheat Acres	Wheat Bshls.	Barley Farms	Barley Acres	Barley Bshls.	Oats Farms	Oats Acres	Oats Bshls.	Veg. Farms	Veg. Acres	Orch. Farms	Orch. Acres
% change 1987-2012	-47%	-14%	12%	-73%	-58%	-33%	-87%	-76%	-74%	-39%	-38%	-36%	37%
% change 2007-2012	217%	464%	622%	-9%	31%	58%	-38%	0%	-24%	0%	-4%	-4%	15%

Source: United States Department of Agriculture. 1987, 1992, 1997, 2002, 2007, 2012 Census of Agriculture. (Number means the total amount of the commodity for the year; i.e. there were 38,015 cows in 2012).

Table H-5. Selected Non-Food Crops in Marion County, 2007 and 2012

	2012	2007	% Change
Christmas Trees, Farms	197	251	-22%
Cut Christmas Trees, Trees	1,495,692	1,309,454	14%
Field and Grass Seed, Farms	247	314	-21%
Field and Grass Seed, Acres	76,588	100,892	-24%
Hay (ALL), Farms	554	528	5%
Hay (ALL), Acres	16,102	13,775	17%
Corn Silage, Farms	38	33	15%
Corn Silage, Acres	5,228	3,584	46%
Floriculture, Farms	98	96	2%
Floriculture, Acres	720	381	89%

Source: United States Department of Agriculture. 2012 Census of Agriculture: State and County Data. Tables 26, 34, and 35. https://www.agcensus.usda.gov/Publications/2012/Full_Report/Volume_1,_Chapter_2_County_Level/Oregon/

Table H-6. Selected Non-Food Crops in Willamette Valley, 2012

	Marion	Benton	Clackamas	Columbia	Lane	Linn	Multnomah	Polk	Washington	Yamhill
Christmas Trees, Farms	197	61	538	41	1,116	57	40	68	183	1
Cut Christmas Trees, Trees	1,495,692	1,118,200	1,881,280	9,212	285,816	396,838	16,433	929,350	110,612	147,528
Field and Grass Seed, Farms	247	40	37	1	45	204	6	82	103	97
Field and Grass Seed, Acres	76,588	33,660	5,720	-	40,820	133,687	1,270	42,178	21,162	33,919
Hay (ALL), Farms	554	196	932	324	866	721	140	301	277	505
Hay (ALL), Acres	16,102	7,890	18,938	7,949	26,225	18,740	3,502	10,831	8,391	13,967
Corn Silage, Farms	38	2	15	1	8	11	3	12	29	24
Corn Silage, Acres	5,228	-	594	-	1,628	20,168	265	1,930	1,840	2,725
Floriculture (ALL), Farms	98	24	179	13	70	47	63	24	108	59
Floriculture (ALL), Acres	720	23	307	9	133	156	99	36	636	189

Source: United States Department of Agriculture. 2012 Census of Agriculture: State and County Data. Tables 26, 34, and 35. https://www.agcensus.usda.gov/Publications/2012/Full_Report/Volume_1,_Chapter_2_County_Level/Oregon/

Table H-7. Market Value Comparison of Agricultural Products Sold, 2012

Market Value	Marion	Benton	Clackamas	Columbia	Lane	Linn	Multnomah	Polk	Washington	Yamhill
Total ag. products sold ($1,000)	$ 592,856	$ 103,305	$ 325,190	$ 39,362	$ 142,508	$ 241,236	$ 68,936	$ 149,846	$ 237,972	$ 280,852
Crops, nursery, greenhouse crops ($1,000)	$ 483,009	$ 80,825	$ 249,520	-	$ 106,283	$ 186,061	-	$ 116,238	$ 225,459	$ 221,697
Livestock, poultry, their products ($1,000)	$ 109,847	$ 22,480	$ 75,670	-	$ 36,225	$ 55,175	-	$ 33,608	$ 12,513	$ 59,155

Source: United States Department of Agriculture. 2012 Census of Agriculture: State and County Data. Table 2. Market Value of Agricultural Products Sold Including Direct Sales: 2012 and 2007. https://www.agcensus.usda.gov/Publications/2012/Full_Report/Volume_1,_Chapter_2_County_Level/Oregon/st41_2_002_002.pdf

Table H-8. Comparison of Food Manufacturing Sector, 2014

Comparison of Food Manufacturing Sectors in Willamette Valley Counties, 2014

	Marion	Benton	Clackamas	Columbia	Lane	Linn	Multnomah	Polk	Washington	Yamhill
Food Manufacturing Establishments	50	14	41	1	51	14	151	7	47	26
Employees in Food Manufacturing	3,412	220	1,518	-	1,725	601	5,330	-	1,156	751
First-quarter Payroll ($1,000)	$28,003	$1,133	$19,533	-	$17,777	-	$49,157	-	$10,935	$6,721
Annual Payroll ($1,000)	$131,394	$4,445	$75,949	-	$81,572	$31,197	$214,207	-	$46,766	$31,905

Source: US Census. Oregon County Business Patterns using 2012 NAICS Code 311, 2014. Table CB1400A11.

Table H-9. Comparison of Grocery and Related Wholesale Sector, 2014

	Marion	Benton	Clackamas	Columbia	Lane	Linn	Multnomah	Polk	Washington	Yamhill
Establishments	23	1	50	-	43	6	128	3	46	11
Employees	906	-	1,955	-	801	-	4,010	-	1,320	-
First-quarter Payroll ($1,000)	$12,863	-	$25,140	-	$8,104	-	$39,191	-	$17,031	$212
Annual Payroll ($1,000)	$50,181	-	$108,738	-	$34,339	-	$170,881	-	$77,116	$911

Source: US Census. Oregon County Business Patterns using 2012 NAICS Code 4244, 2014. CB1400A

APPENDIX I: FOOD CHAIN PARTICIPANTS

While not comprehensive, this Appendix provides a list of food chain participants in various roles.

Table I-1. Food Processing Facilities in Marion County

Food Processor	Location	Food Type Processed	Company Size (Employees)
Brucepac	Silverton, OR	Meat, various	501 to 1000
Calyx Fruit Co	Salem, OR	Blueberries	51 to 200
Diamond Foods	Salem, OR	Potato Chips	1001 to 5000
Don Pancho Mexican Foods	Salem, OR	Tortillas, etc.	-
Fresh and Local Foods	Salem, OR	Prepared Foods	20
Frito-Lay Inc	Salem, OR	Chips	-
Kettle Foods Inc	Salem, OR	Potato Chips	201 to 500
LA Morenita Tortillas	Woodburn, OR	Tortillas	-
Mt Angel Meat Co	Mt. Angel, OR	Meat, various	-
New West Foods	Salem, OR	Fish, Seafood	11 to 50
Norpac Foods, Inc	Salem, OR	Veggies., Fruit, Juices	1001 to 5000
Oregon Fruit Products CO	Salem, OR	Fruit	51 to 200
Pretty Pickle Co	Salem, OR	Pickled Products	1 to 10
Smucker J M Co	Woodburn, OR	Fruit	-
Tim's Cascade Style Potato	Saint Paul, OR	Snacks, Chips	-
Townsend Farms Inc	Woodburn, OR	Fruit, various	51 to 200
Trans-Ocean Products	Salem, OR	Seafood	51 to 200
Truitt Family Foods	Salem, OR	Beans	11 to 50
Vagabond Brewing	Salem, OR	Craft Beverages	1 to 10
Ventura Foods	Salem, OR	Various	-
Voget Meats Inc	Hubbard, OR	Meats, various	-
Willamette Valley Fruit Co	Salem, OR	Fruit, various	-

Source: Oregon Yellow Pages and LinkedIn (2016).

Table I-2. Food Storage Facilities in Marion County

Facility	Location	Company Size
Norpac Foods	Salem, OR	1000 to 5000
Henningsen Cold Storage Co.	Salem, OR	201 to 500
Americold	Salem, OR	-
Lineage Logistics	Salem, OR	-
Capitol Cold Storage	Salem, OR	-

Source: Oregon Yellow Pages and LinkedIn (2016).

Table I-3: Food Distributors Serving Marion County and Greater Region *(note – list is not exhaustive)*

Food Distributor	Location	Company Size (Employees)
Aloha Produce	Bend and Clackamas, OR	11 to 50
Alpenrose Dairy	Portland, OR	51 to 200
Cascade Fruit and Produce	Stayton, OR	-
Caruso Produce	Tualatin, OR	11 to 50
Charlies Produce	Clackamas, OR	1001 to 5000
Duck Delivery	Various, OR	1001 to 5000
Emerald Fruit and Produce	Eugene, OR	11 to 50
Food Guys	Wilsonville, OR	11 to 50
Food Services of America	Woodburn and Bend, OR	1001 to 5000
Hummingbird Wholesale	Eugene, OR	11 to 50
McDonald Wholesale	Eugene, OR	-
Morrow and Sons Produce	Salem, OR	-
Organically Grown Company	Eugene and Portland, OR	201 to 500
Pacific Coast Fruit Company	Portland, OR	-
Pacific Seafood	Various, OR	1001 to 5000
Ray's Produce Warehouse	Newberg, OR	-
Spring Valley Dairy	Salem, OR	11 to 50
Sysco	Willsonville, OR	-
Umpqua Dairy	Roseburg, OR	11 to 50
Upland Produce	Salem, OR	-

Source: Oregon Yellow Pages and LinkedIn (2016).

Table I-4. Food Buyers in Marion County *(note – list is not exhaustive)*

Buyers	Type	Buyers	Type
Renegade Kitchens	Community Kitchen	St. Vincent de Paul School	Institution
Hacemos Taquizas	Food Cart/Walk-ups	State of Oregon Cafeterias	Institution
Taqueria El Palacio	Food Cart/Walk-ups	Western Oregon University	Institution
Taqueria Michoacán	Food Cart/Walk-ups	Willamette University	Institution
El Rodeo Meat Market	Grocery/Retail	Amadeus	Restaurant
Fred Meyer	Grocery/Retail	Bentley's	Restaurant
La Bonita Bakery	Grocery/Retail	Burgerville	Restaurant
La Fruteria La Cabana	Grocery/Retail	Café Yumm	Restaurant
LifeSource	Grocery/Retail	Cascade Bakery	Restaurant
Natural Grocers	Grocery/Retail	Don Pedro Time	Restaurant
Roth's	Grocery/Retail	El Grullense	Restaurant
US Market	Grocery/Retail	Gilgamesh	Restaurant
Blanchet Catholic School	Institution	Kitchen Court	Restaurant
Cascade School District	Institution	Oregon Garden Resort	Restaurant
Central School District	Institution	Paradiso (Grand Theater)	Restaurant
Corban University	Institution	Rafn's	Restaurant
Oregon Dept. of Corrections	Institution	Silver Grille	Restaurant
Salem Academy	Institution	Ventis	Restaurant
Salem Hospital	Institution	Wild Pear/ACME/Ritter's	Restaurant
Salem-Keizer School District/Sodexo	Institution	Fruit Box and Snack Bar	Restaurant/Fruit Bouquets
Silverton Hospital	Institution	M & S Sales	Variety (Flea market)
St. Joseph Catholic School	Institution		

Source: Oregon Yellow Pages; Outreach (2016).

APPENDIX J: FOOD HUB STAKEHOLDER FEEDBACK

Methods

The purpose of the food hub stakeholder outreach was to gauge community interest in a regional food hub based in Salem that would aggregate, market and distribute items grown by Mid-Willamette Valley farmers and ranchers in an effort to strengthen the regional food economy. Food hubs help small to mid-size food producers gain entry into local and often larger-volume markets to boost their income while increasing community access to local food. Three groups of stakeholders, including producers, buyers and distributors participated in this outreach through both in-person and phone interviews.

Food Buyers

Kim Hanson, a local food systems consultant, reached out to 35 food buyers including food manufacturers, school districts and individual schools, state corrections, state cafeterias, grocery stores, universities, restaurants, restaurant chains, resorts, and hospitals. Two of the school districts interviewed Salem-Keizer (Sodexo) and Central, work with multiple school districts and/or schools and Oregon Corrections works with 14 facilities.

