

Division of Marketing
Agricultural Development and Diversification (ADD) Program
1997 Grant Final Report

Grant Number 12078

Grant Title Conducting Value-Added Product Development Research at River Valley Foods, Inc.

Amount Awarded \$17,550.00

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RIVER VALLEY FOODS - ADD GRANT FINAL REPORT
CONDUCTING VALUE-ADDED PRODUCT DEVELOPMENT RESEARCH
DATCP CONTRACT NO. 12078

1. Brief description of the original intent of the project and the perceived benefit to Wisconsin agriculture.

River Valley Foods, Inc. (RVF) was incorporated as a for-profit business enterprise to provide commercial kitchen space to Spring Green area producers interested in adding value to their raw agricultural products. Early in the initial business planning phase it became apparent that farmers considering value-added processing needed more specific processing cost information to ascertain the potential profitability for a product while RVF needed similar information to develop a pricing structure and a business plan. Product development research would provide the best data but was an expensive proposition for processors and the fledgling RVF. The intent of the project was to utilize DATCP funding to conduct product development research on three product lines.

2. Summarize how the project achieved diversification or expansion of processing of agricultural products.

Value-added processing is new to Wisconsin but has been used successfully in other areas of the country to provide small and moderate scale producers with opportunities to farm profitably. Consequently, there are few models or blueprints to guide entrepreneurs in creating value-added processing businesses tailored to Wisconsin agriculture. The project contemplated two distinct goals: 1) to conduct the product development research necessary to determine whether value-added processing could be profitable to both RVF and farmer-cooperators; and 2) to document the obstacles, barriers and problems in developing profitable, value-added enterprises and make that information available to other Wisconsin entrepreneurs. Obviously, this project was undertaken with the primary objective being to establish RVF as a viable business enterprise.

RVF has not succeeded in achieving diversification if the sole measure is business start-up and job creation. From our perspective RVF assisted in diversifying and expanding processing in Wisconsin by undertaking product development research as a part of its business planning process and by adding valuable insights on the difficulties associated with creating value-added enterprises.

RVF's product development research project involved extensive outreach to Spring Green area farmers. Through producer meetings, surveys and one-on-one interviews fifteen product development research project proposals were developed (*SEE - Attachment 1*). Three pilot projects were selected from these proposals - an organic vegetable egg roll, a dried tomato product and sweet corn relish. These projects were chosen to provide RVF with recipes and processing cost information on three distinct product lines having the greatest appeal to area producers. Product development research included cost analysis and technical assistance in recipe/process development, packaging and labeling sourcing. RVF's outreach and product

development work indicated that there is significant interest among farmers in southwest Wisconsin in value-added processing. This fact alone supports the contention that more resources need to be dedicated to diversifying processing Wisconsin.

In addition to product development research, RVF conducted preliminary market assessments by interviewing local chefs, food cooperatives, institutional buyers and grocery stores on value-added trends and needs. This information was utilized to: 1) make initial assessments of marketability for products being developed; and 2) assist RVF in identifying new product lines. The market feasibility assessments indicated a huge potential for selling "locally grown and processed foods". Even large institutional buyers (e.g. UW Food Service) were interested in exploring ways to purchase locally grown and processed products despite problems associated with the lack of year-round production capacity and the inability to provide all of the needs for a given product. This finding also supports the notion that more resources need to be dedicated to value-added processing.

Although RVF will not serve as a model for value-added processing, the project helped in the identifying the pitfalls that can be anticipated by other entrepreneurs attempting to establish commercial kitchens. A profitable, value-added commercial kitchen requires much more than a facility, processing equipment and a manager to schedule processing time for interested producers. Farmers want technical assistance in developing recipes and identifying markets. A fully equipped processing facility is necessary to conduct product development research. Product research requires expertise in food science and food safety regulation. If product development research is to be completed in a fully operational kitchen significant capital investment is required. RVF had not planned for these contingencies and found itself confronted with: 1) lack of capacity, staff and resources to establish, finance and manage a commercial kitchen; 2) inadequate facilities to conduct product development research; 3) inability to generate community support and buy-in; 4) lack of technical support and expertise in the development of business plans; and 5) inability to attract sources of investment capital or conventional financing. These barriers taken together created insurmountable obstacles for RVF. RVF and WRDC have attempted to use the experiences of this project to educate and inform others interested in developed value-added enterprises. Greg Lawless and Bill Wenzel have met with organizers of an Algoma project to share ideas and the UW-Center for Cooperatives and WRDC organized and conducted a statewide training session on Incubators/Commercial Kitchens that was attended by more than 75 interested parties. Hopefully, this information sharing will enable new, value-added businesses to anticipate and plan for the problems encountered by RVF.

3. Did the grant project meet your expectations? Why or why not? Include a discussion of any unexpected successes or failures.

The best way to answer this question is to say that the grant project left RVF's expectations unfulfilled. Prior to initiating this grant project RVF's Steering Committee had concluded that product development research was the last hurdle to the establishment of a value-added processing kitchen in Spring Green. RVF's expectation was that upon completion of the product development research, RVF would move immediately to full scale processing and production. In many respects, the processes that were set in motion as a result of the grant

project either expanded the scope of the business enterprise or raised new questions that needed to be answered prior to business start-up.

As discussed earlier in this report, RVF engaged in extensive public outreach in developing project proposals for product development research. Through the development of those project proposals RVF learned a great deal about the expectations of farmer/cooperators and the scope of business services desired by potential clients. Farmers, for the most part, were not as interested in participating in the actual processing of product as RVF originally contemplated. Most producers wanted to drop off raw product at the loading dock and pick up a packaged, market-ready product when the processing was finished. Meeting these expectations meant a significant expansion in the *scope* of the business activities undertaken by RVF. In addition, preliminary revenue and expense projections undertaken during the course of this project indicated that RVF would need to offer more services and consider developing its own *line of products* in order to operate in the black. The need to offer more services changed considerably the dynamic of RVF's business and created new challenges. RVF would need to offer technical and financial support in developing new processes and in identifying viable markets for the products developed. In that respect the business would be transformed from a provider of kitchen space to that of business incubator. This change in basic nature of the business raised new issues involving: 1) staffing; 2) expertise; 3) financing; and 4) business structure.

As stated earlier, RVF's expectation was that upon completion of the product development research phase there would be an immediate transition to full scale production and, consequently, a source of revenue for meeting business expenses. Contrary to expectations, the outcomes of the grant project pointed to the need for more business planning prior to start-up. Although tremendous headway had been made in developing processes, recipes and cost projections for new product lines, RVF lacked the capacity to transform the data into a business plan for attracting conventional financing or investment capital. RVF has been unable to attract the \$20-\$50K necessary to complete this last stage in the business planning process, and, as a result have been unable to move forward to business start-up.

Two problems - external to the grant project - also had a significant, negative impact on RVF's ability to meet its expectations: 1) shortcomings in the processing facility did not allow for production level research, and; 2) negotiations for a joint venture in a new facility could not produce a satisfactory agreement. At the beginning of the grant project, RVF entered into a sublet agreement to rent processing space in a Spring Green kitchen utilized by Renaissance Farms who had been using the facility to produce pesto. As we began product development research we realized that electrical shortcomings in the facility would not allow RVF to conduct experiments at production scale. Increasing electrical capacity would have required a variance or modification of local zoning ordinances which did not appear to be a viable alternative. RVF and Renaissance Farms explored other options in the Spring Green area and ultimately decided on renting and renovating a larger facility in an area zoned for light manufacturing/retail. However, a *joint venture agreement* among leaseholders could not be negotiated to satisfaction of the parties. In July, RVF determined that it would need to develop new options for a processing facility and opted to put the business on hold until the *business planning* activities

discussed above could be finalized.

4. Description of information or educational materials produced through the project. Describe and field days or presentations given related to project.

- surveyed 40 producers through Call for Projects Questionnaire (*SEE - Attachment 2*);
- developed informational brochure (*See - Attachment 3*);
- distributed materials at 1998 Upper Midwest Organic Conference;
- RVF Business Manager, Elizabeth Horn, presenter at food processing conference in Minnesota;
- Ms. Horn presenter at *Options for Small Farmers* Conference held in Sauk County;
- Greg Lawless & Bill Wenzel - Meeting with Algoma kitchen project organizers;
- WRDC co-sponsor of *Incubators Workshop* at Stevens Point (*See - Attachment 4*).

5. Provide any positive/future projections as a result of the grant funds.

RVF initiated this project based upon the assumption that product development research was the final phase in planning prior to business start-up. The research was intended to provide farmers with information regarding specific processing costs and marketing potential and RVF with the economic information necessary to develop its business plan and indices of profitability. Despite facility capacity problems that led to an inability to conduct *production scale* product development research, the grant project did provide enough valuable information regarding specific processes and product lines that a comprehensive business plan and market feasibility study could have been completed. However, RVF has been unable to capture the funds necessary to develop its business plan to use to attract conventional financing and private investment. This being the case it is unlikely that RVF will proceed to business start-up.

The information collected by RVF through this project might be beneficial to new ventures into value-added processing. One very important lesson learned was that the development of a "profitable" processing kitchen was a very difficult proposition. Issues involving organizational structure, product development, business planning, community outreach, food processing regulation, food science, market analysis and financing were all areas of consideration in the development of RVF. RVF was unable to make all the "pieces come together", but the lessons learned might be valuable to other "value-added entrepreneurs" who are undertaking the business planning process. If information from this project can be helpful in providing shortcuts to these new business ventures, they should be utilized for that purpose.

6. Include an other information you feel is appropriate.

- River Valley Foods - Steering Committee Minutes (*SEE - Attachment 5*)
- WRDC Invoice - previously submitted (*SEE - Attachment 6*).

Attachment 1

PRODUCT DEVELOPMENT RESEARCH

PROJECT SUMMARIES

Project Proposal Summary

1. Renaissance Farm
 - a. Pesto, Baked Goods, and Other Food Products -- This project is a sure thing.
 - b. Fresh Herb Processing -- This Project is a sure thing.
 - c. Canned Tomato Sauce and Salsa -- This project is a sure thing if RVF gets a canning license.
 - d. Frozen Eggplant -- Tentative
 - e. Frozen Pepper -- Tentative
2. Cheryl Lofton and Coopers Natural Foods -- Waiting for producer feedback
3. Murtaugh Enterprises Oat-Bran Based Ice Cream -- Waiting for producer feedback, but pretty much a sure thing.
4. RVF Pilot Projects:
 - a. Harmony Valley Farm Egg Roll Project -- Producer has approved proposal.
 - b. Shooting Star Farm Dried Tomato Project -- Waiting for producer feedback.
 - c. David & Susan Cleverdon Dried Tomato Project -- Waiting for producer feedback.
 - d. Valley View Farms Corn Relish Project -- Waiting for producer feedback.
 - e. George Kohn Salsify Project -- Still working on proposal
5. Producers Interested in Buying Processed Product:
 - a. Cedar Grove Cheese
 - b. CROPP
 - c. UW Food Service

Renaissance Farm Work Plan for Baked Goods, Pesto, and Other Foods Products

**Mark Olson
P.O. BOX 268
Spring Green, WI 53588
(608) 588-2230**

Project: On Fridays beginning April 24, 1998 through the end of the Dane County Farmers Market, RF would like to hire one RVF employee at \$9/hr. to assist in the making of cinnamon buns, pesto, and other food products such as lasagna, pasta salads, etc. If RVF becomes "partners" with RF then RF will include kitchen rental time in its payment. RF would also like to hire assistance on May 28th to assist preparations for the Wisconsin Statehood Days where RF will maintain a booth.

Timeline: Fridays beginning April 24, 1998 through the end of the Dane County Farmers Market. The exact amount of hours on Friday is unknown at this point.

Licenses and Insurance: RF will carry product liability insurance and a processing license. RVF will carry a food processing license and business insurance.

Work Plan for Renaissance Farm Fresh Herb Processing Project

Mark Olson
P.O. Box 268
Spring Green, WI 53588
(608) 588-2230

Project Description: Renaissance Farm (RF) would like to hire River Valley Foods, Inc. (RVF) to process and freeze fresh herbs (basil, lemon basil, and cilantro) produced by RF. RVF would be responsible for receiving fresh basil and other herbs, processing the herbs according to RF specifications, packaging the product, and freezing the product. RF will deliver the herbs washed and ready to process and is responsible for the distribution, marketing, and storage of the final product.

Process: One RVF employee will provide the following service for RF approx. 2 times a week.

