

Developing and Building Partners & Programs  
That Maximize Your Farmers Market  
\*Economic Development & Community Betterment



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# Why Farmers Markets

## *FM Vendors:* Business Owners who Partner with other Businesses in a Public Setting

- Local Food Producers
  - Vegetables, Fruit, Herbs, Meat, Eggs
- Value Added Producers
  - Maple Syrup, Canned Food, Baked Goods, Cheese, Yogurt, Wine, Tea, Soup Mix, Jams/Jellies, Dehydrated Foods
- Other “Local” FM Vendors
  - Photographer, Jeweler, Knitter, Writer, Purveyor of Wool and/or Yarn, Basket Maker, Wood Worker, Potter, Prepared Food Vendor, Florist

# Why Farmers Markets

- Provide Opportunities for Small Business Owners to Introduce Themselves and Their Product to the Public in Highly Visible Locations
- Provide Opportunities for Vendors (and Consumers) to "Test" Products
- Provide an Opportunity for New Businesses to Reduce Overhead
- Foster "Idea Exchange" and are a Natural Learning Environment
- Provide Joint Advertising and Marketing
- Build Loyal Customers
- Help Small Businesses Become Big Businesses

# Why Farmers Markets

- FM Vendors Increase the Number of Businesses in a Downtown but Rarely Duplicate Existing Services
- Increase Services and/or Fill in Service Gaps
- FM in Grocery Store Parking Lots Increase Sales for that Grocery Store
- FM Are A Scheduled Event That Draw People to Specific Areas of a Community at a Specific Time
- FM Create/add a Destination “Gathering Place” for Community Members and Visitors
- FM Vendors are the “Front Line Employees” for Downtown Businesses
- FM Provide “Local” Experiences for Visitors
- Provide Opportunities for Existing Businesses to Improve Their Inventory and/or expand “Local” merchandise
- Can help downtown businesses extend hours
- Create Synergy in a Downtown

# First Step – Develop a Strong Farmers Market Team

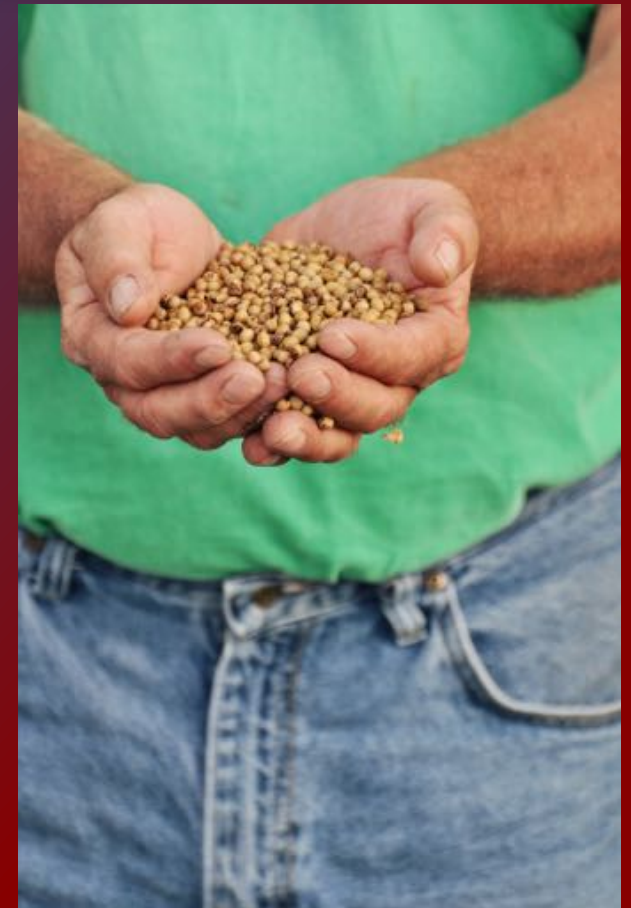


- Local Food FM Producers
- Value Added FM Producers
- Other FM Vendors
- City Council and Personnel
- Downtown Businesses
- Chamber of Commerce
- City and/or County Economic Development
- Tourism
- Local Musicians
- Local Chef, Restaurants and/or Food Vendors
- Private/Public State Certified Kitchens
- Local Nonprofits
- Artist & Art Collaborative
- Historical Society
- Retired Senior Volunteer Program
- Downtown Betterment Association
- 4-H, Eagle Scouts, & other Youth Partners
- Schools
- Park and Recreation Departments
- Local Food Pantry
- Grocery Stores
- Main Street Organizations
- Volunteers
- ISU Extension
- Local, State and Federal Programs
- Grantors
- City Event Planners and Organizers
- Buy Fresh Buy Local
- Regional Farmer Market Collaborative
- Other Farmers Markets

