

# **Growing the Natural Foods Industry in Lane County**

## **A Report for the Lane County Sustainable Business and Jobs Project**

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## **Background and Acknowledgments**

As we enter the new millennium, the residents of the Southern Willamette Valley face a number of important economic, social, and environmental challenges. The economy is struggling, unemployment is high, government revenues are falling, and water quality, fisheries, and other environmental resources are at risk. Decision makers seek appropriate steps to resolve these problems in a manner that will simultaneously enhance the economy, workers, and the environment, but often are unclear about how to achieve these multiple goals.

In the winter of 2003, the Program for Watershed and Community Health (PWCH), a research and technical assistance program affiliated with the Institute for a Sustainable Environment at the University of Oregon, initiated a project to help decision makers throughout the southern Willamette Valley understand sustainable business and job development and identify strategies to secure and expand the local sustainability sector. The PWCH seeks to provide accurate, objective, and easy-to-understand information about the size and scope of the existing sustainability sector. It seeks to assess the potential costs and benefits associated with expanding the sector and assisting others to adopt sustainable practices. A team of seven graduate students from the Department of Planning, Public Policy, and Management at the University of Oregon served as the research staff for the project. An informal group of local government and economic development specialists served as the steering committee for the project. This report is one of a series of reports to be produced as a result of this effort.

### **AUTHORS**

Tim Shinabarger, a graduate student in the Department of Planning, Public Policy, and Management at the University of Oregon, researched and wrote this report. Tom Osdoba of 4E Partners provided the information found in Appendix II on developing an integrated local food system, using the example from Saint Peter, Minnesota. Bob Doppelt, director of the Program for Watershed and Community Health, supervised the overall project.

### **ACKNOWLEDGMENTS**

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# **GROWING THE NATURAL FOODS INDUSTRY IN LANE COUNTY**

## **Executive Summary**

In winter 2003, graduate students researchers working with the University of Oregon Program for Watershed and Community Health analyzed the size, scope, and interrelationships of the Natural Foods Industry in Lane County. This report summarizes the findings.

In Lane County, the Natural Foods Industry comprises more than 30 businesses and 30 organic farms. The 15 natural food companies that responded to a survey mailed to Lane County businesses that were believed to fall into the sustainability sector reported at least 334 local employees and annual local payrolls of at least \$8.39 million. The lowest level of annual sales reported was \$76,000; the highest was \$16 million. This information suggests that the natural foods industry makes an important contribution to for local economy.

Our research found that many local food producers, café's, distributors and organic farms know each other and maintain business relationships. However, our research did not identify a well-defined business cluster. This suggests that with an effective approach, a major opportunity may exist to help stabilize and grow the natural foods industry as a major business cluster in Lane County. In addition, in assessing sustainable business practices within the sector, we found gaps in the supply chain that suggest potential business opportunities.

Organic farming became one of the fastest growing segments of United States agriculture during the 1990's, expanding at a rate of 20-25 percent annually. U.S. producers are turning to certified organic farming systems as a potential way to lower input costs, decrease reliance on non-renewable resources, capture high-value markets and premium prices, and boost farm income.<sup>1</sup> In Lane County, accredited certifying agents have certified 1,549 acres of organic farmland. Local farms sell produce in local and West Coast markets. Local consumers are educated about organic food, which stimulates local demand. The presence of knowledgeable local customers is often one of the prerequisites for the development of a strong business cluster. Farmers Markets provide direct connections between farmers and consumers. Local residents buy plant starts for home gardens, providing pre-harvest income for greenhouse farmers. These interrelationships suggest a framework may already exist in which to grow the natural foods industry.

In assessing sustainable business practices within the Natural Foods Industry, two key criteria stand out: a majority either produce or use a product that is certified as organic or sustainable by an independent third party, and they seek to reduce their use of fossil fuels by using local natural materials and renewable energy. When a food company uses local, certified-organic produce as ingredients in its production process, it meets these criteria. It also keeps money within the local economy, provides stable local jobs, and conserves the quality of local farmland. We found that a company also meets sustainability criteria when it uses recyclable or sustainable materials, renewable energy sources such as wind or solar power, non-toxic or biodegradable cleaners, organic fertilizers and inputs, and through-put analysis of production processes.

**Recommendations:** Based on our research the following suggestions are offered to help secure and grow the local natural foods industry:

- Members of the natural foods industry should form a local business coalition or trade association to provide a vehicle for joint problem solving, marketing, bulk purchasing, enhanced business relationships, and other ventures.
- Local economic development agencies should consider helping to establish a natural foods task force with membership from the private, public and non-profit sectors with the goal of developing strategies to share information about and provide training, funding, technical assistance, and other needed incentives and assistance to local businesses.
- The proposed business coalition/trade association and public-private task force should work closely with the Lane County Food Coalition to establish the Lane County Food Policy Council. They should work to ensure that efforts to provide food security for local residents and efforts at economic development are mutually reinforcing.
- As part of the strategy to secure and grow the industry, a “Buy Local, Buy Sustainable” consumer education and marketing program should be considered.
- National grocery chains should be encouraged to buy local foods for their local stores.
- Funding should be found to conduct market studies for a proposed new site for the Lane County Farmers’ Market, and for a weekly Farmers’ Market in downtown Springfield.
- Interest exists in setting up an incubator kitchen facility for natural-foods start-ups; however, a recent market feasibility study concluded the costs of setting up and operating a commercial kitchen incubator would offset its overall economic benefit to the county. The business community should seek ways to reduce the costs of starting and operating a kitchen incubator, perhaps by incorporating its functions into an existing facility.
- Local economic development agencies should consider ways to help the industry establish wider markets for local greenhouse products such as plant starts.
- Low-interest loans could be provided to business officers and farm operators who attend Lane Community College Small Business and Farm Management programs.
- A recognition program could be established to publicly acknowledge local natural foods businesses that implement sustainability practices. Example: use a ranked award system that consists of symbolic awards such as one-star awards for beginning efforts and a scale up to five-star awards for advanced efforts that address their entire production processes.
- Federal and state agencies could be encouraged to create tax incentives for farms and businesses to install photovoltaic and other renewable energy generating equipment.
- Efforts should be made to determine whether organically certified farmland has a greater real market value than comparable conventionally farmed land.
- The business community should consider conducting market research to determine whether the “branding” of local natural foods would improve sales (e.g. “Produced in Lane County, the natural foods leader of the Northwest”).
- The University of Oregon and/or Lane Community College should develop the capacity to conduct sustainability through-put analyses for company production processes.
- Research the cost-effectiveness and business opportunities related to:
  - A manufacturer for recyclable packaging, including boxes and plastic tubs.
  - A farm supply for greenhouse materials and tractor parts.
  - A manufacturer of high-quality hand tools for gardening and farming.

**GROWING THE NATURAL FOODS INDUSTRY IN LANE COUNTY:**

## **I. Introduction**

In February 2003, the University of Oregon Program for Watershed and Community Health initiated the Lane County Sustainable Business and Jobs Project. This analysis of the Natural Foods Industry is one component of the project. Within this component, graduate student interns analyzed the size, scope, interrelationships, and needs of the natural foods industry in Lane County. A survey was mailed to 157 companies in the county that were potentially part of the sustainability sector, including natural foods companies. Fifteen natural foods companies responded to the survey. Inclusion in the natural food sector was determined by an analysis of business practices and/or products that fit the criteria for sustainability adopted for this project. The researchers also conducted a cluster analysis of natural food companies, looking for evidence that companies maintain business relationships that save them money, lead to joint problem solving, retain local jobs, and improve the local economy. Finally, we looked for opportunities for new companies or existing companies to fill gaps in the supply chain by providing new products or services.

The criteria used to define sustainable business practices are included as an appendix to this report. In assessing the Natural Foods Industry, two criteria stand out: a majority use materials or produce products that an independent third party has certified as organic or sustainable and they have reduced or eliminated the use of fossil fuels. Foods and farmland that are certified as organic under state and national requirements meet this definition. The use of organic fertilizers and other natural inputs and the use of renewable energy also meet the definition. On the basis of these two criteria, a local food processor that uses locally grown organically certified produce as ingredients in its production process implements sustainable business practices in two ways: first, it uses third-party certified materials; second, it reduces fossil fuel used for transportation as well as for inputs on the farm. The food processor also keeps money within the local economy, provides local jobs, and helps conserve the quality of local farmland.

Our research found that the natural foods industry within Lane County ranges in size from multi-million dollar producers that bring in revenue internationally and from all 50 states to a three-acre certified-organic farm where draft horses pull the plow. Many of the businesses have operated in the county for years. The sector is growing, it provides many stable jobs, and it generates important annual revenues. In Lane County, the Natural Foods sector includes at least 34 organic farmers and more than 30 companies that produce or distribute organic foods or other sustainable products and services. It includes restaurants, cafes, and grocery stores that sell organic and natural foods, some of it locally grown and processed; companies that use local produce as ingredients; organic produce distributors; consultants; farmers' markets; and farm supply and garden supply merchants.

Our research found many relationships between local natural foods companies, farmers, and sustainability efforts in other sectors. Some companies buy raw or processed organic food from local farmers or from other local companies and use it as ingredients for their own products. One company uses another company's facilities for its production process. Yet, in many cases, companies do not do business with each other. In short, we did not find a well-defined cluster within the local organic and natural foods sector. However, the presence of a strong and knowledgeable local customer base and the number of existing natural foods companies suggest

that a well-devised and implemented approach could help secure and grow the local natural foods industry and turn it into a major business cluster.

Further, in assessing sustainable business practices within the sector, we found gaps in the supply chain that suggest potential business opportunities. Some local natural foods companies don't buy their raw foods from local farmers. Many companies purchase their packaging materials from out-of-county or out-of-state suppliers. Business owners who use renewable sources of electricity must pay extra to do so and they have few alternative sources to choose from. Efforts to grow a natural foods cluster could include a focus on these business opportunities.

We explored two specific options that would involve construction of new facilities: a farmers' market that is open every day of the week; and a local manufacturer to make boxes and other packaging – specifically, tubs for packing sauces, dairy products and other foods -- out of recyclable and low-impact materials. The Lane County Farmers' Market is exploring the first option. Local advocates of recyclable packaging, including food manufacturers and recycling professionals, have explored the second option and identified substantial obstacles. We address these situations in the body of the report.

The balance of this report looks first at local natural food companies, then at organic farming and its local application.

