Developing Regional Wholesale Markets for Farmers on the Olympic Peninsula: Assessment, Barriers and Recommendations

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Report on a USDA Local Food Promotion Program Planning Grant received by the North Olympic Peninsula Resource Conservation & Development Council (NODC)

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I. Executive Summary

In December 2019, the North Olympic Peninsula Resource Conservation & Development Council (NODC) received a planning grant from USDA's Local Food Promotion Program to expand regional wholesale markets for producers on the geographically isolated, economically distressed North Olympic Peninsula of Washington. The project sought strategies to increase wholesale purchases of local farm products and value-added foods from Clallam and Jefferson Counties by identifying and addressing barriers to local purchasing experienced by restaurants, grocers, institutions and community-based organizations in the region and by identifying and addressing barriers preventing area producers from accessing wholesale markets. A key part of the project was recognition of neighboring counties, especially Kitsap, as a potential first step market opportunity.

Many successful models for marketing, aggregation and distribution of local food exist nationwide, in Washington and in the Puget Sound region. NODC and its partners and collaborators sought to design a model suited to the unique challenges of the North Olympic Peninsula – an inclusive model for a mid-tier value chain responsive to the challenges of limited transportation networks, small-scale production and limited access to capital. By developing a model tailored to this region, farmers and producers could better withstand adversity and scale their operations efficiently and cost effectively as desired. Buyers would have improved access to and understanding of producers and production capacity. Access to fresh, healthy, seasonal and local food would be improved for all sectors of the population, especially geographically isolated and low-income communities.

The majority of farms on the North Olympic Peninsula are very small diversified farms, growing on 10 acres or less. The 2017 USDA Census of Agriculture indicates that fewer than 10% of farms across Clallam County make $25,000 or above annually in farm-related income. The situation in neighboring Jefferson County is similar, with 15% of farms having sales valued at more than $25,000 annually. Of the farms interviewed in the project, 80% engage in direct marketing strategies in the region.

Many studies over the last several decades have identified barriers that small farms face when accessing wholesale markets (Worley & Strobbe, 2012; Clark & Inwood, 2016; Barrowclough et al., 2019), including the lack of appropriate transportation and delivery infrastructure, proper storage and handling facilities and the challenge of "scaling up." Farmers on the North Olympic Peninsula are no exception to these challenges. Our project had similar findings to these existing studies, as well as identifying some issues and opportunities unique to this region. Based on interviews with both farmers and buyers in the region, this report outlines the findings from our interviews, identifies barriers and makes several recommendations for growing wholesale opportunities on the North Olympic Peninsula.

Analysis of interviews with buyers and producers revealed four key barriers to regional wholesale market development:

1. Buyers and producers agree that building relationships is key to establishing long-term purchasing arrangements. However, meeting with multiple farmers or multiple buyers to develop relationships that will supply a buyer's needs or sell a large percentage of a producer's product is time consuming, and both buyers and producers are already stretched for time.
2. It is time, labor and fuel intensive for producers to deliver multiple small orders to buyers across the Peninsula and labor intensive for buyers to receive multiple small orders, and this affects profit margins for both parties.

3. Selling to certain buyers requires producers to meet Food Safety Modernization Act (FSMA), Good Agricultural Practices (GAP) or Good Manufacturing Practice (GMP) standards or to have liability insurance.
4. Buyers expressed dissatisfaction with managing different fresh sheet formats and ordering processes for each producer they buy from.

Several buyers and producers who participate in the Puget Sound Food Hub suggested a food hub or aggregation facility on the Olympic Peninsula as the solution to some of these barriers. However, previous studies in the region found that there is currently insufficient production volume in the region to make a food hub financially feasible. Even if the facility was built entirely with grant funding, the annual operating costs would be unsustainable.

For that reason, we are recommending the following investments in “soft infrastructure”:

- Value chain coordination
- Development of micro distribution networks
- Training and technical assistance on food safety
- Exploration of online sales models or platforms

These investments could lead to market growth to a point where hard infrastructure could be sustainable.

II. Methodology

Project team members carried out interviews with individual producers and buyers via Zoom, phone and socially distanced in-person meetings. Meetings lasted approximately one hour. Altogether, 26 buyers and 19 farms were interviewed between January and July 2021. Interviews were open-ended to allow producers to discuss the issues that mattered most to them. Aside from gathering information about farm business models, growth models and crop production, there are three main questions that the producer interviews helped answer:

1. Are there some producers who are currently only selling direct-to-consumer that would like to add wholesaling to their current selling mix?
2. Are there producers who currently wholesale and would like to grow the wholesale portion of their overall sales portfolio?
3. What are, or have been, the barriers to starting or increasing the wholesale portion of their farm sales?

Interviews with buyers focused on procurement policy and practices around sourcing locally produced food. In addition to these considerations, the buyer interviews helped answer:

- What type of capacity does the organization have in terms of scheduled deliveries vs. drop-off, minimum quantities, ability to hold food, packaging, staffing, etc.?
- In product purchasing, what gaps do buyers see in the food system infrastructure that prevent them from sourcing food from the Olympic Peninsula region?
- What are the regulatory considerations buyers take into account when procuring food from small to midsize producers?

Interviews were recorded, then transcribed and coded to identify cited barriers and opportunities. Summaries were written for each interview, and key data was detailed in a spreadsheet to be used internally for subsequent outreach and infrastructure development work. Interview transcripts also revealed key assets and relationships that the grant team recorded for future mapping and network weaving efforts.

III. Producer Interview Findings and Analysis

Profile of Producers Interviewed

Of more than thirty producers contacted, nineteen responded. Ten farms are located in Clallam County and nine are located in Jefferson County. The majority of farms interviewed practice diversified vegetable and/or meat production. Of the farms interviewed, 42% add value to their operations by selling processed products. The median farm size of those interviewed is 5 acres. Ten of the nineteen farms report having acreage potential to grow by at least 25%. A key piece of information gathered from each interview pertained to farms' growth models to ascertain capacity for scaling operations. On average, farms have room or desire to grow, with specific target acreage or volume in mind, but lack specific resources. Of the four farms with marketing models that combine direct and local wholesale accounts (rather than accounts with large distributors), wholesale comprised 30-70% of their sales, but one third or less of their gross income. Fourteen of the nineteen producers reported doing at least some wholesale, with three producers relying entirely on wholesale sales.

Producer Findings

There were several reasons reported why a farmer chose to engage or not engage in wholesale marketing of their farm products. Some of the farmers interviewed base the decision on their values around building direct relationships with end consumers. For other farmers, it is a choice of economics with decisions around scale, farm efficiency, and relationship to the farming experience.

