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# Farmers and food producers' challenges

## Cost of production

* The real cost of food
* Supply chain issues
* Inflation – consumers are more price sensitive
  + More people picking the store brand milk – often is maine milk
* In all sectors, is more costly to produce food
* Hard to keep food prices low
* Cost of food is a barrier for consumers
* Cost of logistics, transportation, adds costs to the
* Cost of inputs to raise meat in Maine
  + zero grain subsidies, Cost of grain increasing in costs cannot be passed on to consumers
  + What farmers pay to raise an animal in Maine is extraordinary higher than meat raised out of Maine and shipped into Maine for processing and resale.
  + Maine seasonality impacts this too
  + Corn silage situation is dire because the year was so wet and crop yields were so high now.
  + Wrapped bales of hay have experienced more than 100% price increase in last three years
  + Must process at a scale to maintain financial investments and increasing costs of inputs.
* Fishermen/lobstermen have business models that might be contradictory to ‘maximum profit’ model that dealers/distributers aim for. Complex models in seafood industry can be very different from terrestrial ag.

## Farmland Access

* There’s a lot of pressure in York and Cumberland County for farms who can’t sustain and sell to a developer.

## Workforce

* Workforce issues for scaling up esp. For packaging, processing but also throughout
* Labor costs are a big barrier
* Cost of living is going up
* Farm labor conversation at the state level
* Farm labor is not a 40 hour a week job – fluctuates through the year, depends on the weather
* Farmers are competing with national companies for their labor
* We don’t value the energy or work
* The labor market is really hard. The seasonality, cost of living, etc.

## Access to capital

* funding opportunities are for about three years. Constant struggle to access resources to be able to do their work. The state could have a stronger role in helping to provide fill the gaps that the USDA is not supplying. Incentives would have a huge impact on their ability to advance their work.
* in the past few years USDA has been more progressive, but not clear that it will continue in the future. Need to fill that gap of funding sources. Funding sources evaporating overnight is huge barrier. Big steps made but also steps backwards. How to be prepared for that. What can we do to fix the system and maintain it is tied to funding. Concerns about trends.
* within the state, there are different organizations that overlap with funding. Increased collaboration and pooling of money to be more effective to promote local products.
* Collaboration of resources. Acknowledgement of administration it takes to make collaborations positive and successful. From nonprofit and farmer perspectives.
* Lack of collaborative support between state, funding opportunities.
* Strong interest and some funds available but not for expanding capacity
* no grants for Production scaling, equipment, interest rates are high and

## Short growing season

* Limited growing season
* because of short growing seasons, limited capacity for indoor growing, a number of foods aren’t conducive to growing in Maine
* seasonality – the way fishermen’s catch fish is seasonal. In between aren’t as big. A lot of big companies, e.g. Trader Joe’s – want consistency but not as realistic so ME fishermen have difficulty providing and creates a negative feedback loop in the markets.
* weather/climate/seasonality
  + How to we grow more year around?
  + Meat is also a challenge, availability of feed year around is a barrier
  + Hard to scale up
  + Vegetables, Maine needs more controlled environments for growing.

## Small scale

* Maine farmers face scale challenges. However, quality and health with larger scale farms can be compromised.
* Notes that working with New Americans, goal of total independent of businesses may not be most successful model. Collaboration and growing together can really work, but that can be in opposition of traditional American model.
* Scale of smaller farms/fishery businesses cannot compete with larger farms. Tough to compete with big manufacturers when trying to grow local food businesses.
* Very diverse and very small farms. Each single farm does not produce enough.
* Need more aggregation
* Scale can have different meanings and applications
* Should depend on the crop etc.
* Different food safety expectations
* Should also avoid mono cropping
* Local agriculture is having to fight an industrial facility that has been in place for 60 years, and smaller farms cannot compete when it comes to numbers

## Access to technical assistance

* Programs in other states focused on farmer training – we don’t have that here in Maine. Farms have to cover the expenses to train farm workers.
* Not all farmers and producers have tech infrastructure, software knowledge, software terms, high speed internet that is needed to enter large retail markets.
* Not all farmers and producers have the knowledge, skill, staff capacity to search for, apply to, and successfully gain financial support such as grants.
* Those that get grants, what do they do when the grant cliff happens? When they lose funding and lack business technical support to continue to implement their business plan and sustain return on investment.
* What happens when business elements that are tested to do realize revenue gains (scale problems, costs to consumers to high, new equipment needed, staffing, etc.).
* Do businesses have business savvy to know where they are making money and where they are not? Are they making sound business decisions? (selling produce/livestock at a loss decreases the initial cost to the consumer but negatively impacts other producers trying to price compete)
* Delays in payment management systems (grants, retailers, state and federal agencies)
* The time invested in generating excel spreadsheets, reports, technical requirements take away from the time available for production/processing
* Not enough business technical support