Figure J-1. Types of Food Buyers Interviewed

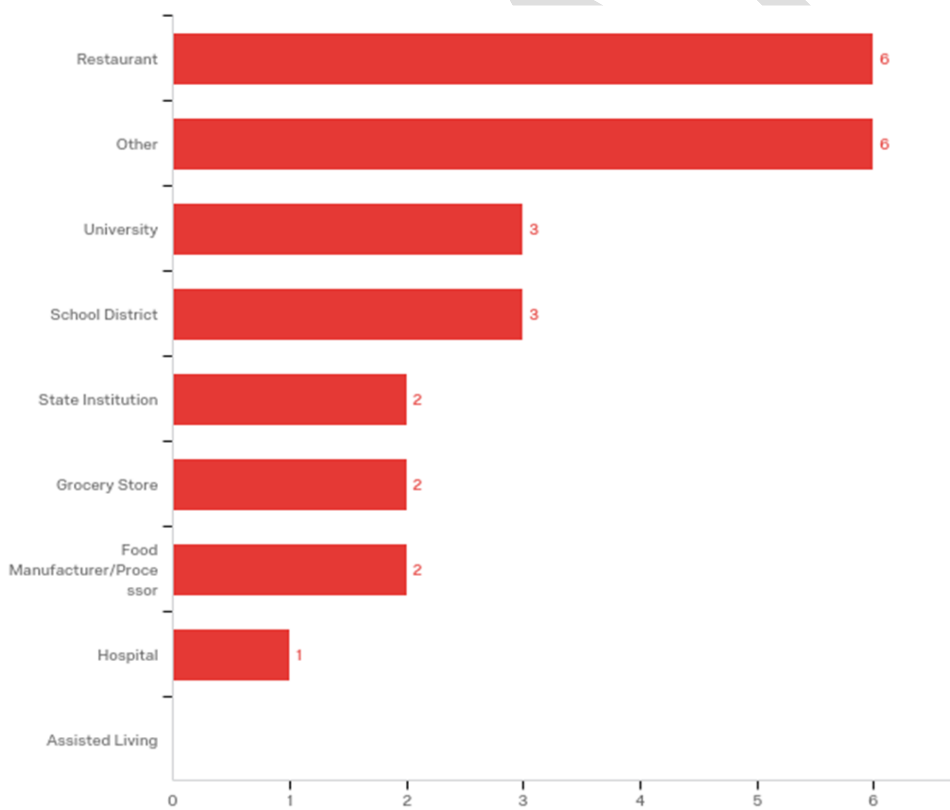


Table J-1. Organizations Represented by Interviewed Buyers (*italicized* unresponsive)

Company	Stakeholder Type
NORPAC	Cooperative
State of Oregon Cafeterias	Institution
Oregon Dept. of Corrections	Institution
Salem Hospital	Hospital
Silverton Hospital	Hospital
Willamette University	University
Western Oregon University	University
Corban University	University
Salem-Keizer District/Sodexo	School District
Central School District	School District
Cascade School District	School District
Salem Academy	School
Blanchet Catholic School	School
St. Vincent de Paul School	School
Abiqua Academy	School
Truitt Family Foods	Food Manufacturer
Fresh and Local Foods	Food Manufacturer
Ventura Foods	Food Manufacturer
Los Lagos	Restaurant
Romana’s	Restaurant
Burgerville	Restaurant
Café Yumm	Restaurant
Oregon Garden Resort	Restaurant
Silver Grille	Restaurant
Kitchen on Court	Restaurant
Bentley's	Restaurant
Amadeus	Restaurant
Rafn's	Restaurant
Paradiso (Grand Theater)	Restaurant
Fruteria La Cabana	Grocery/Retail
LifeSource	Grocery/Retail
Natural Grocers	Grocery/Retail
Roth's	Grocery/Retail
Fred Meyer	Grocery/Retail
US Market	Grocery/Retail

The buyers responded to questions either through in-person or phone interviews (12 in-person and 18 phone conversations). The buyer survey consisted of 26 questions, but some interviews were shortened because the stakeholder had less time to contribute. Seventeen of questions were analyzed quantitatively. We include the comprehensive responses to these questions in a separate appendix (Appendix D). The remaining eight were open ended and we present themes from buyers' responses later in this appendix.

Distributors

Kim Hanson also reached out to five distributors who were identified during the buyer interviews as key local food distributors working in the Mid-Valley. These included:

- Duck Delivery/United Salad (PDX)
- Pacific Coast Fruit Company (PDX)
- Charlies Produce (PDX/Seattle)
- Cascade Fruit and Produce (Stayton)
- Organically Grown Company (Eugene/PDX)

Another wholesale distributor, Hummingbird Wholesale, operating out of Eugene, was identified by producers. This company should be interviewed if additional outreach occurs in Phase II.

Interviews with distributors sought to better understand how they are already working with Mid-Valley producers and buyers, how they might interact with a food hub and whether their business could expand to meet the goals of a food hub without creating a separate entity. Distributors answered a total of 18 questions over the phone, though in many cases questions were combined or skipped due to the direction the conversation took or interviewee's time constraints. Later in this appendix, we present themes to emerge from the distributor conversations.

Producers

Finally, OSU Extension reached out to 15 farmers and ranchers in Marion, Polk, Linn, and Clackamas counties. Farms ranged in size from 8 acres to 500 acres, with primary products including fruits, vegetables, meat, dairy, eggs, wild-rice, tea, grass seed, cider, olive oil, and dry beans. For confidentiality reasons, producer names cannot be shared for this project. OSU Extension staff asked a total of 25 questions during in-person interviews.

Outreach Limitations

Time constraints and overlap with the peak harvest season limited the number and length of interviews the outreach team was able to accomplish. Any follow-up meetings with producers and buyers should be scheduled during the winter or prior to the peak growing season to ensure farmer participation.

Results: Food Buyer Outreach

Here, we present and discuss the results of the food buyer interviews. For a graphic depiction of all the quantitative questions, please refer to Appendix D: Food Buyer Survey Results.

Q3 – Local food spending. In term of purchasing power and economic impact, 7 of the 19 buyers purchase greater than $50,000 per week, while 89% purchase $5,000 per week or more.

Q4 & Q5 – Purchasing local and defining local. Ninety-five percent of buyers already purchase what they consider to be local produce (Q4), but only 26% define local as Mid-Valley, while 37% define local as Oregon and 37% as Pacific Northwest, with five other buyers defining local as miles traveled from their business location, including anywhere from 100-400 miles, or as one buyer said "a day's drive and back" (Q5). One restaurant buyer said, "We are more focused on quality than where it is from. We believe in sourcing the highest quality, most ethically produced ingredients we can. If that means getting chicken from CA, so be it." Other buyers talked about their commitment to supporting area farmers, especially Oregon grown products. Value-added products are often defined as local based upon the number of Oregon grown ingredients. For some buyers, there is a gray area for items processed locally, but not grown locally. For example, items processed, but not grown, in Oregon can be reimbursed with Farm to School grant dollars from the Oregon Department of Education.

Q6 – Types of local food purchased. The most common local purchases are vegetables and fruits (89%) and dairy (84%). For some institutional buyers, such as schools and universities, milk purchase makes up a large percentage of their local purchases. They buy from area dairies, primarily Spring Valley—a company located in Marion County that provides dairy products from Darigold, Alpenrose, and Lucerne brand dairy farmers, most of whom are located in Oregon. A total of 63% buy some local meat, which is high considering the challenges many buyers expressed in sourcing reasonably priced, food-safety certified local meat products. Other value-added items, such as jams, relishes and honey make up a much smaller percentage of purchases.

Q7 – Frequency of local purchasing. Forty-seven percent of buyers purchase local items daily and 37% weekly, showing their frequent and consistent need for product.

Q8 – Food distribution sources. Mid-Valley buyers typically work with a larger broadline distributor, such as Food Services of America (FSA), Sysco or United Natural Foods (UNFI), with Sysco being the most common in the region. Broadline distributors generally handle a "broadline," or broad array of products, rather than specializing in produce, etc. They usually deal in high volume and often provide less expensive prices as a result. Sysco does offer some local products, including items from Stahlbush Island Farms in Corvallis and buyers described several Sysco efforts to bring on more local items. Several school districts and Salem Hospital also belong to industry food buying groups. These groups work together to make larger volume purchases at less expensive prices or to negotiate specialized contracts with vendors.

In addition, buyers work with local/regional wholesale distributors, especially for produce. Food buyers mentioned Charlies Produce, Duck Delivery, Cascade Fruit and Produce, Pacific Coast Fruit Company, and Organically Grown Company as being the most common local/regional distributors in the region. Local dairy suppliers include Spring Valley, Umpqua, and Sunshine. Franz is utilized as the "local" bread company for institutional buyers, with Childers Meats, BrucePac, and Pacific Seafood used for local meat in the Mid-Valley.

Direct producer to food buyer relationships. Direct relationships with farmers/ranchers are much more common for smaller buyers, especially restaurants. Food safety concerns and the complexity of signing up and managing new vendors deters larger institutional buyers from working directly with farms. Specific chains, such as Burgerville, invest the time in working directly with farmers since it is part of their company values and marketing. Both Willamette and Corban University invest time in direct relationships because it is of value to their companies. Restaurants and institutional catering operations occasionally use farmers' markets and grocery stores for specialty products, but not on a regular basis.

Q10 & Q11 – Seasonal local food purchasing. Seventy-three percent of buyers purchase over 30% local during the peak season (summer/fall) with variability dependent upon access and price (Q10). Sixty percent of buyers purchase less than 30% local in off-season, while 40% still purchase 30% or more (often dairy, eggs or product with year-round availability) (Q11). There is certainly a swing in local purchase for both buyers and distributors given the climate and shorter growing season in the Mid-Valley/Oregon. Most buyers need consistency and year-round accessibility in menu items. During peak growing season, distributors try to meet needs with as many nearby local products as possible, but then have to move out of Oregon and on to California, Mexico, and other international farms to provide consistent supply during the winter. A few buyers source a specific local product year-round, such as the eggs served by the Kitchen on Court restaurant, but this is less common.

Q12 – Growth of demand for local product. Of buyers interviewed, 56% see a growing consumer demand for local product. Those who did not see a growing demand for local product pointed to either a lack of education on the part of those they serve, or the fact that the movement has been growing for many years and they do not see it necessarily increasing more at this time. At Corban and Western Oregon Universities, the movement is undoubtedly growing: Corban has a student-based food advisory board, farm to fork events, and is working to launch a new campus farm and agriculture program. The owner of the Silver Grill in Silverton (launched 16 years ago, with a frequently rotating higher-end menu highlighting local products), has seen a 180-degree turnaround from when he started; his customers are now so much more interested and supportive. In addition to local, buyers noted other trends such as demand for organic, hormone-free, and non-GMO products.

Roth's Promoting Local

Q13 – Motivation for purchasing local. Ninety percent of buyers are motivated to purchase local to support area farmers, while 75% are looking to strengthen the local/regional economy and buy products with higher quality/better taste. To a lesser degree, buyers are motivated by consumer demand, business values, or marketing benefits. Despite consumer demand having lower motivational importance for many buyers, several still market local products as noted in the photos from Roth's and Willamette University's Dining Hall.

Willamette University Menu

Several buyers expressed that they would like to know more about how to purchase local products and that a food hub could be of great benefit in increasing accessibility and efficiencies in working with Mid-Valley farmers. Several buyers expressed that they purchase local products because of interest in impacts on health, the environment and social justice concerns, items not included in the survey.

There are currently funds available, such as the Farm to School grant with the Oregon Department of Education or incentives such as Oregon Preference that motivate some buyers to purchase Oregon grown products.

Q15 – Food preparation before purchase. The majority of buyers can purchase as-is from the field or washed and do not need items cut and packaged. However, the less prepared it arrives, the more money food buyers must spend on labor. One major, long-time produce distributor did express that value-added (washed, cut, and packaged products) is their largest growth area.

Q17 – Local food system support preferences. All of the buyers interviewed identified aggregation and a one-stop shopping facility having the potential to benefit their businesses. Other helpful support systems buyers identified included:

- Managing contracts/relationships with farmers (81%)
- Transportation and distribution (69%)
- Local Mid-Valley Grown label (44%)
- Light processing (44%)
- Meat processing (31%)
- Community education (25%)
- Cold storage (25%)
- Processing/value added/commercial kitchen (12.5%)

Buyers shared that although distributors offer Oregon and NW Grown lists, it is hard to identify which are local farmers. Adding vendors can be a cumbersome process for larger institutions while many smaller buyers who can work directly with farmers, appreciate those relationships, but recognize that they could save time by buying from multiple local producers via a food hub. If the food hub met food safety and insurance needs it would be easy even for larger institutions to sign up the food hub as a new vendor. One of the key concerns for restaurants, and really all buyers, is consistency and quality. The Kitchen on Court said, "Customers want consistency and if I get different products from different farms then consistency changes for menu items." This issue was also true for larger chains interviewed such as Café Yumm and Burgerville.

Q18 & Q19 – Prior knowledge of and interest in food hubs. Seventy percent of buyers had heard of a food hub prior to this study (Q18). Almost two-thirds of buyers said they were very interested in buying from a regional food hub, while 30% said they were moderately interested (Q19). Romana's Restaurant on Portland Rd. stated during their interview that they "would love to purchase from a food hub. This would support the local economy and local farmers. Small businesses need to stick together and partner with each other…I think having access to more local food would help with food quality and cost." No buyers said they were not interested, and only one felt that they did not have enough information to express interest on way or the other. Buyers consistently expressed that their interest was dependent on a food hub meeting their needs regarding food safety, quality, consistency, and price-point. Several buyers expressed the importance of being able to trace product back to its origin and to have enough of a relationship with growers that they could still share the farm story with customers.