Many farmers interviewed for this project are community oriented and relationship driven, making scaling up a matter that is values-based, rather than profit-based. Of the nineteen farms interviewed, two expressed disinterest in scaling up based on values around environmental sustainability and customer relationships. For example, one producer associated scaling up to wholesale production with mechanized production and tillage. Another felt that the "hand-made" quality of their products would be sacrificed if they increased production and efficiency. While these producers represent a small portion of those interviewed, it is important to note that several producers declined our request to interview based on disinterest in the idea of wholesaling.

We observed that there are key misconceptions at play as farms consider wholesale marketing. The first misconception is that wholesaling is associated with large-scale production, while many wholesale opportunities in this region are for smaller volume, specialty markets such as restaurants. Second, we observed the perception that wholesale relationships are exploitative and one-sided, while those producers who engage in wholesale marketing emphasize that relationship building is a key step. Finally, producers sometimes hold the view that wholesale is associated with lower price points, while in fact, wholesale marketing can be successful if accompanied by an appropriate business and growth model.

Producers with Combined Direct and Wholesale Models

Our interviews revealed that a majority (73%) of farms in the region are interested in diversified sales avenues, including a balance of direct sales through numerous channels, as well as varying degrees of wholesale. Our findings reveal that wholesaling as a secondary market is a viable option for smaller, diversified farms that need to rely primarily on high-value direct markets, such as farmers markets and CSAs, but are interested in diversifying their revenue streams. Key findings from interviews with farms that employ both direct and wholesale approaches include:

The importance of direct-to-consumer sales

Farmers who make a commitment to selling wholesale have first sold products retail, often referred to as direct-to-consumer sales. Starting with direct-to-consumer sales has several advantages for the farmers interviewed, including:

- Gaining name recognition of their products through direct marketing before moving to more "anonymous" wholesale platforms.
- Selling direct takes the pressure off of needing to grow larger volumes or quantity requirements as the farmer is learning how to grow and develop their product and marketing mix.
- Selling direct allows the farmer to sell their products at a higher price, helping to cover costs and determining the optimal price point for their products. According to one producer who balances direct and wholesale marketing: "Selling retail is kind of funding my business right now."
- Selling direct includes a quick feedback loop to the farmer, which helps farmers improve their offerings on a more immediate basis.

Flexibility is valued

Wholesale relationships that allow more flexibility for the producer are attractive opportunities for farms learning how to sell their products wholesale. One important wholesale avenue for local small farms with a low barrier to entry has been through local farm to food bank programs. Of 19 producers interviewed, at least 6 have sold through food bank contracts over the past two years. These opportunities have served as important stepping stones for farms that are scaling-up production because they are low-risk, and do not require the same emphasis on consistency and quality that a larger wholesale contract does. Some "farm to table" restaurant relationships can also provide similar flexibility and a low-risk way for farms to expand into more wholesale opportunities:

> "We did sell to a restaurant ... last year, but it wasn't systematic or intentionally wholesale. It was more that they were an awesome partner because they would take whatever we had left over from market. It was a really awesome setup, mostly. I didn't have any plans of selling wholesale because we're such a small farm still. And because I don't feel comfortable yet, promising anyone anything consistently. ... The partnership ... really fit both of us well. I think they were sort of desperate for local food. And we needed a very flexible partner ... I wouldn't mind having one or two wholesale customers that could offer that sort of flexibility on a super small scale and kind of be spontaneous from week to week."

Differentiation strategies are valued

Farmers employ strategic production models to be more competitive in both wholesale and retail markets. Infrastructure, such as cold or dry storage and high tunnels, enables farmers to use "counter-cyclical" production models wherein popular crops are produced and sold during the off-season. Root storage for potatoes, cabbage and other winter vegetables allows farmers to sell through the off-season while labor is a less significant expense. Five vegetable producers expressed an interest in, or plans toward, diversifying their cropping and marketing systems to circumvent oversaturation in direct markets. Some producers grow unique products and others leverage infrastructure to set themselves apart.

> "People show up every year with an overabundance of annual vegetables ... And that's kind of problematic ... And that leads right back to our business model, which was meant to be counter cyclical ... so many people come and go in small farming. Because you can't make enough money growing the same thing that everybody else is growing."

Farmers benefit from wholesaling products that are either unique or lack direct competition. Interviews showed this to be the case more in Jefferson County than in Clallam County. One producer points out that she specifically chose to wholesale a "weird collection of items" that "weren't being filled out locally" so that she is less likely to have competitors that drive her price down. This strategy has several additional advantages, including the ability to get products into grocers sooner and with more display space since it is unique or hard to find elsewhere. These products have also been known to create seasonal demand at the retailer and link that specific farm to that unique product.

Value-adding strategies

Value-adding is a secondary market for many producers that is marginally profitable but helps avoid waste. One producer pointed out the relative ease in determining margins for their value-added products because expenses are fixed and more easily defined, while determining costs for raw product must consider all land, resources, and inputs. 57% of farms interviewed choose to sell byproducts or lower quality products, known as "seconds", to processors to turn into juice, broth, preserves, pastes, etc. Four of these farms do their own processing. This helps to maximize the economic return on products that are otherwise hard to sell through either direct or wholesale channels. An example is the larger berry producers in the region, who sell the lower quality fruit "seconds," to wholesalers that make juice, jellies, and other value-added products.

In meat production, wholesale markets are important for moving byproducts such as ground beef or pork. Meat producers who have a strong retail following have no trouble selling high-value steaks, chops, roasts, and other prime cuts, but hocks, bones, organs, ground beef, stew meat, and fat are byproducts. To sell the whole animal and maximize profit on each carcass, all four meat producers interviewed have sold to wholesale buyers with processing capabilities to take their less-desirable cuts to make products such as bone broth and animal food.

In the case of both meat and berries, four producers have sold their seconds or byproducts to food processors or grocery delis. Sometimes the producers participate in informal co-processing, wherein seconds are sold to a processor and the producer buys back the finished product, attaching their label, and selling it either retail or wholesale into the marketplace. These types of co-processing opportunities are both of interest and in short supply in the region.

Two of the larger producers with existing distributor relationships expressed success with, and additional interest in, selling seconds to "chopped" facilities, such as those owned by multi-store entities, such as Whole Foods, for their deli and salad bar ingredient processing.

The five producers in Clallam and Jefferson who do value-adding and exhibit vertical integration, or management of two or more stages of the products' production, appear to see more profits, while businesses that outsource processing have less profit per value-added product.

Wholesale-Exclusive Producers

Three farms out of the 19 interviewed have committed to selling their entire product line to wholesale accounts, and 8 out of 19 have decided that wholesale is a worthwhile model for a significant portion of their sales. Wholesale markets offer pre-season contracting and commitment that is attractive to those farmers with larger production and predictable yields. Their products are found in the greater Puget Sound region including restaurants and multi-store "chain" grocers. This commitment to wholesaling their entire product line results in notable efficiencies and interesting challenges. These farms, as well as those who wholesale a portion of their product to large distributors, have decided to sell wholesale for multiple reasons:

- Direct market saturation in regional farmers markets and CSAs makes it difficult to consistently offer unique items and results in an inconsistent customer base.
- Scaled farms believe they can expand access to fresh produce by selling it en masse to grocery stores, where more low-income people shop.