- a. **Pre-prep Process:** Boxes need to be assembled, labeled, and prepared with 2 plastic bag liners. The VCM needs to be assembled and product ready. Olive oil cans need to be opened and ready for processing.
- b. **Processing:** The bags of herbs will be delivered to the kitchen washed and ready to go. The bags need to be opened to breathe. Herbs are processed in the VCM with olive oil in batches. The herb-oil mixture is then transferred to the pre-prepped boxes with liners. Some of these boxes will be scaled-off and some will be random weight. Sometimes the basil-oil mixture will be deposited into smaller containers. This process will need 2 employees. One to fill containers and the other to scale-off. The boxes filled with the basil-oil mixture are then transferred to the freezer and stacked in a pyramid shape for circulation purposes.

Producer expectations: Mark would like to keep the processing to 6 hours max. The producer expects to pay RVF \$9/hr for this project. If RF and RVF become "partners" then kitchen rental cost will be included. This includes approx. 1 hour for prep, 4 hours processing, and 1 hour for clean-up. RF expects that RVF be able to process at least 10 batches (or approx. 250#) of herbs an hour for this to be cost efficient for RF.

Timeline: Processing would be done at least 2 times a week (this is weather dependent and could be more). Processing could occur any day of the week with the exception of Fridays (Friday will be baking and pesto making for RF). This processing project is very weather dependent making it difficult for the producer to establish a set schedule. This processing project will begin approx. mid July through mid August (Cilantro will be a little later).

Renaissance Farm Canned Tomato Sauce and Salsa Work Plan

Mark Olson
P.O. BOX 268
Spring Green, WI 53588
(608) 588-2230

Project: Renaissance Farm (RF) would like to hire RVF to custom process and package canned tomato sauce and salsa. RF will do the product development. RVF will have a consultant review and approve the process to insure food safety. RVF will do all of the processing and RF will be responsible for the purchasing of product it does not grow, marketing and storage of the final product.

Timeline: Product grown by RF should be available from late July – September/Frost

Volume: Approx. 15,000# of raw tomatoes. What this is in canned form is unknown at this point.

Packaging: RF will be responsible for sourcing and purchasing all packaging and labeling materials for the two products.

Product Development: RF will develop product recipe and specifications. RVF will review and approve recipes and process to insure food safety. RF will pay for any consultant time at \$10/hr plus any travel expenses.

License and Insurance: RF will carry product liability insurance. RVF will need a food processing license including canning. RVF will need business and workers comp. insurance. The approved recipe and process will need to be filed by RVF with the Wisconsin Dept. of Agriculture and the FDA.

Project Equipment Needs:

- Steam Kettles
- Canning Kettle or a basket to hold the jars in the steam kettles
- Tomato Wedger
- Bowl Chopper
- Vegetable prep/processor
- Canning equipment: jar lifters, funnels, tongs, strainer/pulper
- Chef and paring knives
- Scale

Renaissance Farm Work Plan for Frozen Eggplant

Mark Olson
P.O. Box 268
Spring Green, WI. 53588
(608) 588-2230

Project: RF would like for RVF to custom process eggplant grown by RF.

Process: The eggplant would be peeled (maybe), sliced, baked (RF would eventually like this product to be grilled), IQF, and boxed for storage.

Timeline: The raw product will be available for processing mid to late August.

Volume: Approx. 1,500-2000#'s

Project Equipment Needs:

- Vegetable prep/processor
- Chef and paring knives
- Large oven
- Bakery trucks and screen trays for freezing eggplant

Licenses and Insurance: RF will need to carry product liability insurance. The RVF processing license will cover the processing. RVF will need to file the recipe/process with the FDA if RF plans to sell this product outside Wisconsin. RVF will need business and worker comp. insurance.

Work Plan for Renaissance Farm Frozen Pepper Product

Mark Olson
P.O. Box 268
Spring Green, WI 53588
(608) 588-2230

Project: RF would like to hire RVF to custom process and freeze bell peppers grown by RF.

Process: The peppers are to be washed, cored, cut in half, blanched, IQF, sorted by size, and boxed.

Timeline: The raw product will be available approx. mid to late August – September/Frost

Volume: Approx. 2,000# fresh

Licenses and Insurance: RF will need to carry product liability insurance. The RVF processing license will cover the processing. RVF will need business insurance including workers comp. RVF will need to file the process with the FDA for RF to be able to sell this product outside of the state of Wisconsin.

Project Equipment Needs:

- Tank to wash peppers
- Chef and paring knives
- Cutting Boards
- Steam Kettles with basket
- Bakery trucks with screen trays for freezing the peppers

Work Plan/Agreement for Cheryl Lofton and Coopers Natural Foods

Cheryl Lofton and Pat Gallop
(414) 473-2626
FAX (414) 473-2384

Project Description: Coopers Natural Foods (CNF) wants RVF to custom process and package a frozen vegetable stock (Frozen because it is a low-acid product. Note: CNF would like to can this product and RVF has agreed to look into what the equipment needs would be for low-acid canning.), dehydrated vegetables (peppers, onion, garlic, tomato), blanch and freeze spinach and other greens, puree and freeze winter squash, and cut and freeze mixed vegetables. The vegetables are grown by CNF and will be transported to and from RVF for processing/packaging by CNF.

Estimated Timeline: September-October

Estimated Volume: ?

Packaging: RVF will assist CNF with sourcing packaging and labeling for their three products. CNF would like the frozen vegetable stock to be packaged in plastic tubs, and the dehydrated and frozen vegetables in plastic bags. CNF will purchase all packaging for their products.

Product Markets: CNF plans to sell their products at an on-farm market store.

Licensing and Insurance Issues: CNF will need insurance for the sale of processed products. The processing license held by RVF will cover CNF since RVF is custom processing CNF products.

Food Science Consultant Services: To help insure product quality and food safety the recipes and processes for the three products should be reviewed by Dave French. Estimated consulting time 2 hours at \$10/hr. plus any travel time.

Equipment Needed for Project:

Stock:

1. Steam Kettles
2. Oven
3. Roasting Pans for Oven
4. Bulk Tank for cooling hot stock before freezing. Plastic cooling sticks which are filled with water and frozen could also be used to cool hot items to a safe temperature, the drawback is they are less efficient.
5. Freezer
6. Various small wares: spoons, ladles, measuring cups, scale, chefs knives, cheese cloth for straining stock, chinois for straining stock.
7. Food grade plastic buckets for holding stock.
8. Vegetable Chopper

Dehydrated Vegetables:

1. Dehydrator
2. Vegetable Prep/Chopper
3. Chef and paring knives

Frozen Spinach and Other Greens:

1. Steam Kettles for blanching
2. Salad or Greens Chopper if the greens are to be chopped.
3. Need some sort of equipment to squeeze water from the blanched greens, doing this by hand will be very inefficient and time consuming.

4. Scale for weighing product.

Winter Squash:

1. Need a way to cut winter squash efficiently.
2. Oven
3. Food Processor
4. Freezer

Mixed Vegetables:

1. Vegetable Prep/processor
2. Large kettles for blanching when needed
3. Bakery Trucks with screens or sheet pans for freezing
4. Freezer

Murtaugh Enterprises Oat-Bran Based Ice Cream Project

Katy Murtaugh
(507) 646-4685
Murtaugh Enterprises, Madison, WI.

Project Description: Katy Murtaugh and her partners at Murtaugh Enterprises have developed an oat-bran based ice cream product that they would like for RVF to custom process for them. The project initially would involve RVF processing the product, freezing half of the product and refrigerating the other half. This product will be used at the Dane County Farmers Market as the base for a smoothie type drink. The process involved for making the smoothie base is the making of a viscous liquid from oat-bran flour on the stove-top (eventually this can be made in the steam kettles) and then the product is completed in a food processor where other ingredients are added to the oat-bran flour mixture. Eventually, Murtaugh Enterprises would like to make a soft-serve ice cream product and a hard ice cream product. Murtaugh Enterprises will be responsible for the purchasing of all ingredients, the custom processing fees, and the distribution of the final product. RVF will be responsible for the receiving and storage of ingredients and final product as well as the custom processing of the product.

Estimated Volume:

Estimated Timeline: Murtaugh Enterprises (ME) would like RVF to custom process this product for them starting the end of April or beginning of May. *This has been changed to mid to late June.*

Product Development: All of the product development has been done. The project consists of RVF custom processing the product per ME specifications. RVF will assist ME in sourcing containers for product storage.

Batch Information: The product batch size that ME has worked with for product development is 8 gallons (One large stock pot on the stove), and the approximate amount of time to make this size batch is 1.25 hours.

Consultant Services: Consultant services will not be needed for this project.

Equipment Needed:

- Initially-several large stock pots (8-10 gallons each), the number of pots will depend on the volume
- Eventually-The steam kettles once they are connected in the new building
- Containers for product storage
- Food Processor or VCM
- Misc. Small Wares: Long-Handled Spoons, rubber spatulas, pitchers for pouring product into containers

Licenses and Insurance: ME will need to carry product liability insurance. The RVF processing license will cover this project since RVF will be doing the processing. RVF needs to have it's insurance renewed in the next 2 to 3 weeks in order to do this project.

Work Plan for Harmony Valley Farm Egg Roll Project

Richard deWilde and Linda Halley
Rt. 2, Box 116
Viroqua, WI 54665
(608) 483-2143

Project: Richard de Wilde and Linda Halley of Harmony Valley Farm (HVF) would like River Valley Foods, Inc. (RVF) to process vegetables which are grown at HVF into a frozen organic egg roll product. The vegetables grown by HVF to be used in the egg rolls are carrot, cabbage, onion, garlic and radish. HVF will grow and distribute the raw ingredients to the RVF kitchen for processing. RVF will process the raw ingredients according to an agreed upon recipe and specifications which will come from the experimentation process (see plan of action), package, and freeze the egg rolls. HVF will be responsible for the marketing and distribution of the egg roll product.

Producer Expectations: HVF feels that in order for this to be a profitable venture that RVF will need to be able to produce their egg rolls for \$.25/piece.

Estimated Timeline: The raw products carrot, green & red cabbage, onion, and garlic are harvested in July and October for processing. Processing would occur July-January. HVF estimates that product will be dropped off every other week, and that they will pick up the egg rolls weekly on their way to market.

Estimated Volume: Year 1: Up to 10,000 egg rolls. Years 2 and 3: 20,000-30,000 egg rolls.

Packaging: RVF will assist HVF to source packaging for their egg roll product. HVF would ideally like their egg roll product to be packaged in a box with a plastic liner (if the liner helps maintain shelf life and product quality), but other types of packaging will be reviewed in the research & development stage. HVF will be responsible for the purchasing of all packaging materials.

Product Markets: HVF is planning to market its egg rolls at the Dane County Farmers Market, natural food stores and cooperatives in the Madison and La Crosse areas, and to HVF CSA members. HVF does not feel that it needs assistance with determining markets for its product. HVF will be responsible for marketing and distribution of the egg rolls.

Licensing and Insurance Issues: HVF will have liability insurance for selling a processed product. The processing license held by RVF will cover licensing for the production of this product since RVF is doing the processing for HVF. HVF plans to market their egg roll outside of Wisconsin after the first year of processing. RVF will need to file the recipe and process with the FDA for the product to be sold outside of Wisconsin.

Food Science Consultant Services: This project is a fairly straightforward food processing project, but I think it would be good to run the process and recipe by RVF

food science consultant, Dave French, to make sure we are not overlooking any potential food hazards. I am estimating 4-6 hours of consulting time. Dave is charging RVF \$10/hr plus traveling expenses.

Other Consulting Services: Packaging design if the box company does not provide this service. HVF will be responsible for all design costs.

Equipment needed for project:

1. Refrigerated storage for raw product.
2. A commercial grade vegetable prep processor (with processing plates for shredding/grating, dicing, slicing, etc.
3. Chefs knives and various small wares including scoops for consistent portion sizing, tongs, metal spoons, spatulas, tubs to hold ingredients throughout various processing stages, sheet pans for IQF egg rolls, scale for weighing ingredients and final packaged product.
4. Tilting braiser for sauteing vegetables or several large braisers/saute pans for stove top sauteing.
5. Deep fryer with ventilation hood
6. Freezer

Research/Development for the project: RVF will assist HVF with packaging research (see packaging above), test recipe and trial determinations, research on freezing and shelf life, cooking instructions for the package, sourcing the appropriate fryer for the product, and sourcing of ingredients not produced by HVF. HVF would like all ingredients to be organic if possible, since this product is to be marketed as an organic egg roll 95% of the product must be organic.

Research and Development Timeline:

Phase I/April-July:

1. Source and decide on packaging and labeling for product. Purchase packaging and labeling materials.
2. Design experimentation specifications (the various recipes and processes which will be experimented with to produce the best possible product in the most timely manner).
3. RVF food science consultant will review recipes and processes and assist with research on freezing and product shelf life.
4. Source and purchase/lease/rent any needed equipment for this production of this product.
5. The RVF kitchen will be relocated and set-up for experimentation and processing by July 1, 1998.