## Climate change impacts

* High rains had a huge impact on yields and bottom line
* Producers need to understand how to be more resilient
* Global impacts of climate change – getting lots of food from other states and countries. Will have a large impact
* Will need to be more regional resilient
* Climate change impacts everything – timing, inputs, etc.
* Dairy farmers are growing feed – hay, corn. If they don’t get good yield, have to buy those inputs, which increases the costs.
* So many dairies are shutting down because of climate impacts and the economy
* Climate change has shifted crop range and seasonality
  + Can be difficult to keep track, and people might not have awareness of shifting food availability
  + Also, potentially a benefit because farmers can offer more specialty crops to meet consumer demand

## Tension between climate mitigation activities

* there is tension because we have clean energy goals but if we achieve them at the expense of producing foods… we received a new regulatory authority in last session at DACF to regular solar on ag land. We have a solar goal but at the same time need ot send market signal that it can happen somewhere other than prime ag land.
* DL: Is there discussion in ME about using solar installations for grazing?
* Craig: not all installations are suitable for dual use. Could be a win win.
* Farmers may do climate friendly practices for marketing
* Farmers are adopting climate friendly practices bc they are feeling the effects of climate change -
* Farmers working very hard to implement the climate friendly practices which have increased cost. There isn’t always assistance for those costs and it can be hard to recoup the costs
* Consumers may not be aware of these costs

## Forward contracts

* Forward purchasing – farmers need commitment to scale up to sell to larger retailers

# Middle of the supply chain challenges

## Food hubs

* Food hubs/ aggregating help to scale

## Processing

* Food processing in the state of Maine – very few primary and secondary processors to make value added products.
* Limitations with processing infrastructure esp. Organic, created inefficiencies
* Long wait to get dates for meat processing
* Some farmers don’t scale up because they Lack of market access, hitting walls with processing infrastructure, farmers might be more interested in scaling if some of the barriers were lowered.
* Also most of what people are buying is processed foods. We have limitations around processing infrastructure.
* Most processors we work with are in Portland – where most of fish are landed – (but not as great for fish landed in other parts of the state). Would like to see processing up and down the coast.
* not enough meat processors in Maine
  + To truly scale to have a supply of Maine grown meats across all of a large retailer’s store- there is no current infrastructure to support that.
* Lack of processing infrastructure
  + Additional processing opportunities can extend the life of locally grown crops (e.g., ME-grown tomatoes processed into sauce that is available year-round)
* Medium-sized processing infrastructure is further needed. Maine lacks food manufacturers.
* Need technicians who can service these manufacturing needs.

## Storage

* There are things that can be done… right now for most dairy farms milk is being picked up by a diesel truck every day. If dairies had more holding capacity and energy running coolers were slower that could make system more energy efficient.

## Distribution

* Smaller farms, aquaculture farms, no central locations throughout the state that are able to pick up those products. Only 2 major trucking companies that transport to Boston. Aquaculture in Maine is still a lot of small farms. Limited amount of product that they are able to sell. Selling directly to restaurants or distributors in state and out of state, but there is that limitation of size.
* Transportation, grading, processing is spread out and there is a lack of aggradation points.
* Notes that the piecemeal approach. Large state can’t forget that. Two transportation routes that we have been given (Maine Rivers, Route 95/202/Route 1, etc.). Look for intersection of major roadways and rivers, find Lewiston, Skowhegan, Bangor, Lewiston. Those are the hubs of production and aggradation. Farms are along major rivers. Where roadways intersect is where the action. Still holds today, but looking across the state, certain counties (i.e., Washington County) have less access.
* Size of the state and logistics, delivery is difficult for smaller retailers
* Org. Dairy producers need to truck long distances to get to a processer
* Belfast used to be a sardine processing area years ago – wonder about the consumption of fish in ME. If processed in Portland, where is the distribution going? NY, Boston. Doesn’t necessarily stay in Maine.
* Cost of distribution is challenging for small farms
* Climate impacts of the transportation
* Warehouse, lack of storage but want to expand to more than 12+ stores
* Distribution, direct to store vs warehouse
* Local foods can be a higher cost to produce
  + Distribution costs may make purchase price cost prohibitive to consumers
* how do we reduce distribution costs, truck miles, carbon footprint of food distribution?
* Need to avoid adding distribution miles with potential co-op models
* Maine will always be the last stop in food distribution