> "I want you to see that it wasn't that we gave up on local, but we have a forward vision and [decided that] we can't keep selling the same thing that everyone else is selling. Because we live on the Peninsula, there are lots of conversations about local food, and there is a percentage of the population that shops at co-op and buys CSAs. But the bulk majority of regular working-class people are getting produce at QFC [regional grocery chain] – if they can afford it – and Walmart. And Costco. And we are not going to be able to sell to them. We have gone to Safeway ... to participate in a corporate model you need credentials and certifications and distribution channels that you need to deal with. [So our decision was] either to stay really small and constantly come up with the cute new thing, to sell to 5% of population that has money, [or to scale up]."

One ancillary benefit to occasionally having larger farms pull out of their retail market space in favor of wholesaling is that produce voids are created at the farmer's market. These market voids invariably get filled by newer, smaller farms in need of a retail profit boost.

Barriers to Wholesaling

The farmer interviews uncovered a number of barriers to wholesaling. Interviews helped catalog the barriers as they currently exist and gave some context to the extent of the barriers farmers on the Olympic Peninsula face.

1. Access to land, let alone affordable land, is a primary barrier to farming on the Olympic Peninsula. Farmers who are considering growing into wholesale accounts usually need additional acreage to farm the additional crops planned while maintaining soil health through crop rotation and cover cropping. Land access was expressed as a limiting factor in both Clallam and Jefferson counties. To compound the issue, land with agricultural wells or in an irrigation district, is even harder to acquire. This applies to both leasing and buying land. Four farmers interviewed utilize shared land to meet their production goals. An additional two

farmers cited access to "friendly capital" and co-signers as an important catalyst for their farm business. Some farms interviewed leveraged this capital to reach their goal of producing "at scale." "At scale" is an experience described by having control over "dialing different aspects of the business up or down" to meet market demand without requiring new capital investments.

2. The extent of producers' challenges with restaurant wholesale accounts was a reoccurring theme of the interviews with wholesalers. The key issues farmers had with restaurateurs include:
   - Restaurants buy in very small quantities.
   - Farmers that directly supply small quantities to multiple restaurants have a hard time coordinating deliveries to make the distribution efficient and not a waste of the farmer's time.
   - Restaurants exploit source-identification to add value to the menu items. At least five producers that sell, or have sold, to restaurants expressed frustration that buyers lack consistency in buying local products but continue to advertise that they support local growers. According to some producers, this "greenwashing" is done by failing to remove farm names from signs and menus even after producer relationships have dissipated, or by advertising certain ingredients as "local" when sourcing, in fact, fluctuates. This frustration is felt to a lesser extent with grocers, who do not always source-identify fresh products in their displays (particularly because product-sourcing changes so frequently).

3. Consumer and community relationships are a major motivator for producers that decide to stay small.

> "I strongly feel that the culture that I'm cultivating with my business really focuses around the smallness of the operation. I do everything by hand. As soon as you start scaling up in order to pay for employees, I think that your products change. No matter what, if you're operating on a bigger scale, I just don't feel like as much love and attention is going to go into every jar."

4. Relationship building with buyers is a big concern for many farmers. Those seven producers who have reported success in cultivating lasting relationships with a buyer or a chef say that the relationship is invaluable and took a long time to develop. Relationships are sometimes professional, but often formed and broadened in personal ways. Likewise, relationships are easily broken when the store purchasing agent leaves or a chef moves on. Producers who work with chefs are particularly challenged when a chef partner leaves and a new chef is not interested in continuing the buying relationship. Two producers said they need help with building relationships with multi-store buyers like Whole Foods, Metropolitan Market, Red Apple or Sprouts. Breaking into this next level depends on existing networks.

> "The purchasing agents in the corporately-owned stores don't want to communicate with us. Some have store policies that specifically exclude our products. Other purchasing agents are worried that our farm cannot supply their entire chain. Some just don't want to talk. There is a lot of red tape thrown up as barriers."

5. Producers selling to larger northwest distributors are challenged to compete with products coming from California. Two farmers who report having successfully created distributor relationships have done so by repeatedly contacting a distributor or "getting lucky" by reaching out during a gap in California availability. One producer was able to accomplish a higher price for a specific product by reaching out during a lull in California availability. Once relationships are established with major regional distributors, consistency and commitment is critical for producers, as distributors will, season after season, increasingly rely on specific and fewer farms for a wider variety of products.

6. Packaging is a significant expense for farmers wholesaling to large distributors, comprising 30-50% of gross product revenue, according to three producers interviewed. A few farmers have had success with purchasing self-branded packaging for some or all of their wholesale distribution rather than purchasing branded boxes and ties from distributors. However, some large distributors identified by producers require that produce be sold in their proprietary packaging. Conversely, packaging requirements for wholesale distribution on the local and small-scale are less restrictive and create less waste because products are distributed in reusable totes or buyers return wax boxes to producers.

Another, related, issue that affects some value-added producers is grocery store buyers and store staff are not consistent in merchandising and product placement. On the local scale, producers have taken control over this issue by using self-branded twist ties or rubber bands.

> "Product placement at wholesale accounts is important. [I notice that] some places have very fast turn around and others do not."

IV. Buyer Interview Findings and Analysis

Profile of Buyers Interviewed

Over 60 buyers for restaurants, retailers, hospitality companies, schools, healthcare facilities and community-based organizations in Clallam, Jefferson and Kitsap counties were contacted. Of these, 29 responded and 26 were interviewed. Those interviewed included nine restaurants, nine retail establishments, four school districts, two healthcare facilities, a large hotel with a golf resort and two regional food banks. The scope of operation of those who contributed to this report varies greatly, thereby offering a wide range of perspectives on how purchasing decisions are made.

- Retailers interviewed are all locally owned and operated. All but one of the grocery stores are single-location. One buyer also operates a small-scale distribution service that producers in the region have acknowledged as a linchpin in terms of moving products to and from the Olympic Peninsula and throughout the Puget Sound region.
- Restaurants are also locally owned. With the exception of one, all operate out of a single location. All restaurants have a reputation for offering farm to table cuisine. Two have commercial kitchen space available to lease.
- Three of the educational districts interviewed serve K–12 students and actively participate in the Washington State Department of Agriculture's Farm to School programs. The fourth is a regional community college with its main branch located in Kitsap County and offers a culinary training program.
- The healthcare facilities interviewed include an assisted living facility and a regional hospital.