Phase II/July: (When product is available or by purchasing product)

1. Experimentation with recipes and processes determined in Phase I.
2. Determine recipe and processing specifications for the final product.
3. Purchase ingredients not produced by HVF.

4. Determine when, how often, and the quantities of product that will be brought to RVF by HVF from the figures determined from the product experimentation phase.

Phase III: RVF will custom process and package egg rolls for HVF as determined in Phase 2 of the project. RVF will receive raw product every other week and HVF will pick up packaged product at RVF weekly.

Work Plan for Shooting Star Farm Dried Tomato Product

Rink Davee & Jenny Bonde/Shooting Star Farm
6970 McNeill Rd, Mineral Point, WI, 53565
608-967-2319, email: starfarm@mhtc.net

Project Description: Rink Davee and Jenny Bonde of Shooting Star Farm (SSF) want RVF to dry red and yellow plum tomatoes and red and yellow pear tomatoes grown on their farm. This would be primarily a custom process job by RVF, but SSF wants to be involved with some of the processing, to be a part of the experience and quality control. From discussions with SSF this means that Rink/Jenny will be involved with the tomato and drier prep when they bring their tomatoes to the kitchen. SSF will be responsible for transportation of the raw and finished product to and from the RVF kitchen. RVF will be responsible for processing the tomatoes according to specifications that will be determined during the experimentation phase of the project (see Research & Development). RVF will also be responsible for the packaging of the final product. SSF will be responsible for the marketing of their packaged product.

Producer/Processor Expectations: SSF wants to sell at least \$1000 worth of dried tomatoes during their first year of product sales. SSF wants to process product 1 day a week during the growing season (this is an approximation). SSF understands that RVF will be applying for Organic Certification but does not know when certification will happen. So, until the certification process is complete, the organic certification logo cannot be used on the product label. RVF will be providing the research and development for the SSF dried tomato product for free, and if the research and development proves to be profitable SSF will use RVF to process and package their product.

Estimated Volume: Question: How much raw product do you expect to dry? This can be based on the 17# fresh to 1# dry ratio for now.

Packaging: RVF will assist SSF in sourcing packaging and labeling for their product. SSF is responsible for purchasing packaging and labeling materials. SSF would like their dried tomato product to be packaged in a plastic bag (about 3 to 4 oz. of dried product) with a label. (Question: What sort of label are you thinking about? There are several ways to go with this. 1. You could have sticky labels made with some sort of logo and affix to the bags. 2. You could have a double business card made and fold over the top of the bag and staple. 3. You could have a printer block made with logo and other info and have it directly printed on the bag. I believe the 3rd option is the most expensive and the 1st option is the least expensive.)

Product Markets: SSF intends to market their dried tomato product at the Dane County Farmers Market.

Licensing and insurance issues: SSF will need product liability insurance to sell a processed product. The RVF processing license will cover SSF project since it is a custom process job. If this product is to be sold outside of Wisconsin RVF will need to file the process with the FDA.

Consultant Services: For quality assurance purposes I think a food science consultant should review the process and recommend a way to measure the dried tomato moisture for quality control and batch consistency. Estimated consulting time 2-4 hrs. Dave French charges \$10/hr. plus any travel fees. RVF will cover consulting expenses.

Other Consulting Services:

Project Equipment Needs:

1. Food Dehydrator
2. Knives or some other equipment for coring and cutting tomatoes.
3. Food Grade plastic tubs for holding ingredients during the processing phase.
4. Scale for weighing ingredients.

Research & Development for the project: RVF will assist SSF with research on packaging and labeling for their product (see Packaging above). RVF will work with SSF to determine the experimentation processes that will be used in the trial phase to help determine the best final product and provide figures on labor expenses, dryer time, other costs, profitability.

Research and Development Timeline:

Phase I/April-July:

1. Source and decide on packaging and labeling for the product. Purchase packaging and labeling materials.
2. Design experimentation specifications (the various processes that will be experimented with during the product trials).
3. Food science consultant will review project and make recommendations.
4. The RVF kitchen will be relocated and set-up for experimentation and processing by 7/98.

Phase II/July or August: (Depends on if producer wants to buy product for experimentation or wait till they have their own product.)

1. Experiment with processed determined in Phase I.
2. Determine when, how often, and the quantities of product that will be brought to RVF by SSF from the figures gathered during the experimentation process.

Phase III/August-September: If SSF decides that it will be profitable to process their tomatoes then RVF will custom process and package the dried tomatoes for SSF. This is currently estimated at 1 time week during the 8 week season (is this 8 week estimate correct?).

Work Plan for David and Susan Cleverdon Dried Tomato Tapenade Project

David and Susan Cleverdon/Kinnikinnick Farm
21123 Grade School Rd, Caledonia, IL. 61011
815-292-3288

Project: David and Susan Cleverdon of Kinnikinnick Farm (KF) want to produce a dried tomato tapenade product to be sold frozen to chefs and caterers, and at their farmers market. KF wants RVF to partial-dry and freeze tomatoes for them during the tomato season and in the off season (around November). KF wants to rent kitchen time during the off season to work on the tapenade recipe and begin processing the dried tomatoes into a tapenade product. KF will be responsible for transportation of the raw and finished product to and from the RVF kitchen. RVF will be responsible for the tomato prep and drying of the product according to the specifications determined in the experimental trials (see Research & Development). The tomatoes will be frozen after drying since the tomatoes will only be partially dried needing freezing to stop any growth of organisms. KF will be responsible for the marketing and distribution of the final product.

Producer/Processor Expectations: KF expects that RVF will run drying experiments with raw product according to determined specifications. The drying experiments will provide KF with information on labor, kitchen rental, and packaging costs needed to produce their tapenade product and determine profitability. KF will buy or provide raw product for trials. If the numbers derived from the trial experiments show that KF can make a profit from their product they will use RVF to custom process their dried tomatoes and maybe to custom process or provide labor for the final dried tapenade product.

Product Assumptions Based on Producer's Home Experiments:

5 tomatoes = 1 #
5# = 2 oven trays (17 X 11 each)
18 # fresh = 2.5# dry (40 oz.)
3 oz. dried = 4 oz. tapenade
4 oz. tapenade = 1 jar (@ 4 oz. each)

Estimated Timeline: Experimental trials will be done in either July (with purchased product) or in August when KF has raw product. The actual processing will take place in August-October.

Estimated Volume: ?

Packaging: KF wants their product to be sold in 4 oz. glass jars with a screw top lid. RVF will assist KF in sourcing 4 oz. jars for their product, as well as plastic bags/boxes for the storage of their frozen tomatoes prior to the final jar packaging. KF will be responsible for the logo and label for their product. RVF will provide KF with information from the FDA on label requirements. KF is responsible for the purchasing of all packaging materials.

Product Markets: KF plans to sell their product to chefs and caterers and at their farmers market. KF will be responsible for the marketing and distribution of their processed food product.

Licensing and Insurance Issues: KF will need to have liability insurance coverage for selling a processed product. The food processing license held by RVF will cover KF for the tomato drying. If KF does its own processing of the final tapenade product without any RVF labor than KF will need to also have a processing license at that stage. If RVF supplies labor for the processing than the RVF processing license will cover KF. Since this product is going to be sold out of the state of Wisconsin RVF must submit the process and recipe for approval with the FDA.

Consultant Services: RVF food science consultant will need to approve the recipe and process for this product to insure there are no food safety issues. I estimate the consulting time to be 2-4 hours at \$10/hr. plus any travel expenses.

Project Equipment Needs:

For Drying Tomatoes:

1. Large Dehydrator
2. Chefs and paring knives
3. Plastic tubs to hold product during processing
4. Tool to measure moisture content to insure consistent product from batch to batch
5. Freezer

For the Tapenade:

1. Commercial food processor or Vertical Chopper Mixer (VCM)
2. Food Depositor or large pastry bag with round pastry tip for depositing tapenade into jars
3. Scale
4. Freezer

Research & Development: RVF will assist KF to provide packaging information and FDA labeling requirements. KF has its own sources for logo and label artwork and will be responsible for the logo and label for their product. RVF will determine with KF the specifications for the dried tomato product. Experimentation in the large dryer will be done according to the product specifications. The product trials will provide figures regarding the maximum load the dryer can hold, labor time and costs, dryer time and costs, and the packaging information will be added to the experimental results to give KF the numbers it needs to determine cost and profitability.

R & D Timeline:

Phase I/April-July 1998:

1. Packaging will be sourced.
2. RVF will move to the new location and be ready for product experimentation by 7/98.
3. RVF will provide KF with FDA label requirements.

4. RVF will check with FDA regarding the required documentation and steps that need to be taken for the sale of this product since it will be sold outside of Wisconsin.

Phase II/July or August: Tomato trials will be run in the dehydrator to determine the product specifications, labor and other costs involved.

Phase III/August-Oct: RVF will dry and freeze tomatoes for KF according to product specifications.

Phase IV/November 1998: KF will fine-tune the tapenade product using the dried/frozen tomatoes processed in Aug-Oct.

Work Plan for Valley View Farms Corn Relish Project

Mike & Joyce Marr and Lois Federman/Valley View Farms, LLC
21471 S. Oak Park Rd., Mineral Point, WI, 53565
608-987-3096

Project Description: This is one of the 3 pilot projects selected by RVF to fulfill the 1997/98 ADD grant. Valley View Farms (VVF) wants to produce a canned sweet corn relish using sweet corn grown at VVF. RVF will work with VVF on the research and development for this project for free, and if VVF decides that it wants to process after the R & D phase is completed then RVF will custom process the product for VVF. VVF has developed a corn relish recipe that will be used as the core recipe for this product. VVF is responsible for the marketing of the final product, but has asked that RVF help determine the potential markets for their product (this will be included in the product R & D).

Estimated Timeline: VVF estimates that the sweet corn is available from August 1 through September 20.

Estimated Volume: Need to try and project the amount you would like to produce this season.

Packaging: VVF would like the corn relish to be packaged in clear glass jars. Size? 4 oz.? 6 oz.? Pint? Type of Label? There are several ways to go regarding the label. You could have a label made that is essentially like a sticker and affix the label to the jar. Or you could do a more "homey" type of label printed on paper and attached to the jar with raffia or string (something like that). RVF will assist VVF in the sourcing of jars and labels. VVF will be responsible for the purchasing of all packaging materials.

Product Markets: VVF plans to sell the corn relish product at the farmers market where they are vendors, and maybe to local restaurants. VVF would also like RVF to help them determine market demand for their product.

Licensing and Insurance Issues: VVF will need to carry product liability insurance for the sale of processed products. RVF will need to add canning to the current food processing license which will include a \$200 fee and the filing of an approved process (recipe). The Dept. of Agriculture will not approve a process but you must file your process with the dept. for review. Dave French, RVF food science consultant, or the UW Better Process School can approve the process. Since this will be an acidified product made up of low-acid ingredients the pH levels will need to be strictly tested and batch control information will need to be well documented.

Consultant Services: This is a complicated food processing project because it involves the canning of low-acid vegetables. However, since the low-acid vegetables will be acidified through the addition of acid, this product can be safely water bath processed. A food science consultant will be needed to review VVF's recipe, determine a process for the recipe, and help set-up safety control measures (pH testing, etc.). Estimated consulting time 10-15 hours. Will RVF cover this?

Project Equipment Needs:

- mandoline or another tool for cutting the corn kernels from the cob
- Small wares: chef knife, measuring cups, spoons, rubber spatulas, jar lifters, tongs
- Scale
- Steam kettles or other canning kettle
- Basket to hold the jars while processing in the kettles
- Equipment to transfer the relish to the jars (maybe several funnels that can accommodate this type of chunky process, a depositor would work more efficiently but is considerably more expensive.)
- Corn husking machine, approx. \$250, not essential, but more productive than husking by hand.

Research & Development: The research and development for this product includes:

- packaging sourcing (RVF and VVF)
- label sourcing & label requirements (RVF and VVF)

- Determining a safe recipe using the VVF recipe and any adjustments that are recommended by food science consultant.
- Determine a safe process for water bath canning of this product (RVF & consultant)
- The parameters for the sweet corn relish experiments will be determined (RVF and VVF) and a form will be made to document the trials.
- Ingredients not grown at VVF will be sourced (RVF and VVF)

Research & Development Timeline:

Phase 1, April-July 1998:

1. Jars and labels will be sourced
2. Jars and Labels will be purchased
3. Recipe will be reviewed by food science consultant and altered if needed.
4. Production process will be determined.
5. Trial parameters will be determined.
6. A form will be made to document the experimental production trials.
7. Ingredients not grown at VVF which will be used in the product will be sourced and purchased.
8. RVF will add canning of acidified foods to its food processing license.
9. Any needed equipment will be purchased, rented, or leased.

