

Washtenaw County

Food System Economic Development Overview

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Introduction

Over the past three years, Washtenaw County, Michigan has invested almost \$500,000 in the development of our local food system. This is a substantial investment for any community, particularly one that is largely urban and suburban in character. This article will explore why the county made this public investment and the food system components it hopes to develop.

Washtenaw County is located in southeast Michigan and is home to the City of Ann Arbor, University of Michigan and Eastern Michigan University. With a population of 350,000, most of the county is urban, suburban or rural residential. However, 38 percent of the county's land is in active agriculture and includes over 1,200 individual farms.

Farms maintain the agrarian way of life for residents in the county's rural areas and several small villages. Thanks to the county's land use of concentrated municipal centers immediately adjacent to nearby agricultural areas, locally grown produce can be easily trucked into a number of thriving farmers' markets. Similarly, residents in urban areas can be out into the country in just a matter of minutes. The county's high level of education also translates into a well-developed demand for healthy, local food. Local food availability is also important to lower income residents living in the eastern part of the county, an area which has limited access to grocery stores and few healthy food options.

During the recent Recession, the county's unemployment rate, while still below the state's average, equaled the national rate the first time in our recorded history. This shift prompted the county to take a closer look at how to strengthen and diversify the local economy as a buffer against national and international economic swings. Studies have shown that for every \$100 dollars spent on local products and services, \$52 stays in the local economy. Conversely, every \$100 spent on non-local products results in only \$25 remaining in the local economy. Increasing purchases of local food products was established as one of the most effective ways to grow and retain local wealth.

Concurrent to these efforts, local food system advocates formed a Food Policy Council with the goal of aligning Washtenaw County's efforts with state initiatives such as the Michigan Good Food Charter, Healthy Kids and Healthy Michigan. All of these organizations are working toward achieving a 20% local food supply in the state, increased local access to healthy and sustainable Michigan food, and growing a thriving local food and agricultural economy.

Food System Research

Given this backdrop, the county commissioned several studies to identify the ability of the County to make meaningful investments in growing the local food system. *"The 25% Shift: The Economic Benefits of Food Localization for Washtenaw County and Ypsilanti"*, a study conducted in 2013 by nationally acclaimed economist Michael Shuman, was profoundly influential in the County's investment strategy. This study found that a 25% shift from non-local to local food purchases would create 1,469 jobs in new and expanded food businesses, and an additional \$13 Million in state and local tax collection. This study recommended that the county help facilitate connecting local food producers and buyers, particularly in light of the high demand for food products among the area's five universities and three major hospitals.

These anchors are the core economic drivers in Washtenaw County. Additionally, Shuman recommended a more detailed analysis of the local food economy to identify potential expansion areas.

The following year (2014), Michigan State University Product Center conducted a study to produce *“An Assessment of the Potential to Expand Agricultural Production, Processing and Distribution in Washtenaw and Surrounding Counties.”* This report identified potential areas for food production and processing expansion in the county. Such areas for growth include specialty grain production as well as processing for bakery, beer, and distilled liquor manufacturing. Based on this assessment, New Growth Associates completed an assessment of the suitability of the county’s farmlands for increasing small grains production and increasing processing of local grains.