Q21 – Willingness to pay for local/regional products. The majority of buyers (93%) recognized the need to pay something more for locally produced products. Half said they were willing to pay 5% or less of a premium. The owner of Fruteria LaCabana on Portland Rd. stated the following during his interview: "Local food is important. People want to be healthy and that means having the freshest, highest quality produce. The further produce travels, the more damage happens to it. Buying local also supports local farmers which helps the local economy. I believe customers would pay 25% more if they knew the produce was local."

Restaurants had the most flexibility with product prices, and three restaurants said they were willing to pay 25% of more for high quality local products. Buyers who have a per meal cap, such as school district food service companies or the corrections system, have less flexibility in their budgets to pay more for local. They cannot pass a higher price onto the customer as grocery stores or restaurants can. Although the majority of buyers are willing to pay more for local, many noted that during peak season local products are comparable or even less in price, especially if delivered directly. Buyers who purchase in greater volume often get economies of scale. A food hub could potentially purchase larger quantities from smaller farms at a lower price and pass this benefit on to buyers.

Q22 – Paying for a food hub through membership or price mark-ups. In terms of paying for the operational costs of a food hub through a membership or a mark-up, the majority of buyers interviewed said that this seems reasonable and that they are already paying this mark-up for other distributors. No one could share an exact cost, but a few buyers noted that the 15-20% range seemed reasonable. One restaurant buyer mentioned that the time/cost savings of having the hub be a one-stop place to buy local, would even out with current time spent on relationships and pick-ups from area farms. Many buyers emphasized that operational costs need to be covered through a mark-up in order to sustain a food hub.

Q24 – Food hub delivery service. Eighty-five percent of buyers said they would need delivery to participate in the food hub and offering delivery appears to be critical to success. Many distributors drop off product to buyers and then pick up from producers on the way back to their warehouse.

Q26 – Food hub location. Buyers overall thought Portland Rd. sounded like a viable location for a food hub, with its central location near I-5 and accessibility for Salem, as well as Silverton, Woodburn and other Mid-Valley buyers. Two other locations suggested were: I-5 near Kuebler, or I-5 near 22. Both of these alternate locations were also shared by producers.

Q16 – Biggest challenges to sourcing locally. The biggest challenges buyers shared in terms of the current food system and sourcing local products were *price, volume, quality, food safety, consistency, reliability and distribution*. Although some buyers are satisfied with the products available to them through distributors, other mentioned that what is offered is not adequate and not as locally grown as it could be. There is currently no distinction for a buyer to choose Mid-Valley grown vs. Oregon grown from the distributors. Other challenges include: *food safety, liability and time concerns in signing up a new producer/vendor, as well as the time it takes to manage relationships with multiple producers vs. with one or two distributors*. *Transportation and distribution* are also key concerns. Eighty-five percent of buyers need product delivered to them, while a few can pick up directly from farms or a food hub. For larger buyers, volume is critical. One food manufacturer shared that it is, “hard to buy by the case with business growth because we end up paying people to break apart the cases.” This means that they are buying a larger volume and it’s more effective for them to buy by the tote or in some type of larger volume packaging.

One buyer, Burgerville, has two positions working in the regional food system arena—Director of Regional Vitality and Director of Strategic Initiatives. They believe the future is in the local food supply and are exploring how the region can work together. Although they do not have a restaurant in Salem, they are interested in continuing the conversation and thinking about how they can help support the development of the Mid-Valley regional food economy.

Q25 – Other business models that could strengthen the local food economy. When buyers were asked for other business models or ideas that they thought should be explored to strengthen the local food economy, a few suggestions emerged. One was to “work with large food purveyors—like Sysco, FSA, to leverage their capacity to provide food hub services.” Another similar response was to “pitch a joint venture to one of the distributors working in the Mid-Valley if one has the right values-based approach.”

Increasing healthy food access in the North Gateway Urban Renewal Area. One buyer suggested the concept of Bountiful Baskets program, an affordable food buying club currently operating in other Salem locations. The buyer suggested that such a concept might be viable on Portland Road.

Opinions about a year-round public market. Several buyers, especially downtown restaurants, expressed strong support for the year-round public market concept. One buyer said that "a year-round market could be so much more than just outdoor and seasonal—it would allow for increased interaction among producers and consumers." The majority of buyers thought that downtown would be the best location for a public market, but a Silverton buyer and a buyer familiar with the Mercado in Portland voiced support for a Portland Road location.

Buyer Profile: NORPAC Foods, Inc., a Salem-based Farmer-owned Cooperative

NORPAC formed in 1924 as the Northwest Pacific Canners and Packers. Today, the Salem-based cooperative has grown to include 240 Willamette Valley family farmers growing 27 different crops on 45,000 acres. NORPAC is the largest fruit and vegetable processor in Oregon. NORPAC's mission is: "providing our farmer-members reliable market access by exceeding customer expectations in the growing, processing and marketing of safe, nutritious, high quality, fruit and vegetable products."

During the interview, NORPAC staff estimated that 80% of their farms are in Marion County. Any additional acreage that NORPAC farmers have that is not on contract with the company is available to sell through other markets. Some farmers sell directly through an on-site farm-stand or store, or through wholesale distributors. NORPAC develops contracts in the fall with farmers and then pays them throughout the year, even if there is unexpected bad weather. Farmers have a three-year trial period to officially become part of the cooperative so that they know they are reliable growers.

Given that NORPAC is not selling fresh product, they couldn't directly imagine how they might be involved with the food hub. Several institutional buyers interviewed (including food manufacturers and school districts) do purchase their frozen vegetables for NORPAC to serve as side dishes or to put in recipes year-round. It is possible that NORPAC could partner with a food hub to seek ways to operate year-round by providing frozen product. NORPAC was also interested in the possibility of encouraging businesses on Portland Road to utilize NORPAC product if a food hub facility was sited along Portland Road.

NORPAC's cooperative business model might offer an example that a food hub could replicate on a smaller scale. Additionally, a food hub could potentially could reach out to NORPAC farmers and offer an additional market for *fresh* local product. This would require further discussion with the company as they typically do not share their farmer names and contact information or promote activities at meetings.

Results: Food Producer Outreach

Q2 – Years in farming. The farmers collectively had many years of experience with three having over 20 years of experience, two 11-20 years, nine from 4-10 years, and just one with less than 3 years.

Q4 – Main crops and products. Farmers interviewed produced a wide variety of products including vegetables (73%), berries/small fruits (53%), fruits (33%), meats (33%), value-added (33%), grain (27%), eggs (20%), and dairy (7%). (Note: these percentages reflect the number of farmers interviewed who are producing that crop or food product.)

Q6 – Gross 2015 sales. The farms interviewed represented a range of business sizes (as gauged by gross farm sales), but the majority (nine farmers) had over $50,000 in sales.

Q7 – Outlets for product sales. The farmers interviewed currently sell in the following markets: wholesale, on-farm (roadside stand or storefront), farmers' market, community supported agriculture (CSA), restaurants, and grocery stores/retail. One sold seconds to a cider producer. None of the farmers interviewed sold to institutions (schools, hospitals) or via website/online sales.

Q10 – Interest in increasing local sales. All but one of the 15 farmers interviewed were interested in increasing their local sales. Ideas for achieving included adding a farmers' market, creating a drop-site buying club, increasing retail/wholesale, preplanning production with area buyers, or participating in a food hub.

Q11 – Challenges to business operations. When asked to explain challenges related to storage, processing, distribution, marketing and sales, farmers identified: lack of customer relationships when selling wholesale, need for community education about buying local and value to economy, logistical challenges of managing sales in Portland, high overhead costs for farmers' market sales, lack of meat processing facilities, and cold storage issues.

Q12 – Farm business support system preferences. When offered a list of options and asked what would be helpful to their farm business, farmers responded with the following:

- 93% Community Education (value of local farming/buying local)
- 71% Value-Added Processing (commercial kitchen, specialized equipment)
- 64% Aggregation (add your product to that of other farmers for larger buyers)
- 64% Direct Sales (cooperative/retail outlet)
- 64% Distribution
- 64% Cold/Freezer Storage (mostly cold storage, only one said freezer)
- 57% Transportation
- 57% Marketing Support
- 43% USDA Meat Processing Facility (several strong opinions about need for this)
- 43% Local Label (e.g. Mid-Valley Grown)
- 43% Food Safety certification assistance (e.g. GAP)

- 36% Assistance with marketing claims (e.g. organic)
- 36% Assistance with marketing claims (e.g. organic)
- 29% Light Processing (washing, chopping, sorting)
- 29% Dry product handling facility (some interest in shared equipment for grains/beans)
- 6% None of the Above (one farmer, also not interested in food hub)

Note that although a meat processing facility was only identified by 43% of farmers, there is strong support from those interested in this idea, and this gap has been identified in other Mid-Valley regional food system studies.

Q13 & Q14 – Prior knowledge of and interest in food hubs. With the food hub movement growing nationally, 73% of farmers (or 11 of 15) shared that they had heard of the term food hub prior to the interview (Q13). Of those interviewed, 53% (8 of 15) thought a food hub is a business model needed in the Mid-Valley, with 27% saying maybe (4 of 15), and 20% thinking it is not needed (3 of 15) (Q14). Several farmers were solidly supportive, while others added comments about making sure it was profitable, ensuring that there were buyers, and seeing the value in community outreach that a food hub could provide. The producers who said "maybe" would like a more detailed plan and to have confidence that there is a viable market. Of the three not interested, one did not need market support and thought it was a trendy idea, and another was concerned or unclear about who would buy from it. The third said, "maybe for smaller farmers," but said he has not heard of customers (grocery stores) saying they cannot source something, so he was doubtful there would be a demand for it.

Q17 & Q18 – Food hub location. In terms of preferred location, close to I-5 with easy access for transportation is key. Many farmers thought Portland Road would be a good location. Some farmers stated that they would need help transporting product to a food hub, regardless of the location. In addition to Portland Road, farmers also suggested something in the vicinity of 25th and Mission Streets or the Madrona/McGilchrist area.

Q16 – Barriers to selling via a food hub. Producers identified five main areas of concern when asked about barriers to selling via a food hub:

- Price: Farmers are concerned that the price point might be too low if they are selling wholesale through the food hub to larger buyers. One farmer said, "The price point could be too low for small farmers because large volume buyers want low prices."
- Lack of Consumer Education: Producers expressed concern that consumers do not understand the value of high quality, local food in the Salem market. One farmer said, "Consumers need to be educated about appropriate value for products…she often hears that large supermarkets are cheaper, but her produce was picked the day before." Several farmers are selling to the Portland market as buyers are willing to pay higher prices because they value quality, local products and can pass the cost on to educated customers with similar values.

- Transportation: Small farmers can be limited by the time it takes to bring product to a food hub, depending upon how often delivery is needed and where the food hub is located.
- Customer Relationships: Many farmers rely on knowing their CSA members and other buyers and there is established farm/brand loyalty. There are concerns about how to maintain these relationships with the food hub playing a middle role.
- Volume: Given the range in farmed acreage and products, there is concern about maintaining enough volume for larger buyers. The majority of farmers noted they could sell to a food hub 1-2 times per week, with only a few more than that. Is there enough product volume to meet needs of buyers? More farmers, especially mid-size farmers, would need to be interviewed or brought into the discussion in Phase II to determine if there are enough farms interested, with enough product available, to make a food hub viable.

Q19 & Q20 – Food hubs and price point. Price was the most critical aspect for farmer participation in a food hub. Although there was great variability in responses, most farmers shared that they get less from wholesale sales than direct sales (Q20). When asked what it would take (price-wise) to participate in a food hub, farmers' comments ranged from "no lower than 35% below retail" to "needs to be a low fee for the hub services, like 10-15%" to "we want to set our own prices" to "no lower than wholesale prices." Developing a food hub concept would require more research into how other food hubs develop their pricing and how frequently prices change based on supply, demand and seasonal fluctuation. Price is also dependent upon additional support a hub might offer to farmers, including transportation, community outreach, and marketing.

Q21 – Interest in participating in pre-season production planning through a food hub. Several producers expressed interest in pre-season production planning and noted that they would prefer to have crops sold before they are grown. The also mentioned that they could plan to grow extra acreage they knew they had a buyer, such as a food hub. One farmer said, "We are starting to push for this with restaurants, tell us in January! Consistency is better this way. Less competition would be great—cooperation is key because it will benefit everyone and no one is losing."

Q22 – Interest in further exploring a food hub concept. Eighty percent of producers are interested in a follow-up meeting with farmers and buyers to talk in more detail about how a food hub might best be organized to serve the region.

Q15 – Other possible models to support the local food system. Producers were also asked if they had other business/cooperative models that they thought could benefit farmers in the Mid-Valley region. Answers included establishing a "seconds" market where goods are delivered to restaurants/stores and aggregating small farmer interests to apply for grants.

Q23 – Additional thoughts. Producers shared the following ideas and thoughts ate the end of the interview:

- There should be better links established between producers and chefs/restaurant
- The Mid-Willamette Valley needs a USDA meat processing facility
- If food hub could sell product, it might increase farmers' ability to grow on more land
- A food cooperative in Salem would we great for producers and consumers—could it succeed after past failure?
- Could Salem support a food cooperative of food buying program?
- Land-use challenges should be addressed—e.g. the County not wanting farm to table dinners, etc.