## Retailer Logistics

* Larger retailers will only purchase from a limited pool because of challenges of purchasing locally.
* Retailer challenging – higher corporate strategy (some prioritize local some don’t) Costco has unique standards and certifications which have significant cost. Self distribution vs. Selling through the warehouse. Consistnecy, saturation (enough of one product) Need to work with retailers to understand the gaps.
* Are there tax incentives that incentivize retailers to buy locally?
* Local markets try to pay a fair price for commodities, but can only pay so much and still turn a profit and be affordable for consumers
  + Alternative approaches to “secondary” food access, e.g. Farm-to-Food Equity (FFE)

# Consumer challenges

## Consumer price

* Cost of local is barrier to local food access
* Demographics and capacity to buy local – retailers are hesitant to carry local because their consumers can’t purchase it.
* fishermen, farmers, food producers generally are often price takers existing on very thin margins so for a fisherman or for a farmer to say that this customer is “good” or this customer is “bad” doesn’t work. Solutions we come up with can’t assume that the food producers can take a lower price for their product. On the other hand, Maine has very high rates of food insecurity and high food costs already so we can’t assume that the consumer can pay more so that constrains the conversation in a way. Not fair to say to fishermen, don’t sell your product in NY. Another layer of complexity of problem.
* one of the challenges is around competition with commodity crops – can’t compete at price. Some of this has to do with scale – what can we do improve the efficiency of production.
* Difficult to do it at a state level when you are competing with national forces
* How to get the processed foods to be more expensive?
* Dairy – highly regulated, highly processed. A secondary step. Price is set federally impacted by global industry. They are price takers. Some state programs have created a safety net. Don’t stop us from losing farms.
* When you ship food to a larger distributor, you’re in competition
* Farmers and producers not getting paid a livable wage (what its worth)
* Consumers often cannot afford food (ME has high food insecurity rate)
* How can we incentivize/create opportunities?
* If farmers don’t succeed, they lose their home (livelihoods are at stake for producers whereas distributors may go out of business but they don’t lose their homes/personal vehicles/livelihood)
* Affordability and accessibility of local foods (and where they are sold, e.g. farmers' markets, especially for lower income areas
* Bolster direct consumer access
  + Overcomes a lot of equity & market issues
* The way consumers shop now is more expensive and generates more food waste
  + Possible to shift habits to daily/multiple small shops rather than the big shop every 1-2 weeks
    - This comes with issues related to market access, supply chain challenges with rapid or repeated distribution
      * Other states have regional distribution centers, where local providers drop to a central location, either to be processed and sent to market, or where direct-to-consumer goods can pick up. Shortens distribution.

## Food insecurity

* Food access – still fighting the large and small challenges
* tying local food goals to food security is very important.

## Consumer education / marketing

* Consumers need education about how to eat raw
* Consumer education about the importance of eating locally and how that interrsects with the climate goals. There are people that can afford to purchase more locally but don’t.
* Consumers think about the health benefits and nutritional value but don’t know about the climate impacts
* There is a stigma about purchasing locally – it's expensive and there are large population that can’t afford food at all
* CONSUMERS NEED TO ASK for these products!
* seasonality – for a few weeks a year get a glut of one time of crop so if you’re not in tune with what’s in season when people continue to buy the same type of foods all year instead of adjusting
* over last 75 years we’ve been taught to think we can get everything all the time and our tastes have started to align with that. Part of the problem we may be trying to solve is a cultural one.
* feel like there are also issues with preservation and affordability. There are products like lettuce, carrots, other products that aren’t so “exotic” and could be produced closer to year round in Maine.
* People also want specific types of salmon (farm raised that looks like wild for example). Have challenges with educating consumers, choosing ME fish for example.
* maybe local foods education is an area that can be targeted.
* Have lots of Maine food on shelves but consumers may not be aware of it – ex milk going to schools or going on grocery store shelves. May need to increase awareness
* Should compete on marketing
* The maine brand has value
* Have to get the price within the ballpark of what consumers are going to purchase
* Poor outcomes due to poor diets
* Rural, low income communities
* Dollar stores, processed foods
* Need to do more marketing
* Need to convince consumers why that matters
* Farmers need to understand what consumers are interested in
* Information disconnect
* Value of local
* Consumers have lots of power to drive these trends
* Hannafords – listened to consumers when they wanted to know where the products are from. List when most things are local.
* How do you incentivize socially responsible production & consumption (esp seafood)?
* Education of seasonal products & seasonal eating
  + Start changing the “global eating” mindset of being able to eat whatever you want, whenever you want it.
    - Encourage people to eat local by bringing more awareness of what Maine has to offer
  + Instill a higher value in locally-produced food when you know more about what goes into producing it
  + Greater public trust in smaller vendors
  + Good cooking comes from a deep understanding of your food
  + Educate farmers on what new capabilities and opportunities there are for expanding crop portfolios