## **II. Overview of Local Natural Food Companies**

Lane County is the home base for at least 30 natural food companies that use sustainable business practices and do between \$76,000 and \$16 million per year in sales. The following bulleted list highlights the economic impact of a few individual locally owned companies:

- Organically Grown Company, a Eugene-based distributor of organic fruits and vegetables, employs more than 30 people in Eugene and about 55 in Corvallis, along with employees in Kent, Wash. It had \$16 million in direct sales last year and shipped 800,000 cases of organic produce to retailers and wholesalers in West Coast states<sup>2</sup>, distributing about 24 million pounds of fruits and vegetables.<sup>3</sup> More than 95 percent of that produce is organic. About 10 percent of OGC's sales are to Fred Meyer warehouses in Puyallup, Wash. and Clackamas, Ore. The company ships produce in its own trucks to customers in Oregon and Washington. Its trucks also backhaul from farms after delivering. It pays warehouse employees \$10.66 per hour plus benefits based on one year of service.
- Golden Temple Natural Foods, which produces natural teas, granolas and other products for local and international markets, is in the process of building a \$4.5 million cereal-flake facility in Eugene and intends to add 50 jobs in the next three years at the facility.<sup>4</sup>
- GloryBee Foods Inc., a certified organic processor and distributor, employs more than 60 people in Eugene and processes more than 100,000 pounds of honey per week. Its distribution division ships more than 300,000 pounds of ingredients per week. It has its own fleet of tractors and trailers and ships honey-related products from its warehouse on Seneca Road to natural foods stores from Ashland to the Canadian border.<sup>5</sup>
- Turtle Mountain, Inc. sells its non-dairy, soy-based frozen dessert products in 50 states and five countries. According to the company, its organic dessert product is the best-

selling non-dairy frozen dessert in the United States. Two of its desserts had sales of more than \$1 million last year.

- Springfield Creamery, which started in downtown Springfield and now has its facilities in Eugene, sells organic and non-organic yogurt and other products in all 50 states, using 125,000 gallons per month of locally produced milk in its products. It employs 42 people.
- Lochmead Dairy uses returnable deposit bottles for its half-gallon milk containers. It supplies milk products from its Junction City dairy farm to its family-owned chain of more than 30 Dari-Mart stores in Lane County.
- Down to Earth Distributors, Inc. sells gardening tools and supplies to home gardeners and some farmers. It sells up to 2,000 tons per year of soil nutrients. It blends and bags organic and 100 percent natural fertilizer mixes at its Eugene warehouse. It also trucks ingredients to a blending facility in Portland that produces more than 10,000 bags per year of the company's trademarked blended potting soil. The warehouse employs 39 people and the company has a total of 78 employees, all in Eugene.

Out-of-state companies recently purchased two other local organic food companies:

- In April of this year, CF Fresh of Sedro Woolley, Wash., purchased Oregon Organic Marketing, an organic sales agency based in Eugene that has grown to more than \$9 million in annual sales.<sup>6</sup>
- In August 2002, Monterey Pasta Co., Inc. of Salinas, Calif., paid \$5.74 million to purchase Eugene-based organic food manufacturer Emerald Valley Kitchen.<sup>7</sup>

### **Employees, Payroll and Sales**

The 15 natural foods companies that returned responses to an April 2003 survey for this project listed a minimum of at least 334 local employees and combined payrolls of at least \$8.39 million. The three largest businesses were two organic cereal manufacturers and an organic foods distributor. Two companies listed more than 50 employees and annual payrolls of \$2.1 million and \$1.8 million respectively. The company that listed more than 100 employees declined to list a payroll figure. The combined payroll figure we use in this report (\$8.39 million) is based on the other 14 businesses and doesn't include the payroll for its 100+ workers. Eight responding businesses had fewer than 10 employees per company; two businesses had between 21 and 50 employees.

One of the issues we encountered with this research was the discomfort of business managers to divulge staffing and revenue information to a public research project. (It's possible that these businesses would be willing to share this information with a private economic development entity.) We drew information for this report from survey responses. The total number of employees we list here (334) is based on the lower limits of the survey response ranges. If a business circled the answer "51-100" employees, we count 51. Because survey data were available from only roughly half of the local natural foods companies and because we took a conservative approach by stating the lower ends of employment and payroll, it is highly probable that total employment and payrolls produced by local natural foods companies are substantially higher than these totals.



In the survey response category for “Total Sales in 2002,” 12 of the businesses listed their annual sales as “\$200,000+,” the highest sales category the survey provided. Because we know some of those businesses had more than \$1 million in annual sales, we conclude that the set of survey responses fails to provide useful sales statistics and that total sales are higher than our numbers suggest. The lowest level of annual sales that any survey respondent reported was \$76,000. During the course of our research, the highest sales total for certified organic products sales that any business officer reported was \$16 million for Organically Grown Company, a distributor.

The employment, payroll, and sales numbers suggest that the natural foods sector makes an important and growing contribution to Lane County’s economy.

### **Why Are Natural Foods Companies Located in Lane County?**

Our research found that some natural foods companies are located in Lane County simply because the owners live here and started their businesses here. Turtle Mountain, Inc., Springfield Creamery, Emerald Valley Kitchen and Golden Temple Natural Foods are multi-million dollar businesses that were founded here. Springfield Creamery has access to water for its production process and can buy all of its milk from farmers within 50 miles of its facility. Most of the companies that responded to the survey said Lane County is a good place to operate a sustainable business. One farmer said strong local markets for sustainable products are essential for a farm that relies on selling produce to families. The presence of local consumers who demand fresh, local and organic produce creates one of the key conditions for a concentration of natural foods producers (i.e. a business cluster).

### **III. Organic Farming in Lane County**

According to the United States Department of Agriculture Economic Research Service, “Organic farming became one of the fastest growing segments of U.S. agriculture during the 1990’s. U.S. producers are turning to certified organic farming systems as a potential way to lower input costs, decrease reliance on nonrenewable resources, capture high-value markets and premium prices, and boost farm income. Organic farming systems rely on ecologically based practices, such as cultural and biological pest management, and virtually exclude the use of synthetic chemicals in crop production and prohibit the use of antibiotics and hormones in livestock production.” According to the USDA, the organic food industry is growing between 20 percent and 25 percent annually, and retail sales of organic foods in the United States reached \$7.8 billion in 2000. By comparison, most other agricultural sectors have seen flat or modest growth. In Oregon, gross and net farm income for all farms declined from 1997 to 2001, with net farm income per farm declining from \$16,267 to \$6,925.<sup>8</sup> We were unable to find income figures exclusively for organic farms in Oregon or Lane County.

A recent report by Innovest Strategic Value Investors, a financial analysis firm, on the Global Foods Products sector found that stock prices of the “sustainability” leaders in the foods product sector outperformed their lower rated (non-sustainable) competitors by 33 percent over the last three years. The higher rated companies also demonstrated superior results in operating profit margins, net profit margins, and return on equity.<sup>9</sup> This information reinforces the point that the natural (sustainable) foods industry is stable, strong and holds significant potential.

It may be useful at this point to define the word “organic” and phrases associated with it.

- Organic: “A labeling term that refers to an agricultural product produced in accordance with the (USDA Organic Foods Act of 1990) Act and the regulations in this part.”<sup>10</sup>
- Organic Farming: “A primary goal of organic farming is to produce food and fiber using management systems that enhance the ecological balance of natural systems. Organic farming practices are designed to foster biological diversity and naturally improve soil fertility. The use of synthetic pesticides and fertilizers is restricted to minimize environmental impact and the occurrence of chemical residues in food. Organic foods are processed as little as possible, without additions of artificial ingredients and preservatives, in order to maintain their integrity and nutritional value.”<sup>11</sup>
- Organic production: “A production system that is managed in accordance with the Act...to respond to site-specific conditions by integrating cultural, biological, and mechanical practices that foster cycling of resources, promote ecological balance, and conserve bio-diversity.”<sup>12</sup>
- Organic system plan: “A plan of management of an organic production or handling operation that has been agreed to by the producer or handler and the certifying agent and that includes written plans concerning all aspects of agricultural production or handling described in the Act or the Regulations...”<sup>13</sup>

As of October 21, 2002, producers and handlers must be certified by a USDA-accredited certifying agent to sell, label or represent their products as “100 percent organic,” “organic,” or “made with organic” ingredients or food groups. Farmers are exempt if their gross agricultural income from organic sales totals \$5,000 or less annually.

Oregon Tilth, Inc. is the principal federally accredited certifying agent for Lane County organic operations. Before the USDA program went into effect, Oregon Tilth and the Oregon Department of Agriculture each had its own program for organic certification.<sup>14</sup> In addition, The Food Alliance, based in Portland, certifies “sustainable” foods (those produced with significantly less petro-fertilizers, pesticides, and herbicides than used in conventional farming). The Food Alliance has certified only one store in Lane County, Owens Thriftway in Florence.

Federally accredited certifying agents have certified at least 1,549 acres on 30 Lane County farms as organic. Local organic farmers grow fruit, berries, nuts, dairy products, and dozens of different kinds of vegetables for retail and wholesale markets. Some grow poultry and livestock for sale under the labels “natural” or “free range”, which are labeling terms regulated by the U.S. Department of Agriculture’s Food Safety and Inspection Service. Of three farms that returned responses to our written survey, the two certified-organic farms that listed payrolls for one to five employees listed total payrolls of \$50,000+ and \$200,000+ respectively. King Estate Winery, LP has the largest local organic holding; its property on Territorial Road has 819 acres certified organic. Its crops include wine grapes and apples.

Winter Green Farm in Noti was honored with the Oregon Tilth Producer of the Year Award in 2002. The farm raises 40 grass-fed beef cows and sells green vegetables, tomatoes, peppers, pears, apples, blueberries, strawberries, and basil and burdock root. It sells 75,000 pounds of burdock root and 65,000 pounds of basil per year. The farm sells produce at retail through the

Lane County Farmers Market's twice-weekly venues in downtown Eugene. It also sells produce through Organically Grown Company and through a locally owned grocery store. Oregon Tilth has certified 150 acres as organic for Winter Green Farm.

Farmers interviewed for this report and those who responded to our survey said the local consumer base of Lane County residents is well-educated and includes many people who prefer to buy organic produce.

Several farmers said they use organic farming methods but don't have their land certified because certification is too expensive. Oregon Tilth, Inc.'s certifying fees vary depending on a farm's income. A recertifying farm that earns less than \$5,000 per year could pay as little as \$241. A farm that grosses \$250,000 would pay about \$2,000 per year to recertify its land as organic, along with additional fees if Oregon Tilth needed to inspect the land. Some food company officials recommend Quality Assurance International, a San Diego based federally accredited certifier, as being less costly.