One producer said, "a food hub in Salem could open up the market away from just Portland." Another said, "It's silly that people buy stuff from elsewhere because there's so much agriculture—we need more accessibility to local food in this area."

Results: Distributor Outreach

Many of the five distributors interviewed actively provide "local" produce, dairy, meat, and other value-added products to the Mid-Valley region. However, the majority of distributors are located outside of the Mid-Valley in Portland or Eugene. One distributor is located in Stayton, but provides produce only from one local berry farm (because of time, price point, and food safety concerns) and otherwise purchases from large produce brokers in Portland. Several are committed to sourcing from the growing "local" market, but generally "local" is considered Oregon or Pacific Northwest grown and there is no specific emphasis on supporting growers in a micro-region like the Mid-Willamette Valley. All of the distributors interviewed support purchasing as much local product as they can throughout the year and then turning to other states or internationally primarily during the winter months or for certain products.

All the distributors interviewed acknowledged that since Marion County is the top agricultural producing county in the state, there should be an effort to connect more buyers with local product from a community and economic standpoint. Three of the five distributors expressed interest and willingness to either make an effort to sign-up more Mid-Valley producers, or to support the development of a food hub. Most could buy from a hub if it met their business needs (price, volume, consistency, food safety); one distributor is even currently supporting the development of a food hub in Southern Oregon.

Summary: Key Themes

1) ***Local purchasing is frequent and commitment exists, however greater connections are needed between Mid-Valley producers and buyers:***
    - 95% of buyers are already purchasing what they consider to be local produce.
    - Buyer's number one reason for buying local was to support area farmers and the regional food economy vs. marketing or business values.
    - Very few buyers are engaged in promoting their local purchases.
    - Producers already have diversified markets, however 93% interviewed are interested in *increasing* local sales.

- It’s challenging to identify where food is grown given broader distributor definitions of local.
- More connections are needed either between producers and buyers directly, via existing distribution channels, or via a new food hub in order to increase the amount of Mid-Valley grown product exchanged in the local food system.
- Specifically, linkages are needed between producers and institutional buyers. Only one of the farmers interviewed is currently selling to an institutional buyer (a school district).
- Several distributors were interested in talking more about how to support Mid-Valley food-related economic development, including connecting with more Mid-Valley growers and/or supporting food hub development.

2) ***Food hub concept has strong initial support from both buyers and producers:*** 85% of buyers are interested in buying from a food hub; 53% of producers thought a food hub was a good business model, with an additional 27% saying “maybe” and desiring more information.
   - <u>Aggregation:</u> 100% of buyers thought that aggregating local product in a one-stop facility ranked first in terms local food system support that would help their business, followed by managing relationships with farmers/ranchers.
   - <u>Increasing Local Sales:</u> 93% of producers would like to increase their local sales. Produce and dairy items were the most common local purchases for buyers. Dairy needs are being met with local suppliers, however local produce is readily available during the growing season in the Mid-Valley and not well represented in the current distribution system.
   - <u>Community Education:</u> Educating the community about the value of local food and farming was the highest business priority for producers. While less important to buyers, several mentioned the growing focus on the quality and sourcing of food from their customers, especially on college campuses, at retail grocery stores, and for hospital employees.
   - <u>Storage/Processing:</u> Most producers who identified storage as a need were interested in cold storage, while a USDA certified meat processing facility is consistently identified as a major need in the Mid-Valley. Storage was not important to buyers who receive frequent deliveries. Value-added processing was identified as a high growth area for distributors.
   - <u>Transportation/Distribution:</u> Delivery is needed by the majority of buyers to participate in the food hub and farm pick-up would make it less time-consuming and costly for farms to participate. Distributors already model delivering product to buyers while picking up from farms (or back-hauling) on their return.
   - <u>Location:</u> Portland Rd. close to I-5 was supported as a good location for a potential food hub. Other suggestions were near 25th and Madrona/McGilchrist, and Kuebler Rd. /I-5.

3) ***Potential food hub challenges:*** Several key points were brought up by both producers and buyers as potential challenges to establishing a food hub.

- Price Point: Price for both buyers and producers is a key concern. Producers identified price as the biggest potential barrier to participation in a food hub. There is concern that prices will be too low and not profitable. According to one farmer, "the price point could be too low for smaller farmers because the larger volume buyers want low prices." The majority of buyers are willing to pay a small premium for local food in order to support area farmers, and a small amount to support the food hub operations. This is especially true if they can pass on this cost to their customer or cut other costs to balance the budget.
- Transportation: Transportation is needed for both producers and buyers. Producers have more flexibility to deliver product, but the majority of buyers, except a few restaurants, need product delivered in order to participate.
- Product Differentiation: Important to determine what types of products food hub could sell. Is it only a local focus? What about other certifications like organic? What do buyers and producers in our community value? And, if organic or another differentiated product is included, how is product separated?
- Scale and Volume: Need to determine the appropriate scale for food hub—what volume in terms of product, buyer size and sales is it aiming for? Some producers would potentially have to grow more to participate, but would only do so with production planning and pre-identified buyers and a profitable price point. Other producers are already larger scale and wonder if a food hub could meet their needs or if volume would be too small.
- Seasonality and Year-Round Operations: Some producers operating year-round include items such as meat, dairy, eggs and value-added products in their business. If a food hub wants to operate year-round, it will likely need to think beyond just fresh produce. Determining whether a food hub would operate year-round and what products it would sell, or whether it would operate only during the peak, fresh production season is one critical feasibility question.
- Community Champion: Although there was not a specific question about leadership or a champion, the question came up several times about who would run the food hub. Depending upon whether a for-profit, nonprofit or cooperative model was chosen, leadership could look different, however this gap would need to be addressed.

4) ***Varied definition of "local" food and limited Mid-Valley local food identity:*** There are differing opinions on the definition of local, with just 26% of buyers interviewed saying that local means Mid-Willamette Valley (Marion, Polk, and Yamhill counties), while 37% think of local as Oregon, and 37% as Pacific Northwest. Restaurants were most likely to identify with the closer to Salem definition because they are more likely to be able to pass on extra cost for local product to their customer. This finding points to the fact that there is potential to shape a Mid-Valley food identity that could support the growth of the regional food economy and transfer valuable food purchase dollars to area farmers and ranchers.

5) ***Community education and marketing campaign needed:*** Community education, or educating about the value of local farming and buying locally, was the top priority identified for farm business support. Many believe that the Salem community is not as educated about the importance of local food as other communities, such as Portland, where many farmers travel to sell their product. At the same time, buyers expressed frustration with the lack of Mid-Valley product available from the current distribution system and would like to find ways to support more local producers if price, quality, consistency, and food safety can be adequately addressed.

Alternatives

Salem and the Mid-Valley is home to many small to mid-size farms that sell directly through farmstands, u-pick operations, community supported agriculture (CSA), and to a lesser extent grocery stores, restaurants, and wholesale. There are currently limited systems in place to support relationships between Mid-Valley producers and larger buyers, such as restaurants, grocery stores, hospitals, schools, and food manufacturers. There is an on-line food hub that Ecotrust developed several years ago, including a specific Farm to School portal, but in most cases its scale and especially the time it takes to make individual connections with producers is not a fit for larger buyers.

Distributors, the majority from outside our region, work to bring food products, including some "local" items into our community. However, in order to better support Mid-Valley farmers, and reduce the leakage of food dollars, we either need to support more producers in gaining access to the current distribution system or create an alternative, more localized structure for purchase and distribution. As noted in the results above, both buyers and producers are interested in exploring ways to increase access to, and sales of, local products in an effort to support area farmers and the food economy in our region.

Below are several proposed alternatives that emerged from analysis of the buyer, producer and distributor outreach. The first two alternatives have implications for both the North Gateway URA and for the larger Mid-Willamette Valley food economy, while the third alternative is focused on increasing access to fresh, local food in the North Gateway URA. None of the proposed alternatives are stand-alone, but could be combined to create a more comprehensive local food strategy that positively impacts the North Gateway URA, the City of Salem, and the broader Mid-Willamette Valley food economy.

1) **Strengthen Mid-Valley Food System and Local Food Economy**
   - Support producers in connecting with local buyers via strategic relationship building, including a Mid-Valley Local Food Network
   - Work with existing distributors to increase their offerings of Mid-Valley grown or produced products

- Develop community education, promotion and marketing plan for Salem and Mid-Valley including creating a local food guide
- Connect producers with institutional buyers via distributors and/or food hub
- Work with community partners (Marion-Polk Food Share, Willamette University and OSU Extension) to support development of a Mid-Valley Local Food Network
- Develop a community education, promotion and marketing plan for Salem and the Mid-Valley geared at raising awareness of the benefits of local food and local buying. This could include branding and a local food guide.
- Work with partners to develop a program aimed at promoting access to and awareness of *affordable* local food options.

2) Further Develop Mid-Valley Food Hub Concept

- Conduct follow-up meeting with interested producers and buyers to better understand needs and determine strongest model for region
- Conduct short feasibility study leading to business plan development
- Work with producers, buyers and community partners to develop a business plan for the food hub concept
- Determine project/business champion or organization willing to support development of food hub under its 501c3
- Potentially link Food Hub facility to food business incubation and food access opportunities for North Gateway URA
- Determine how City might invest in project/infrastructure, especially if located in North Gateway URA

3) Create Healthy Food Access Opportunities for North Gateway Urban Renewal Area

- Retail farmstand or new farmers market location—could be food hub farms or stand-alone
- “Seconds” market to sell blemished product at reduced prices—could be food hub farms or stand-alone
- On-site consumer CSA or buying club—could be linked to food hub to establish multiple marketing opportunities for participating farms.
- Food hub sales to Portland Rd. restaurants, food carts, retail markets and incubating food businesses.
- Community cooperative or buying club
- Expansion of an existing market in North Gateway URA to include more local items.
- Development of a community grocery store—could be connected to food hub and food business incubation program or stand-alone
- Explore Bountiful Harvest baskets or a drop-site buying club for the Portland Rd. area.

Next Steps

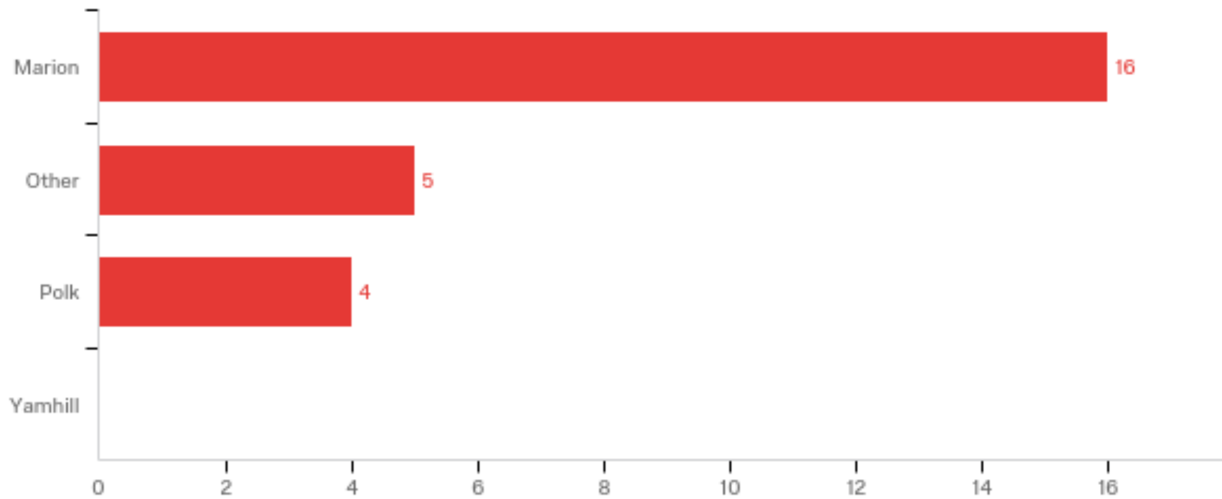
Pursuing the creation of a food hub in the Portland Rd. area will require a more detailed feasibility study that touches on issues of price and further refines the services that the hub should offer. After the feasibility study, interested parties could begin developing a business plan for the hub. In the immediate future, the following key feasibility questions need to be answered to move forward with the food hub concept:

- *Food Hub Values and Product Differentiation:* Important to determine what types of products food hub could sell. Is it only a local focus? What about other certifications like organic? What do buyers and producers in our community value? And, if organic or another differentiated product is included, how is product separated?
- *Food Hub Scale and Year-Round Operations:* Need to determine appropriate scale for food hub—what volume in terms of product, buyer size and sales is it aiming for? Some producers would potentially have to grow more to participate, but would only do so with production planning and pre-identified buyers and a profitable price point. Other producers are already larger scale and wonder if a food hub could meet their needs or if volume would be too small. Some producers operating year-round include items such as meat, dairy, eggs and value-added products in their business. If a food hub wants to operate year-round, it will likely need to think beyond just fresh produce.
- *Price Point and Financial Viability:* We need to understand how other food hubs set prices. Successful food hubs balance the financial needs of producers, the food hub, and buyers to create a viable system. In order to get a food hub up and running, we need more information about what financial viability looks like. More research is needed into how other food hubs develop their pricing system, how farmers and the community benefit, and how operational costs are covered for sustainability.