Phase 2, July/August 1998:

1. Batch experiments will be run and documented.
2. Working recipe for actual production will be determined based on trial results.

Phase 3, August/September 20 (approx.):

Production of canned sweet corn product

Proposal for Cedar Grove Cheese Dried Tomato

Bob Wills
Cedar Grove Cheese

Project: One of the products produced by Cedar Grove Cheese is an organic cheese with dried tomato bits. Cedar Grove Cheese (CGC) is interested in purchasing local organic dried tomato bits from RVF. RVF would be responsible for locating a certified producer, buying product, processing the product, and distributing the product to Cedar Grove Cheese.

Volume: RVF is currently waiting for CGC to compile figures for the amount of product it purchased last year and what CGC paid for the product.

Timeline: Tomatoes are available from July-September

Packaging: Large food grade plastic bags.

Licensing and Insurance: RVF would need to have insurance for the sale of a processed product. The basic RVF processing license will cover the processing of this product. The process for this product will need to be filed with the FDA. CGC would like RVF to be certified as an organic processor.

Consultant Services: A food science consultant will need to review the process for food safety and product shelf life issues.

Project Equipment Needs:

1. Tomato wedger
2. Chefs and paring knives
3. Large Dehydrator
4. Food Processor or Bowl Chopper
5. Storage space for processed product

Product Development Timeline:

April-July:

1. Process determined and reviewed by food science consultant.
2. Packaging materials sourced and purchased.
3. Relocation of the RVF kitchen
4. Source and purchase equipment
5. Dehydrator moved to new building and up and running
6. Find a producer and work out agreement for purchasing raw product

July-September:

1. Process and package raw product.

Proposal for Processed Potatoes for CROPP

Mark Shepard
(608) 625-2902

Project: CROPP vegetable pool has markets for processed products. CROPP would like RVF to peel, cut, and freeze potatoes grown by its producers. CROPP would like to supply some potatoes this season for RVF to process as samples. RVF would be responsible for receiving raw product, processing according to specifications, and freezing. CROPP would be responsible for supplying product and the sales and marketing the processed product.

Timeline: September-March

Volume: Potatoes would stream in for processing over time to be distributed in 45,000# loads.

Packaging: The potatoes will be sold for industrial use and could be stored in large plastic bags.

Product Markets: CROPP will take care of marketing and sales of all processed product. Mark Shepard at CROPP says there are markets for industrial use of IQF potatoes, but that he would like to sell the idea to the CROPP marketing and sales department for retail sales of various cuts of frozen packaged potatoes.

Project Equipment Needs:

1. Barrel peeler
2. Vegetable prep/processor with various cutting plates
3. Carts with either stainless screens or sheet pans for IQF the potatoes
4. Freezer

Work Plan for UW Food Service

Bob Fesenden
(608) 262-7487

Project: The UW Food Service uses a lot of ready-made tomato sauce for pasta and pizza. Currently the UW buys canned sauce and adds spices and other ingredients to suit the customers tastes. UW would be interested in buying a local organic ready-made tomato sauce for pasta and pizza. (Note: The UW Food Service has to have an open bidding for purchasing product. This most likely will not be a problem for us do to the lack of organic processors, but it should be noted.) The UW goes through approximately 250 cases of tomato sauce a week. Another product the UW uses a lot of is potatoes. The UW is interested in peeled and cut (various cuts) potatoes either fresh (delivered in buckets with water) or frozen. Bob Fesenden at UW Food Service would like to sample either or both of these products. The amount of product would be determined by sales. RVF would be responsible for distribution of the product to the UW Food Service.

Timeline: Tomatoes are available from July-September and could be made into a tomato sauce with the addition of other ingredients (onions, garlic, and spices) and frozen for storage and distribution over the off season. Potatoes are available starting in September and could be processed and frozen or processed and packaged fresh in buckets with water.

Volume: Depends on customer response.

Packaging:

Licensing and Insurance: RVF would need to carry liability insurance for the sale of a processed product. The RVF processing license would cover this job.

Consultant Services: Food Science Consultant to review recipe and process.

Project Equipment Needs:

Tomato Sauce:

- tomato strainer/pulper
- large cookers
- vegetable prep/processor
- Freezer

Potatoes:

- Potato peeler (Barrel Peeler)
- Vegetable prep/processor with various cutting plates
- Bakery Trucks with screens for IQF freezing
- Freezer

Research & Development Timeline:

April-July:

1. Work out process and recipe for tomato sauce (including food science consultation).
2. Determine what the costs will be for this project.
3. Source packaging
4. Source and purchase needed equipment
5. Set-up of RVF kitchen in new building

July-September

1. Make and freeze sauce.
2. Take sample of sauce to UW for trial.

Attachment 2

CALL FOR PROJECTS

QUESTIONNAIRE

River Valley Foods, Inc., a small-scale, value-added, commercial processing center, is having a

CALL FOR PROJECTS !

We are Offering **FREE** Research and Development Assistance!

River Valley Foods, Inc. (RVF) has received a grant from the Department of Agriculture to assist several potential food processors with research and development on their product.

What does this mean? This means that if you have an idea for a value-added food (processed) product, RVF will help you through the entire process of what it takes to bring your idea to market. For **FREE!**

What this assistance includes: 1.) Determining the production process and recipe for your product, 2.) Sourcing packaging for your product, 3.) Determining what licenses and insurance you will need, 4.) Determining the costs involved in producing your product, 5.) Outlining profits that can be expected, 6.) Help with determining the markets for your product.

What does the free assistance not include? The assistance does not include the cost of raw product that will be used in processing trials during the development stage; payment of outside consultants (RVF has established ties with consultants whom are willing to work at very reasonable rates); any experimental packaging costs; and the final marketing of the processed food product is your responsibility.

This kind of research is **valuable because** it helps potential producers make reasonable business decisions about the profitability of engaging in value-added food processing. It also provides real data to other producers desiring information regarding their product ideas, and assists in determining the profitability of new product lines.

If you are interested in having your product idea considered for the **FREE** research and development assistance please complete and return the attached Questionnaire by March 1, 1998. The questionnaire was designed to help you get your ideas down on paper, and to start your thinking about the challenges involved in bringing a processed product to market. Your response to the questionnaire will also give RVF information on which to compare and evaluate the range of food processing ideas for support under the ADD grant.

If you have any questions or comments please do not hesitate to call or e-mail us at (608) 588-2603 or e-mail: ehorn@mhtc.net.



**River
Valley
Foods, Inc**

P.O. Box 573
Spring Green, WI.
53588
(608) 588-2603
e-mail:
ehorn@mhtc.net

Elizabeth Horn
RVF Manager

Call for Projects Questionnaire

Please complete the following questionnaire to have your processing idea(s) considered for the free research and development assistance RVF is currently offering. We are trying to evaluate where your project is at this time, so if you do not know the answer to a question answer accordingly.

Name(s): _____

Name of Farm or Business: _____

Address: _____

Phone: _____ Fax: _____ E-mail: _____

1. What are the raw product(s) you are interested in processing?
2. What is your processed product idea(s)?
3. Have you already experimented with "home batches" of the product(s)? If yes, what have you learned from your experiments?
4. Do you have a recipe for your product(s) or do you need help developing a recipe for the product(s)?
5. Do you know what equipment is needed for the production of your product(s)? If so, please list.

6. What is the estimated timeline for your product(s) (When is your raw product harvested?)?
7. What is your estimated volume? This could be raw or finished product estimation.
8. Do you understand that the free research and development assistance does not include (a) cost of raw product trials (b) experimental packaging fees, if any, (c) outside consultants, if needed (RVF has established ties with qualified consultants whom are willing to work for reasonable fees.) Note: RVF would get pre-approval before incurring such expenditures.
9. How much time are you willing to give to this project?
10. Have you thought about how you would like to see your product(s) packaged?
11. Where are you currently planning to market your processed product(s)?
12. Would you like help determining market demand for your product(s)?

If following the research and development phase you decide it is profitable for you to enter the processing business the following information was learned by RVF in 1997 and we feel it is important for you to know ahead of time.

1. You may be required to purchase an annual processing license, ranging in price from \$60 to \$260/year (this is only for producers that plan to do their own processing).
2. You will be responsible for having liability insurance for marketing a processed product. This may only involve a small increase in your current policy.

Please return questionnaire to: River Valley Foods, Inc., P.O. Box 573, Spring Green, WI. 53588. Phone: (608) 588-2603. E-mail: ehorn@mhtc.net

Attachment 3

RIVER VALLEY FOODS BROCHURE

Rental Rates:

\$7.50/hr with a minimum \$25/day for time spent in the kitchen.

An additional \$3/hour rate is charged for the use of the commercial food drier.

Option 2:

Custom Processing

River Valley Foods understands that most farmers don't have a lot of time to process foods in the midst of the growing and harvesting seasons. In addition, many farmers and other rural entrepreneurs have limited experience developing new food products.

River Valley Foods was organized to address these limitations. Farmers that have a fully developed product and process can now enlist RVF to custom process your product for you, using Spring Green labor in our fully licensed kitchen.

Custom Processing Rates:

Processing rates will vary depending on work and labor required. Rates range from \$20 to \$35 an hour.

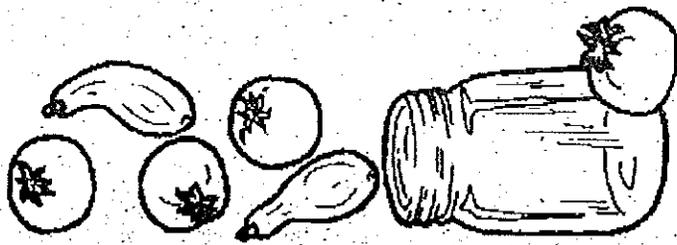
Technical Assistance:

Bringing a product idea to market involves research and development. You may have a product idea, but feel that you need assistance with the technical part of bringing that idea to market. RVF can help.

RVF will work with producers to develop their idea into a product. This includes product and process research, recipe research and development, equipment sourcing, packaging, and market analysis. You can then hire RVF to custom process your product or you can rent our kitchen and process your product yourself.

Consulting Rates:

Consulting rates for new product development will vary based on the product/process involved.



River Valley Foods,

Inc.

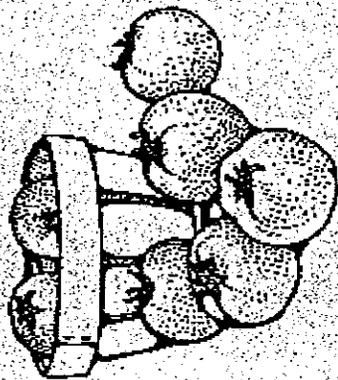
PO Box 573

Spring Green, WI 53588

Manager: Elizabeth Horn

608-588-2603

e-mail: ehorn@mhtc.net



What is River Valley Foods?

River Valley Foods, Inc (RVF) is a value-added, commercial food processing center located in Spring Green, Wisconsin. RVF provides small-scale producers and growers with a low-cost, low-risk opportunity to enter the value-added market:

Our Philosophy

River Valley Foods feels there is a future for the small family farm and business in Wisconsin. We have watched the countryside of rural America change. The landscape once predominantly consisting of small family farms has slowly been replaced by the new "cost-effective" factory farm and housing development from larger cities. In this environment it is difficult for the family farm and small businessman to compete; consequently, farmland is sold and businesses go under. RVF believes that offering farmers a place to process their raw goods into value-added products will help farmers diversify their income and promote economic development in our local community and southern Wisconsin.

INTERESTED IN

FOOD PROCESSING?

RVF offers a plan for everyone.

You can rent kitchen space from RVF and process your own product. Or, you can have RVF custom process for you.

Option 1:

Rent Kitchen Space and Process Yourself

RVF offers a licensed processing kitchen, available on a rental basis, for persons interested in food processing. You might be a farmer wanting to process tomatoes to offer your farmers market clientele or an entrepreneur who wants to break into the cheesecake business.

Our kitchen is available 24 hours a day.

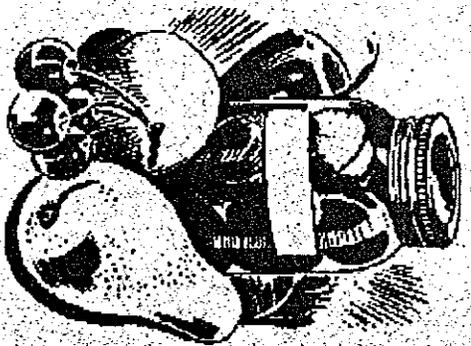
The kitchen has limited equipment at this time, but we are willing to work with potential producers on getting needed equipment for a specific project. At present, RVF has the following equipment:

- * a commercial-scale oven and eight-burner stove for baking or stove-top canning.
- * A commercial-scale food drier with 230 sq. ft. of rack space with cross-flow ventilation.
- * A variety of small-wares, including: pots, baking sheets, utensils, etc.
- * Other food processing equipment may be installed & available with sufficient demand.