- The hotel, resort and casino is a popular tourist destination located at the east end of Clallam County. The facility offers a wide range of amenities including a grocery store and several restaurants.
- The food banks interviewed operate out of Kitsap and Jefferson counties. Two other important food bank buyers in Clallam County are not represented in this report but were interviewed for a previous project (Rome, et al.) and have active farm to food bank programs. The Kitsap food bank is located in the affluent suburb of Bainbridge Island and served 626 unduplicated households in 2020 through its food assistance program. For this report, a board member of the Jefferson County Food Bank Association was interviewed. The association is made up of four independently operated food banks serving small communities in the east end of the county.

Buyer Findings

The biggest takeaway from the buyer interviews is that of the 27 buyers interviewed, 25 are either currently buying or are interested in buying from producers on the Olympic Peninsula and one "may be" interested. Taken together, they represent a sizable potential market for local producers. The following sections will examine common themes that emerged from interviews with buyers. The sections touch on:

- The purchasing capacity and expectations of the buyer
- How buyers source products for their business or operation
- Gaps in the food system infrastructure and the potential for shared resources
- Regulatory standards and practices specific to food safety
- Issues unique to institutional buyers

Purchasing Capacity and Expectations of the Buyer

Pricing and Quantity. For smaller retailers and restaurants, purchase price and profit margins are more flexible than in larger operations. One buyer said that they "will cut into [their] margin the closer to home the producer is." Smaller retailers and restaurants choose to do this because they are reliant on strong relationships with their suppliers. When asked about their procurement policy, one restaurant owner stated, "never haggle with your farmers."

Buyers at smaller businesses are not always in a position to meet minimum order requirements of larger distributors, so they place high value on the ability to negotiate both pricing and quantities needed from a producer. This type of buyer is more likely to purchase consistently over time on an as-needed basis rather than making a single order through a distributor. These buyers recognize that this arrangement presents challenges for producers who will need to get their products to buyers at multiple locations and may self-distribute their products. Larger retailers and restaurants have the capacity to purchase larger volumes, which is generally done through a wholesale distributor. These businesses maintain stricter markup ratios because of their own overhead expenses to operate. "We will buy direct, but not always … a producer needs to realize they are competing with a wholesale model and can't compete if they want to sell to us at retail pricing."

A potential solution to this issue identified by both buyers and producers interviewed for this project involved forward or pre-season contracting as a way to build consistency into their menu offerings and assure revenue for the grower.

Product Quality. Buyers have expectations on how and when a product arrives or is delivered and how it is packaged.

Many small producers lack the necessary equipment and labor to break down, chop or package their products as requested by some larger buyers, and some buyers expressed concern about post-harvest handling of fruits and vegetable. However, buyers that have a one-on-one buying relationship with a producer expressed with confidence, "I know who is selling this product, because I visit their farm. If something goes wrong or does not look right, I know who to talk to."

This sentiment is shared by many of the restaurateurs interviewed. Restaurants have been hard hit by labor issues and are very dependent on producers making sure what is purchased is "ready to go." Often times this means thoroughly washed, properly packaged and safely transported.

Retailers generally have policies or guidelines on what they will and won't purchase and how it is to be prepared and packaged. For example, a local grocery cooperative has product guidelines posted on their website but if a vendor is allowed to sell their product, the co-op will work directly with the producer to set pricing and inventory standards on a case-by-case basis.

Finally, how a product arrives at a particular location is another consideration for a purchaser. For larger retailers, scheduled deliveries made through a distributor via freight are one way they keep overhead expenses down. These two retailers are independently owned and operated; however, their corporate entity operates as a type of food hub. There is the capacity within their own systems to aggregate and distribute products for the store shelves.

We also found that smaller scale operations are more flexible in receiving product and in some cases, went directly to the producers to purchase and pick up what they needed. This operational decision is more about maintenance of a relationship between the buyer and producer versus operation efficiencies, especially for restaurateurs.

Sourcing. Those interviewed source "local" food through one of three marketing channels – distributors, direct from producer or word-of-mouth marketing.

Wholesale Distribution is an intermediary relationship with the most distance between a producer, a buyer and ultimately the consumer. A distributor has the capacity to aggregate and process product and then sell it with a minimum purchase price or quantity to a buyer. If a producer chooses to work through a distributor, there are most likely food safety standards and protocols, product inventory minimums, liability insurance requirements and profit margin considerations for the grower. Inventory and profit margin are driven by volume of sales for a particular product sold through this channel. Purchases through this channel are generally for larger quantities with a scheduled delivery format.

All but two buyers interviewed use at least one distributor for their food purchases. Distributors identified include Charlie's, Organically Grown Company, Peterson's, Harbor, Puget Sound Food Hub and UNFI. All of these companies have aggregation centers near Seattle or along the I-5 corridor and run trucks throughout the Pacific Northwest region either directly or through cross-docking relationships. All of the distributors carry products from small and mid-size producers throughout Washington including some from the Olympic Peninsula. Through distributors, Olympic Peninsula producers are able to establish wholesale accounts beyond their own growing region. When larger producers choose to sell into an urban hub, it can leave rural areas with less access to food grown in their own communities.

Several buyers interviewed felt it ironic that they purchase food from the Olympic Peninsula from a company based on the other side of Puget Sound. One of the buyers expressed a desire for a food hub on the west side of Puget Sound, stating "I am buying products that are produced or grown over here, then sent to a regional hub only to be shipped back to where they came from. That doesn't make sense."

While convenient, sourcing food through distributors for many buyers in Clallam, Jefferson and Kitsap counties is not without its challenges. Because of the pandemic and disruptions in the supply chain, buyers in our isolated rural area have experienced long delays in receiving orders or have not received them at all. This has been especially true for buyers in communities on the west end of the Peninsula but it has affected buyers across the board. In some cases, this has led to greater reliance on local producers.

> "We had a truck load of supplies coming from our main distributor, we had many empty shelves, and it was Friday. Because of labor shortages, the truck left the distribution center late and could only drive a few more hours. The driver stopped in Sequim and took the weekend off."

This buyer is located in the community of Forks, located nearly 400 miles round trip from Seattle. This distance could be somewhat shortened by using the regional ferry system. However, the expense of driving a semi-truck onto the ferry and the system's limited capacity only compounds the costs within this purchasing channel. Another buyer said, "In spite of the volume of purchases we make, the minimum for our purchase has gone up to offset the expense of labor shortages, fuel prices and running an empty truck back to Seattle."

These scenarios illustrate not only the challenges buyers face, but an opportunity for producers across the region who are looking to diversify their market channels appropriate to the scale of their operations.

Wholesale Direct from Producer sales, or "farm to table" sales, are both transactional and relationship based. On the transactional side, assurances over price, quantity and quality are all considerations and negotiated between the buyer and producer. The buyer intentionally seeks out a producer or vice versa. The relationship aspect of this agreement is based on trust and first-hand knowledge of a producer's operations and capacity. Purchases are based on demand for the product and repeat purchases accumulate toward volume over time.