#### **IV. Sustainability: Business and Farming Practices**

Every Lane County farmer, natural foods producer and merchant we interviewed for this report uses at least one sustainable business practice. By using certified organic produce as ingredients for their products, companies meet the criteria of creating a sustainable product. Many companies also design their production processes to reduce waste, raw materials, packaging and energy use. One company has conducted an entire through-put analysis in order to make its materials input and output more sustainable and less wasteful. Some require their suppliers to provide recyclable or sustainable materials and services. Some use renewable energy sources even though it costs more than conventional energy would cost. One organic food company uses 50 percent windpower. Its food production vat leftovers go to a local composting operation that produces a useful product from what would otherwise be a waste output. One natural foods distributor that employs more than 50 people lowered costs by implementing a comprehensive energy-efficiency program.<sup>15</sup>

Some companies use local ingredients as a way to save transportation costs and support the local economy – which also, obviously, saves fossil fuel. Some use biodegradable, non-toxic cleaning chemicals. Some businesses combine loads on trucks, adding pallets of product to another business's trucks for shipment. One pizza company uses reusable boxes and uses only bicycles and an electric car for delivery. One gardening supply merchant uses 100 percent wind power to power one of its Eugene stores. It recently installed a geothermal heating system for the warehouse, using an Oregon Department of Energy tax credit as part of the \$25,000 price. Company owners investigated installing photovoltaic generators but couldn't afford \$160,000 for a system. A vegetarian café uses wind power for a portion of its energy, composts food scraps, and provides reusable plates for a deposit. Many companies recycle, although it doesn't save them money and it takes more work than not recycling. Some company officials said recycling makes employers, employees, and consumers feel better about their business.

By raising certified organic produce, organic farmers meet the criteria of producing a sustainable product. Many farms use other sustainable practices. Horton Road Organics, near Blachly, uses

intensively planted raised beds to increase crop yield per square foot of soil surface. Muslin Creek Farm near Cottage Grove also practices biodynamic farming. Winter Green Farm grows its own hay bedding and feed for its beef cows, beds them in a barn in winter, and uses the bedding and additional green manure as compost for the farm's soil fertility program.

Some farmers use chemical pesticides but use Integrated Pest Management to regulate when they spray. The technique involves trapping insects to know what insects are present and know whether it's necessary to spray. That contrasts with spraying pesticides according to a calendar schedule regardless of whether insects are present. The technique may affect the spray schedule and the concentration of spray. Other farmers use non-pesticide methods for dealing with pests such as introducing beneficial insects that eat the pest insects.<sup>16</sup>

At least nine Lane County farms participate in Community Supported Agriculture, in which they deliver boxes of organic produce, at a set weekly price per box, to central distribution sites for members of CSA groups. Those groups are often concentrated by neighborhood. Winter Green Farm delivers weekly boxes of produce for 325 families during harvest season. Full Circle Community Farm, a CSA-affiliated farm located six miles north of Eugene, delivers boxes of produce to two Eugene locations via bicycle. CSAs typically operate from June through October.

## **V. Interconnections, Links and Gaps**

Many businesses and organic farms within the industry maintain business relationships with each other that save them money, keep money circulating in Lane County, and fit the criteria for "sustainable business practices." Some examples: Springfield Creamery buys organic milk from local farmers year around and buys blueberries and strawberries from local farmers on an annual basis. Emerald Valley Kitchen uses Springfield Creamery yogurt as an ingredient in its own products. Because Emerald Valley purchases bulk quantities of ingredients from distributors at bulk prices, a small local organic restaurant can buy ingredients from Emerald Valley at bulk prices, saving money because of the economy of scale. Local farmers sell organic produce to natural food stores. Organically Grown Company buys and distributes produce from six Lane County farms, including farms in Springfield, Noti, Junction City, Eugene and Pleasant Hill. Local industrial companies build coolers and warehouses and maintain refrigeration systems for manufacturers. Sweet Creek Farms in Elmira uses its certified canning facility to can produce for other farms. Winter Green Farms runs its tractors on a 20/80 bio-diesel mix purchased through Tyree Oil, Inc., of Eugene and SeQuential BioFuels, Inc., a Eugene broker/marketing agency.

Down To Earth Distributors, Inc. buys seed from Territorial Seed Co. of Cottage Grove and three other Lane County seed suppliers. It also buys organic vegetable starts from local farmers. It sells high-end, high-quality, durable garden tools; none of the tools are produced in Lane County. It buys and sells locally made wooden products including border fencing, birdcages, benches and tomato cages. It sells locally grown meadowfoam meal as a fertilizer product. It buys fish meal from a processing plant in Astoria. No processing facilities big enough to deliver fish product exist in Florence anymore, although a cannery once operated there.

Local mutually beneficial arrangements are not always possible. A prominent salsa maker buys all of its beans, vegetables and spices through brokers in California because no individual farmer

in Lane County is able to provide sufficient quantities as needed throughout the year. One farmer said he has to go to a farm supply store in Salem to get UV-treated plastic and other greenhouse supplies. Winter Green Farms has to go to Harrisburg and Albany to get tractor parts for its four tractors and one swather.

Some local organic farmers and home gardeners use soil nutrients and potting soil mixes (amendments made from such components as blood meal, bone meal, potash, kelp and fish meal, and feather meal) blended and bagged by Down to Earth Distributors, Inc. at its 25,000-square foot warehouse/distribution center in Eugene. Down To Earth sells the products in its two Eugene stores, to customers along the Interstate 5 corridor, and to Honeyman Nursery & Landscaping in Florence. Some farmers buy products at wholesale rates from Down To Earth Distributors, and at least one Oregon Tilth-certified organic farmer sells vegetable starts to Down To Earth at wholesale rates. Down To Earth purchases most of its organic vegetable starts locally.

One farmer whose family farm is certified organic by Oregon Tilth, Inc. is illustrative of the kinds of interconnections we found in the sector. The farmer wholesales his vegetable and herb starts at a nursery in Drain, to natural food stores, to a locally owned chain of grocery stores, to Down to Earth Distributors, Inc., to a locally owned home improvement store, and to a seed company in Cottage Grove.

Although local natural foods companies can be considered competitors, we found that many farmers, producers and merchants know each other, maintain informal networks, buy and sell to each other at wholesale prices, and want to keep money and business local. We did not, however, find a large degree of effort to jointly solve common problems or a high and consistent level of communication between companies. Although we found many business connections within the sector, we did not find a well-defined business cluster.

## **VI. Constraints and Opportunities**

### **A. Constraints On The Sector And On Sustainable Business Practices**

Farmers and business owners note a number of factors that constrain their ability to increase sustainable practices and grow the industry. The number of farmers who want to sell produce at the Lane County Farmers' Market site near the Lane County Building has exceeded available space. Farmers say there's an oversupply of locally grown organic produce and they need more markets. Company officials say local farms can't provide the volume of organic produce on demand that grocery chains and food processors require. Start-up businesses in the sector lack business expertise. Sustainable business practices such as using renewable energy sources for heat and power often cost more than conventional practices. Organic food processors pack their products in packaging materials that are only marginally re-usable. Some farm supplies are unavailable in Lane County. The growing season for most produce is only a few months long in the Willamette Valley. The availability of organic produce grown in California limits sales of Lane County produce to California markets.

### **B. Opportunities For The Sector And For Sustainable Business Practices**

Lane County is a leading organic food producing and processing region,<sup>17</sup> centrally located within its market base and with good access to transportation via rail or Interstate 5. The Lane County Farmers' Market is connected to the Saturday Market, an open-air market that also serves as an "incubator facility" for small business start-ups, including those in the natural foods industry. The Lane Community College Business Development Center provides small-business and farm-management training to business and farm operators. Local residents are knowledgeable about organic food and sustainability.<sup>18</sup> Local winter squash and blueberries are of such high quality that California markets buy them.

One area that may provide opportunities for economic growth is recyclable packaging for local food producers. One natural foods company insisted the Beaverton paper facility that makes its boxes must produce boxes from 100 %-post-consumer recycled material. Having identified a market and figured out how to fill it, the paper company now markets the recycled-material boxes to other clients. When we asked local natural food company officials what their company's primary waste product is, many said it was packaging material. Local sauce makers and dairy product makers use plastic tubs to package their product. The degree to which consumers can recycle these is limited. According to one company officer, if a local manufacturer could make a more recyclable tub, local natural foods producers would provide a substantial market. Another business owner, however, said starting a production process to manufacture plastic containers would present substantial difficulties. It would cost several million dollars to build an injection-molding facility that could make tubs, print labels on them, and deliver the tubs in sterile condition (ready to pack) to the natural foods industry. An officer with BRING Recycling in Lane County said it's a lot of expense and effort to recycle what is already a low-grade quality of plastic. An Associated Press article on corn-based plastic containers ran in the local newspaper on May 3, 2003. This or another bio-based plastics derivation may provide a possible option to pursue.

While the gaps in the supply chain might be addressed locally and the industry could adopt additional sustainability measures, perhaps it shouldn't come as a surprise that no easy opportunities present themselves. Some local natural foods company officials have pursued every additional sustainability step they could identify within the limits of their ability to survive as a business. They've examined inputs and outputs and modified their production processes to minimize pollution and waste and to use renewable and sustainable sources of materials and energy.

## **VII. Farm Income from Greenhouse Farming**

Local residents who maintain home gardens seek greenhouse-grown organic vegetable and herb starts every spring, buying them at Farmers' Markets and stores. They also buy seeds, vegetable starts, herb starts, flowering plants, garden tools, and related items.

Greenhouses provide an enclosed warm growing environment for farmers. Early in the Lane County Farmers' Market season, greenhouse-grown vegetable, herb and flower starts are a substantial part of what farmers have available. These plants provide farm income before most produce is ready to harvest. Some Lane County stores carry organic vegetable starts as well as

gardening tools, kitchen canning equipment and related items. Their garden vegetable-related business peaks in the spring from April through June.

According to Lane Community College Farm Management Program instructor Gary Valde, for a local farmer, an acre of greenhouses and container yards can produce a tremendous amount of income. A farmer who is growing greenhouse-grown plant starts can grow up to five crops in one year.<sup>19</sup> If the farmer is selling plant starts to a big store, the farm can gross \$250,000 per year on three or four acres. By contrast, a farmer who is growing hay may get \$240 per acre per year.