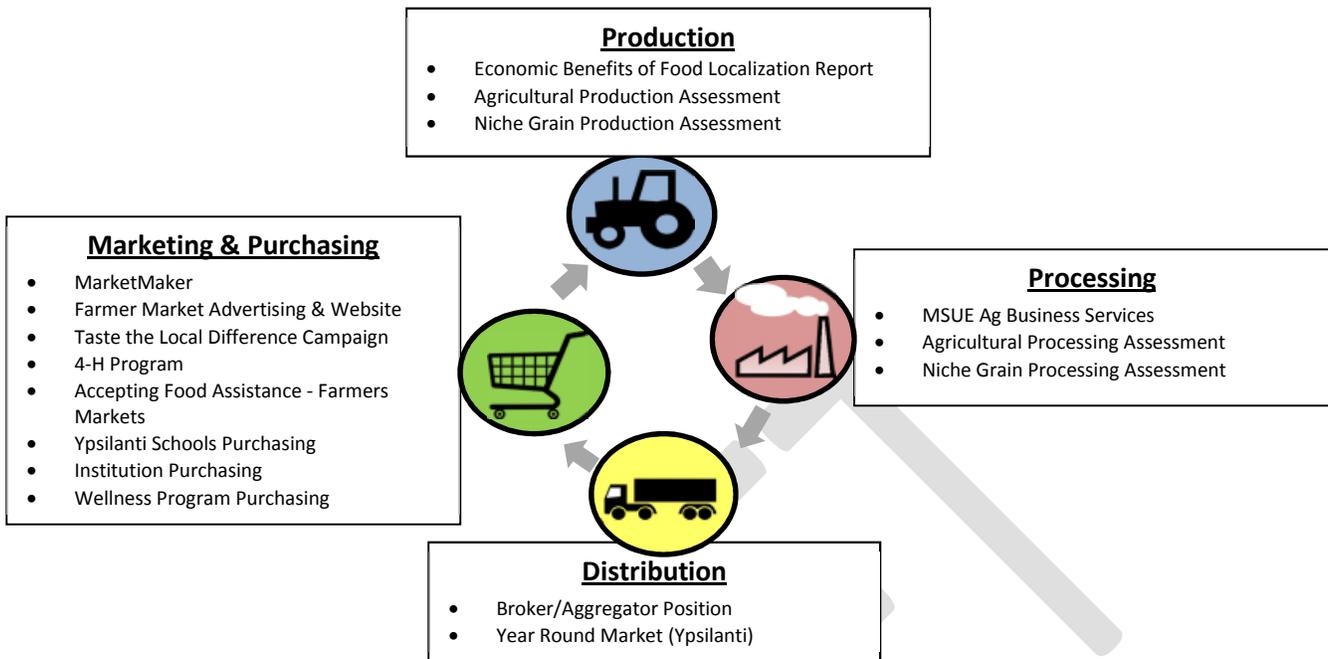
Both the Shuman report and the MSU Product Center research identified the need for a formal broker between local farmers and buyers to grow these sectors. A 2015 follow up study by the MSU Product Center the *“Aspects of an Aggregator’s Role in Expanding the Local Food System in Washtenaw County,”* clarified the role of the broker/aggregator, the skill set needed and funding options. Based on this report, the county has funded the first year of a dedicated “Local Food Coordinator” position in the local MSU Extension office.

Additional research is underway to increase the purchase of local food products. Such investigations include local food purchasing incentive programs and evaluations of other best practices for farmers to profitably supply locally grown food to major institutions; a report on *“State of the County in Farm to Institution”* to identify programmatic and policy approaches to increase local food purchasing; market testing for the potential for increasing the use of CSAs in providing healthy food to major employers through their insurance/wellness plans; and methods for increasing access to CSA products for food assistance recipients.

Investment in Food System Expansion

As a visualization tool for making strategic investments in the expansion of the food system and to identify the appropriate places where the public sector can impact the system, the County’s Office of Community and Economic Development created a map depicting the major system components and investment areas (Figure 1). The County’s investment in these system components are described below.

Figure 1: Washtenaw County Food System Investments



Production and Processing: The County provides annual funding to the local Michigan State University Extension Service (MSUE) to provide food business entrepreneur services, including best practice technical assistance to farmers, business planning, and cottage food processing and compliance. Since 2010, MSUE and the MSU Product Center have provided business counseling to over 154 clients and helped establish 28 new food and agricultural businesses including food processors and a retail farm market. These new and expanded businesses have created 67 jobs. Between 2010 and 2016, \$22,258,000 of investment was reported and \$33,070,906 of new sales has resulted from these businesses.

Distribution: County investment in the distribution of local products, especially for consumption locally, includes funding to help expand several enterprises such as farmers markets, local food access through corner stores, and increasing local food purchasing by local public schools.