What you will need to do your own processing:

Our facility is licensed for use as a processing kitchen. If you process goods yourself you will also need a processing license. This is standard. RVF can help you obtain your license. We have established ties with our local inspector and the process is usually quick and painless.

You will also need to have liability insurance for the product you are marketing. This is also standard. And that's all! You are ready to process.



Attachment 4

INCUBATORS WORKSHOP AGENDA

Shared Kitchen Workshop

Sept 25, 1998 9:00-3:30

City/County Building Stevens Point, WI

*An All-Day Workshop on the topic of
Shared-Use Commercial Kitchens, aka Food Processing Incubators*

Background:

In many communities across the US, aspiring, small-scale food processors and their supporters have come together to establish "shared-use community kitchens". Also called Food Processing Incubators, these kitchens provide the space, equipment, and resources to allow individuals to produce legal, marketable food products without having to invest in their own private facilities.

A number of similar efforts are underway or being explored in Wisconsin. So far, these various projects have proceeded independently. Each would clearly benefit from coming together to share lessons learned, resources gathered, and plans for the future. This workshop on September 25th is intended to be a first step toward a more formal network of community kitchens, small-scale food processors, and the experts who can support them.

Purpose of the Workshop:

- To bring together leaders from the many disparate efforts across the state to start community kitchens.
- To discuss future steps to keep these various projects linked and supported.
- To hear about similar on-going efforts in Ohio and New York State.
- To introduce this topic to selected professionals and specialists who could support shared-use kitchens and the aspiring food processors that utilize them.

Who's Invited:

- Leaders from Proposed or Existing Shared-Use Kitchens in Wisconsin (first priority).
- Extension Agents, Community Economic Developers, and others who can support those above.
- Only about thirty seats are available for this special one-day workshop—so register now!

Special Workshop Guests:

June Holley

President and Founder of ACEnet
Appalachian Center for Economic Networks

Ms. Holley will discuss how their 3,000-square-foot shared-use kitchen came to be. ACEnet has gained national attention with its practical application in the US of the Italian "flexible manufacturing network" approach to economic development.

Duncan Hitchey

Agricultural Development Specialist
Cornell Cooperative Extension

Mr. Hitchey will speak on the successes and failures of shared-use kitchens in New York State. He will also explain how Cornell Extension has supported these kitchens and the processors that use them.

Registration:

To register, call **WRDC at 608-437-5971** or e-mail wrdc@exccpc.com.
For questions about workshop content, call 608-265-2903 or e-mail lawless@aac.wisc.edu.
Registration Fee: **\$25.00**— includes lunch and materials.

Sponsors:

University of Wisconsin Center for Cooperatives (UWCC), UW-Extension
Wisconsin Community Action Program Association (WISCAP)
Rural Development Institute (RDI), University of Wisconsin—River Falls
Wisconsin Rural Development Center (WRDC)

Attachment 5

**RIVER VALLEY FOODS
STEERING COMMITTEE MINUTES**

AGENDA FOR SEPT 25

- 9 am Welcome and quick introductions around.
- 9:30 **Duncan Hilchey** Agricultural Development Specialist, Cornell Cooperative Extension
- Duncan will speak on the successes (and shortcomings) of shared-use kitchens in New York State. An early supporter of these efforts, he will discuss "lessons learned" and some strategic options.
- 10:30 Coffee break.
- 10:45 **June Holley** President & Founder of ACEnet (Appalachian Center for Economic Networks)
- June will discuss how their 3,000-square-foot shared-use kitchen came to be, how it operates, and how it's doing. ACEnet has gained national attention with its practical application in the US of the Italian "flexible manufacturing network" approach to economic development.
- 11:45 **Questions and Answers with Duncan and June.**
- 12:15 Lunch.
- 1:00 **Update on Wisconsin Projects**
- Short (5 min) prepared presentations from current "kitchen projects" around the state and the Twin Cities.
- | | |
|---|---|
| <p>1:45 Room A</p> <p>"A Meeting of the Minds"</p> <p>This will be a "meeting format", and an opportunity for the leaders of proposed and on-going kitchen projects to share information, and to identify what common needs might be addressed through on-going state-wide collaboration.</p> | <p>Room B</p> <p>"Flexible Manufacturing Networks"</p> <p>June Holley has become an authority on this Italian model of integrating local businesses and institutions in a market-oriented approach to community economic development. This could have clear applications in the realm of farms, processors, restaurants, retailers, and niche food products.</p> |
| <p>2:15 Room A</p> <p>"Meeting" (continued)</p> <p>Some possible "next steps" that could be discussed: a larger conference in 1999; pursuing grants together for state-wide support; getting better support from state, university, and extension resources.</p> | <p>Room B</p> <p>"Supporting the kitchens and their users"</p> <p>Duncan Hilchey will start things off by explaining how Cornell Cooperative Extension has supported small scale food processing in New York through the Farming Alternatives Program and the Food Venture Center. From his examples, we can consider how extension agents, Community Action Programs, DATCP, and other agencies can better support aspiring food processors.</p> |
- 3:15 Wrap up. (We can stay until 4 pm if necessary.)

Invited:

Maureen Ash	River Falls, WI
Suneeta Asrani	Neighborhood Development Center, St. Paul
Margaret Bau	USDA Rural Development, Stevens Point
Prescott Berg	MN Dept. of Agriculture
Ralph Bruins	Urban Ventures Leadership, Minneapolis
Dennis Buege	UW Meat Science Lab, Madison
Kelly Cain	River Falls, WI
Mary Pat Carlson	Kewaunee County Ag Tourism Assn
Deb Clements	CAP Services, Stevens Point
Paul Dietmann	UWEX Sauk County
Chris Dobbe	Great Lakes Inter-Tribal Council, Lac du Flambeau
Edie Felts-Grabarski	UWEX Adams County
Leanna Frankin	Kewaunee County Ag Tourism Assn
Dave French	UW-Madison Food Science Dept.
Brian Gauthier	UWEX Lac du Flambeau Office
Ruth Gerber Rupp	La Farge, WI
Dick Goebel	Second Harvest, St. Paul
Kelly Haverkamp	Wisconsin Rural Partners Inc, Madison
John Hendrickson	UW Center for Integrated Ag. Systems, Madison
Duncan Hilchey	Cornell Cooperative Extension, Ithica
June Holley	ACEnet, Athens Ohio
Elizabeth Horn	River Valley Foods, Inc, Spring Green
Cathy Huntowski	UWEX Brown County
Steve Ingham	UW Dept of Food Science, Madison
Barbara Ingham	UW Dept of Food Science, Madison
Jon Janowski	Hunger Task Force of Milwaukee
Ed Jesse	UW Cooperative Extension, Madison
Faye Jones	Organic Crop Improvement Assoc., Spring Valley
Gail Kohovic	Michael Fields Institute, East Troy
Margaret Krome	Michael Fields Institute, East Troy
Tim Locke	Hunger Task Force of Milwaukee
Jeannie Meier	WI Dept of Agriculture, Madison
Karla Miller	West Central CAP, Glenwood City
Luther Prince	Urban Ventures Leadership, Minneapolis
Ken Raspotnik	Chemamegon Organic Growers, Ashland
Mike Salinas	Midwest Anti-Hunger Network, Whitefish Bay
Jerry Sinkula	Kewaunee County Ag Tourism Assn
Roger Slater	Urban Ventures Leadership, Minneapolis
Steve Stevenson	UW Center for Integrated Ag. Systems, Madison
Kathy Sundberg	Neighborhood Development Center, St. Paul
Jessica Spicer	River Valley Foods, Inc, Spring Green
Larry Swain	UW River Falls
Dean Swenson	River Valley Foods, Inc, Spring Green
David Trechter	UW River Falls
Bill Wenzel	Wisconsin Rural Development Center, Mt. Horeb
Ron Yesney	UWEX Kewaunee County

All UWEX agents and specialists and all Community Action Program (CAP) staff were invited. Those named above expressed interest.

River Valley Foods
Minutes of Steering Committee Meeting 2/19/98
Attendees: Elizabeth Horn, Greg Lawless, Steve Stevenson, Dean Swenson

- **Manager's Report**

Elizabeth presented a written report covering work accomplished since she started as manager: farmer contacts, outreach materials, preliminary marketing investigations and financial status of RVF, INC. (see attached report)
- **Building and equipment issues**
 - Elizabeth working primarily at home. Office equipment is sufficient.
 - Discussions underway with Mark Olson regarding moving to a new building within the next 3-4 months
 - Available space and expanded electrical capacity appear to make the new building satisfactory for the upcoming season... future space issues to be determined later.
 - Elizabeth and Dean to negotiate firm agreement with Mark regarding building-oriented relationships between Renaissance Farms and RVF and report such agreement at the next steering committee meeting.
 - Equipment: Discussion of equipment needs for the following priority areas: drying, freezing, high-acid canning, and baking. Following the selection of the three pilot projects Elizabeth will make recommendations regarding priority equipment needs for the upcoming season. Included in the analysis will be sourcing and price information, as well as explorations with Mike Milcheski (Wisc. Dept. of Commerce) regarding sourcing such equipment as inexpensively as possible.
- **Finances & Fundraising**
 - River Valley Foods, Inc. has outstanding debts of nearly \$700 (see managers report).
 - Discussion was initiated on which of these debts will need to be paid in cash, and which may be converted into stock ownership in River Valley Foods, Inc. These discussions will continue at subsequent meetings.
 - Regarding re-acquiring insurance, Elizabeth to check with WRDC regarding the possibility of using ADD funds to pay back the debt owed to Secura Insurance (see managers report), as well as checking with Bill regarding liability insurance for herself and for farmers assisting with processing research.
 - Elizabeth also to check with WRDC regarding payment to accountant, John Bird, and understandings with WRDC regarding future record keeping and accounting services.
 - Greg to work with Steve Pincus to sell peppers dried last season for Tipi produce & reimburse RVF for expenses incurred.
 - Estimates are that RVF will need to raise 2,000 to 3,000 in the near future to purchase equipment to make the new kitchen building fully functional. Steve and Dean agreed to work with Bill to secure this level of funding from private sources in the Spring Green area.
- **Next meeting:** Thursday, March 5, 1998, 9 AM, General Store in Spring Green, to select three pilot projects.

River Valley Foods Manager's Report

Stage 1:

1. Develop a full understanding of potential farmer client base for RVF.
 - a. Introduction letter announcing new RVF manager and current grant money sent to potential customers from RVF database (37 total).
 - b. Follow-up calls were made to potential customers (See Report on Farmer/Clients below).
 - c. Call for Projects announcement and questionnaire were sent to 10 producers that were contacted in the follow-up to the initial letter sent out. These producers all showed some level of interest in the free research and development being offered or were not able to be reached by phone.
2. PR Materials: A current RVF brochure was written and printed for the Upper Midwest Conference and other PR opportunities (i.e. Wisconsin Fresh Market Growers Assoc. and Paul Dietmann's upcoming conference on Feb. 28th).
3. Market Exploration: Market Exploration calls were made to several local grocery/cooperatives and restaurants. The goal was to talk to buyers about what markets they saw for local value-added food products.
 - a. There were differing opinions about the marketability of products, but the across the board all agreed that competitive pricing and a "good" product were the most important factors. Steve Stevenson suggested that I contact Laurie Greenberg about how she went about getting marketing information that she collected for Cooperative Development Services. That might help make the marketing contacts more effective.
 - b. Restaurants: 2 restaurants The Sunporch Café and The Opera House were contacted. From these 2 contacts I decided upon the advice from Eric Rupert that narrowing the focus of these calls needed to happen before more calls were made. In summary the contacts that I spoke with are very interested in local processed foods, but the bottom line is price. Frozen vegetables and fruits are the processed foods most bought right now. Eric Rupert was very interested in the dried heirloom tomato project. Also, Odessa Piper wants to talk more with RVF about her take on marketing and products. She will be available next week.

Report on Farmer/Client Contacts:

The calls to potential processors tended to fall in the following categories:

- a. Interested in processing with RVF. We are currently awaiting responses from the Call for Projects questionnaire that was mailed following the initial phone contacts. There are definitely three good projects here, and I think there will be even more following the Upper Midwest and Michael Fields Conferences. Mark

- Shepard of CROPP said that he could use us to process IQF frozen vegetables, but we would need freezer space and be able to process for what they can pay a #.
- b. Interested in supplying product for RVF. There has been a good response from producers that are not interested in marketing a product on their own, but would like to supply RVF with product for marketing under RVF label.
 - c. Not interested at this time or want to wait and see what develops with RVF.
 - d. Interested in buying processed products from RVF. Bob Wills of Cedar Grove Cheese needs dried organic tomatoes and herbs and would like to work with RVF.