The most clearly identified need to emerge from the outreach is the desire to strengthen and promote the Mid-Valley local food system. The City and other interested partners could take immediate action on some of the options suggested in "Alternatives," particularly those related to education, outreach, marketing and network development. In terms of creating improved access to fresh food in the North Gateway URA, the ideas above came from buyers and producers, including several business owners on Portland Rd. However, this portion of the community outreach did not capture resident input. Careful review of the survey results conducted by the City of Salem and Mano a Mano, as well as planning for additional community input meetings, is recommended to identify which projects have the most resident interest. In addition, assessing resident or community partner capacity for implementation is needed since the City can catalyze development, but will not provide long-term program management.

APPENDIX K: FOOD BUYER SURVEY RESULTS

Q1. In what county or counties is your food business located? (please check all that apply)



#	Answer	%	Count
	Total	100%	20
1	Marion	80.00%	16
4	Other	25.00%	5
2	Polk	20.00%	4
3	Yamhill	0.00%	0

Other

works with multiple school districts and schools in Mid-Valley

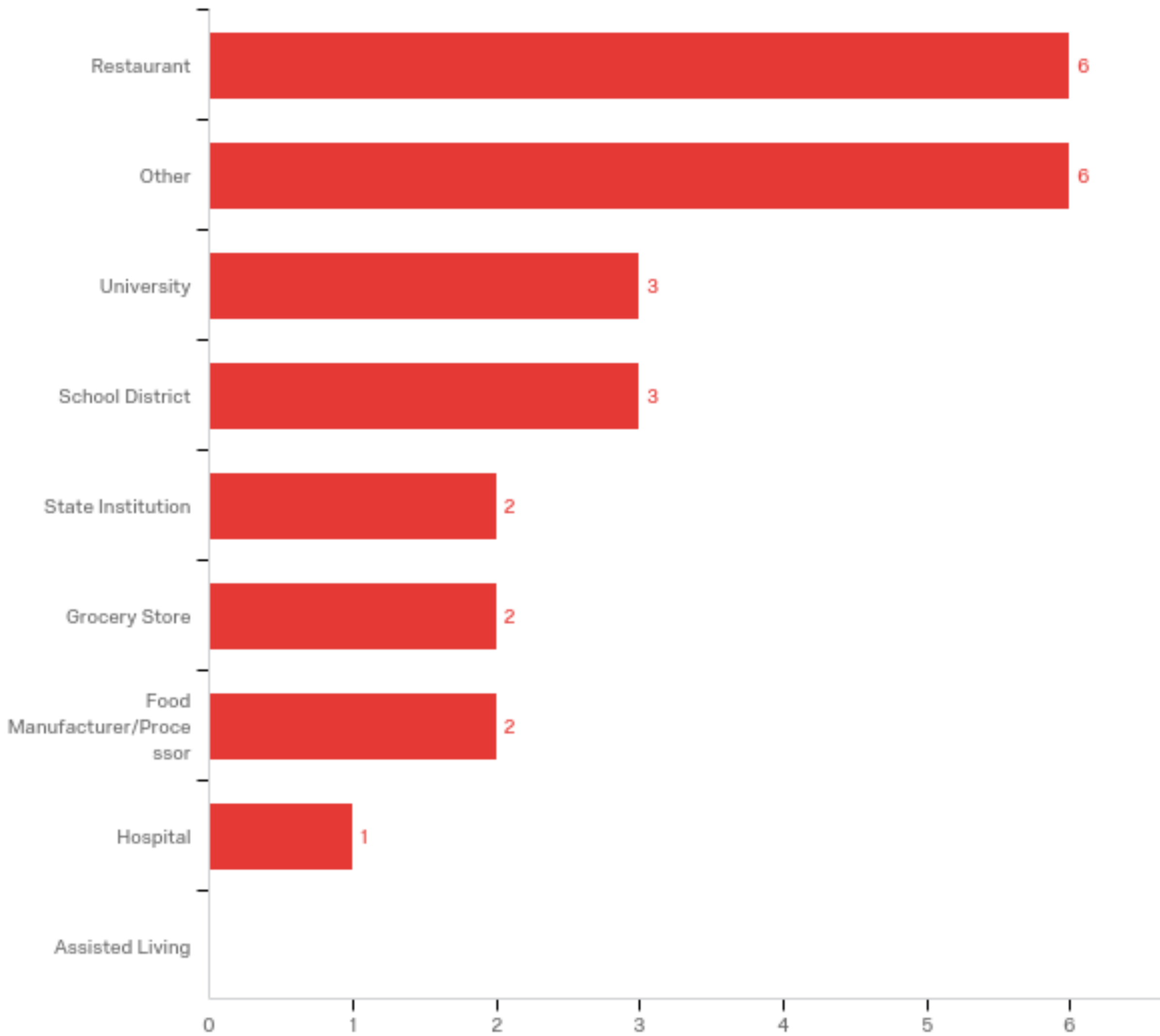
90% of sales in OR, WA, and CA; small amount in AZ and MN

14 corrections facilities across Oregon

plus have newer second facility in WA

Restaurants in Corvallis, Albany and Independence

Q2. What type of food buyer do you represent? (please check all that apply)

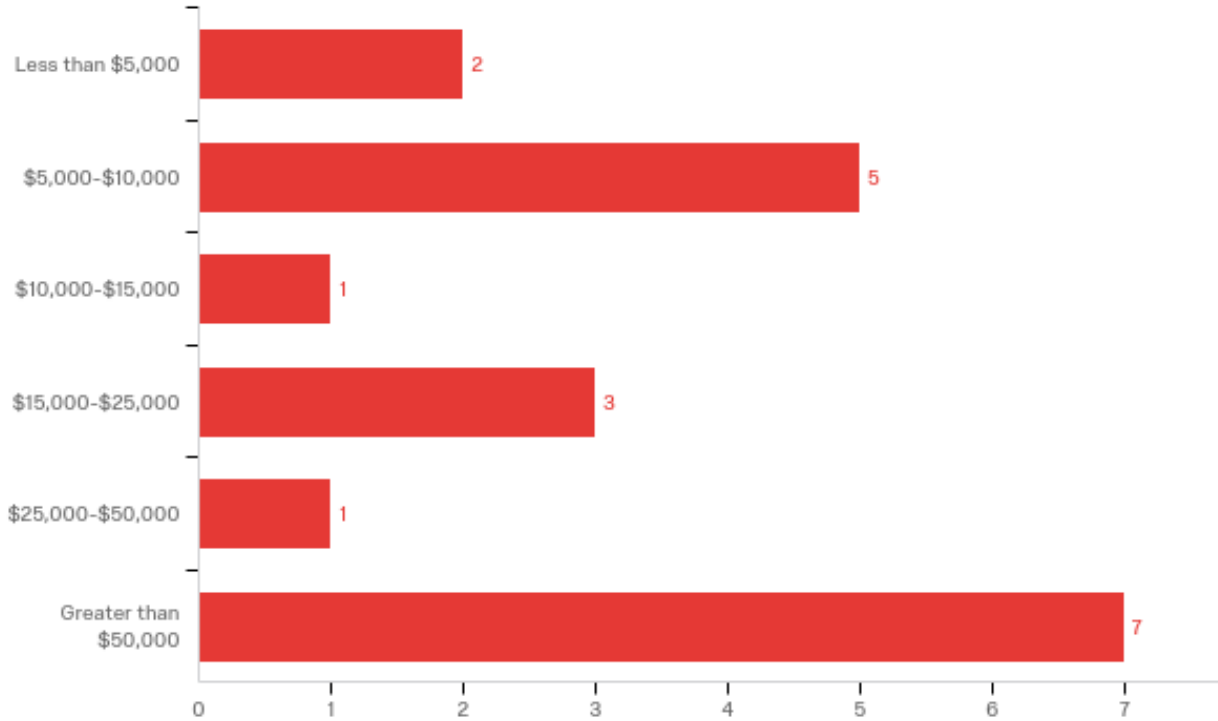


#	Answer	%	Count
	Total	100%	20
6	Restaurant	30.00%	6
9	Other	30.00%	6
2	University	15.00%	3
4	School District	15.00%	3
3	State Institution	10.00%	2
5	Grocery Store	10.00%	2
7	Food Manufacturer/Processor	10.00%	2
1	Hospital	5.00%	1
8	Assisted Living	0.00%	0

Q2 TEXT - Other

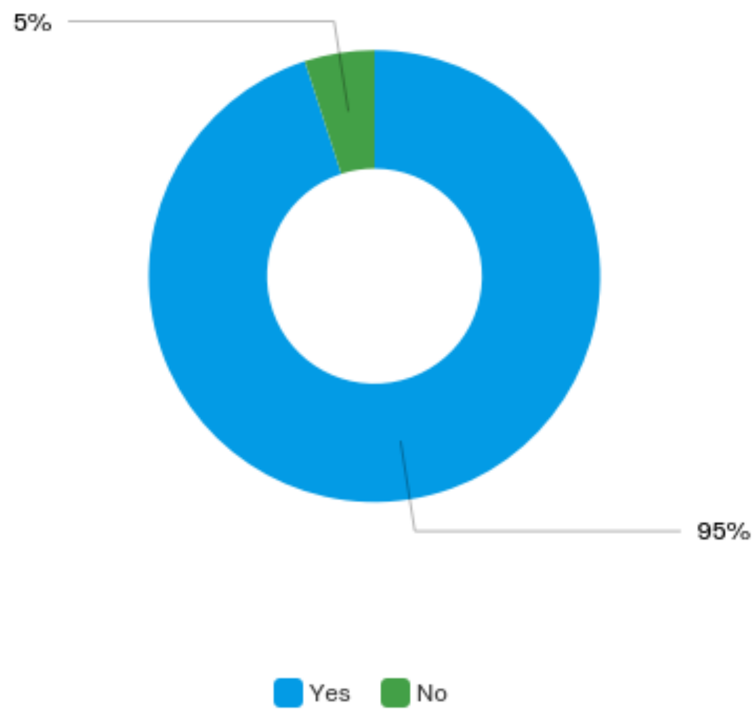
Resort
Food Service Company
Corrections
State Building Cafeteria
Chain
restaurant chain

Q3. In the past year, to the nearest $1,000, what was your average weekly expenditure on food products?



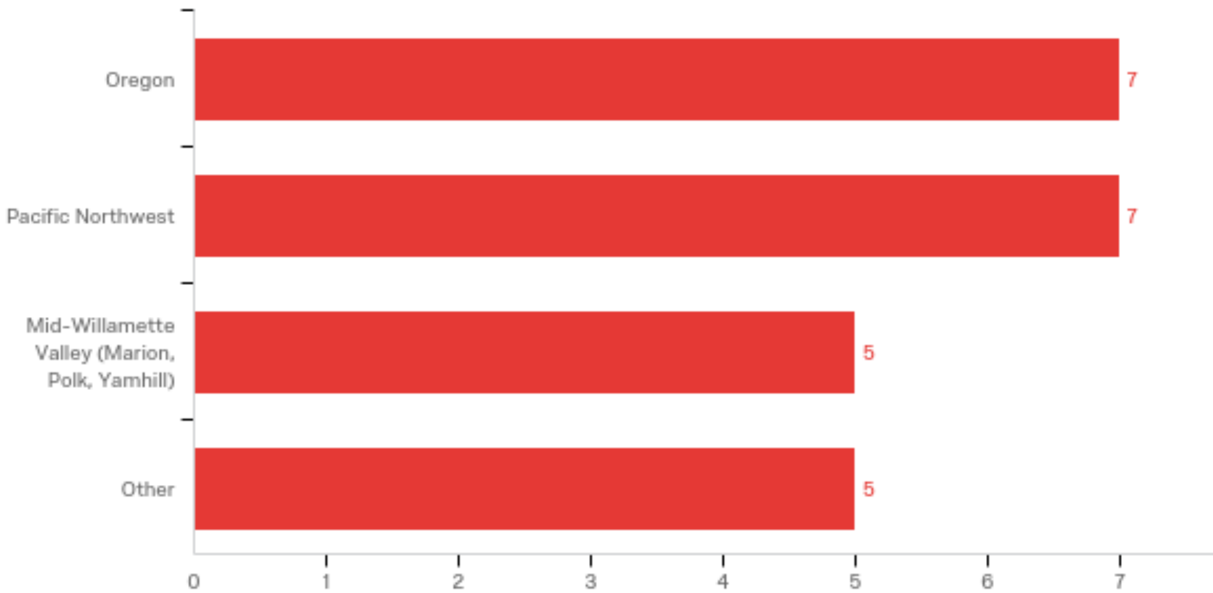
#	Answer	%	Count
	Total	100%	19
1	Less than $5,000	10.53%	2
2	$5,000-$10,000	26.32%	5
3	$10,000-$15,000	5.26%	1
4	$15,000-$25,000	15.79%	3
5	$25,000-$50,000	5.26%	1
6	Greater than $50,000	36.84%	7

Q4. Do you currently buy local/regional produce, meat, dairy or other food products?