One Monroe farmer who is certified by Oregon Tilth, Inc. sells organic vegetable starts and herb starts, primarily tomato and basil, at the Lane County Farmers' Market. He also sells vegetable and herb starts to First Alternative Cooperative in Corvallis. He said the Farmers' Market is the only Lane County outlet as convenient to his farm location as is going to Corvallis.

Most farmers who sell vegetable starts grow them in greenhouses. Sustainability problems for greenhouse farmers involve the use of plastics and fossil fuels. Farmers who raise vegetable and herb starts use plastic trays, sheets of plastic planting pots, plastic stakes, and plastic greenhouse materials. Re-using trays and pots costs more than throwing them away: they need to be cleaned before being reused or they could spread disease to the new plant. Farmers can buy sheets of new pots and fill them quickly. With used trays, the farmer can only fill one square at a time. Tray material is low-grade plastic and non-recyclable. Greenhouses are built with UV-treated plastic walls that last about three years. Farmers use plastic sheets as mulch to retain moisture. No farmers suggested any alternative materials for greenhouse walls that would be as convenient. Also, they use propane or natural gas to heat them. As farms strive to increase sustainability, the need for sustainable wall materials and heating sources may provide business opportunities.

### **VIII. Farmers' Markets**

When local consumers buy food that was grown or produced locally, money stays in the local economy. Farmers' markets give farmers a chance to sell their produce directly to local consumers. The markets provide a venue for farmers to sell their produce at retail prices instead of wholesale. Markets give consumers a chance to buy food from a local family farm instead of from a national grocery chain.

The Lane County Farmers' Market started at its location at Eighth Avenue and Oak Street in Eugene in 1915 as the Eugene Producers Market. The current organization is a not-for-profit corporation with about 160 growers and producers.<sup>20</sup> Farmers sell vegetables, fruit, nuts, meat, flowers, vegetable starts, herb starts, honey, beeswax candles and other farm products on Saturdays and Tuesdays. The market season runs from early April through mid-November. An additional Holiday Farmers' Market operates at the Lane County Fairgrounds on weekends from Thanksgiving to Christmas.

Whether it's because consumers believe they're getting higher-quality food or because they like the social aspects of the event, enough people attend the Farmers' Market to make it successful. Counting organic and non-organic produce, baked goods, honey, meat products and flowers, the Eugene Farmers' Market generated \$1.15 million in total sales for 2001. Of this amount, about \$750,000 was produce. Farmers' Market staff doesn't have figures on how much of that income

total was for organic food.<sup>21</sup> On a Saturday at the Farmers' Market in June 2003, more than half the farms sold organic food: 13 farms sold certified organic produce out of a total of 25 farms that had booths. Other farms sold produce labeled "No spray" or "Integrated Pest Management" and sold beef, pork and poultry labeled as grass-fed, free-range or raised naturally.

Other farmers' markets in Eugene include a Thursday market at Meridian Marketplace, 18<sup>th</sup> and Willamette, and a Southtowne Market at 28<sup>th</sup> and Oak Street on Saturday and Tuesday. Within Lane County, the Cottage Grove Growers' Market at Coiner Park (14<sup>th</sup> and Main) is on Saturdays. The Salmonberry Naturals Organic Farmers' Market at Highway 126 and Quince Street in Florence is on Saturday. The Veneta Saturday Market at Fifth and Broadway is in its first season. The Oakridge Mountain Market Faire is in its first year.

The Florence market includes four or five farmers every week, including one from near Siltcoos Lake and others from the Coast Range (Noti, Deadwood, and other locations).<sup>22</sup> According to the Florence market coordinator, demand exceeded supply last year, with one farmer selling out every single week. Farmers planted more vegetables this year as a result; some built additional greenhouses. Customers are generally local and repeat customers.

Farmers we interviewed at the Eugene Saturday Market said produce prices have stagnated compared to wages and inflation. Several blamed oversupply. One farmer said too many people have gotten into organic farming without creating new markets. That leaves farmers loading their produce and vegetable starts back into their trucks at the end of a Market day. One farmer said they either need to regulate supply to keep prices up or else expand the market for local produce.

No booth space or parking is available for new farmers during the Lane County Farmers' Market. The Market organization has been trying to get a building for retail sales for years. Some farmers who are Market members are reluctant to leave the Eugene Saturday Market location. Other members have talked about getting a space in the Lane County Fairgrounds. According to one farmer, that would increase the market because it would provide a venue for a different clientele. He said a lot of local residents won't go to the Saturday Market in Eugene because of the proximity to the people who hang out on the Lane County Building plaza during Saturday Market. An officer in the Farmers' Market organization corroborated this.

One farmer we spoke with said having a roofed space and building would save farmers labor and time; setting up and taking down canopies and shelves every week is extremely time-consuming. It also would raise the possibility that farmers could consign produce or take turns running the sales area. When a farm operator staffs a booth at a farmers' market during the growing season, that farmer misses a workday and farm production suffers.

Three years ago, the board of the Lane County Farmers' Market drew up plans for 12,000 square feet of retail space with a much larger roofed area. They wanted to locate it in the Lane County Fairgrounds and have it open for business on a daily basis. With heating, sprinklers, and drainage, the cost for the building could be as much as \$6 million.<sup>23</sup> They had worked to arrange a 20-year to 50-year exclusive use contract with the county for such a building. In this scenario, the county would sell bonds to raise construction money. The effort stopped when they lacked \$40,000 to pay an architect to conduct a feasibility study.



Springfield city staff and a downtown business owner discussed opening a one-day-per-week farmers' market two years ago, but the site proved unworkable. Because of budget cuts, Springfield lacks staff to conduct market research to determine whether a farmers' market would bring in revenue to the downtown area.<sup>24</sup>

## **IX. Business Expertise**

Our research suggests that more business education, training, and networking within the local natural foods sector could be beneficial. The Lane Community College Business Development Center offers several programs to provide business skills and networking opportunities.

The Business Development Center's Small Business Management Program includes classroom sessions, monthly on-site visits and business analysis to help owners and managers to develop plans for management, financing and other areas. Small businesses that have existed for at least one year take part in a two-year program that gives owners a chance to learn from other small businesses and from LCC business faculty.

Small Business Management Program instructor Bill Klupenger said very few business owners go into business with the specific intention of using sustainable business practices. He said it's tough for a small for-profit business to tackle a sustainability issue if it's going to cost money. As they get bigger, they may be able to incorporate sustainability into their processes.

Klupenger said people with sustainability ideals find it doesn't always work. The higher their ideals, the narrower the market demand is for their product. He cited vegan foods (foods made with absolutely no animal products) as an example. The narrower the market niche, the tougher it will be for them to succeed. Also, prices might be higher. He said most start-up businesses don't have the budget to conduct a marketing campaign to educate the public about sustainability in order to create product demand. He said the Eugene area has a strong concentrated market for organic products, but that market is small relative to the entire city and county population. If a small business can find a niche and expand, then perhaps it can work toward sustainability.<sup>25</sup> Klupenger also said most small-business owners are so busy juggling vendors, cash flow and other daily concerns that they don't have time to meet in a classroom environment.

Business Development Center director Jane Scheidecker said sustainability is an important part of the Center's approach to teaching about business. As the Center helps business owners achieve their goals, it encourages goal-setting that includes profitable operations and sustainable practices. The extent to which a business will immerse itself in sustainable practices varies. One misperception, difficult to overcome, is the idea that all sustainable practices cost more. The Center works to develop business owners' awareness of all the ways their businesses can implement cost-effective sustainable practices. It hosts an annual workshop highlighting businesses that have reduced their costs through sustainable practices. Scheidecker said as worldwide and national understanding and awareness of sustainable food issues grows, small businesses will bear less of the cost of market education.<sup>26</sup>

The Business Development Center's Farm Business Management Program addresses farm plan development, record-keeping, budgeting, land acquisition analysis, marketing and other aspects of the farming business. It's based on a national program and provides a three-year training program designed to reflect the yearly farm cycle. Currently 80 farms are registered. Neither Umpqua Community College nor Linn-Benton Community College offers this program. Farm Program instructor Gary Valde said organic farming and organic certification (the process farmers must go through to get their farms certified organic) are occasional class topics.

The Center's "Lane MicroBusiness" development program provides Saturday Market vendors with a series of workshops specific to crafts marketing. It gives vendors, including food producers, a chance to use the Saturday Market as an "incubation facility" to gain skills, contacts and customers.

"The Business Group" is a group of business officers who meet monthly in peer-to-peer settings and with LCC faculty. Its members' businesses typically gross more than \$1 million annually. Members typically have gone through the Business Development Center's programs.

Organically Grown Company is one local operation that benefited from its interaction with the LCC Business Development Center. The owners of OGC had only limited business expertise when they started what was then called Organically Grown Cooperative in 1983. The Business Development Center worked with OGC on developing expertise and a marketing plan. OGC marketing director David Lively also took marketing classes at the University of Oregon. As Lively says, big companies have people on staff that understand and think about tax structures, enterprise zones and other specialized business functions. Most small businesses don't.<sup>27</sup> Lively said he still takes part in The Business Group's monthly sessions.

### **Start-ups through the LCC Business Development Center**

Sweet Creek Foods is a family owned and operated business whose owners gained business skills through the Business Development Center. Sweet Creek Foods preserves organic products packed in glass jars at its processing facility in Elmira. It packs sweet relish and pickles from its own cucumbers, buying produce from local farmers for ingredients. The owners also co-pack tomatoes, apples, applesauce and other products for other farmers. It sells its own products at farmers' markets and at natural foods stores in Eugene and Florence. LCC's Bill Klupenger said Sweet Creek Foods is one of the few businesses he has worked with whose owners explicitly intended to operate sustainable businesses.

Although Sweet Creek Foods went into business intending to pack its products in re-usable glass containers, it has had to confront a sustainability dilemma. The only brand of re-packable glass jar that fits its canning equipment and is strong enough to re-pack is embossed with raised designs on its outer surface, which means Sweet Creek can't attach labeling to the container. As a result, it uses glass jars that can be recycled but can't be re-packed.

Another local business that went through the Small Business Management Program is Rising Moon Organics. Rising Moon, an organic sauce maker based in Eugene, produced more than 500,000 pounds of ravioli and pasta sauce last year.<sup>28</sup> All of its products are certified by Oregon

Tilth, Inc. It distributes its products nationally, as well as to 16 Eugene stores and four other Lane County stores.