Current Plan of Action:

- a. Extend farmer client base through outreach at upcoming conferences.
- b. Pick 3 projects after all the questionnaires are returned.
- c. Start of Stage 2.
- d. RVF move.
- e. Continue to pursue fundraising.
- f. Secure adequate base of kitchen equipment.

River Valley Foods Current Financial Status

2/19/98

Checking Balance: 72.75

Outstanding Bills:

Mark Olson 89.66

Sarah Jamieson 91.00

Jessica Spicer 40.50

Gretchen Spicer 120.50

Essau Spicer 35.00

John F. Bird 200.00

Secura Insurance 157.00

Total Owed: 733.66

Marketing Information from Grocery Stores and Cooperatives

Name of Business: Mifflin Street Cooperative

Contact Person: Jill Baer

The following questions were asked to determine what the grocery buyer feels are marketable local products.

1. Salsa: They buy a local product from Pasquels.
2. Dried Tomatoes: Yes
3. Frozen Vegetables: Yes.
4. Canned Vegetables: Canned tomatoes, canned roasted peppers. Pricing is important.
5. Dried Herbs: Yes.
6. Herbal Tea Mixtures: Yes.
7. Jams/Preserves: Yes. Especially with alternative sweeteners.
8. Frozen Soups: Yes.
9. Other: None
10. Suggestions from grocery buyer: Canned juices.
11. Notes: This is a new buyer for Mifflin.

Marketing Information from Grocery Stores and Cooperatives

Name of Business: Magic Mill

Contact Person: Tashi

The following questions were asked to determine what the grocery buyer feels are marketable local products.

1. Salsa: "Might work"
2. Dried Tomatoes: yes.
3. Frozen Vegetables: Potential marketable product.
4. Canned Vegetables: Need to be competitively priced.
5. Dried Herbs: No.
6. Herbal Tea Mixtures: No.
7. Jams/Preserves:
8. Frozen Soups: Might do well.
9. Other: None
10. Suggestions from grocery buyer: Applesauce
11. Notes: Not very responsive contact.

Marketing Information from Grocery Stores and Cooperatives

Name of Business: Whole Foods

Contact Person: Suzanne

The following questions were asked to determine what the grocery buyer feels are marketable local products.

1. Salsa: Glutted market. Would need to be spectacular to sell.
2. Dried Tomatoes: Niche market for heirloom type of dried tomatoes. Need educated consumers.
3. Frozen Vegetables: Whole Foods has their own private label.
4. Canned Vegetables: Not a big market. Canned tomatoes: dealing with big names with established customers and competitive price structure.
5. Dried Herbs: No.
6. Herbal Tea Mixtures: No.
7. Jams/Preserves: Saturated market.
8. Frozen Soups: They buy a local product from Elegant Edibles.
9. Other: The most common local products are honey and maple syrup and those markets are saturated.
10. Suggestions from grocery buyer: None.
11. Notes: Competitive pricing very important.

Marketing Information from Grocery Stores and Cooperatives

Name of Business: Willy St. Cooperative

Contact Person: Winston

The following questions were asked to determine what the grocery buyer feels are marketable local products.

1. Salsa: Market is currently saturated. Might sell if you could produce a salsa with a “non-cooked”. Organic is not necessarily important.
2. Dried Tomatoes: Could be a marketable product if the price is good. They currently pay \$2.70/# for commercial.
3. Frozen Vegetables: Could be a marketable product if you have a good quality, simple product (i.e. no stir-fry mixes, etc.)
4. Canned Vegetables: Must be competitively priced. They currently sell American Prairie for 1.35 a 15 oz. can.
5. Dried Herbs: No.
6. Herbal Tea Mixtures: Bulk tea market is not growing, except the traditional medicinal tea market.
7. Jams/Preserves: This market has potential, especially if made with an alternative sweetener.
8. Frozen Soups: Not sure.
9. Other: Salad dressings, local vegetable chip
10. Suggestions from grocery buyer: pickles
11. Comments: Competitive pricing very important, a “clean” product is important to customers, quality product a must.

Producers Contacted During Phase I

1. The following list of producers received the initial letter mailed to announce RVF's new manager and grant offerings. These producers also received follow-up calls regarding the letter and current RVF offerings.

1. Richard Abernethy and Erica Koenigsaecker/ Kingsfield Gardens
2. Carl Armstrong (has a lunchcart at UW Madison)
3. Mary and Quintin Carpenter
4. John Carr
5. Richard and Kim Cates/Cates Family Farm
6. Chris Covelli/Tomato Mountain
7. Rink Davee and Jenny Bonde/Shooting Star Organics
8. Richard De Wilde & Linda Halley/Harmony Valley Farm
9. Dan Deneen/Black Earth Valley Organics
10. Reggie Destree/Golden Valley Farms
11. Claudia Echavarria & Ginger Evans/Sunshine Valley Farm
12. Judy Hageman & Bill Warner/Snug Haven & Home Grown Wisconsin
13. Walter Hammerand
14. Gary Heck
15. Jean Kitsembel
16. George Kohn
17. Harold & Carla Kruse/Hickory Hill Farm
18. Bob & Ellen Lane/Future Fruit
19. Tom and Pat Larson/Two Creeks Produce
20. Clarence Liautraud/Happy Face Farm
21. Cheryl Lofton & Rollin & Nancy Cooper/Coopers Natural Foods
22. Kate & Kevin Lucey/Happy Valley Farm
23. Bob & Kate McQuade/Herb, Spices & More
24. Ron Miller
25. Cynthia Millikin & Patrick Brown/Stonegate Gardens
26. Steve Moe
27. Hans Morsbach
28. Mark Olson/Renaissance Farm
29. Fred Peck
30. Steve Pincus/Tipi Produce
31. Phillip Roberts
32. Linda Roos
33. Marian & Norm Scholl/Scholl Bakery & Orchard
34. Peter & Bernadette Seely/Springdale Farm
35. Mark Shepard
36. Don Uselman
37. Kenneth Weston/Weston's Antique Orchard

2. The following list of producers received the Call for Projects Questionnaire either because they showed interest or because they were not reachable by phone.

1. Rink Davee & Jenny Bonde
2. Richard De Wilde & Linda Halley
3. Judy Hageman
4. George Kohn
5. Cheryl Lofton & Pat Gallop
6. Kate & Kevin Lucey
7. Cynthia Millikin
8. Steve Moe
9. Peter & Bernadette Seely
10. Kingsfield Gardens
11. Ken Weston

3. Call for Projects questionnaires were also made available to people attending the Upper Midwest Organic Farming Conference, and Income Options for Small Farms (conference put together by Paul Dietman).

Summary Report of Stage I

To: Board Members of River Valley Foods, Inc.

From: Elizabeth Horn, Manager RVF

3/5/98

1. The RVF manager's work plan for Stage I (from original work plan presented to manager at 1/5/98 meeting):
 - a. Develop a full understanding of the potential farmer/client base for RVF.
 - b. Select three serious clients with whom to develop marketable products.
 - c. Appraise the potential of kitchen rentals to cover that proportion of the building lease payments that RVF has agreed to pay Renaissance Farm.
 - d. It was additionally decided that the RVF manager would begin assessing marketing opportunities for RVF products.
 - e. Handling of general day to day business issues of RVF.
2. Stage I work accomplished:
 - a. **Develop a full understanding of the potential farmer/client base for RVF:**
 - Introduction letter announcing new RVF manager and current grant money sent to potential customers from RVF database (38 total; See attached List of Producers Contacted).
 - Follow-up calls were made to potential customers.
 - Call for Projects announcement and questionnaire were sent to 10 producers that were contacted in the follow-up to the initial letter sent out (See attached List of Producers Contacted). These producers all showed some level of interest in the free research and development being offered or were not able to be reached by phone.
 - There is a potential for RVF to process large amounts of product for CROPP (CROPP has markets for IQF peeled French fry cut potatoes, onion and garlic powder, and diced jalapeno peppers in a brined solution), but RVF would need to be certified as an organic processor, do trials to decide what RVF would have to charge to process with RVF money (CROPP cannot float money for this, they feel if we are a processor it is up to us to make a bid/proposal).
 - Cedar Grove Cheese would like to purchase diced and dried organic tomatoes from RVF. Bob Wills is getting the information regarding the amount of product that he purchased last year and what he paid for that product. There is potential here for supplying Cedar Grove Cheese with other organic items such as herbs, and other diced veggies (i.e. jalapeno peppers, red and green peppers, etc). Since the amount of product used in the organic cheeses is so small it is not necessary for RVF to be certified, but Bob would like us to be certified eventually.
 - b. **Select three serious clients with whom to develop marketable products.**
 - 6 producers have responded to the Call for Projects Questionnaire. One of those producers submitted 4 separate product proposals.
 - The following projects were submitted for development:
 1. Richard De Wilde & Linda Halley submitted proposals for a frozen egg roll, fruit sorbet (primary fruit used would be melon), Flavored Vinegars and a Salad Sprinkle or Pickled Vegetables, and Root Vegetable Chips.
 2. Rink Davee & Jenny Bonde submitted a proposal for a dried tomato product using red & yellow plum tomatoes and yellow and red pear tomatoes.
 3. Growing Power/Hope Finkelstein submitted a proposal for chopping and packaging greens, Growing Power would also like to determine the feasibility/marketability of frozen greens.
 4. Mike & Joyce Marr and Lois Federman submitted a proposal for sweet corn relish.
 5. David & Susan Cleverdon submitted a proposal for Dried Tomato Tapenade.
 6. George Kohn submitted a proposal for processed Salsify.

- Projects to be chosen at 3/5/98 Board Meeting
 - I think RVF should market 1 or 2 of its own products this year. The projects for consideration are dried morels, frozen stewed/roasted tomato sauce, frozen fruit, dried tomatoes for Cedar Grove Cheese, and a unique dried tomato product (using various types and colors of tomatoes produced in Wisconsin). Other suggestions would be great!
 - RVF should be aware of the Dane County Farmers Market's current rules regarding the sale of processed foods and how this may effect producers being able to process with RVF. Currently, the sale of processed foods is limited if the producer is not doing his/her own processing. The product must be 100% producer grown if an outside processor is used. For a farm like Harmony Valley, this would mean that they would have to either not sell their product at the DCFM, or they would have to come and babysit the processing of their product. The farmers market is the primary selling point for Harmony Valley Farm and other DCFM members. The DCFM rule is old. RVF should consider sending a letter voicing its concerns, reasons for those concerns, and ask for a change in the rules pertaining to processed products. A change would be in line with the DCFM mission statement.
- c. **Appraise the potential of kitchen rentals** to cover that proportion of the building's lease payments that RVF has agreed to pay Renaissance Farm. Other than the PR attempts for promoting RVF listed above, no additional appraisal re:kitchen rental has been made. Currently, one producer from the Viroqua area has shown interest in renting the kitchen to make baklava, now during the off season, and during the growing season to freeze fruit, make jams and jellies, bag dried beans, dry and bag herbal teas. I think RVF would need to advertise locally to better assess the interest in kitchen rental. And that would take a marketing plan (could be a simple plan including advertising in local area newspapers, posting signs at the local chamber of commerce, libraries, grocery stores, etc.) and money for advertising. It would help if RVF had a sign and local people knew that we existed. I believe there are only a handful of people who know about RVF.
- d. **Marketing Opportunities:**
- See above opportunities to process product for CROPP and sell product to Cedar Grove Cheese.
 - Several area restaurants and grocery/cooperatives were called to assess markets for our products. There is an interest in local processed product, but all parties want to see a product and price. Competitive pricing was stressed by all. Odessa Piper offered several product ideas: dried morels (she said she would buy), frozen tomato sauce using a combination of colored tomatoes, and varietal hard ciders.
 - If RVF wants more marketing assessments than it would be necessary to organize how this will be accomplished and get some feedback from people who have done this sort of thing. Steve Stevenson mentioned that Laurie Greenberg did extensive market research for fresh vegetables and meat. I don't know what the understanding is with Cooperative Development Services. Do we need to pay for this expertise? In addition to market research, I think that RVF needs to put together a couple of products and test the market for interest, and start getting some label recognition.
- e. **Current Business Issues:**
- RVF taxes are due on 3/15. The accountant, John Bird, will do the taxes for \$175. This would bring our bill up to \$375. I will have to spend some time with J. Bird to prepare our taxes. He needs info on all income and expenses. Unfortunately, the RVF financial records are not well organized. Elizabeth will try and get a better picture of the income and its sources that came into RVF in 1997 from Jessica Spicer. The expenses can be followed from the checkbook and bank statements.
 - I have currently put RVF checking info into Quicken, but if I am going to do the books for RVF including employee salaries, a better system such as Quick Books

will be needed. Bill Wenzel said that Mary Meyers offered at one time to set up an accounting system for RVF. This may not be pressing now, but will be by April if we are going to be doing Renaissance Farm's processing.