#	Answer	%	Count
1	Yes	95.00%	19
2	No	5.00%	1
	Total	100%	20

Q5. What do you consider “local” product?



#	Answer	%	Count
	Total	100%	19
2	Oregon	36.84%	7
3	Pacific Northwest	36.84%	7
1	Mid-Willamette Valley (Marion, Polk, Yamhill)	26.32%	5
4	Other	26.32%	5

Other

From the Coast to Bend and from Southern WA to Eugene. We are more focused on quality than where it's from. We believe in sourcing the highest quality and most ethically produced ingredients we can. If that means getting chicken from CA, so be it.

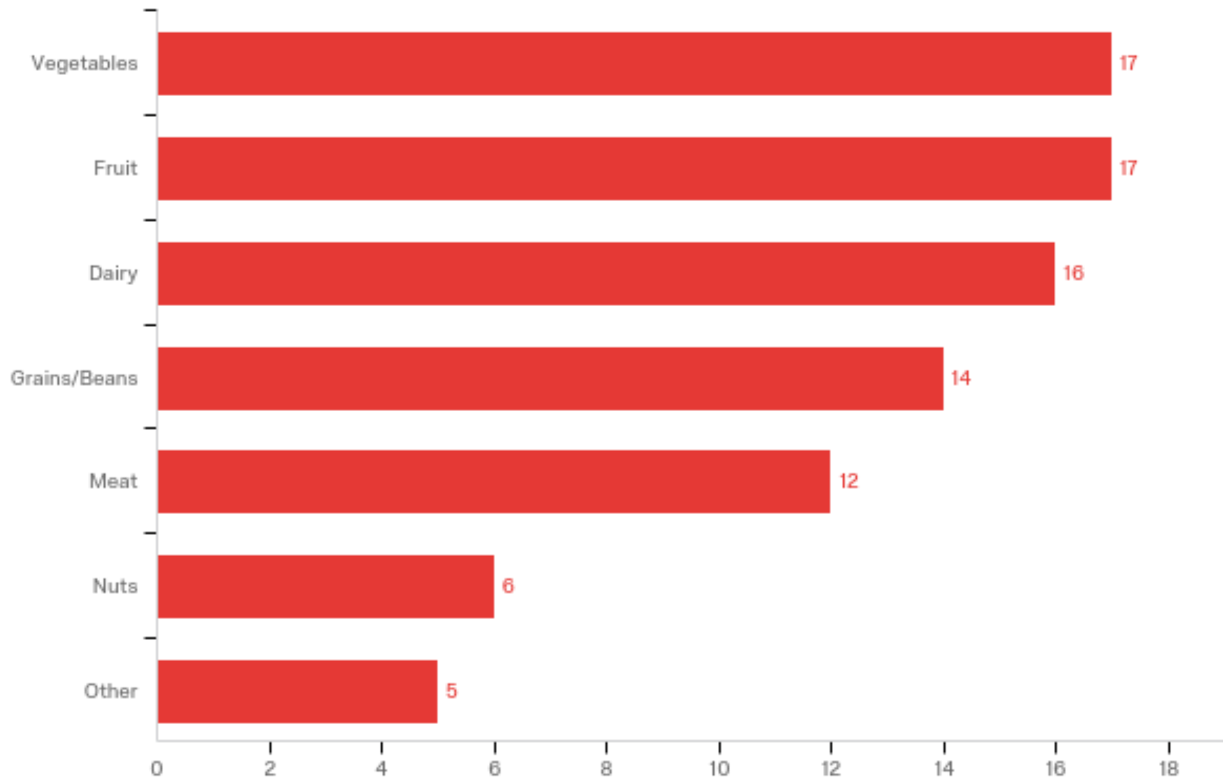
a days drive and back; 100-200 mile radius

aim for 150 miles or less

400 mile radius from Vancouver, WA

can also be based on certain number of Oregon grown ingredients

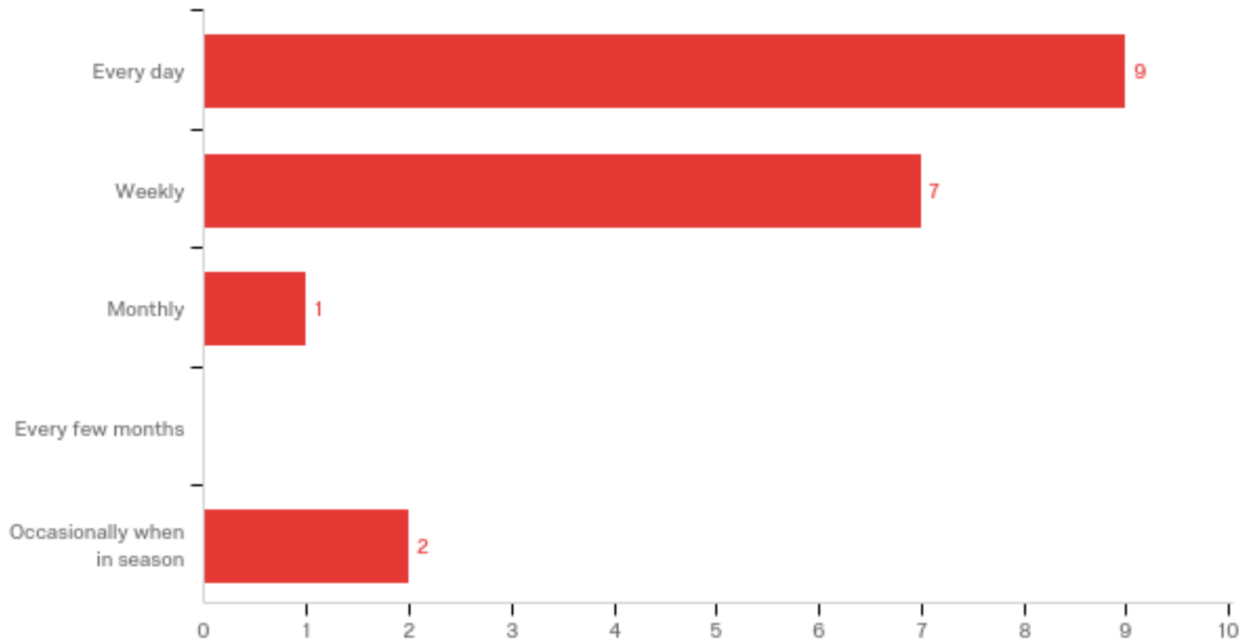
Q6. What types of locally grown products do you purchase?



#	Answer	%	Count
	Total	100%	19
1	Vegetables	89.47%	17
2	Fruit	89.47%	17
5	Dairy	84.21%	16
4	Grains/Beans	73.68%	14
6	Meat	63.16%	12
3	Nuts	31.58%	6
7	Other	26.32%	5

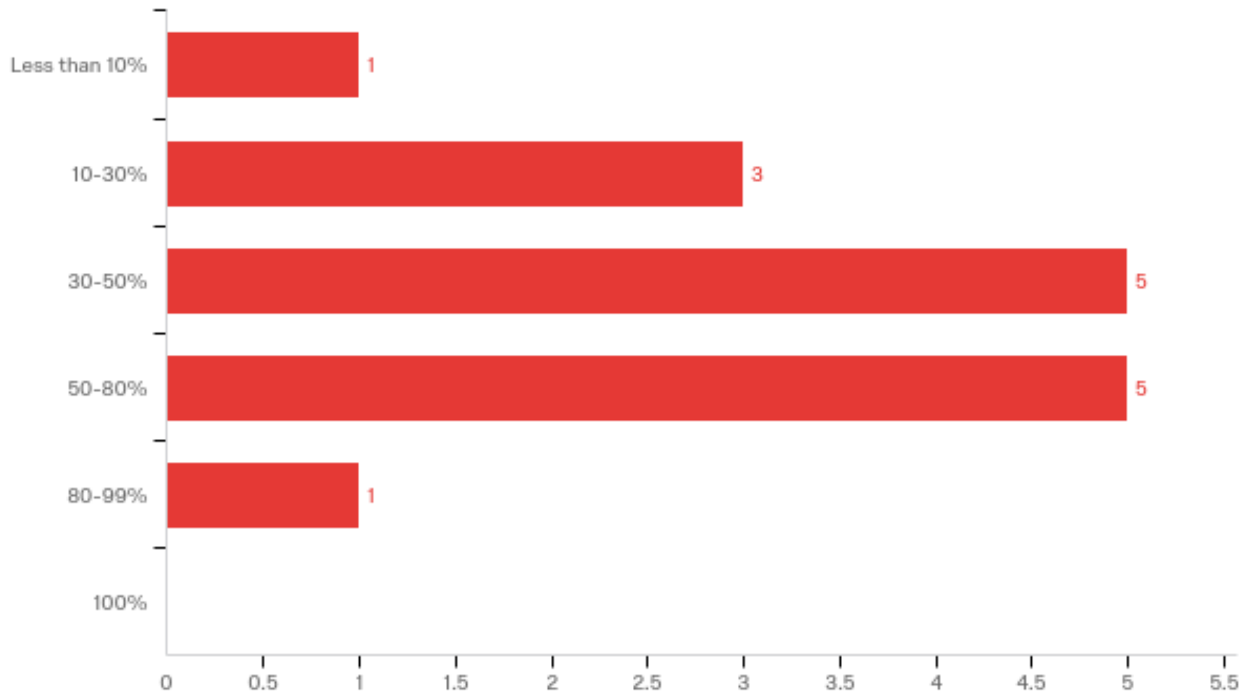
Other
Olive oil, mushrooms, baked goods
eggs
value-added, processed products, such as relish, pickles, jam, honey
bread buns
value-added items (jam, relishes, etc.); honey; olive oil

Q7. How often do you purchase locally grown products?



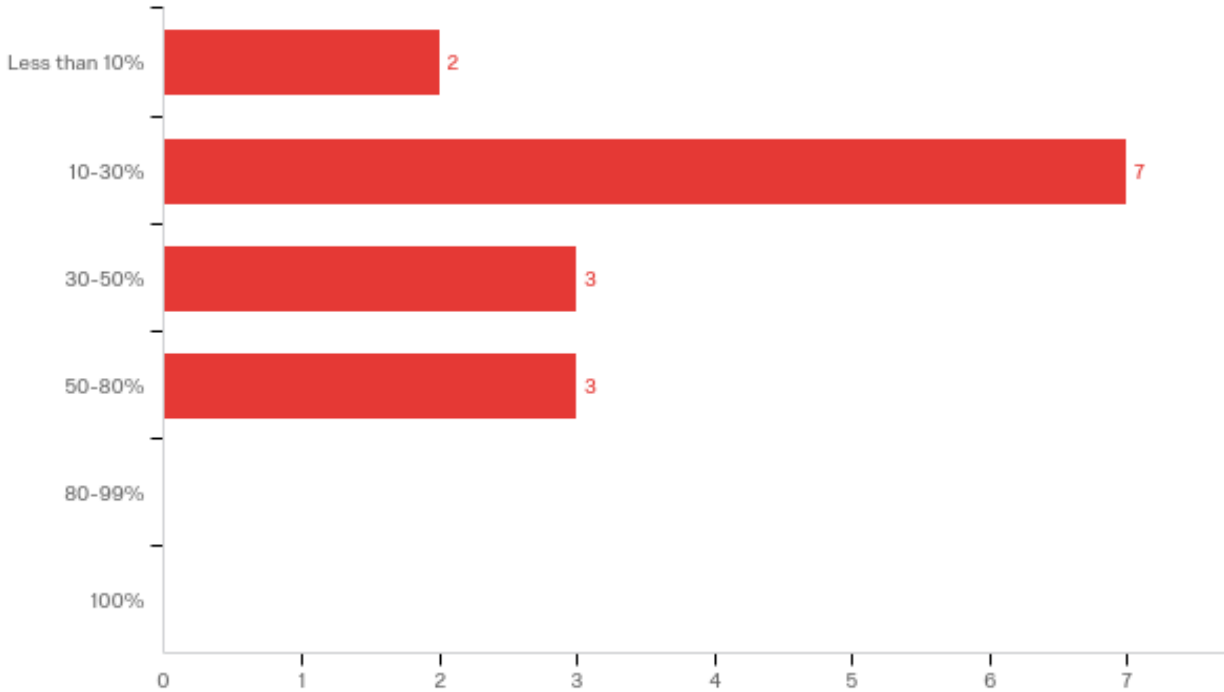
#	Answer	%	Count
1	Every day	47.37%	9
2	Weekly	36.84%	7
3	Monthly	5.26%	1
4	Every few months	0.00%	0
5	Occasionally when in season	10.53%	2
	Total	100%	19

Q10. What % of your weekly food purchase dollars are spent on local foods during peak-use season (summer/fall) when you have the potential to buy the most local product?