# Policy challenges

## Lack of strategic plan

* What foods/crops will help move the 30% impact needle the most
* Focus on the foods that move the needle the most
* Where is there infrastructure? Where are there gaps?
* Focus on what Maine is good at
  + Wild blueberry and potato production and distribution has better infrastructure than meats
* We need to consider what foods are produced, not just increasing across the board. Resilient local food systems should aim to support a larger proportion of the whole diet, not just rely on dairy and potatoes.

## Lack of data

* Asks about mapping this out – looking at where farms are. Data is available, but need to understand this across political boundaries. Look at aggradation points, transportation capacity, where it’s easy and hard to do something. For example, Washington Country will require work to be able to improve their barriers. Notes that ME has most farmers market per capita (tied with VT, approximately 1 per $12,000). Indicates in ME, there is access.

## Lack of definition of local food

* Are we focused on Products grown in maine or processed in MAine?
* Encompassing value added as long as the components or those product are grown in Maine
* If we don’t know where we are how do we know what our progress has been
* if we want to make marginal gains around resilience, getting as far as we can with in-state production but can we also look at other parts of the region – NY, MA etc. to pick up some of the slack.
* There are economic development implications to focusing 30% goal on Maine but we could put in recommendations that a regional goal is also climate friendly and me be part of
* Regional approach
  + How to leverage opportunities?
  + Maine has more capacity to grow food – could feed more than maine
* e.g. raw product of coffee will never come from Maine but proprietary roasting, processing, packaging can be Maine
* Water?
* Beverages? Beverages produced in ME with no ME grown ingredients, or those with small % of ME ingredients?
* Miles from store?
* Grown in Maine?
* Processed in Maine?
* Business headquartered in Maine counted regardless of % of raw ingredients sourced in Maine,
* Only consider value added products that are at least 80% Maine sourced ingredients?
* Locally produced or locally raised?
  + Locally produced creates jobs but “local meat” is frequently shipped from PA or MA and then processed in Maine and labeled as from Maine
  + The gray areas between locally grown/raised and locally produced is miles between
  + Consumers want to define local meats as where the animal spent the majority of its life.
* We don’t have a clear idea of what our starting point is.
  + How do we combine measures across different industries?
  + If some foods are co-mingled with external products, either by larger distributers or as part of a processed product, what is the threshold that we consider a product “local”? Traceability?
    - Fresh products sell, but pre-prepped products are selling more. This could be an avenue to make ME foods more accessible.
* For Maine, it might be more worthwhile to think about REGIONAL foods, rather than LOCAL MAINE foods
  + Technically farther to travel for potatoes in Aroostook to come down to Portland vs bringing up from NH/MA

## Regulation

* licensing, inspection, are major challenges for small scale.
* ownership and quota happens internally between owners of licenses and permits; there’s also a rental aspect where you can rent a quota from someone who deosn’t want to fish. There isn’t a regulatory authority setting prices. Imagine if a farmer said I want to grow 10000 carrots but I have to pay $.50 per carrot before I can do it?
* Food safety - Costly for farmers to meet the requirements to get their product to market
* Not necessarily aligned Regulations vs what retailers/wholesalers require
  + e.g. FISMA
  + Auditory vs regulatory, proof of inspection, exemptions based on size, risk of exposure,
  + Retailers and wholesalers require that produce farms have annual third-party audit that they are growing to food quality specs
  + States may not have staff to conduct annual audits for FISMA not enough staff/resources to go to every farm every year
    - Only regulate highly egregious activities
    - FISMA doesn’t provide certification of annual inspection for produce (USDA meat processing facilities are inspected/certified)
    - FISMA threshold is $25,000/year in sales
  + Certain commodities or small-scale production can be exempt from state inspection (PSR)
    - Retailers won't exempt any items
    - STate may exempt food products that are not ready for human consumption and need to be cooked before eaten (e.g. flour)
    - GAP certification satisfies large scale retail inspection requirement.
  + FISMA is an expensive hoop to jump through for small-mid scale produce farmers
    - Some are leaving vegetable production for retail/wholesale due to this expense
  + Those with farm license plate (not commercial plate) cannot truck produce/goods from another farm, only their farm.
* How can we support a local food production system, while also protecting farmers dealing with crop loss & climate change ramifications?
  + Bycatch in fisheries can be a big issue restricting bringing some catches to market