- RVF must renew its processing license. This will be \$60 and is due by 3/31. This will not include canning. Canning may need to be added later. I believe the canning license is an additional \$200.
- Need to start the organic certification process with OCIA or another certifying agency acknowledged by IFOAM soon if we want to work with CROPP and other producers that require certification this season. The initial application/membership fee is \$250. Becoming a member does not mean that you are certified. Additional fees will include travel and other expenses of the OCIA certifier for when they come out to check the facility.
- Bill Wenzel was going to check and see if Elizabeth is covered through WRDC liability insurance while she is working at the kitchen. The current bill owed to Secura Insurance cannot be paid with grant funds. RVF needs to be insured.
- Need to meet with Mark and come up with a rental agreement. Elizabeth and Bill are scheduled to meet with Mark on 3/5 after the board meeting.
- Mike Melcheski from the Dept. of Commerce was contacted re:equipment. He reported that he has been out of that loop for a long time. He will contact me next week to set a time and come to see RVF to better assess how he can be of assistance.
- As the manager of RVF I think it is vital to make some decisions regarding the structure and goals of RVF. Are we going to be a non-profit business incubator or are we going to be a for-profit business? RVF must have a focus! The lack of money to pursue the avenues necessary to make RVF a viable business is glaring. We have money to pay my salary as manager for 6 months and to do the goals set out in our grant application, those goals will be accomplished, but that will not insure that RVF is a going-concern following the end of the grant money. RVF needs money to support itself. If RVF is a for-profit business it must take a financial risk. If we are going to be a non-profit entity than we need to spend a lot more time in the planning and feasibility study stage, as noted by Mike Melcheski, and put off actual processing until we are set up as an incubator.

RVF Update 3/20/98 – Stage II

1. Three RVF Pilot Projects using the ADD grant funds were chosen on 3/5/98. Pilot Projects chosen were:
 1. Harmony Valley Farm egg roll project.
 2. Mike and Joyce Marr corn relish project.
 3. Shooting Star Farm/Rink Davee & Jenny Bonde dried tomato project, and David Cleverdon dried tomato tapenade project.
 4. Research and Consulting assistance will be given to George Kohn and his processed Salsify project.
2. Elizabeth Horn will work with Bill Wenzel to formulate plan of action and estimated timeline for each project. This will involve meeting with the farmer/producers and coming to an agreement about the project plan and timeline.
3. Bill Wenzel wrote a letter to the board members of the Dane County Farmers Market expressing the need for a change in the markets rules about the sale of processed products by farmers.
4. Three potential producers have expressed interest in renting the kitchen to produce food based products. 1) Virginia Goeke of Viroqua who wants to bake, make jams and jellies, bag beans from he farm, and freeze fruit. 2) Michael Floresco/Spring Green wants to bake biscotti and brioche. 3)Farmer Daren/Viroqua want to make and freeze pizza. RVF needs to work out its insurance problems before the kitchen can be rented. Bill Wenzel and Elizabeth Horn are working to find a better insurance agency than what was previously used by RVF.
5. Elizabeth is contacting Bob Fesenden of University of Wisconsin Madison to assess potential markets for RVF products.
6. Elizabeth Horn and Bill Wenzel toured the new building site with Mark Olson. The site has the necessary zoning and a lot of potential for RVF. A Spring Green community member who is interested in the revitalization of Spring Green and this project owns the building. The building needs work and RVF needs to come up with some money to help Mark Olson get the building into shape. Mark has estimated that if RVF can come up with \$10-15,000 and volunteer labor to match the money he is borrowing that the construction costs would be covered.

Summary Report of Phase II Progress and Current Business Issues for 4/16/98 Board Meeting
To: River Valley Food, Inc. Board Members
From: Elizabeth Horn, Manager RVF
Date: 4/9/98

1. **At the March board meeting the pilot projects for the ADD grant program were chosen. The following projects will be the RVF pilot projects:**
 - a. Harmony Valley Farm Egg Roll project
 - b. Mike and Joyce Marr & Lois Federman of Valley View Farms, LLC Sweet Corn Relish project
 - c. Rink Davee & Jenny Bonde of Shooting Star Farm Dried Heirloom Tomato project and David & Susan Cleverdon Dried Tomato Project
 - d. Research and consulting assistance will be given to George Kohn and his processed Salsify project.

2. **The RVF manager's work plan for Stage II:**
 1. Original Plan for Phase II/March – May 15, 1998 from 1/5/98 meeting:
 - a. Develop three marketable products in partnership with three farmer clients. (Analysis and records maintained to document "what it takes" and "what it costs" to bring products to market & what RVF can appropriately charge for product development consulting services.)
 - b. Conduct an analysis of the priority markets for products processed by RVF. (Focus on Madison area markets & potential alternatives, e.g. mail orders.)
 2. New plan Due to the upcoming move of RVF and the need for financial assistance to make this a "partnership" situation with Mark Olson of Renaissance Farms it made sense to put all of our energies into the move and tackle the business plan at this time. This moves the product development to Phase III beginning in July 1998.
 3. Currently, the Phase II Plan consists of the following (since this new plan is not board approved I think we should amend our original work plan at the 4/16 meeting with board feedback and guidance):
 - a. The RVF manager working with the farmer/producers of the pilot projects and other producers that have shown interest in RVF (processing for them or providing them with a processed product this season) to come up with a "work plan" for each product or producer. The "work plan" is not a contract but an agreement of interest. These work plans will help RVF generate some potential income figures for this year and project future financial information for our business plan.
 - b. Manager compiling a list of equipment needs and potential costs.
 - c. Bill Wenzel is getting in touch with his fundraising contacts to help with salary for the manager past 7/12/98 and money to hire a financial consultant to help put together our business plan.
 - d. Since the new plan for Phase II came up in between board meetings I think we should make a more formal plan with board feedback and guidance at the 4/16/98 meeting.
 4. Work Accomplished Phase II:
 - a. RVF manager has been writing work plans for the potential processing projects this season and getting producer feedback. By 4/16/98 the manager hopes to have all of these plans completed and reviewed by the producers for changes/input. A list of producers and copies of the work plans will be made available to board members at 4/16 meeting.
 - b. An equipment "wish list" has been compiled along with a list of immediate equipment needs with some cost figures. This list will be available by the 4/16 meeting.

3. **Current Business Issues:**
 - Taxes for the year 1997 were filed by the RVF manager. John Bird the RVF accountant did the paperwork. A \$25 processing fee was written to the state of Wisconsin. I previously reported that RVF owed J. Bird \$375 for services, but the actual amount owed is \$325. He only charged RVF \$125 to do our taxes.

- **Processing License Renewal:** The processing license renewal form was given to Bill Wenzel after the last board meeting for payment. Bill was going to find the funds to pay for the renewal. Note: RVF will have to get another new license for processing in the new building.
- **Insurance:** We still owe Secura Insurance \$157. The bill has now been sent to a collection agency.
- The state has contacted RVF about our lack of **Workers Comp. Insurance**. I explained that RVF has no employees and is currently not doing any work. If RVF is a closely held corporation with only 2 corporate members than this is okay. I believe on the original paperwork the 2 signatures were Joel and Jessica's. Does this mean that they are the only 2 corporate officers? We need to talk about this on 4/16 and send in the signed application ASAP. If we are not a closely held corporation then we can owe up to \$750.
- **New insurance:** Bill Wenzel has been trying to get in touch with an insurance agency that he is familiar with to help us figure out the insurance needs of RVF. A new processing project has been presented to RVF. The producers have completely developed the product and just need a place to custom process the product for them. The project is simple and could easily be taken on by RVF. The producers have a lot of experience in the food and marketing business and this project could lead to future projects (please refer to the Murtaugh Enterprises Work plan for more specifics). RVF would need to be insured by the end of April or early May (I will check with the producers) to take on this project. This will not initially be a big money or a large project, but I think it would be worth taking on as a first project.
- **New Building/RVF Move:**
 - a. Mike Banly from the Dept. of Agriculture ADD Program along with Bill Wenzel, Mark Olson, and Elizabeth Horn toured the RVF kitchen and the new building. Mike Banly was very excited about the potential of the new building and RVF.
 - b. Construction: Mark Olson plans to do renovations on the interior of the new building. The owner of the building is responsible for renovations to the outside of the building. Mark is currently waiting for the building inspector to issue permits. If RVF wants to be "partners" with RF in this new building then RVF needs to come up with about \$10,000-\$15,000 and some labor. Mark is envisioning a sort of "barn raising" weekend where we gather as many helping hands as possible to work with a construction professional and get the new building in shape.
 - c. Moving: When? I do not know. Mark needs to get the ball rolling ASAP from his end because he is going to get very busy in the months to come a farmer/processor. My understanding is that Mark plans to start working on the interior of the building as soon as he gets his permits from the inspector.
- **Fundraising:** Bill Wenzel has been working on the RVF fundraising and he can give a report on his efforts at the 4/16 meeting. I do know that Bill was going to approach M & I bank for business plan funds through the M & I community reinvestment program funds. Also, Bill, Mark, and Dean met with one of the Hartung brothers about RVF, who we are and what we are trying to do, our need for money, and the possibility of investment by the Hartung Bros.
- **Willy St. Grant:** The Willy St. grant proposal unfortunately was not approved.
- **Current processing projects:** To help focus energies on the move and business plan it was decided to put processing and kitchen rentals on hold until we are in the new building. However, Mark Olson would like RVF to help him on Friday's beginning April 24th with baking and pesto as well as some other projects he is doing (including help in May to prepare foods for a booth he will be maintaining at Wisconsin Statehood Days). The Murtaugh Enterprises project would also need custom processing before we move. RVF would need to either a.) hire an employee for these projects, or b.) use the RVF manager in this capacity. For RVF to do processing before the move

RVF will need business insurance and the processing license renewed. We should discuss this at the 4/16 meeting.

- **Shareholder Info:** At the 3/5 board meeting it was brought up that maybe Jessica Spicer had the RVF shareholder information (who and how much invested). I was asked to follow up on this with Jessica. Jessica does not have this information. Jessica thought that Greg might have this info. Who has this info?
- **Dane County Farmers Market Processing Regulations:** Bill Wenzel wrote a letter to the board members of the DCFM voicing RVF concerns about their vendor processing regulations. The DCFM board changed the processing regulations for vendors. The new regulations are that the producer must produce the first ingredient on its label by "value". The producer must be involved in the processing unless more than 51% of the product by weight is grown by the producer. If more than 51% of the processed product is grown by the producer than an outside processor can be used.
- Bill Wenzel and Elizabeth Horn worked with Growing Power on a 1998 ADD grant proposal. Growing Power is the primary applicant with RVF named as a participant in the project. Growing Power wants to grow unusual greens and work with RVF to process the greens. If this grant proposal is accepted then RVF will be responsible for assisting Growing Power with the processed product development and the actual processing of the products. WRDC would be the fiscal agent for the project and RVF would receive grant money for their part in the project.

River Valley Foods, Inc. Equipment Needs List

1. Hobart (or similar type) Mixer with attachments for grating, slicing, etc.*
2. Pizza or Stacked Ovens (Preferably Convection)*
3. Proofer
4. Commercial Food Processor
5. Commercial Vegetable Processor (dice, slice, julienne, etc.)**
6. Cooler (something capable of holding 8 pallets, approx. 8X16)**
7. Freezer**
8. Commercial Fryer/Ventilation Hood* (Richard de Wilde will buy)
9. Tumbler Chiller (this piece of equipment can cook and then cool all in one unit) or Blast Chiller (this is like a refrigerator but it chills hot foods to safe levels more quickly than a refrigerator). A Stainless Steel Bulk Tank may be able to do same (for washing vegetables and cooling down hot liquids and sauces for freezing, also a holding place during processing).*
10. Commercial cutters (wedging, French fry cut, etc.)*
11. Wire baskets for the Vulcan steam kettles**
12. Strainer/Pulper for tomatoes, applesauce, etc. (Approx. \$60)**
13. Depositor (for filling jars)
14. Labeler: flat labeler or wrap around labeler for jars
15. Jar sealer
16. Air Compressor (some equipment such as the labeler and depositor use an air compressor)
17. Tilting Braiser*
18. Small Wares: Mandoline, sheet pans, storage containers, thermometers, scales, chinois etc. (Approx. \$1000)*
19. Canning Equipment: funnels, jar lifters, etc.(Approx. \$200)**
20. Large Dehydrator (needs to be moved, repaired, and a new heat source. Approx. \$300)**
21. Tool to measure pH content**
22. Tool to measure moisture content**

*High Need

**Can't process without

Summary Report for RVF Board/Steering Committee Meeting on June 25, 1998

From: Elizabeth Horn, Manager RVF
RE: Projects RVF Has Committed To for 1998
Date: June 24, 1998

The Three Pilot Projects/ADD Grant

1. Davec/Shooting Star Farm – Dried Tomato

Current Status:

*Waiting for tomatoes to be field ready

*Waiting for Dave French to get Dehydrator in working condition and set-up for processing. Timeline given to Dave was to have this done by the 2nd week in July. I do not know if this is feasible.