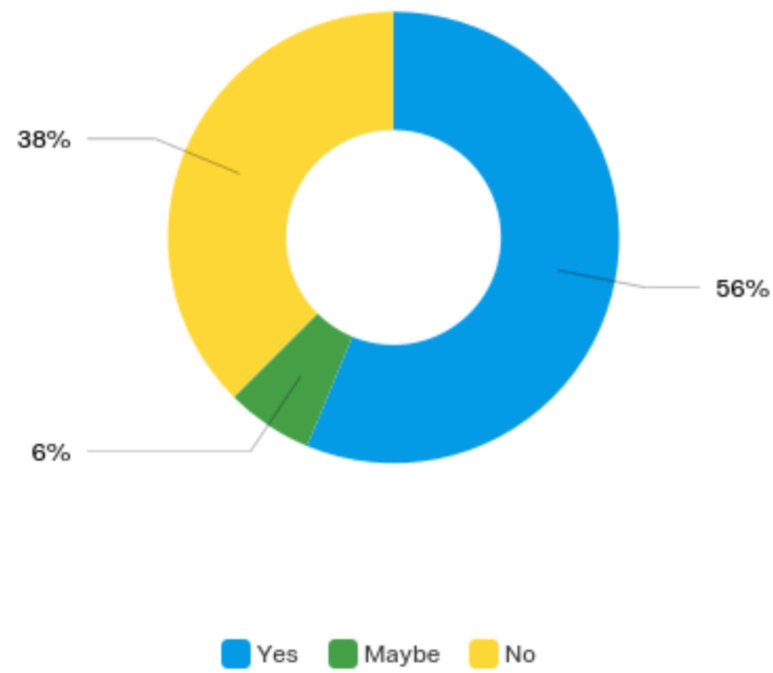
#	Answer	%	Count
1	Less than 10%	6.67%	1
2	10-30%	20.00%	3
3	30-50%	33.33%	5
4	50-80%	33.33%	5
5	80-99%	6.67%	1
6	100%	0.00%	0
	Total	100%	15

Q11. What % of your weekly food purchase dollars are spent on local in the off-season (winter/spring)?



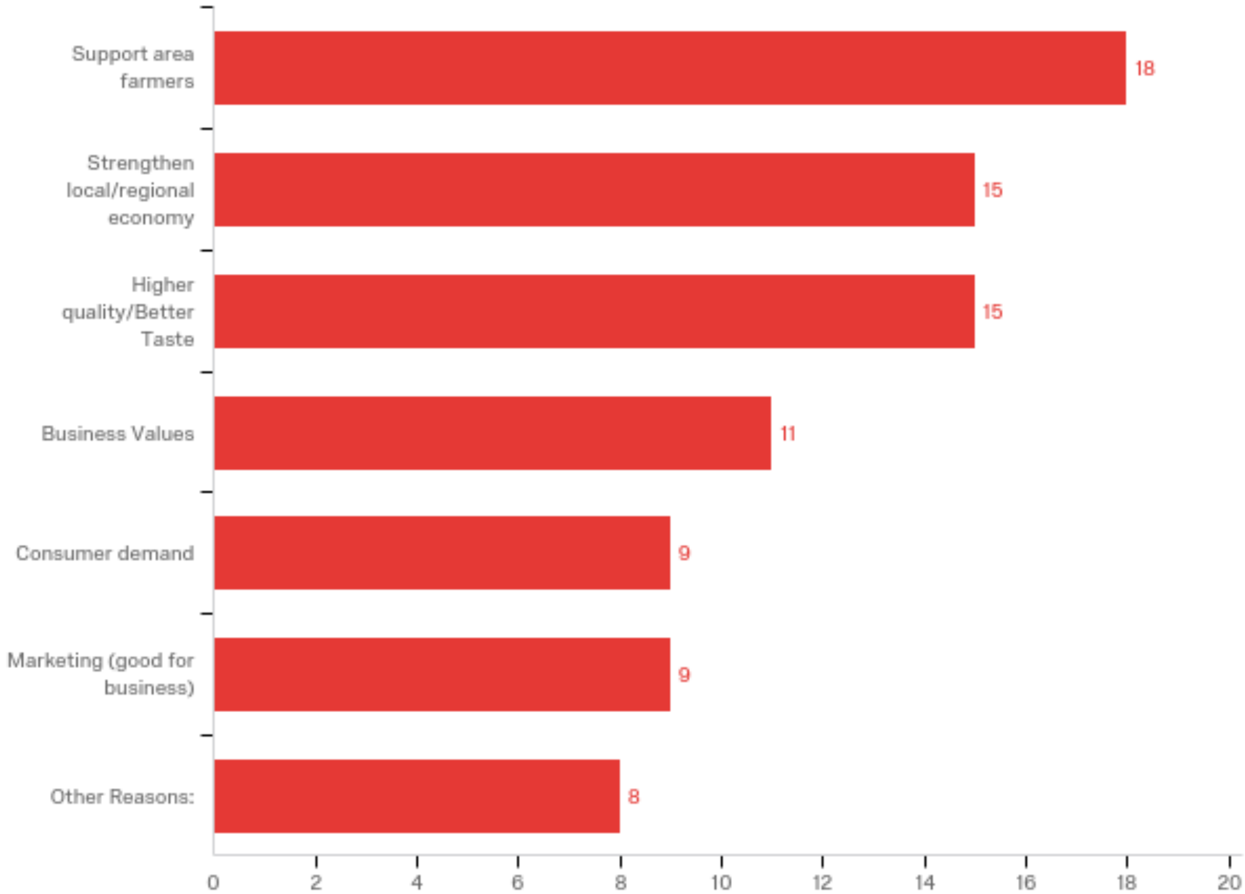
#	Answer	%	Count
1	Less than 10%	13.33%	2
2	10-30%	46.67%	7
3	30-50%	20.00%	3
4	50-80%	20.00%	3
5	80-99%	0.00%	0
6	100%	0.00%	0
	Total	100%	15

Q12. Do you see a growing consumer demand for local food with your food business?



#	Answer	%	Count
1	Yes	56.25%	9
2	Maybe	6.25%	1
3	No	37.50%	6
	Total	100%	16

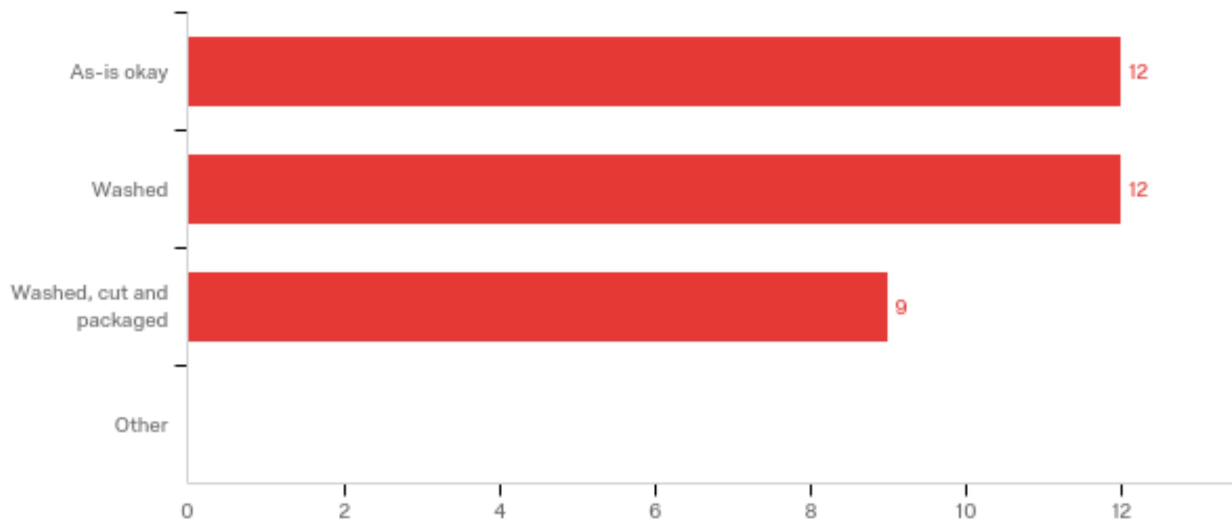
Q13. If you purchase local product, what motivates you to do this?



#	Answer	%	Count
	Total	100%	20
1	Support area farmers	90.00%	18
2	Strengthen local/regional economy	75.00%	15
4	Higher quality/Better Taste	75.00%	15
6	Business Values	55.00%	11
3	Consumer demand	45.00%	9
5	Marketing (good for business)	45.00%	9
7	Other Reasons:	40.00%	8

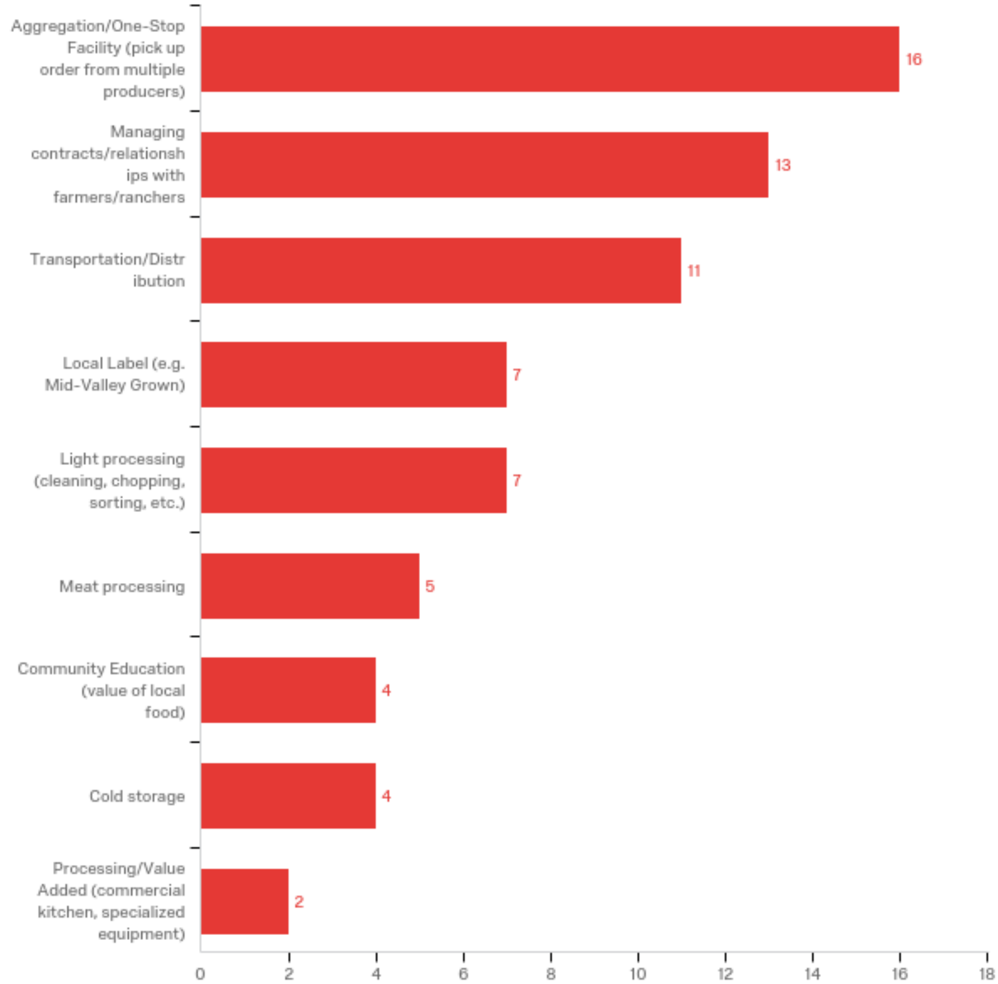
Other Reasons:
Educate our customers
if local is the lowest price, but we find that local tends to be more expensive
Go out to bid for all products, but can use Oregon Preference, like to report Oregon grown to Legislature
Has an ODE Farm to School grant to purchase Oregon grown product
would like to learn more about purchasing local because wants to support area farmers
company goal is to "improve communities in which businesses are built"
Health--company goal to improve access to high quality locally grown food; focus not just on local, but food attributes, such as antibiotic and hormone free meat
environmental (food miles travelled); social justice; relationships with producers

Q15. If purchasing raw produce, does that product need to be delivered in a certain form?