The farm to table movement offers an opportunity to shorten the cash flow cycle between the seller or farmer through a direct transactional relationship. Producers can often sell their product without the added expense of processing, packaging and distribution, therefore making a higher profit. However, the challenge for some producers on the Olympic Peninsula is finding these market opportunities. The "matchmaking" process in the direct sales market is time consuming for both the producer and the buyer, with many fruitless meetings required in order to find the right fit. In addition, selling into the more distant urban markets in Kitsap County or along the I-5 corridor quickly cuts into profit margins due to transportation costs. And just as with growers from the region who are selling to wholesale distributors, seeking direct sales relationships beyond the Olympic and Kitsap Peninsula regions can also potentially leave rural areas without access to the food grown in their own communities.

In our interviews, we found that for buyers who have a direct sales relationship with a producer, these relationships are beyond seasonal. While a producer may sell a particular product for a few months out of the year, buyers indicated they generally buy year after year from the same producer emphasizing their loyalty for a particular grower, rancher or fisher.

This type of relationship was most evident with restaurateurs, and those relationships were significantly impacted by the pandemic. When restaurants were forced to shut down, many of the producers selling into the food service channel had to quickly pivot and find new markets for their products, with most seeing tremendous growth in demand for their CSA and farm stand offerings. Some restaurant owners discovered once they began re-opening that producers they had bought from previously no longer had sufficient product available for wholesaling because of the growth of direct to consumer channels.

A chef from a restaurant group on Bainbridge Island shared, “Because we can no longer tap into some of our direct sales accounts, we had to shift our format. We have four restaurants, and all offer a unique dining experience. Our most exclusive business is now more casual than before because of how we purchase. We are moving more to a grab and go menu format with the other.” He went on to say that they have also consolidated their purchases now relying more on wholesale distributors. This consolidation also makes it easier to make purchase minimum requirements required by distributors.

Word-of-mouth is the least formal type of a sale agreement. Product procurement is a high-touch process. According to our interviews, buyers sometimes learn of a product at the suggestion of a customer or associate. While pricing and quality considerations are part of this transaction, purchases may be infrequent and are often not sustained over time.

For buyers who can’t meet particular minimum sales quantities over time, word-of-mouth introductions offer a way to test out wholesaling. Buyers who lost some of their producers during the pandemic and have turned at least temporarily to using larger distributors are still seeking to develop one-on-one relationships with producers and may use word-of-mouth connections as a way to test out new producers. However, producers must still meet buyer expectations for product cleanliness, post-harvest handling and proper packaging. Our findings indicate word-of-mouth sales increased during the pandemic because of supply chain disruption and the need to find a particular product because of consumer expectations. As the economy re-opens, buyers indicated they will most like return to the sales channels used prior to this global health crisis.

Regulatory and Food Safety

We used interviews as an opportunity to explore a variety of barriers to purchasing food from local and regional producers. One that stood out was regulatory considerations with the enactment of the Food Safety Modernization Act (FSMA) that was signed into law in 2011 and went fully into effect in 2015. Up until 2018, smaller producers fell under a series of exemptions from compliance guidelines. And even today, not everyone who grows or processes products overseen by the FDA is automatically affected by the FSMA standards or regulatory practices. Home gardeners and food preservers aren't covered by the law, and neither are direct-to-consumer sales at restaurants, retail food establishments, farmers markets, and so on. These sales may be covered by state and/or local laws, however. For buyers to engage with a producer directly or through distribution it is important to the buyer that the seller is aware of and in compliance with these requirements. These standards also include GAP and GMP oversight.

Buyers recognized that regulatory mandates, particularly those that fall within the new FSMA standards, are complex and difficult to navigate. Additionally, they were aware that for small producers to meet these requirements is both time consuming and comes with additional operational expenses to develop a plan, monitor it and keep it up to date over time. The ability to meet FSMA, GAP or GMP standards as required by buyers presents a barrier to producers wanting to begin wholesaling.

With respect to the different sectors of buyers, some first look to FSMA compliance and standards, while others are required to meet local health jurisdiction protocols and still others require proof of liability insurance on the part of the producer or grower. Retailers, particularly those that are working through distributors, do not directly require a food safety plan from the producer. This requirement is imposed by the distributor. Depending on the product and volume sold into distribution a vendor may need to have any variety of documentation that responds to the FSMA ruling. Compliance looks different for each business depending on the size and purpose of the facility, as well as what products it makes. Therefore, producers should ask a potential buyer what their expectations are and be prepared to meet them.

Considerations Unique to Institutions

For institutions such as healthcare, schools and food banks, price is a major consideration in purchasing decisions, as is availability. In the case of one school district, the buying agent expressed a desire to be able to communicate with farmers and ask if they would grow a particular crop. At a neighboring school district, the Director of Child Nutrition Services expressed a similar sentiment and stated that while schools cannot do forward contracting, they could agree to purchase the same crop collectively to make it more cost effective and profitable for the producer. One healthcare provider is known for reaching out to producers and establishing forward contracting relationships.

An assisted living facility that we interviewed in Port Townsend experienced a labor shortage with COVID-19. As a result, they now depend more on a supply chain that can deliver processed, packaged or frozen food products to minimize additional preparation and labor costs. In the case of school districts, two explained that because of the pandemic kids are not coming to the cafeteria and so the food has to go to the kids. These districts are also increasingly relying on a supply chain that can minimize labor cost and maximize a "grab and go" format for school lunches.

One barrier for producers interested in selling to schools is that, in spite of a robust Farm to School program through WSDA, many districts expect producers to have a $1–2 million liability insurance policy in place before a producer can sell direct to the district.

V. Case Studies

Informal relationships that allow small and mid-sized producers to "piggyback" off of conventional infrastructure have been under-examined (Connelly & Beckie, 2016), but our research finds that there are several examples that lead to small-scale wholesaling success on the North Olympic Peninsula.

The Food Co-op of Port Townsend

The Food Co-op of Port Townsend is regarded as a "model" produce department by small and regional producers. The Food Co-op's commitment to marketing local producers raw and value-added goods is highly regarded among local farmers. The Food Co-op also has a strong commitment to supporting the growth of the farming and food community. Some of the farmer feedback about The Food Co-op included:

- Using crop planning systems with their farmer vendors in the form of simple spreadsheets that detail product availability from month-to-month, and the primary and secondary producers agreeing to provide the product(s).
- Initiating informal contracts for pre-season commitment.
- Offering farmers fair wholesale prices.
- Demonstrating a strong loyalty to their farmer base.
- Communicating well by sharing successes and overcoming weak points in the food relationship.
- Prioritizing local sourcing of food when given the option.

Another retailer with a similar commitment to supporting local producers is the Chimacum Corner Store, to a slightly lesser extent simply because scale and volume is smaller. However, small local farms in their first two growing seasons have cited Chimacum Corner Store as an important client, regardless of the scale or focus of the farm. It appears that having several local retail buyers with strong support for local food production has lessened the growing pains for the Jefferson County producers choosing to make the jump into wholesaling.