## **X. Labor, Markets and Economics**

One farmer we spoke with who sells organic vegetable starts at the Saturday Farmers Market assessed the labor that goes into organic farming as follows: measured in proportion to yield, organic farmers put in much more work than farmers who use chemicals. For organic perennial fruit growers, the weeding labor is enormous. And organic certification is so highly regulated that organic farmers put in more time doing paperwork than farmers who use chemicals.

One Oregon-Tilth-certified organic farmer said most farmers rely on migrant Mexican workers for labor because they work hard and efficiently. Few non-Mexicans are willing to work that hard and are good enough, fast enough and efficient enough at the work, he said. No other farmers mentioned this so we are not able to verify the veracity of this statement. Some farms hire people seasonally; several farmers we interviewed also work off the farm.

One farmer who advertises organic beef said beef prices haven't risen much in 40 years while the minimum wage has risen so much that he can't afford to hire anybody. He said he doesn't get his beef operation certified as organic because certification is too expensive. He said that at the livestock auction in Junction City, organic beef gets the same price as regular beef. Although he owns more than 300 acres, he has had to hold a job outside his farm his whole life to make ends meet. He said Oregon land-use law is too restrictive: if someone has a large place in the country, they have to farm simply because of the zoning. A farmer must prove his 40-acre farm earns \$80,000 per year or he can't build a house on it. He said that's a disincentive that keeps his sons from wanting to take over the farm. According to this farmer, the rural population is aging as a result and farms aren't being maintained, leading to dilapidated barns and fences.

## **XI. Government Efforts**

We asked farmers, producers and business officers across the natural foods sector how city and county governments could help the sector to add jobs and be more secure. The most common answer: provide tax credits for each new employee local companies hire. Several company owners and officers said city or county government needs to provide tax incentives to small companies that are already here to start hiring people instead of giving tax incentives to big companies that leave when the incentives expire. They said those tax moneys could help local companies stay in business. Officers with two of the largest locally owned natural foods companies said enterprise zones don't encourage job growth. On the other hand, an officer with another large company said the company expanded because of an enterprise zone tax incentive. One company owner said sometimes the best thing government can do is to get out of the way by not fueling the competition. He said when local government gives a tax break to a big company like Wal-Mart to move in to the local market, it will be at the expense of local retailers. One individual recommended state and federal tax credits for purchase of new equipment.

One business owner called for tax incentives for businesses that install photovoltaic generating systems. The turnaround time for return on investment for a company that installs renewable

energy equipment, from the time it installs the equipment until utility cost savings pay it off, is about ten years.<sup>29</sup> One owner called for tax incentives for sustainable practices and for “smaller pockets of neighborhood businesses instead of mega stores.” One called for elimination of Eugene’s toxic waste regulations. One said the cost of health insurance constrains the business’s ability to succeed and suggested local government should lobby for affordable health care.

## **XII. Proposal for Business Incubator Facility**

In May, 2003, Golden Temple Natural Foods’ principal Krishna Singh Khalsa proposed an incubator kitchen facility to stimulate small business start-ups in the local organic food industry. He proposes a health-department certified, organically certified commercial kitchen facility equipped with mixing and processing equipment, ovens, coolers, dryers, freezers, sanitation bays and storage lockers. Khalsa proposes that many natural-foods start-up entities should have scheduled access to the facility. He says the facility should provide the start-up businesses with management consulting and financial support services, but it should limit their size, access time and eligibility: as a new business creates or discovers larger market opportunities, it can move beyond the incubator into the open marketplace.

Organically Grown Company marketing director David Lively says a number of Lane County start-ups have done very well – Emerald Valley Kitchen, Springfield Creamery, and Golden Temple Natural Foods all started in small kitchens -- and an incubator facility could provide things a start-up entity needs such as a certified kitchen and bookkeeping skills training. (Emerald Valley and Golden Temple each started with less than \$1,000 in supplies or start-up capital.<sup>30</sup>)

A market feasibility study released in August 2003 concludes the overall economic benefit to Lane County of setting up and operating a commercial kitchen incubator would not likely offset the cost.<sup>31</sup> The study by Claggett Wolfe Associates concludes that a stand-alone incubator would not be sustainable due to the limited number of new businesses being formed in the sector and the high cost of management staff, equipment and other operating costs.

## **XIII. Observations**

The local Natural Foods sector is a stable, relatively healthy, and important element of the local economy. Targeted assistance related to market expansion and other steps could potentially reap significant economic and jobs benefits. The following information and observations could be relevant to this opportunity:

- Organically Grown Company, Springfield Creamery, Emerald Valley Kitchen, and Golden Temple Natural Foods are all located in or near the northwest Eugene Industrial Corridor. Our research did not identify any specific advantages to the area other than that it offered available warehouse space when the companies were looking for it.
- Questions arose during our research about whether the land of a certified organic farm has a higher real market value than the land of a comparable farm to which the operator applied chemical fertilizers and pesticides. Local experts don’t know. The difference in the real market value hasn’t been measured.<sup>32</sup> Appraisers don’t make that distinction.

Organic farm operators use non-chemical methods to maintain soil health, fertility and structure. Rather than accumulating chemicals in their farm soil, they attempt to increase the value of the soil. Economic development agencies could work with appraisers and with the Lane County Tax Assessor's office to determine whether organically certified land has a greater real market value than non-certified land.

- An acre of greenhouses and container yards can produce a tremendous amount of income. A farmer who is growing and selling plant starts can grow up to five crops in one year.<sup>33</sup> Gary Valde, the Farm Management Program instructor, said a farmer who is growing and selling plant starts to a big store can gross \$250,000 per year on three or four acres. By contrast, a farmer who is growing hay might get \$240 per acre per year. Economic development agencies could help local farmers establish new markets for plant starts, whether in other regions or in local stores.
- Some government agencies already work to provide adequate nutrition and food security to all county residents. In its approach to the natural foods sector, the economic development community should liaison with these agencies to ensure that efforts are mutually reinforcing and aren't duplicating efforts.
- A local recognition program for businesses that adopt cost-effective sustainability practices could serve to promote the sustainable use of resources and enhance company images while expanding Lane County's reputation for sustainable development and natural foods in particular. Market research could determine whether such a reputation would have the utilitarian value of increasing the market for local products.
- Sustainability faces substantial challenges. The narrower the market demand is for a company's product, the tougher it will be for the company to succeed.

Four business opportunities may exist that would potentially reduce costs for local companies and provide new business and jobs opportunities:

- A local manufacturer for recyclable packaging materials, including boxes and plastic tubs.
- A local farm supply for hothouse/greenhouse materials and for tractor parts.
- A farmers' market that's open daily where people could buy local organic vegetables as conveniently as they buy vegetables in the "organic" section of the big grocery stores;
- A way to finance installation of generating equipment to heat and power greenhouses, stores, warehouses and manufacturing facilities.

Consumer demand for organic food, locally grown produce and fresh produce is increasing. It's reflected in the growth of Community Supported Agriculture and in the growth in the amount of produce that farmers sell at Farmers' Markets.<sup>34</sup> There's a strong concentrated market for organic produce in Eugene, but in relation to the entire city and to Lane County, it's relatively small.<sup>35</sup>

The size and scope of the local Natural Foods sector, the strong consumer interest in natural foods, and the broad desire for sound, stable local economic development opportunities may provide the basis for the creation of an integrated community food system similar to what is evolving in Saint Peter, Minnesota (see Appendix II). This will require a coordinated effort between the public, private, and non-profit sectors in the southern Willamette Valley.

#### **XIV. Recommendations To Stabilize and Strengthen The Sector**

A. Recommendations specific to the *private* sector:

- Lane County organic farmers, natural foods companies, and related businesses should consider forming an industry association to pursue common goals. Its goals should include: establish clear lines of communication with public sector agencies, look at ways to reduce costs and increase sustainability by doing business with each other rather than with non-regional entities, develop solutions to common problems, and conduct joint marketing campaigns.

B. Recommendations for the *private, public* (cities, Lane County, economic development agencies, the University of Oregon, Lane Community College, Oregon State University Extension Office) and *non-profit* (Lane County Food Coalition and others) sectors:

- Establish a local forum with membership from the private, public, and non-profit sectors and academia to coordinate efforts to stabilize and expand the natural foods industry.
- As part of the joint effort, a public-private partnership should be considered to promote locally grown agricultural and organic foods. This could use the base the Lane County Food Coalition (see Appendix II) has established with its “Buy Local/Buy Lane” campaign. One model could be the Michigan Department of Agriculture’s education and awareness program titled “Select a Taste of Michigan,” launched in March 2003 with a test program in the city of Grand Rapids, Mich. A local model is “Unique Eugene”, which promotes its members jointly and includes Saturday Market and Down To Earth Distributors, Inc.
- The public sector should work with the Lane County Farmers’ Market to secure funding for two studies: a feasibility study for a proposed new site for the Farmers’ Market at the Lane County Fairgrounds, and a market study for a once-a-week Farmers’ Market in downtown Springfield.
- Consider ways to gain the benefits of a commercial kitchen incubator without the set-up and operating costs. Pursue resources (funding and in-kind donations of building space, equipment and expertise are examples) to lower the cost. Provide participating start-ups with business consulting.
- Work to establish new markets for locally grown greenhouse products such as plant starts, whether in other areas or in stores. Because greenhouse farming can produce relatively high income per acre, it may be beneficial to work with Oregon State University Extension Office to test other specialty crops.
- Conduct market research to determine whether a deserved reputation for sustainable business practices improves sales.

C. Recommendations specific to the *public* sector:

- Provide or procure zero-interest loans to small business officers and farm operators who maintain enrollment in the LCC Small Business and Farm Management programs.
- Local economic development agencies should seek more specific figures for the size of the local Natural Foods Industry in terms of annual employment, sales, revenue, and crop production. This information could prove helpful when determining project and funding priorities.
- Consider creating a public recognition program to acknowledge and reward natural food companies that implement sustainability practices. Example: use a ranked award system that consists of symbolic awards such as one-star awards for beginning efforts and a scale

up to five-star awards for advanced efforts that address their entire production processes. Because this would focus consumer attention on the firms and provide them with a marketing tool, it could be a low-cost way to encourage companies to make their processes more sustainable while expanding the market base.

- Work with the Lane County Food Coalition to establish the Lane County Food Policy Council (see Appendix II). Seek representation on the Policy Council and partner with it to assure that the efforts to provide food security for local residents and the efforts to provide economic development for the Natural Food Industry are mutually reinforcing.
- Learn whether there are specific advantages for the industry in the Eugene Northwest Industrial Corridor to determine if this is a logical area to focus cluster development.
- Determine whether organically certified farmland has a greater real market value than comparable but conventionally farmed land.
- Local governments and economic development agencies should consider advocating for tax incentives for businesses that install photovoltaic generating equipment and other renewable energy sources.