# Why Should I Apply for grants?



- You bring state and federal taxes home
- Provide a predictable opportunity to expand business start up or expansion, project and program funding
- Access to Billions of Dollars: \$44 Million available nation-wide in 2016 for one federal grant program
- Northeast Iowans compete well
- Financing for Planning or Implementing a Value-Added Ventures, Planning, Marketing, Partnership, Events, Etc.
- Decreases economic risk and likelihood of Business Success
- Increases profitability and business capacity
- Creates a new way for children and/or grandchildren to be involved in farming operations/businesses



# Consider Scale

- Community Foundation
- Small Local Non Profits
- Local and State Corporations and Interests Groups
- State Grants
  - Informed Local and Regional Partners
  - State Announcements
  - State and Departmental Websites
- Federal Grants
  - Local Offices
  - Regional Offices
  - National Announcements and Websites



# Caution

- Grant application can be time consuming, complicated, and could be due before and/or during farming seasons
- Few can be used for agricultural production
- Can extend the length of time for planning
- Can push back implementation schedules
- Some implementation applications require upfront business planning, adding time and sometimes expense
- Not everything a new business needs is an eligible expense
- May be one-to-one match required and may need verification of that match at the time of application
- Application are *competitive*





# Example: Federal “Technical Assistance” Grants



- VAPG – Can be used to develop Business and Marketing Plans
- RBDG – Can be used to help multiple businesses within a community
- RCDI – Create opportunities for multiple entities to partner, learn and succeed
- Farmers Market Promotion Grants – Expand the capacity of farmers markets and vendors to succeed
- Local Foods Promotion Program – Helps local food hubs and related small businesses to start-up and expand
- SARE Grants – Can be used by Producers and/or Producers working with other partners

# USDA Value Added Producer Grant



- Planning
  - Economic Planning to develop business plans and feasibility studies (including marketing plans) for value-added products
- Implementation
  - Acquire “working capital” to operate a value-added business venture.

Note: There is a simplified application for Working Capital Ventures asking for less than \$50,000



# What Exactly is Working Capital?



- Employee salaries and benefits
- Facility utilities and insurance
- Fuel and/or delivery costs
- Inventory systems
- Marketing, labels, packaging
- Operational supplies
- Product ingredients
- Product samples used for marketing
- Other “disposable” items and expenses incurred *after* the contract is signed
- Funds can not be used for repair, acquisition, or construction of a building/facility or to purchase, rent or install fixed equipment (no long-term or depreciable assets)



# What Exactly is a Value-Added Venture?



Something that increases the value of a commodity

- **Commodity Processing** – Changing its physical state  
Exp: Grapes to wine; Soybeans to candles
- **Market Differentiation** - Marketing a special identify or character  
Exp: Organic; Grass-fed
- **Commodity Segregation** - Physical separation during production/distribution  
Exp: GMO-free; Varietal purity



# What Exactly is a Value-Added Venture?



- **Local Food** - Aggregating and marketing for local markets  
Exp: Buy Fresh Buy Local; Supplying Local Procurement Preferences
- **Mid-Tier Value Chain** – Linking with farmers with local/regional supply networks in which they are equal partners  
Exp: Farm to Institution, food-service or restaurant; Farmer identity-preserved label
- **On-Farm Renewable Energy** – Transforming natural resources into energy on the farmstead  
Exp: On-farm biodiesel; On-farm electricity generation from on-farm sources

# How much money are we talking?



Maximum award per project

- Planning = \$75,000
- Working Capital = \$250,000



# Who is Eligible to Apply?

Independent Producers and Ranchers

Agricultural Producer Groups

Farmer or Rancher Cooperatives

*Majority-controlled, Producer-based* Business Ventures



# Is it possible I have an advantage?



USDA is required to prioritize projects that increase opportunities for some entities

- Small and medium-size family farms
- Beginning farmers or ranchers
- Socially disadvantaged farmers or ranchers
- Veteran farmers or ranchers

They also provide priority points for other entities

- Farm co-ops
- Mid-tier Value Chains





# What is a Mid-tier Value Chain?



- Assist farmers and ranchers who are too large or remote to substantially engage in marketing directly to consumers but too small to profitably engage in high volume, low margin raw commodity production.
- Capitalize on increasing demand for high quality products from family farms adhering to strong environmental and social value
- Local and regional supply networks that link independent producers with businesses, coops, consumers that market value-added products to strengthen profitability and competitiveness (Have an agreement with an eligible, engaged group or farmer)
- Producer-based food hubs meet these qualifications

# Did You Say Competitive?



- Scoring is based on 100 points distributed as follows
  - Nature of the Proposed Venture (30 Points)
  - Qualifications of the Project Personnel (20 Points)
  - Commitments and Support from producers, end user buyers and 3<sup>rd</sup> parties (10 Points)
  - Work Plan and Budget (20 Points)
  - Priority Points (5 Points)
  - Administrative Points (10 Points) (Geographic diversity of awards)



Questions?