*Waiting for final decision/feedback from producers regarding packaging and label for the dried tomatoes. Packaging info and prices have been sent to producer for a decision, and label requirement info has been sent for layout and design of label, type of label has been explored and needs producer feedback.

Project Assessment: This project is pretty much ready to go, but is contingent upon the dehydrator and some final work regarding packaging and label for the product. The producers are busy with farming and this causes things to slow down somewhat. They do have email, which helps with communication. I have offered many times to meet with them at their farm to get the ball rolling on packaging and they say they want an excuse to get away from the farm but never seem to find the time to get to Spring Green. If this is to work the RVF manager will need to do the outreach and make it happen.

2. Cleverdon – Dried Tomato/Dried Tomato Tapenade

Current Status:

*Waiting for Dave French to get Dehydrator in working condition and set-up for processing.

*Waiting for tomatoes to be field ready.

*Jar for tapenade has been sourced and approved. Jar pricing still needs producer approval. Plastic bags for freezing product need to be sourced and approved by producer.

*Need freezer for freezing and storing the partially dried tomatoes.

*The producer will take care of the label for this project.

*Other Equipment: Chef and paring knives, plastic tubs to hold product during processing, scale, a food processor will be needed when the dried tomatoes are turned into tomato tapenade in November.

Project Assessment: This project is basically ready to go and waiting for the dehydrator to be up and running and the tomatoes to be field ready. The producers are very enthusiastic about the project. Since the producer is out of state the process will need to be filed with the FDA and follow FDA regulations regarding food processing practices.

3. Harmony Valley Farm/ DeWilde & Halley – Egg Roll

Current Status:

*Equipment still needed: Exhaust hood, cooler for storage of raw product, freezer for freezing and storing frozen egg rolls, commercial vegetable prep processor with attachments for grating, dicing, etc., several large braisers or sauté pans for stove-top sautéing of vegetables, various chefs knives, and scoops for accurate product portioning, scale.

*Packaging/Label: Waiting for producer feedback. Several types of plastic and paperboard packaging were sourced. Originally the producer thought to go with a box for packaging, but this was changed to

plastic so the customer could view the product before purchase, and boxes were very expensive. The producer feels that the packaging is still too expensive, so new and other types of packaging are being looked into. Package size is still being tested for accuracy. Finding the right size plastic package for 4 egg rolls has been a challenge. Labels have been discussed, but not sourced because the label is so dependent upon the type of packaging. Overall assessment: there is much work still to be done.

*Fryer and other equipment need to be installed and ready for processing soon. The cabbages are “getting big” according to Richard and Linda.

*Product Development - Experimentation to define process and recipe needs to be done. Some initial product development was done to try and get sizing for packaging. Assessment: More work is needed in this area, especially with the recipe.

Project Assessment: A lot of work has been put into this project, but there is much work still to be done before we can start processing. Since the producers are busy farming more outreach from the manager will be necessary to make this happen by the time the cabbages are field ready.

4. Valley View Farm – Sweet Corn Relish

Current Status

*Several calls have been made to this producer to follow up on my farm visit. Mike Marr was going to look into the insurance needs for selling his product and get back to me regarding feasibility for him and his partners. I will try contacting Mike again this week to see where he is at with the project.

*Jars and lids have been sourced. These jars can only be hot-packed and Dave French feels that we should be able to set up a process to safely do this.

*Producer is looking at a volume of 500 jars (mixed 8 and 12 oz.)

*RVF needs to add canning to its food-processing license at a cost to RVF of \$200.

*Process needs to be defined and approved by Dave French and submitted to WDATCP. Dave French has the recipe that was submitted by Valley View Farms for approval and process recommendation.

Project Assessment: It is very difficult to get in touch with these farmers. This project is contingent upon the producer’s willingness to get insurance for his product and RVF doing the product development.

Other Producers: I am not sure how committed to these projects we are, but I have talked with all of these producers, and have sent work plans to all of them.

1. Cheryl Lofton – Coopers Natural Foods

Waiting to hear from producer regarding what processing she wants done this year. We talked with Cheryl about a frozen vegetable stock, dehydrated vegetables, frozen mixed vegetables, and frozen greens.

The producer will be responsible for locating and purchasing packaging. RVF will consult on packaging sources.

Assessment: I think it would be good to talk with producer about focusing on one or two projects this season. My recommendations would be dehydration and freezing.

2. Murtaugh Enterprises – Oat Bran Based Ice Cream

Ryan Zorr recently contacted me regarding our custom processing prices. He is in the middle of setting up financial projections for this project. I informed him that custom processing would be \$25/hr. I went with this fee because the process for this product is straightforward and will not require a lot of equipment and labor on the part of RVF. I also explained that this price is subject to change.

Needed equipment for this product: deep freezer (the one Bill looked at will work), large stockpots or the large kettles, food processor or VCM (Mark Olson's machine).

This project will tentatively start in Sept. or Oct. As I understand it this could be a year round project.

Assessment: If we have the deep freezer (the freezer Bill Wenzel has been working on getting for us) and a food processor this would be a good project. It is our only project so far that has potential for year round income.

3. **Renaissance Farm – Pesto, Cinnamon Rolls, Herb Processing and Canned Tomato Sauce/Salsa Pesto:**

At this time this project is an every other week processing project. I am uncertain if this processing project will go past the end of Oct. This will need to be clarified with the producer. At this time the producer is involved in the actual processing. Producer is paying \$9/hr. The producer explained that he views this as the last processing job that he gives over to RVF completely. The conditions for handing over the job will be based on the employee's attitude about making pesto. It is very important to the producer that the employee making pesto enjoy and want to make the pesto. How this is to be quantified I do not know. The producer feels he can make the assessment about attitude.

Assessment: At this time RVF is not doing custom processing, but is providing a labor source for the producer at a very good rate. RVF will not make any money unless the rates for this project increase. To what? I don't know. Please see the June Labor Subcommittee Report for estimates regarding worker-related expenses and other overhead. Also, the producer seems unlikely to give up this project for custom processing. How this effects RVF will depend on the manager and employee response to the producer's way of working, and what RVF decides is important regarding custom processing practices.

Cinnamon Rolls:

This is a weekly processing project on Fridays until the end of Oct. (If the producer decides that he is not making money on this he can cancel without a lot of notice. Wed. markets were not going well and I was informed a week in advance that cinnamon rolls would no longer be made on Tuesdays.)

Currently the producer makes 6-8 batches of dough (approx. 500 rolls) and RVF labor makes, bakes, frosts, and packages the cinnamon rolls. Often the producer helps roll out the dough to help move along the process. With two people rolling the job can often be completed in 6.5-7.5 hrs. The producer is currently paying RVF \$9/hr. processing fees.

Assessment: This is a big job for one person. The processing is labor intensive and includes an extensive clean up often including the washing of other dishes from the producer. This job needs 1 ½ people. How that works? I don't know. I started training a new employee last week and helping with labor the entire time (no pay) and the job went from 8 a.m. – 3 p.m., lunch was grabbed while baking. I must also note that the producer was in the kitchen through a lot of the processing and taking over training when he felt it was needed. This did not feel good to me as the manager in charge of training and is confusing to the new employee.

Recommendations: Raise the hourly rate, add another employee for part of the processing times (maybe the manager will need to be the one to help). Producer feedback should be regarding product quality only, not regarding the decision of training the new employee to mop the floor. RVF should take responsibility for the product if it does not meet quality standards. I think the producer should submit specifications for his product. If the quality is not there RVF will take responsibility for the bad product (I think there must be limits regarding quality, nit picking will not do unless the specifications have exact amounts, i.e. 1/8 cup frosting should be used on each muffin, etc.). This is somewhat difficult because RVF does not make the dough. If something were to go wrong with a batch we do not have the chance to start over. In most bakeries products do fail occasionally, but there is a way to start over.

Herb Processing:

This processing job is set to start approx. mid-July and run through mid to late August. Please refer to the work plans that I handed out some time ago for specifics on this project.

Recommendations: I recommend that the producer submit detailed specifications for the processing of his product. The producer give feedback and any training, if so desired, the first couple of times doing the job, and then quality feedback if needed (RVF taking responsibility for any unacceptable product). The hourly rate of pay will need to increase, \$9 will not cover costs for RVF.

Canned Tomato and Salsa:

The producer needs to submit a recipe for approval and process recommendation by Dave French. Packaging and labeling is the producer's responsibility. To do this project RF requires that RVF be a certified organic producer and that the process is filed and approved with the FDA for out of state sale. RVF will need to add canning to the current processing license at a cost of \$200.

Recommendations: This is not a feasible project for this year. I do not think we will be able to get organic certification by the time tomatoes are field ready. Also, our facilities for this year are not a done deal, and the costs of doing this project have not been studied yet (Some sort of feasibility study would be helpful to set the cost to the producer. Work on the corn relish would be a good study.). The specifications required by the producer for this project make it more appropriate for our 2nd year of processing.

Frozen Eggplant and Frozen Peppers

These projects were discussed at one time with the producer but were not definite projects. These two projects seem more feasible than the tomato and salsa, unless the producer needs RVF to be certified organic for this project. More specific information would be needed from the producer to assess feasibility with current equipment and price structure.

Other Potential Projects:

1. UW Food Service – The UW Food Service seems very interested in purchasing frozen organic entrees. I suggest the business consultant add this to the feasibility study as a potential product for RVF to produce for the UW Food Service and other markets.
2. Cedar Grove Cheese – I looked into what it would mean to buy raw product from farmers and it looks less complicated than we previously thought. RVF would need to get a contractor license for \$50 and one option is to agree in a notarized statement to pay cash upon receipt for raw product. If we do not buy the product ourselves I think we should wait on this project until next season when we may be better prepared to do so.
3. CROPP - The last I spoke with Mark Shepard the plan with CROPP was to dry onions for CROPP to get a process down and related cost figures. If the costs are in line then CROPP can use the samples to give to potential buyers and set up processing contracts for the 1999 season.

June Report from the Labor Subcommittee

To: RVF Board Members/Steering Committee
From: Elizabeth Horn, RVF Manager
Date: 6/24/98

Subcommittee Members: Elizabeth Horn, Dave French (responsible for a proposal for his work only)

Labor Progress Report:

I hired Misty Schramm for part-time, seasonal processing labor on 6/19/98 at the rate of \$7/hr. I started training Misty to take over the processing of cinnamon rolls on Fridays for Renaissance Farm, and she worked 1 day with Mark Olson learning the pesto making process. I believe the cinnamon rolls to be more than a one-person job. At the minimum the employee needs assistance with rolling out the dough in the morning and with clean up when the rolls are packaged. (Please refer to the Summary Report RE: Projects RVF Has Committed to for 1998 for more specific project labor and process information).

Processing Labor Estimates:

I think it is important for RVF to discuss our labor costs and make some decisions about our processing fees. I put together the following information to help with the process. Last year RVF paid out approx. \$1,200 in labor. I based my estimate for this year on \$5,000 a little more than 4 times what we paid last year. I think this is a fair estimate, but I want to be clear it is only an estimate.

Based on the assumption that RVF will pay 5,000 in labor this season the following (except employee labor) are estimates:

Employee is paid \$7.00/hr. of labor

Matching FICA will be \$.54/hour

Worker's Compensation averages out to \$1.05/hr.

Unemployment approx. \$.05/hr.

Rent is \$300/month or 3,600/year, estimate based on 714 potential hours of labor paid, is \$5.04/hr.

Supplies: \$?

Electric/Gas: \$?

Kitchen Rental (In Mark Olson's scenario RVF would also pay kitchen rental fees on top of base rent): \$?

Driveway Rent: \$?

Phone: \$?

If we are getting \$9/hour for processing for Renaissance Farm it quickly becomes obvious that our worker-related expenses are barely covered by this fee. I realize especially in a start-up business situation you will not turn a profit immediately and that the more processing we do the less our costs will be. Also, I realize that it is unrealistic to charge the producer all of our costs in the beginning of a start-up when we do not have a large quantity of clients and processing to help bear the burden. If we did charge to cover our full costs, we would not be able to sign the deal, as the expenses would be too large for the producer to bear. So where that leaves us setting a price for this year needs to be discussed. As of right now, we have done a lot of processing for \$9/hr. and we are sucking up the costs.