## **Appendix I. Food Policy Councils: Economic development and food security**

### **1. Lane County Food Coalition**

The Lane County Food Coalition is a community-based non-profit organization that works on food, farming and sustainable agriculture issues. According to the coalition's "Lane County, Oregon, Food System Assessment Fact Sheet," the county has 2,104 farms with 120,435 acres in cropland. According to the fact sheet, total Lane County farm expenses are more than \$72 million per year. These numbers include organic and non-organic farms. An officer with the organization was unable to quantify the economic impact of organic agriculture in Lane County.

The food coalition works for social, economic and environmental sustainability. In fiscal year 2000-01, local non-profit organization Food for Lane County distributed five million pounds of food, including 82,000 emergency food boxes and 105,000 lunches to children through the Summer Lunch Program. The fact that poverty and hunger are issues in Lane County affects the Lane County Food Coalition's mission.

The Food Coalition is working with local communities within the county to form a Lane County Food Policy Council. The new body would address hunger and agricultural issues. It is still a year from reality.<sup>36</sup>

Food security for local residents is an important policy concern. It was beyond the scope of the Lane County Sustainable Business and Jobs Project to address food security. This appendix includes sections about food policy councils in Portland, Ore., and Berkeley, Calif., and on integrated food systems in St. Peter, Minn. These examples show some ways the efforts to ensure economic development and the efforts to ensure food security can reinforce each other's success.

### **2. The Berkeley Food Policy Council**

In September 2001, the City of Berkeley, Calif., adopted a resolution establishing a Food and Nutrition policy to "help build a more complete local food system based on sustainable regional agriculture that fosters the local economy and assures that all people of Berkeley have access to healthy, affordable, and culturally appropriate food."<sup>37</sup> Under the city policy, within the resources available, the city attempts to bring fresh, local, organic produce to the institutional food programs run by the city.

The policy directs city staff to work toward nine goals, several of which are listed here:

1. Ensure that the food served in City programs shall, within the fiscal resources available:
  - be nutritious, fresh, and reflective of Berkeley's cultural diversity.
  - be from regionally grown or processed sources to the maximum extent possible.
  - be organic (as defined by the United States Department of Agriculture's National Organic Program regulations) to the maximum extent possible.
2. Utilize a preventive approach to nutrition-related health problems.
3. Improve the availability of food to Berkeley residents in need.



6. Strengthen economic and social linkages between urban consumers and regional small-scale farms.
7. Maximize the preservation of regional farmland and crop diversity.
9. Coordinate with other cities, counties, state and federal government and other sectors on nutrition and food system issues.

In a September 25, 2001 memorandum to Mayor and City Council, Berkeley City Manager Weldon Rucker wrote, “As costs to regional small-scale farmers for energy, land, and wages continue to rise and global competition and corporate consolidation continue to limit small farms’ access to wholesale markets, these small regional farms practicing sustainable agriculture are increasingly dependent on non-traditional direct marketing to consumers, restaurants, independent grocers and local institutions to stay in business. ...It is therefore desirable to enact policies that encourage regional, small-scale and organic farming supported directly by urban consumers through stable markets.”

The City Food and Nutrition Policy is modeled on the Berkeley Unified School District policy. The School District has been able to afford organic produce because distributors can sell with a volume discount. The School District also has institutional food procurement strategies with a network of organic farmers.<sup>38</sup>

The City Policy directs staff, in collaboration with the Berkeley Food Policy Council and other community groups, to work toward achieving the policy’s goals in:

- 1.) City programs that involve the regular preparation and serving of food and snacks in youth centers, senior centers, summer camp programs, City jail, and similar programs.
- 2.) Food purchased by all City programs and staff for meetings and special events.
- 3.) Other City-funded programs and sites interested in voluntary participation.

#### **Staff and financial implications of the Berkeley policy:**

Under the Berkeley policy, City Public Health Division staff members provide outreach and education and collaborate with community groups to promote the policy. Members of the Food Policy Council assist programs such as seniors and summer camps in locating, pricing and procuring food from local vendors. Where costs are equal or less, the city substitutes organic or local foods for conventional foods. City staff members work on external grant funding.

Adherence to the policy is not absolute. The resolution explicitly states that “no purchasing restrictions or requirements, bans or specific types of food or vendors will be required by the policy, and that adherence to the policy shall not be a condition of or factor in contracting with or leasing or purchasing public property from the city.”

City staff recommended that the City implement only those strategies for which the necessary resources already existed. They suggested the City phase in additional activities over the next 10-15 years as resources became available.

The Berkeley Food Policy Council includes representatives from Berkeley Unified School District, the U.S. Department of Education, the City of Berkeley Public Health Division, the

West Berkeley Neighborhood Development Corp., the U.C. Berkeley School of Public Health, groceries, farms, a church, the Berkeley Farmers' Market, the Center for Urban Education about Sustainable Agriculture, Bay Area Hispano Institute for Advancement, Community Alliance with Family Farmers, the Alameda County Community Food Bank, and other organizations.

### **3. Portland/Multnomah County Food Policy Council**

The Portland/Multnomah County Food Policy Council is a subcommittee of the City of Portland Office of Sustainable Development. It provides analysis and policy advice on food issues. Its 11 members include members of the Agri-Business Council, Oregon State University Extension Services, the Oregon Food Bank, and the restaurant industry. The council is exploring options for improving:

- local land use policies and rules related to food production and distribution;
- regional demand for locally produced foods and food products;
- City and County food purchasing policies and practices;
- availability of healthy, affordable food to all residents;
- local capacity to promote and engage in healthy food practices.

The Food Policy Council's guiding principles give equal priority to food security for quality of life and a strong regional system of food production as central to the city and county economy. The council provides the city and county with a mechanism to pursue social, economic and environmental benefits. It is in its first year.

## **Appendix II. Developing an Integrated Local Food System: The Example From Saint Peter, Minn.** (By Tom Osdoba, e4 Partners, Inc.)

### **Introduction**

The past four years have brought unprecedented change to Saint Peter, a community of about 10,000 people in southern Minnesota. In early 1998 a tornado swept through town, causing millions of dollars of damage and beginning a period of intensive redevelopment. In addition to repairing housing, commercial buildings and community assets, the City is now looking at how to turn its old municipal airport – a grass-strip runway on the north side of town – into a state-of-the-art business center. The site is the focal point for creating a high-performance Eco-Industrial Park, in which businesses seek the best possible economic results through superior energy and environmental strategies.

### **Community Objectives for Economic Development**

- Expand and diversify local tax base
- Quality jobs
- Local wealth creation
- Efficient use of community land and resources

Step one in project development was to undertake an in-depth planning phase. This planning approach represents an innovative way to plan for new development, and was fostered through a partnership of public and private organizations interested in sustainable community development for Saint Peter.

- Saint Peter Community Development Corporation
- Saint Peter Ambassadors
- Saint Peter Chamber of Commerce
- NRG, Inc., a private energy provider
- Minnesota Office of Environmental Assistance

These partners provided funding for the initial feasibility study and planning work, including a grant from the Minnesota Office of Environmental Assistance. The City also brought these partners together with local leaders in the community on a project advisory committee, which worked with the City throughout the project.

The planning work included research on resource flows, conceptual design of development projects and market analysis. A critical element of this development approach is to recognize and harness the particular strengths of the community. The economy around Saint Peter is dominated by agricultural activity, and the largest employers within the City are a private liberal arts college and a state-run mental health facility. Existing industries include the corporate headquarters for an aluminum boat manufacturer, a small manufacturer of specialized, heavy-duty tree trimming equipment, a newspaper publishing operation, a print shop, and even a small company that makes fishing lures. By investing in this relatively more intensive planning work, the City hoped to attain a number of benefits, including business ‘fit’ in the community, maximum efficiency in resource and infrastructure use, targeting for business recruitment, and development strategies for the City to use in pursuing subsequent development.

In Phase I, the City looked at the resource flows into and around the community, among industries, agricultural operations, and institutions like schools and health facilities. This work has pointed to some development concepts that would capitalize on the agricultural resource base in the surrounding area and on local demand that could be served by new business development. The concepts fall within two categories:

- Bio-based chemical production (discussed in document entitled *Eco-Industrial Development: Eco-Industrial Parks, Bio-Refineries, Zero Waste, and Other Opportunities for the Southern Willamette Valley, A Report for the Lane County Sustainable Business and Jobs Project*); and
- Community food system

### **The Community Food System**

While Saint Peter is an agricultural community, very little of what is produced by area farmers actually goes to feed Saint Peter residents. Most of the agricultural output is for large-scale processing and sold to distant markets. By doing so, local farmers are missing a market of 10,000 residents and two sizable institutions, each with a food service operation. These institutions produce several thousand meals per day. Further, by choosing to promote and market locally grown food, and by choosing to produce that food organically, farmers can enter a fast-growing market that offers profitability on a smaller scale.

The City is exploring the potential to create a whole food production system, which would encompass local production, processing and preparation, and would cycle the residuals from the production side into a composting process that brings the waste back to the soil. When combined with the nitrogen-rich biosolids from the City's new wastewater treatment operation, the City has yet another marketable commodity.

Opportunities include using the community's existing retail food cooperative, development of commercial greenhouse operations and composting to support year-round production, and partnerships with Gustavus Adolphus College and the Minnesota Regional Treatment Center food service programs to identify products and needed processing or preparation. As with bio-based chemical facilities, distributed energy for heat or power offers a further enhancement that can bring economic and environmental benefits.

### **Benefits to Saint Peter**

Pursuit of these development opportunities and community sustainability initiatives can help Saint Peter achieve its objectives for development. These opportunities are oriented toward new business development, can be developed in phases and started with modest capital investments, and help to reinforce connections between production and consumption within a community.

The development opportunities offer the City a great advantage for business recruitment, by offering a conceptual vision for the type of business development it is seeking. In contrast, most communities of similar size and demographic characteristics take a less directed approach to economic development, and often respond to businesses that are evaluating a number of communities. In fact, this dynamic is currently present in Saint Peter, as outside companies inquire about available facilities in the City and evaluate the prices offered by 'competing' cities. By having this conceptual vision, Saint Peter may be able to give local entrepreneurs and

business leaders a chance to pursue these opportunities in partnership with the City. In addition, outside businesses can come to the City with a greater understanding of the City's goals for economic development. Potentially, with an aggressive outreach effort, the City may find several outside businesses competing to be part of its new development.