Another grocer shared that although large distributors offer a one-stop shop for sellers, local produce is cheaper per product. This revelation highlights the need for a relationship broker to facilitate purchasing relationships that benefit both buyer and seller, as well as distribution infrastructure that enables farms to sell to several small, local buyers.

Key City Fish

Like The Food Co-op, Key City Fish has become an important cog in the local food distribution system, acting as a regional distributor for several farms. Key City Fish is based centrally in Jefferson County. They distribute their own meat and seafood products, but also allow producers with complementary product to "piggyback" on their distribution system. Key City Fish has retail and restaurant accounts in Seattle and across the Puget Sound region. This is a win-win for the farmer and the distributor in several ways:

- This opens new markets for producers who are ready to grow and promote their product line on a wider scale.
- Piggybacking expands the fresh sheet offering to the distributor's existing clientele and helps the distributor access new accounts.
- It reduces the cost of transportation for both the distributor and the producers.

The trucks they operate are 22 feet long, an intentional choice in terms of fuel efficiency, Washington State Ferries fares, vessel capacity and other toll fees associated with regional transportation corridors. Key City Fish partners with growers and value-added producers that are also selling into Key City Fish accounts. The restaurant or retailer pays Key City or the producer directly for their product. But to cover the cost of delivery, the sales account then pays Key City to deliver the “piggyback” products in a shipment. This is the same model used when Key City backhauls product to the Olympic Peninsula. Key City has arrangements with a number of producers, retailers and restaurants from Olympia to Bellingham that use Key City to mitigate the cost of self-distribution. Additionally, Key City cross-docks with Puget Sound Food Hub.

To illustrate how this micro-distribution model works, on a typical day, a truck might be loaded at their distribution facility in Port Townsend with Key City’s meat and seafood products and produce from several Jefferson County farmers. Key City then makes a seafood delivery to Town & Country Market on Bainbridge Island and picks up an order at a production bakery on the island for a restaurant in north Seattle. After dropping off that order the driver travels north to Puget Sound Food Hub, unloads the produce from Jefferson County farmers and picks up a delivery of products and produce destined for a restaurant in Olympia and one for Aldrich’s in Port Townsend. This model is appropriate to the scale of production and needs of buyers and producers in our region.

VI. Resource Mapping and Asset-Sharing

An outcome of this project was to identify and map community assets such as cold storage, distribution infrastructure, equipment and other supply chain resources. The original plan was to gather this information through an in-person convening of producers and buyers using a ripple-mapping exercise. However, due to the COVID-19 pandemic, an in-person gathering wasn’t possible. Instead, we gathered information provided during interviews using a spreadsheet that also identifies producers’ production, business model and growth model. We chose this method for several reasons. First, the format helps to visualize the overall farm and food landscape on the North Olympic Peninsula by aligning farms’ production and marketing capacity and growth trajectory with their assets. Second, this document holds key data that can inform mapping exercises in the future. Third, our interviews revealed that market “saturation” is a key issue in the region, so aligning farm infrastructure with crops produced in this visual format helps to reveal opportunities for built infrastructure. Finally, this format allows us to visualize gaps and opportunities in production, infrastructure and marketing in a way that highlights potential networks and partnerships. This living document will grow and expand as we speak with more producers.

The following interview takeaways pertain to resource and asset-sharing on the North Olympic Peninsula:

1. Backhauling is used by several of the larger wholesale-only producers. For example, a PCC or Charlie’s Produce truck bringing food to local grocers on the Olympic Peninsula will backhaul pallets of just-picked vegetables in their trucks to the distribution warehouse in Seattle for a fee.
2. Our farmer interviews revealed that improved access to distribution and refrigerated trucking is a universal need. Produce-specific distribution is particularly important, as some producers are wary of transporting fruits and vegetables with meat or fish.
3. Five of the 19 producers interviewed share land or produce through a tenant farming model. Producers pay for land use through monetary or non-monetary means and arrange contracts ahead of time.

VII. Summary of Recommendations

Our extensive interviews with producers and buyers on the Olympic Peninsula demonstrated that there is both a strong demand among buyers for more local and regional farm products and a group of producers who would like to fill that need. However, our research also identified several key barriers to establishing larger regional wholesale markets:

- Buyers and producers agree that building relationships is key to establishing long-term purchasing arrangements. However, meeting with multiple farmers or multiple buyers to develop relationships that will supply a buyer's needs or sell a large percentage of a producer's product is quite time consuming, and both buyers and producers are already stretched for time.
- It is time, labor and fuel intensive for producers to deliver multiple small orders to buyers across the Peninsula and labor intensive for buyers to receive multiple small orders, and this affects profit margins for both parties.
- Selling to certain buyers requires producers to meet FSMA, GAP or GMP standards or to have liability insurance.
- Buyers expressed dissatisfaction with managing different fresh sheet formats and ordering processes for each producer they buy from.

Several buyers and producers who participate in the Puget Sound Food Hub suggested a food hub or aggregation facility on the Olympic Peninsula as the solution to some of these barriers. However, previous studies in the region found that there is currently insufficient production in the region to make a food hub financially feasible. Even if the facility was built entirely with grant funding the annual operating costs would be unsustainable.

For that reason, we are recommending the following investments in "soft infrastructure":

- Value chain coordination
- Development of micro distribution networks
- Training and technical assistance on food safety
- Exploration of online sales models or platforms

These investments could lead to market growth to a point where hard infrastructure could be sustainable.

Value-Chain Connections

Previous research in this region (Rome, et al. 2019) has shown that local production is not at a level to financially sustain a stand-alone centralized brick-and-mortar approach to food hub infrastructure. Rather, investment in the creation of "value-chains" and "soft infrastructure" is a scale-appropriate approach to growing local and regional wholesale opportunities. Further in-depth research with farms in this project has reaffirmed the possibilities for increasing wholesale market opportunities through investment in value-chain coordination and "soft infrastructure."

Food value chains are defined by farmers, processors, distributors and retailers who share common values and mutually beneficial returns. Not only is there a high level of transparency, trust, and shared benefit, but value chain cooperators are able to seek and receive a high value from their products and interactions based on qualities attractive to many consumers such as local origins, sustainable methods of production and triple-bottom line approaches (Cohen and Derryk, 2011). The research conducted with both farmers and buyers indicates that value-chain investments would be beneficial to increase the production and wholesale demand for locally processed vegetables in a region not ready to support a stand-alone aggregation and distribution wholesale enterprises.

For example, our discussions with farmers revealed that while farms prefer to own their growth and manage their own relationships, many lack the capacity to initiate relationships and asset-sharing schemes. For farms poised to access wholesale relationships with large distributors, there is a need for a point person who is familiar with distributor demand and lulls in commodity produce from out of state. For farms with smaller capacity for wholesaling, a relationship broker is necessary for weaving networks between buyers and sellers.