A “Guide to Accepting Food Assistance at Farmers Markets” was developed in 2014 by Growing Hope, a local non-profit group, to provide step by step procedures as a resource for local farmers markets and farm stands to accept several different food assistance program currencies. Since becoming only the third market in Michigan to accept SNAP (food stamps) and other assistance currency, Ypsilanti Farmers Markets purchases from customers using food assistance currencies has increased from \$2,678 at one market in 2006 to \$49,012 at two markets in 2015. The county also helped fund a business plan and engineering for a year-round farmers market in the eastern side of the county slated to be opened by Growing Hope, as soon as funds are raised (perhaps as early as the end of 2016). To further target lower income residents, Growing Hope is increasing the distribution of local food to the Ypsilanti school district

In addition to these efforts, the county has funded a broker/aggregator position at the local MSUE Office whose sole responsibility is to link major local food producers and buyers, and to help secure a sufficient quantity of food products for processors and retailers. This pilot program was created as a direct result of previously funded research and an annual evaluation of increased local food sales in context of the remaining challenges for regional consumption of local products. Outcomes of this work will be used to evaluate the effectiveness of the pilot program.

Marketing: Increasing exposure to local food products is the most visible portion of the county's investments. *MarketMaker* is a national partnership of land grant institutions and State Departments of Agriculture that has developed of an interactive database of food industry, marketing and business data. In Washtenaw County, funding outreach resulted in 28 new MarketMaker registrants bringing the county's total food-related businesses on the site to over 1,400 (107 of which are processors, packers, farmers and local markets).

The County helped to fund development of www.washtenawmarkets.org which provides information on all of the 13 farmers markets in the county along with a print version of the website and bus advertisements. This Washtenaw Markets brand helps raise consumer awareness of all markets in the county, and includes information about food assistance accepted at each market.

The 4-H Youth Program and Annual Show also receives County support to expose youth to agricultural career options and highlights the agricultural industry in Washtenaw County. In 2015 alone, the 4-H Program served 2,972 youth and the 4-H Youth Show attracted 12,500 attendees.

A *Taste the Local Difference* Campaign was launched in Spring 2016. This online food and farming database of farms, producers, and businesses includes detailed information about local production and helps consumers connect to locally grown and processed food. This campaign also places advertising in stores and markets where local products are sold.

Investment Results

While the County's investment in specific programs is tracked (as reported by 4-H, MSUE, MarketMaker and farmers market sales), much of its investment has been in research. Some projects such as the Broker/Aggregator position and Taste the Local Difference campaign are in the early stage of development. To determine if the County's investment in food system will have lasting impacts on the economy, readily available data sources have been assessed. As shown in data gathered from 2007 to 2014 (the most recent available data), the overall number of Washtenaw County farms has experienced a slight decrease. During this same period, there has been an increase in land area in farm use, market value of products sold, hired laborers and total wages, cottage food business, food manufacturing companies, and overall employment.

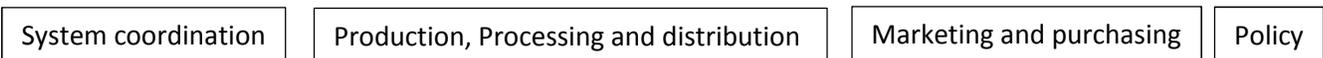
Table 1: Agriculture and food processing in Washtenaw County

Farms ¹	2007	2012	% change
Number of Farms	1,300	1,236	-5%
Land in Farms	166,881 acres	170,154 acres	+2%
Market Value of Products Sold	\$73,197,000	\$87,761,000	+20%
Operators (up to 3 per Farm)	1,952	1,944	-0.4%
Hired Laborers	1,221	1,388	+13%
Wages	7,207,000	9,575,000	+32%
Food Manufacturing ²	2009	2014	% change
Establishments	14	26	+85%
Employees	617	766	+24%
Cottage Food Businesses ³	2009	2014	% change
Sole- proprietors	30	56	+86%
Total Jobs			
	3,836	4,207	+9.6%
<small>1. Ag census www.agcensus.usda.gov/Publications/2012/Full_Report/Volume_1,_Chapter_2_County_Level/Michigan/ 2. Nonemployer census data www.census.gov/econ/nonemployer/index.html 3. Washtenaw County Business Pattern data www.census.gov/programs-surveys/cbp.html </small>			