The sustainability initiative will further enhance the City's ability to reap those rewards, by creating an environment that rewards development consistent with the opportunities identified in this planning process. The sustainability initiative should offer the community further benefits related to:

- Greater flexibility for energy use in the community, and opportunities for further incentives for conservation and energy cascading;
- Increased land productivity, in terms of higher and better use, greater land use densities in developed areas, conservation of undeveloped land, and lower costs to provide infrastructure to developed or developable land;
- Reduced infrastructure and utility costs for new building construction, lower building operating costs, and improved building performance for the people working in them; and
- Better tools for identifying factors that directly affect community sustainability, along with a set of measures for monitoring progress, relating progress to community residents and businesses, and changing programs and policies to support sustainable activities.

On the following page is a flow chart showing the process of developing an integrated food system in Saint Peter.

# Community Food System, Saint Peter, Minnesota



## Project Organization and Initial Planning

- Present Community Food System Concepts to Community Leaders
- Develop Community Food System Advisory Board
- Identify Local Community Food System Champion/s



## Baseline Investigation

- Inventory Community Assets
- Analyze Local Private & Public Sector Flows of Raw Materials, Goods & Services
- Analyze Regional Flows of Raw Materials & Finished Goods
- Identify Underutilized Facilities, Equipment



## Analyses and Planning

- Identify and Conceptualize EID Systems and Strategies
- Identify Actual and/or Prospective Anchor and Ancillary Enterprises
- Conduct Feasibility Studies for Local Development of Anchor and Ancillary Enterprises



## Business Development Activities

- Identify Champion/s for Community Food System Development
  - ✓ Community Food Summit
- Identify Existing Anchor Enterprises and/or Entrepreneurs
  - ✓ Existing Livestock/Crop Farmers and Cooperatives, Greenhouses, Aquaculture Farms, Cooperative Grocery
  - ✓ Independent Entrepreneurs for Greenhouses, Aquaculture, Marketing Intermediary
- Begin Program Development with Interested Parties
  - ✓ Existing Suppliers
  - ✓ New Enterprises
  - ✓ Primary Customers (Gustavus, Treatment Center, Public Schools)
  - ✓ Local Commercial Banks and/or Equity Investors
- Select Anchor Enterprise/s and Commence Program



## Policy, Regulatory, Infrastructure Activities

### Local Incentives

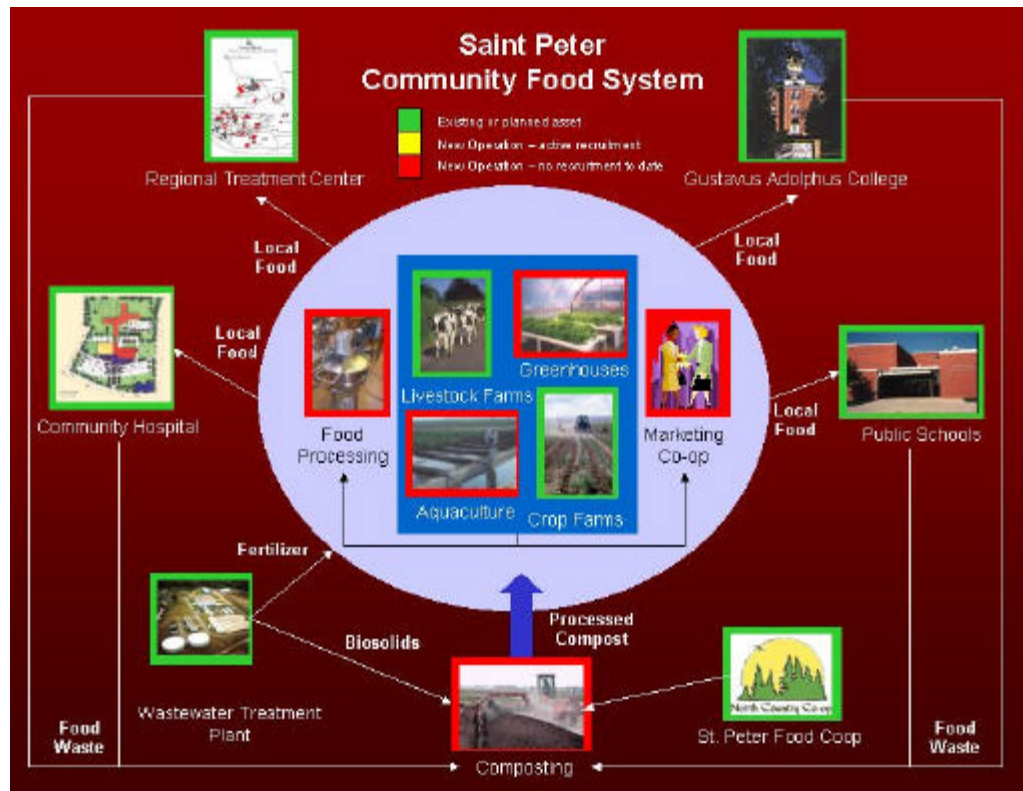
- Identify Local Incentives for Community Food System Development

### Local Controls

- Identify Local Controls for Community Food System

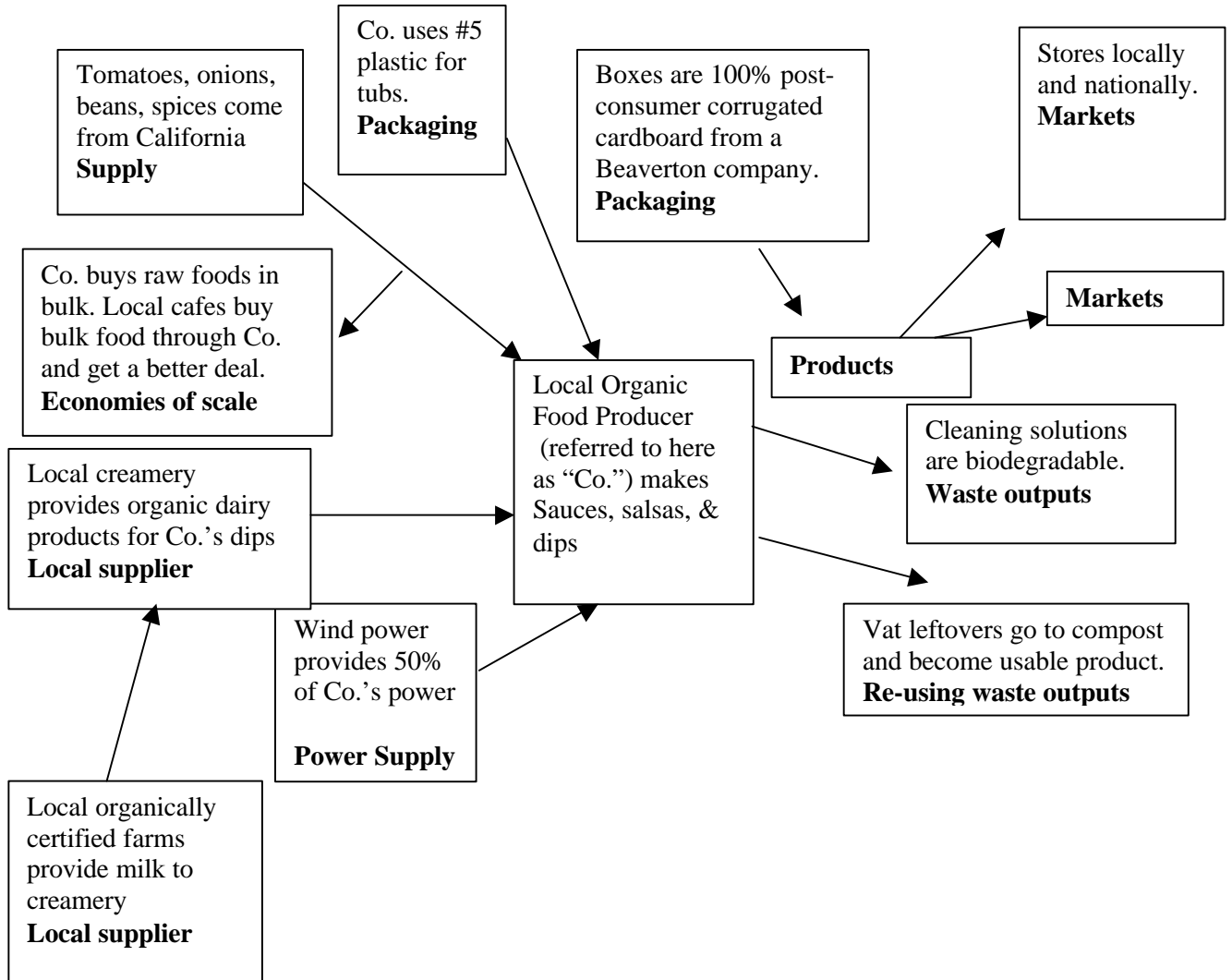
### Infrastructure

- Identify Necessary Infrastructure Investments



**Appendix III: Diagram Of Mutually Beneficial Sustainable Business Interrelationships Within  
The Lane County Natural Foods Industry**

(Source: University of Oregon Program for Watershed and Community Health)



## Appendix IV. Criteria for identifying local sustainable businesses

Sustainability criteria provide the guidelines to identify businesses and organizations that can be considered part of the sustainability sector. Criteria also help economic development agencies to determine which firms to recruit and how to allocate incentives and services. One way to develop the criteria is to use models developed by other organizations. Two prominent programs use the following criteria.

*ShoreBank Pacific* is a Northwest community development bank that provides banking services to companies, nonprofit organizations, and individuals that are committed to improve their fiscal performance and environmental footprint. As of July 2001 the bank had approximately \$30 million in assets, \$16.5 million in loans and \$25.5 million in deposits. The bank has a detailed quantitative system for evaluating loan applications using The Natural Step sustainability principles as a guide.<sup>39</sup>

- *Natural productivity* (i.e. plant growth): Are materials produced by natural synthesis and harvested in a sustainable manner?
- *Green chemistry/engineering*: Are processes modified to reduce the use of materials, reduce the use and emission of toxic materials and fossil fuels, enhance the use of renewable energy, use recycled and recyclable materials, and improve quality?
- *Efficiency*: Are the following principles incorporated? Waste elimination at the source, reuse, remanufacturing, recycling, efficient extraction, processing and use of natural resources and use of alternative energy and energy conservation.
- *Community diversity and stability*: For example, does the company employ practices that enhance business development, economic competitiveness, job creation, and fairness in resource use and distribution to meet basic human needs?
- *Landscape- spatial conservation*: Protecting and restoring productivity, capacity, and diversity to levels necessary to maintain ecological health.