A value chain coordinator (VCC), as it is used in this report, serves the purpose of a virtual food hub by brokering relationships, gathering and sharing resources, facilitating networking and serving the same roles of aggregation and distribution on a much smaller scale, and without the costly infrastructure of a brick-and-mortar facility. A VCC can facilitate wholesale growth for small-scale farms in several ways, including pre-season coordination with farmers, mentoring individual farms to navigate specific barriers and challenges, and facilitating connections with the correct market outlets to fit differing scales of production. A VCC (or a team of VCCs) is a single point of contact that has special rapport with both buyers and sellers, with the specific goal of building robust economic networks (Indiana University, n.d.). A VCC also carries a particular capacity for information flow between value chain actors, communicating, for instance, what products are available and what buyers are seeking.

Connelly and Beckie (2016) argue that soft, or social, infrastructure such as a VCC "provides opportunities for a reflexive scaling up by identifying the levers and catalysts for longer-term transformative change." Multiple farms interviewed refer to the first few years in their growth model as a "relationship development phase," wherein familiarity, communication, trust and rapport are built with target buyers. Of the producers interviewed, those who wholesale to local buyers and/or regional distributors placed significantly more emphasis on interpersonal relationship building than those producers who focus on direct marketing. Moreover, our buyer interviews revealed that while there is variable interest in, and capacity for, increasing local food purchases, buyers set purchasing quantities based on the longevity and quality of their producer relationships.

Value chain coordination case studies

Many brick-and-mortar food hubs adopt the additional role of value chain coordination. Diamond & Barham (2012) present several case studies that identify how value chain coordination is a critical and distinct element of food hub operation that can be isolated and used to develop a local food system.

- **Red Tomato** is a "lean brokering organization" that organizes, facilitates, and optimizes existing resources. Red Tomato previously operated out of a brick-and-mortar facility, but quickly found that the financial overhead and physical management of product flow was too risky. They shifted to an "assets-based approach" in which they organized the shared use of existing resources to continue food hub-type operations. This shift required Red Tomato to focus on soft infrastructure development via relationship and network building instead of the maintenance of their own distribution and storage assets (Diamond & Barham, 2012).
- **Appalachian Harvest**, like Red Tomato, is a food hub that does not formally take ownership over products, but rather facilitates value chain connections by providing resources for their

grower and buyer partners. One of these types of resources, a spreadsheet mapping producer capacity and buyer needs, inspired the rudimentary work done in this project. Appalachian Harvest's crop guide outlined crops by risk factor, financial value, and growing and harvest information. Their demand chart outlined crop demand, packaging needs, regional demand and estimated weekly totals (Diamond & Barham, 2012). Making these types of resources available to value chain stakeholders can aid in the development of marketing materials, such as fresh sheets, and internal organization strategies, such as crop planning between producers and buyers.

The role of resource providers

The role of value chain coordinator could potentially best be filled by an entrepreneur. However, because of the time needed to scale value chain coordination to a point where modest fees paid by buyers and producers could make the operation profitable, no entrepreneur has emerged in this space in our region. That is not unusual; both Red Tomato and Appalachian Harvest are run by nonprofit organizations. Case studies show that the involvement of community-based nonprofits and other partner organizations is critical to value-chain developments (Cohen and Derryk, 2011). The challenge is that value chain coordination roles often blur the lines between private-sector businesses and traditional nonprofit community development activities (Campbell and MacRae, 2013). We recommend that, at least initially, value chain coordination efforts for the Olympic Peninsula should be housed at either the NODC or WSU Extension.

Development of Micro-Distribution Networks

The success of the Key City Fish model shows the potential of smaller-scale, regional, "piggy backing" distribution to address the barrier of producers needing to make multiple small deliveries and buyers needing to handle multiple small deliveries. There is substantial potential to develop additional formal and informal delivery networks. For instance, if three farms in the same general area are all selling to the same buyer then two farms could pay a small fee to the third to deliver for all of them, or they could take turns making the delivery. The value chain coordinator could assist with forming these micro-distribution networks, at least initially, but it might eventually grow to a separate position or enterprise.

Food Safety Training and Technical Assistance

Several of the farmers interviewed expressed uncertainty about FSMA, GAP and GMP rules, how to meet the standards required by various buyers and what the cost would be. We recommend establishment of a program to provide both workshops and individualized technical assistance to develop food safety plans. In addition, cost-sharing or grant programs to help producers with the costs of compliance should be considered.

Online Wholesale Sales Platform

Several buyers expressed frustration with the different fresh sheet formats and ordering methods needed to order from a variety of local farms, as opposed to ordering from a single distributor or the Puget Sound Food Hub. At the direct-to-consumer level, several area farms and the Port Townsend Farmers Market created online ordering platforms that enabled consumers to place orders from multiple local producers at once. For instance, Wild Edge Farm, Hidden Penny Farm, Johnston Farms and Olympic Harvest Farm created an online "farm stand" where consumers could order from any or all of the producers and pick up their order at one place. In response to the pandemic, the Port

Townsend Farmers Market created an online ordering service where consumers placed orders from farmers market vendors. Vendors delivered the orders to the market and farmers market staff and volunteers put together each customer's order, combining items from multiple vendors into a single box for easy pick up. We recommend exploration of creating a "virtual food hub" that would simplify and aggregate placing wholesale orders from multiple producers on a single site, similar to the way these direct-to-consumer sites work.

VIII. Effects of COVID-19 — "shook up the food system"

When COVID-19 emerged in the spring of 2020, it had major impacts on the food system across the country and on the Olympic Peninsula. Farmers who could quickly pivot their business model were most able to survive and even thrive in this challenging time.

1. Many farms saw business growth during the COVID-19 pandemic. Conditions present:
   - Replacing declining or lost sales to restaurant and food service accounts with direct-to-consumer sales.
   - Creating online sales platforms.
   - Local meat producers of chicken, pork, lamb and beef saw a surge in sales as COVID-19 impacts on the national slaughter systems resulted in skyrocketing prices and limited availability of meat in grocery stores.
   - The Olympic Peninsula Farmers Fund, a joint effort of NODC, WSU Extension, the North Olympic Land Trust and Jefferson Land Trust, used donated funds to forward contract with producers for food that was then donated to area food banks, schools and meal programs.
2. Producers experimented with asset-sharing and aggregation models.
   - Smaller farms (2 acres or less) expressed more interest in aggregating than larger farms. In addition to informal aggregation, there was also interest expressed in sharing resources and marketing strategies to support one another.
     - ***Example 1:*** Four farms in Port Angeles teamed up to co-market each other's products on an open-source marketing platform. All four producers are on the platform; they include all partners' products on their individual sites as well. Each farm is a drop point for consumer pick-up, and aggregation happens between all farm partners.
     - ***Example 2:*** The Port Townsend Farmers Market pre-order box pack allowed for consumers to order online for a box of products from multiple market vendors. Producers dropped off at a designated time and the market team packed orders for pick-up before market opening. Packing was done by market staff and volunteers and proved extremely labor intensive.
     - ***Example 3:*** One farm, a cattle ranch, buys shelf-stable or semi-stable goods such as jams and lists them on their own website. They find that this model is easiest for them to control the amount of work involved in aggregating and building orders.
3. Online platform direct-to-consumer stores have matured and are used by many more producers now than prior to COVID-19. They are also used by many more consumers looking for local food security.
   - Online platforms recommended include GrazeCart and Open Food Network.
   - Many farms strengthened their direct-to-consumer sales through multi-modal marketing with a combination of an online sales platform, a CSA, a farmers market presence, and in some cases an on-farm retail store.
4. Specialty meats such as goat and rabbit struggled through COVID because of their reliance on niche markets at restaurants and direct sales.