Next Steps: Farming has remained steady in the County and there has been a modest increase in processing of local food products. There are several benefits to growing the food related economy in Washtenaw County:

- create new jobs in the food sector
- create local wealth by retaining more money spent on food related products
- maintain the agrarian way of life for residents in the counties of rural areas
- ensure a good supply of healthy local food for residents

To continue to grow food system in the County, the county and food system partners can provide supports and even subsidies (in much the same way that federal and state programs have supported large-scale farming operations). Based on the research completed to date and discussions with many food system partners, there are four main focus areas for food system economic development:



System coordination:

- identify best practices for system coordination
- evaluate what did and did not work for the FSEP in coordinating food system development
- determine what role the newly formed food system coordinator at MSU E could play
- identify how to reduce one – off initiatives and duplicate services
- identify the best system coordination model for Washtenaw County
- identify the role each actor can play in implementing the model
- Periodic gaps and needs assessment

Production, processing and distribution:

- resource guide for grants, incentives, capital and other business assistance
- provide GAP and cottage food education
- shared infrastructure for small farms
- capital assistance for small and midscale processing facilities
- small to mid – size regional/local distributors
- Subsidize licensing and inspection fees (food safety, water testing, building inspections etc.)
- Increase small farm opportunities through use of conservation land for farming

Marketing and purchasing:

- Continued pursuit to expand local institutional purchasing
 - farm of origin tracking labeling
 - institutional buyers focus group
 - forward contracts – farm to institution
 - implementing institutional purchasing policies
- inclusion of local food into institutional insurance and wellness programs
- continue to build the taste the local difference campaign
- sponsoring various events (e.g., food summit, meet the buyers meet the farmers, and other local and regional food events)

Policy:

- zoning code changes for very small growers
- access to public lands for growing products
- living wage for farmworkers
- county and municipal food purchasing policy

Research and Food Related Reports

Michael Shuman. "The 25% Shift: The Economic Benefits of Food Localization for Washtenaw County and Ypsilanti & the Capital Required to Realize Them," 2013.

<http://www.ewashtenaw.org/government/departments/community-and-economic-development/plans-reports-data/workforce-development/2013/washtenaw-25-shift-paper.pdf>

Brenda Reau and William Knudson. MSU Product Center. "An Assessment of the Potential to Expand Agricultural Production, Processing and Distribution in Washtenaw and Surrounding Counties," 2014.

<http://www.ewashtenaw.org/government/departments/community-and-economic-development/workforce-development/act-88/act-88-assets/deliverables/msu-product-center-study-with-executive-summary.pdf>

Growing Hope. "Guide to Accepting Food Assistance at Farmers Markets," 2014.

<http://www.ewashtenaw.org/government/departments/community-and-economic-development/workforce-development/act-88/act-88-assets/deliverables/foodassistancehandbook.pdf>

William Knudson and Matthew Birbeck. MSU Product Center. "Aspects of an Aggregator's Role in Expanding the Local Food System in Washtenaw County," 2015.

<http://www.ewashtenaw.org/government/departments/community-and-economic-development/workforce-development/act-88/act-88-assets/deliverables/washtenaw-aggregator-study.pdf>

Megan Phillips Goldenberg. "Re-localizing Niche Grains to Washtenaw County: A Feasibility Study," 2016. <http://www.newgrowthassociates.com/Niche-Grains.html>

Washtenaw County Webpage: Act 88 Previously Funded Projects.

<http://www.ewashtenaw.org/government/departments/community-and-economic-development/workforce-development/act-88/act-88-previously-funded-projects-and-deliverables>