*Oakland's Green Map* is part of a strategic plan for more sustainable economic development throughout the San Francisco Bay-area. The Green Map System is an international initiative to support sustainable development. The city of Oakland itself is the mapmaker, and collectively, there has been a local decision that all businesses and services must meet the three options criteria below to be placed on their Green Map.

- *Option 1* is for businesses, organizations, and institutions that self-define their approaches to sustainable development.
  - \* Adopting the goal of sustainable development-- development that is economically sound and environmentally responsible, offers good jobs, and establishes cooperative relationships with surrounding neighborhoods.
  - \* Establishing a strategy for moving toward their definitive sustainability.
- *Option 2* is for businesses, organizations, and institutions that utilize one or more of the systems for understanding/implementing sustainable development that are being used broadly (i.e., CERES Principles, Natural Step Principles).
- *Option 3* is for businesses that receive certification by one or more independent certification organizations. (i.e. ISO 14000, and other programs<sup>40</sup>)



## Criteria for Lane County Sustainable Business and Jobs Project

We propose to use a combination of the above criteria for the purposes of this project. Our goal is to include as many businesses and organizations as possible in our initial investigations. Further refinement can occur in the future.

We would assume that a business or organization is part of the sustainability sector if it meets one or more of these criteria:

- *Adopt Sustainability Policies, Principles, and Strategy:* Businesses and organizations that define their operations as focused on sustainable development as demonstrated by:
  - \* Adopting a written policy and goal of sustainable development-- development that is economically sound and environmentally responsible, offers good jobs, and establishes cooperative relationships with surrounding neighborhoods.
  - \* Adopting a detailed written strategy for moving toward their definition of Sustainability.
  - \* Utilizing one of the following systems for understanding/implementing their sustainable development strategy: CERES Principles, Natural Step Principles, ZERI Principles, other.
  
- *Achieve Third-Party Certification:* Organizations that in their operations, products, or services use materials produced by natural processes and which are harvested in a verifiably sustainable manner. Verification can be determined by certification by one or more independent certification organization (e.g. ISO 14000, U.S. Green Building Council LEED standards, Salmon Safe, accredited certifiers under the USDA National Organic Program such as Oregon Tilth, Certified Sustainable Foods via The Food Alliance, and other programs, certified sustainable forestry by various organizations, other).
  
- *Comprehensively Apply Green Chemistry/Engineering:* Organizations that in their operations, products, or services seek to comprehensively reduce the purchase and consumption of energy, water, and raw materials, reduce the use and emission of toxic bio-accumulating materials and fossil fuels, enhance the use of renewable energy, and use recycled and recyclable materials.
  
- *Comprehensively Implement Resource Efficiency Technologies or Practices:* Organizations that in their operations, products, or services incorporate comprehensive waste elimination at the source; reuse; remanufacturing; recycling; efficient and environmentally benign extraction methods; use of clean, renewable energy; energy efficiency and conservation practices.

## **Appendix V: Contact information**

The Berkeley Food Policy Council: <http://www.berkeleyfood.org>.

The Portland/Multnomah County Food Policy Council is a subcommittee of the Portland Office of Sustainable Development: <http://www.sustainableportland.org>.

The Economic Research Service of the USDA: <http://www.ers.usda.gov>.

The Eugene Permaculture Guild provides educational programs in sustainable organic farming techniques, animal husbandry and sustainable forestry: <http://www.heliosnetwork.org/epg>.

The Food Alliance, Portland, Ore.: <http://www.thefoodalliance.org>.

Lane Community College Business Development Center: <http://www.lanebdc.com>.

Lane County Food Coalition: <http://www.lanefood.org>.

Lane County Farmers' Market via Eugene Saturday Market Web site:  
<http://www.eugenesaturdaymarket.org>.

The Michigan Department of Agriculture, which launched a "Select Michigan Fresh" / "Select Michigan Organic" marketing campaign this year, is at <http://www.michigan.gov/mda>. Go to Press Releases and follow the links to March 28, 2003.

Osdoba, Tom, e4 Partners, Inc.: [tom@e4partners.com](mailto:tom@e4partners.com).

The U.S. Department of Agriculture's National Organic Program is at [www.ams.usda.gov/nop](http://www.ams.usda.gov/nop).

Oregon Tilth, Inc.: <http://www.tilth.org>.

Unique Eugene: <http://www.uniqueeugene.com>.

## Endnotes

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- <sup>1</sup> Economic Research Service, U.S. Department of Agriculture. Organic farming and marketing overview. June 24, 2003.
- <sup>2</sup> Lively, David, Organically Grown Company marketing director. June 16, 2003 interview
- <sup>3</sup> Lively, David, Organically Grown Company marketing director. June 16, 2003 interview.
- <sup>4</sup> Khalsa, Krishna S., Golden Temple Natural Foods Eugene principal, presentation to Lane County Sustainable Business and Jobs Project, Eugene, Oregon, May 16, 2003.
- <sup>5</sup> GloryBee Foods, Inc. corporate Web site, 2003.
- <sup>6</sup> Oregon Organic Marketing, Inc. corporate Web site, 2003.
- <sup>7</sup> Monterey Pasta Co. Quarterly Report (SEC Form 10Q), November 12, 2002.
- <sup>8</sup> Oregon Agricultural Statistics Service, "Gross and net income from farming: Oregon, 1997-2001. May 2003.
- <sup>9</sup> See Innovest Strategic Value Advisors, Global Foods Product report: [www.innovestgroup.com](http://www.innovestgroup.com)
- <sup>10</sup> United States Department of Agriculture National Organic Program regulatory text definition
- <sup>11</sup> Course description for "Organic Farming: Issues of Sustainable Agriculture." A Distance Education Video Series offered through Oregon State University. Taught by Kimberly Hannaway, Department of Crop and Soil Science, OSU. The USDA's National Organic Program Web site provides no definitions of organic farming.
- <sup>12</sup> United States Department of Agriculture National Organic Program regulatory text definition.
- <sup>13</sup> Ibid.
- <sup>14</sup> Valde, Gary, faculty, Farm Business Management Program. Lane Community College Business Development Center. June 30, 2003.
- <sup>15</sup> Anonymous survey response for this project, May 3, 2003.
- <sup>16</sup> Valde, Gary, faculty, Farm Business Management Program. Lane Community College Business Development Center. June 30, 2003.
- <sup>17</sup> Anonymous survey response for this project, May 3, 2003.
- <sup>18</sup> Survey responses for this project, May 3, 2003.
- <sup>19</sup> Valde, Ibid.
- <sup>20</sup> Lane County Farmers' Market 2003 Member Handbook.
- <sup>21</sup> Lane County, Oregon, Food System Assessment Fact Sheet. Sarah Borron. Bill Emerson National Hunger Fellow. January 2003.
- <sup>22</sup> Campbell, Abby, coordinator, Salmonberry Naturals Organic Farmers' Market, June 27, 2003 interview.
- <sup>23</sup> O'Hare, Noa, Lane County Farmers' Market treasurer. May 2003.
- <sup>24</sup> Pappas, Cynthia, Springfield Assistant City Manager, June 27, 2003 correspondence.
- <sup>25</sup> Klupenger, Bill, Small Business Management Program faculty, Lane Community College Business Development Center, June 26, 2003 interview.
- <sup>26</sup> Scheidecker, Jane, Interim Executive Director of Business, Workforce Development, and Extended Learning, Lane Community College. September 24, 2003 correspondence.
- <sup>27</sup> Lively, David, Marketing director, Organically Grown Company. June 16, 2003 interview.
- <sup>28</sup> Rising Moon Organics business Web site, June 2003.
- <sup>29</sup> Estimate by Mat Northway, head of Energy Management Services, Eugene Water & Electric Board.
- <sup>30</sup> Emerald Valley Kitchen corporate Web site; information sheet prepared by Krishna Singh Khalsa, Golden Temple Natural Foods chief executive officer, May 2003.
- <sup>31</sup> Wolfe, Chuck. Market Feasibility Study for Business Incubation Opportunities in Lane County, Oregon. pp 37-45. Claggett Wolfe Associates. Auburn, California. August 2003. Submitted to Lane County Business Incubator Group and the University of Oregon.
- <sup>32</sup> Valde, Ibid.
- <sup>33</sup> Valde, Ibid.
- <sup>34</sup> Valde, Gary, faculty, Farm Business Management Program. Lane Community College Business Development Center. June 30, 2003.
- <sup>35</sup> Klupenger, Bill, Small Business Management Program faculty, Lane Community College Business Development Center, June 26, 2003 interview.
- <sup>36</sup> O'Hare, Noa, board member, Lane County Food Coalition and treasurer, Lane County Farmers' Market, June 19, 2003.
- <sup>37</sup> City of Berkeley (California) Food and Nutrition Policy, September 25, 2001. From City of Berkeley City Council meeting summary, September 25, 2001.

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<sup>38</sup> Rucker, Weldon, City of Berkeley City Manager. Memorandum to Mayor and City Council. Sept. 25, 2001.

<sup>39</sup> The Natural Step is a framework grounded in natural science that serves as a guide for businesses, communities, educators, government entities, and individuals on the path toward sustainable development. It proposes four principles that need to be met to maintain the quality of living system:

- Substances from the Earth's crust must not systematically increase in nature
- Substances produced by society must not systematically increase in nature
- The physical basis for the productivity and diversity of nature must not be systematically deteriorated
- Human needs must be met by a fair and efficient use of natural resources.

*CERES* (Coalition for Environmentally Responsible Economies) is a network of environmental, investor, and advocacy groups working together for a sustainable future. Its principles include: Protection of the Biosphere, Sustainable Use of Natural Resources, Reduction and Disposal of Wastes, Energy Conservation, Risk Reduction, Safe Products and Services, Informing the Public, Management Commitment, and Audits and Reports.

<sup>40</sup> Example of other certification programs include:

**Sustainable Forestry**

Scientific Certification Systems of Oakland

Forest Stewardship Council (FSC)

Others

**Organic Farming**

USDA National Organic Program (NOP)

California Certified Organic Farmers (CCOF)

Washington State Department of Agriculture Organic Food Program

Oregon Tilth, Inc.

**Sustainable Farming**

The Food Alliance (Portland)

Salmon Safe (Portland)