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Appendix A: Producer Interview Questions

Ask if ok to record the call. Recording will be used just to take summarizing notes. All information collected will be confidential and de-identified.

Description of farm (might include the following):

- Overview of business model/mission statement/vision statement
- Products
- % direct (and methods of sale)/% wholesale
- Acres in production/cover crop/grazed
- Acres in potential production (i.e. unutilized land, plans for growth/contraction)
- Number of employees
- Growth model/trajectory – past to present
- Assets overview – includes storage space, packing house, processing, distribution, equipment
- Key relationships with other farms/businesses? Shared resources?

Description of business plan/financial operation (might include the following):

- Record keeping
- What are your record keeping systems like?
- Do you keep track of margins?
- Production planning
- Talk about the year-to-year decision making that goes into production planning – how are crops/volume decided?
- Value-adding
- Certifications
- Marketing
- Food safety protocols
- Debt
- Overview of technical assistance used – accounting, legal services, education, insurance, grants

Wholesaling *(wholesale includes selling to restaurants, stores, other buyers that resell the product in some way)*

Category 1: Currently wholesaling

Description of who, what, where, how. Dissect each wholesale relationship.

- What accounts?
- For each client, give an overview what products are purchased, how the product is packaged, how it gets to the client, delivery method, schedule, etc., any special conditions or circumstances with unique clients.
- How are prices set?
- Do you use documentation with these accounts, such as contracts or crop planning forms?
- Tell me a bit about your relationships with buyers.
- Are you open to new clients? If so, describe conditions under which you would accept new wholesale accounts? If not, why not?
- Tell me about your entry into wholesale markets, if you encountered any barriers or challenges, and how you overcame those challenges.
- Describe current barriers and challenges.

Category 2: Currently not wholesaling and wants to

- If you want to wholesale and are not, what is preventing you?
- Describe your process undertaken so far to pursue/explore wholesale accounts
- Do you want to scale up? What does scaling up look like to you?
- Would you be interested in no-cost business advising?
- Describe current barriers and challenges.

Category 3: Currently not wholesaling and doesn't want to

- If you don't want to, why not?
- To what extent have you/have you not explored a wholesale business model?
- Describe current barriers and challenges.

Further questions:

- How has COVID changed your business plan now and in the foreseeable future?
- Do you have excess product that you don't sell? If yes, what do you do with it (compost, glean, donate, etc.)?
- Do you have secondary markets for your products?
- Do you have any experience with/would you consider growing for a contract?

Hypothetical questions:

- Let's say a restaurant/school/hospital/store came to you and said, "We love your product! We want to buy from you!" Walk through what it would currently take to make that happen on your end.
- Let's say you had an opportunity to aggregate your produce with other farms' products so that you can access larger markets without wholesaling. Walk through your thought process around whether this is a good opportunity.

Appendix B: List of Producers Interviewed

Reaume Farm

Hopscotch Farm & Cannery

Short's Family Farm

Joy Farm

The Farm

River Run Farm

Spring Rain Farm & Orchard

Graysmarsh Farm

SisterLand Farm

Bowman Farm

Space Twins Provisions

Soft Step Farm

Dharma Ridge Farm

Chimalow Produce

One Straw Ranch

Hama Hama Oysters

Goodness Teas

Hidden Penny Farm

Red Coat Goats

Appendix C: Buyer Interview Questions

Introduction

Project overview – 1 page grant summary as a handout, purpose of interviews. No right/wrong answers.

1. What is your distinct feature as business – what sets you apart from others in your industry? Or what is your organizations mission?

2. Who are your customers? What is your demographic? What is your geographic reach?

3. What are or what purchasing policies would you consider when it comes to locally sourced food? Probe is it cost, a percentage threshold, would you consider forward contracting, do you work with a distributor, etc.

4. ***If currently not purchasing locally sourced food – what would it take for your business to make this happen? What would you have to change or modify?

5. If a value-added producer or a grower came to you and said, "I have a great product and your customers would love it – it's a great fit for you/your business." What would they have to do to get you to purchase their product on a consistent basis? Walk me through the process of how you choose the products you do.

6. Are there gaps in the food system infrastructure that keep you from purchasing more locally sourced food from this region? Food system infrastructure covers everything needed in the supply chain of activity between the consumer and the producer. A food system includes all processes and infrastructure involved in feeding a population: growing, harvesting, processing, packaging, transporting, marketing, consumption, and disposal of food and food-related items. It also includes the inputs needed and outputs generated at each of these steps. Infrastructure also includes technology.

   – If yes, what are they? What would you recommend be put in place to bridge those gaps?

   – If no, what existing infrastructure components/s do you rely on most heavily? Why?

7. What do you/would you consider local?

8. How do you/would you find local products?

9. What is your capacity in terms of purchasing – do you have certain days for deliveries, minimum quantities, do you have adequate storage/refrigeration to hold food, expectation for product consistency, packaging or preparations (cut or cleaned for example) distribution, equipment limitations, staffing, or other logistical challenges?

10. What are your expectations around food safety/HACCP and GAP certification?

11. What do you do with any excess food (repack/repurpose, compost, donate)?

12. How has COVID changed your operations now and in the foreseeable future?

13. Is there anything else you would like us to know or consider?

Appendix D: List of Buyers Interviewed

7 Cedars Hotel and Casino

Forks Thriftway Grocery

Aldrich's Grocery

Finistère

Lawrence St. Provisions

Hound & Bottle

Kitsap Community Co-op

Olympic Community College

Oxalis Kitchen

Harbour Public House

Town & Country Markets

Jefferson Healthcare

Key City Fish

Bella Italia

Old Alcohol Plant

Chimacum School District

Port Townsend School District

Mossback

Hitchcock Foods

Bay Hay and Feed

Avamere Assisted Living

The Food Co-op of Port Townsend

Jefferson County Food Bank Association

Helpline House

Bainbridge School District

Kitsap Fresh