#	Answer	%	Count
	Total	100%	17
1	As-is okay	70.59%	12
2	Washed	70.59%	12
3	Washed, cut and packaged	52.94%	9
4	Other	0.00%	0

Q17. What types of local food system support could be provided that would be helpful to your business? (please check all that apply)

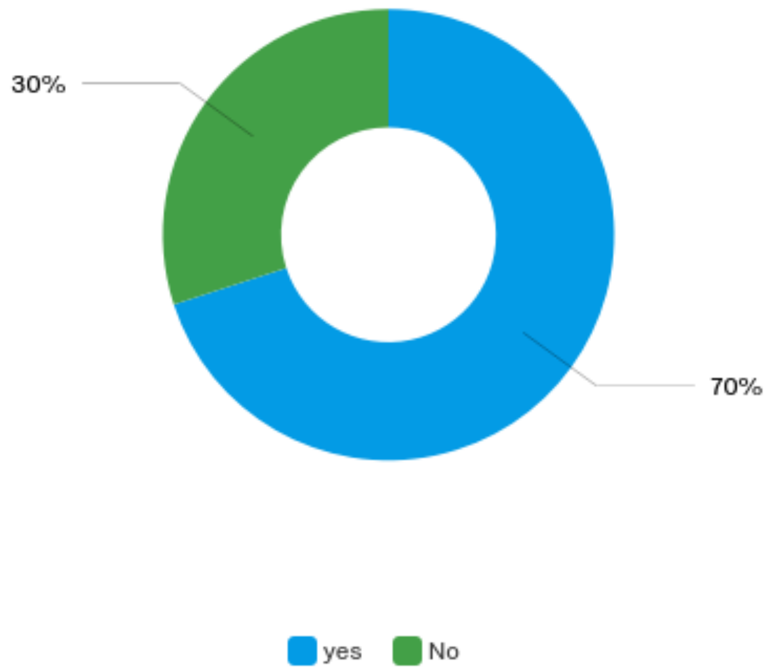


#	Answer	%	Count
1	Aggregation/One-Stop Facility (pick up order from multiple producers)	100.00%	16
2	Managing contracts/relationships with farmers/ranchers	81.25%	13
3	Transportation/Distribution	68.75%	11
5	Local Label (e.g. Mid-Valley Grown)	43.75%	7
6	Light processing (cleaning, chopping, sorting, etc.)	43.75%	7
8	Meat processing	31.25%	5
4	Community Education (value of local food)	25.00%	4
9	Cold storage	25.00%	4
7	Processing/Value Added (commercial kitchen, specialized equipment)	12.50%	2
	Total	100%	16

Other

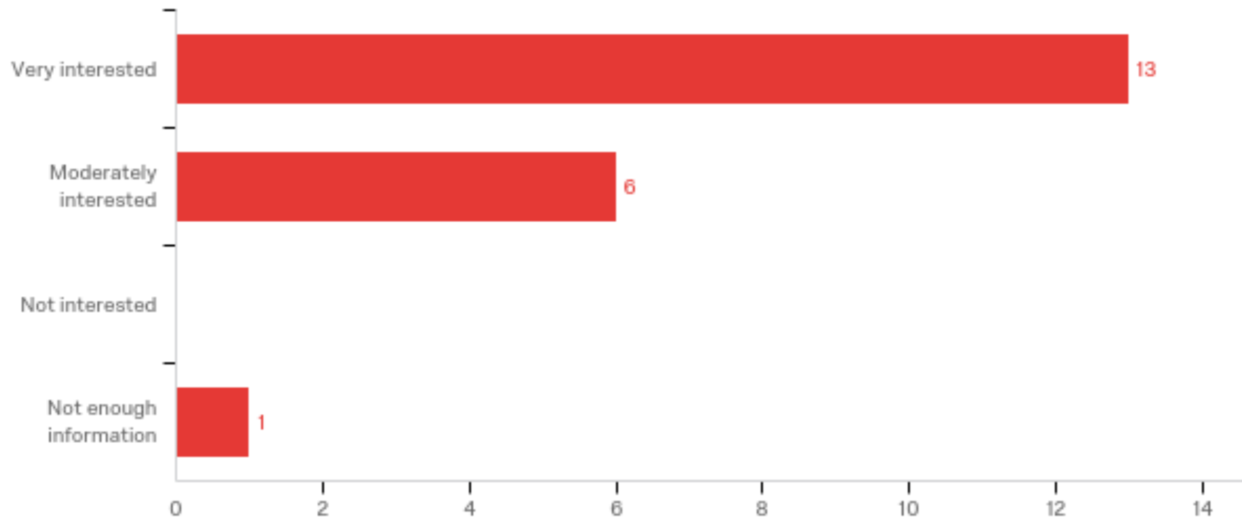
most interested in sourcing a specialty product through hub (e.g. cilantro) or selling their product through the hub
State Corrections has food distribution center across I-5 near Portland Road URA
Region needs slaughter and processing facilities for smaller ranchers
Local label could be valuable, but depends upon how program is structured; cold storage is important for making sure produce stays cool from field to store then it lasts longer

Q18. Have you heard of the term “food hub” before this survey?



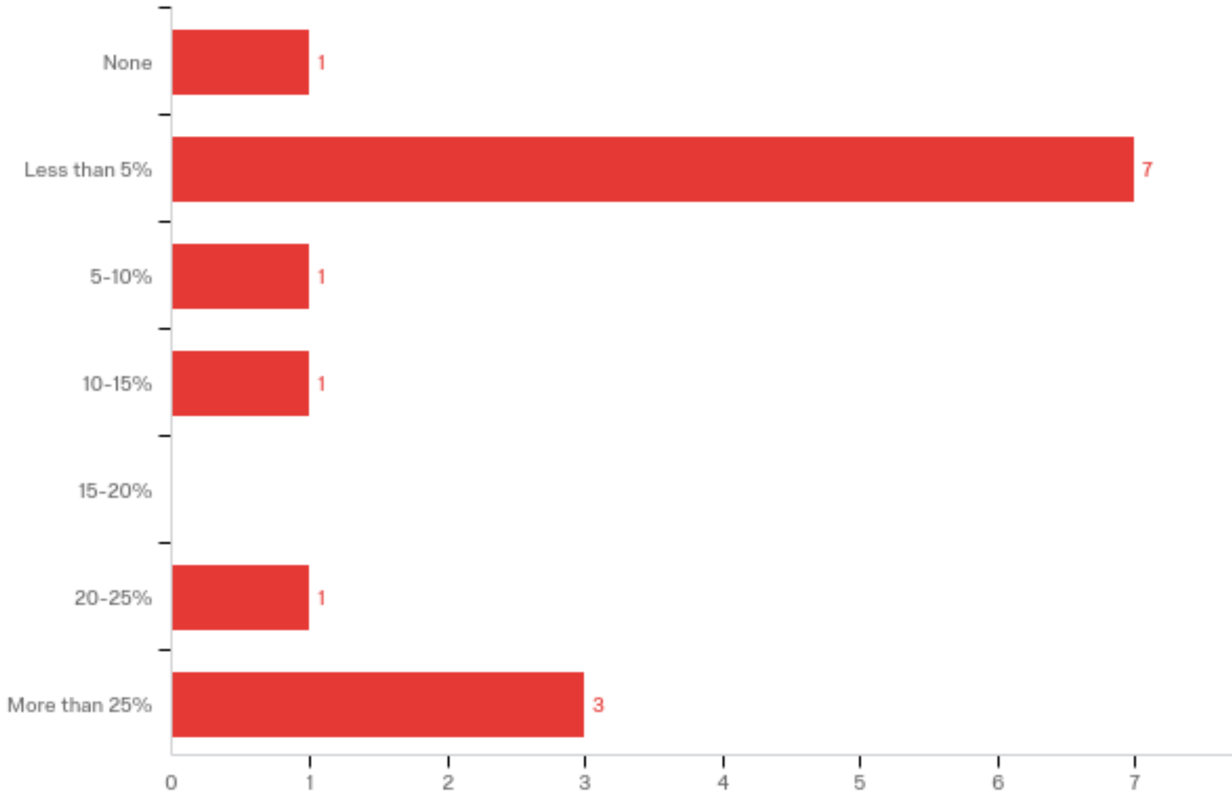
#	Answer	%	Count
1	yes	70.00%	14
2	No	30.00%	6
	Total	100%	20

Q19. How interested would you be in buying from a local/regional food hub?



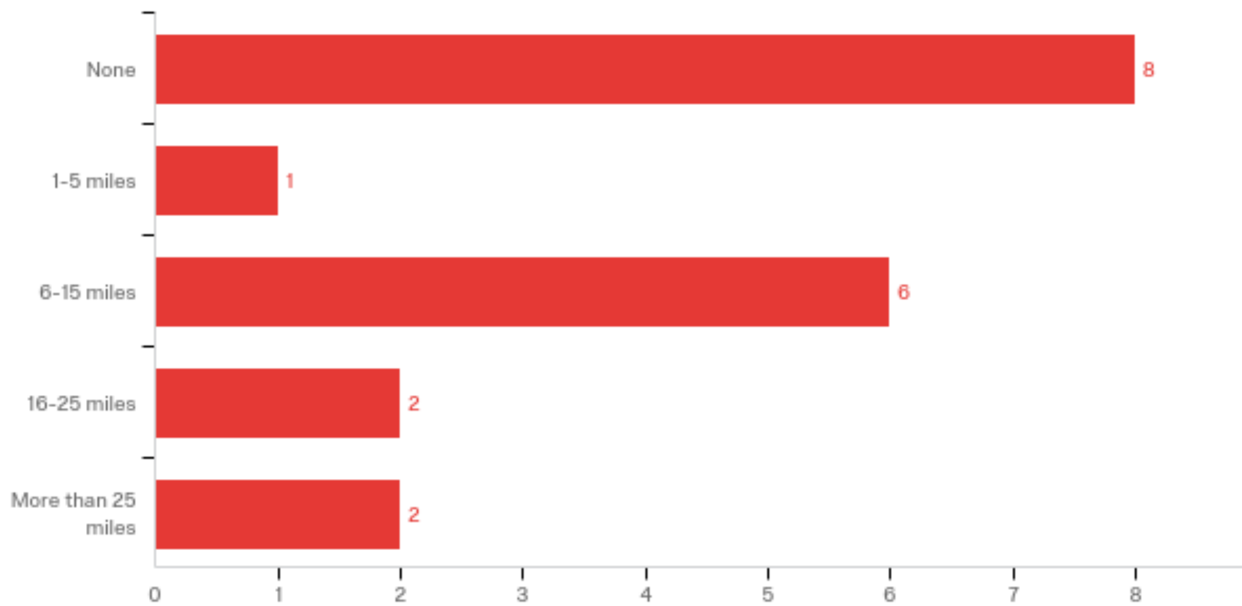
#	Answer	%	Count
1	Very interested	65.00%	13
2	Moderately interested	30.00%	6
3	Not interested	0.00%	0
4	Not enough information	5.00%	1
	Total	100%	20

Q21. In general, how much more are you willing to pay for local/regional products?



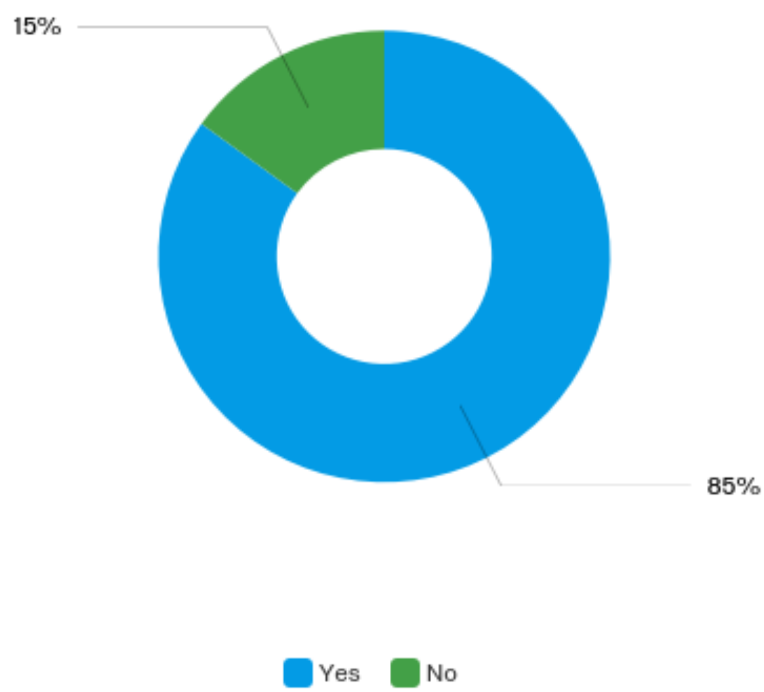
#	Answer	%	Count
1	None	7.14%	1
2	Less than 5%	50.00%	7
3	5-10%	7.14%	1
4	10-15%	7.14%	1
5	15-20%	0.00%	0
6	20-25%	7.14%	1
7	More than 25%	21.43%	3
	Total	100%	14

Q23. What would be the longest distance you would be willing to travel to pick up from a food hub?



#	Answer	%	Count
1	None	42.11%	8
2	1-5 miles	5.26%	1
3	6-15 miles	31.58%	6
4	16-25 miles	10.53%	2
5	More than 25 miles	10.53%	2
	Total	100%	19

Q24. Would you be more likely to participate in the food hub if there was delivery service?



#	Answer	%	Count
1	Yes	85.00%	17
2	No	15.00%	3
	Total	100%	20