

Organic Harvest



Edited by Jim Slama



An Action Plan For Local, Organic
and Family Farmed Foods



About This Project

This report incorporates some of the work of a feasibility study reflecting three years of focus groups, surveys, and one-on-one discussions with farmers, food buyers, supermarkets, consumers, distributors, food processors, restaurants and other stakeholders concerned about developing adequate production, distribution, and marketing of local organic food. Using the data gathered, this document describes the needs and opportunities in the regional organic and local food industry. Our goal with this report is to educate consumers, policymakers, business leaders, funders and the media about opportunities to use regional organic food production as a tool to promote job creation and economic development in an environmentally sound manner.



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About Sustain and FamilyFarmed.org

Sustain encourages environmentally sound economic development that creates jobs and revitalizes communities. Since 2000 Sustain has been a leader in efforts to build a regional food system in the Midwest. Its FamilyFarmed.org program is renowned for building markets for regional farmers and food processors. Each year, the FamilyFarmed.org EXPO attracts thousands of consumers, retailers, restaurateurs, and members of the food industry to Chicago to do business with local food processors, distributors, and regional farmers.

About the Editor

Jim Slama is the founder and president of Sustain and FamilyFarmed.org. He was the founding publisher and editor of *Conscious Choice* magazine, which during his term was recognized eight times by *Utne Magazine* as a member of the "Best of the Alternative Press." He works closely with the City of Chicago on greening issues and is on the Executive Team of Mayor Daley's Chicago Organic Committee. Slama was on the transition team of Illinois Governor Rod Blagojevich and currently sits on the Governor's Agricultural Advisory Board. His work on organic food has been featured extensively in the media, including *Chicago Magazine*, *Chicago Tribune*, *Conscious Choice*, *Crain's Chicago Business*, *Illinois Banker*, *The New York Times*, *San Francisco Chronicle*, and *Utne Magazine*.

Local & Organic Foods are Booming

How hot is organic food? The Wall Street Journal did a story on organic supermarket chain Whole Foods Market and claimed that its new stores add significant value to nearby condos in New York City, Chicago, San Francisco, Miami, Seattle, and other urban markets. As the pioneering global retailer in this niche, the success of Whole Foods Market gives credence to the transformation of the organic food industry. The chain now has sales over \$4.5 billion dollars and recently joined the Fortune 500 as the darling of the supermarket industry. Yet despite its growth, Whole Foods Market no longer reigns supreme in organics. In an interview with Sustain President Jim Slama, Whole Foods CEO John Mackey said that, "Wal-Mart is now the largest seller of organic food in the world."

The action in organics isn't limited to food. McDonald's recently added fair trade, organic coffee to the menu of 650 of its New England stores. This is the first phase of a national rollout of organic coffee for the restaurant chain, which hopes to go head to head with Starbucks by using organic coffee as a hook. Here in the Midwest, the Organic Valley cooperative has proved that the niche is also great for farmers. Its 2005 sales exceeded \$240 million, and the company now includes over 750 family farmers as owners. More than half of these producers are in Illinois, Wisconsin, Minnesota and Iowa, and the company has provided tremendous economic and job development in rural areas throughout the region.

It's not just organic food that is booming. So is local. In the article, "What's Cooking On Campus" (11/14/05), *Time* stated that, "Locally grown food is the latest student cause." It reported that 200 universities are now purchasing food from regional farmers and the trend is just kicking in, as "the new activist slogan on campus is Eat Local."

An Action Plan for Illinois

Over the past three years, Sustain has examined organic production and processing in Illinois and has concluded that the state is not achieving its potential in the organic sector. While there are a few Illinois companies and farms doing exceptional work in organics, we believe there is a long way to go to position Illinois as a leader in the sector.

Our goal is to provide an action plan to move Illinois towards national leadership in the organic sector. For a full version of the feasibility study, please go to www.FamilyFarmed.org.



For the past 15 years, organics have been the fastest growing sector in the entire food industry, posting 20% annual growth. In 1990, the USDA estimates that the sector sold about one billion dollars in food. The Organic Trade Association estimated that \$14.5 billion in organic food was sold in 2005.¹

Organic Food Sales Top \$2 Billion in Region and \$500 Million in Illinois

According to the Natural Foods Merchandiser's 2005 Market Overview, Illinois and its neighboring states of Michigan, Wisconsin, Indiana, Ohio, Iowa and Missouri, make up 15% of the national market for natural and organic food. Since 15% of \$14.5 billion in total US organic food sales is \$2.175 billion, we believe there is a plausible case that organic food sales in Illinois and its Midwestern neighbors exceeded \$2 billion in 2005.¹

In Illinois we estimate that retail sales of organic food ranges from \$502 to \$628 million. We arrived at this conclusion by doing a per capita consumption analysis.

Total US Organic Sales	\$14.5 Billion
Percentage of Illinois population vs. total US population	4.33%
Illinois organic food sales at 100% per capita consumption	\$628 million
Illinois organic food sales at 80% per capita consumption	\$502 million

Most of the sales of organic food in Illinois occur in the Chicago area where there is tremendous consumer demand. Pioneering organic retailer Whole Foods Market, is planning to supplement their nine existing stores in the Chicago area with three new locations. Mainstream retailers like Dominick's, Jewel, Schnuck's, Dierbergs, Cub Foods, Roundy's, Certified Land, Woodman's and Kroger Foods are also adding major new organic sections in their stores throughout the state.²



A full spectrum of stores in Illinois are selling organics. Chicago area independent retailers Sunset Foods, Treasure Island, Caputo's, Wild Oats, Fox and Obel, Peapod, Trader Joe's, and Stanley's have all expanded their organic shelf space. Mega stores are also moving into the sector. Wal-Mart, Target and Costco have all placed organic food on their shelves. This trend has not gone unnoticed by the discounters and suppliers in the retail food space. The world's largest retail distributor, SUPERVALU has launched a specialty produce arm, W. Newell & Co. and it opened its first organic and natural food store, Sunflower Market, in Indianapolis in January of 2006. Sunflower also announced plans to build a store in the Lincoln Park neighborhood of Chicago. With SUPERVALU's recent purchase of Jewel Foods and their 204 Midwestern stores, this will undoubtedly increase the level of organic food in the region.

Chicago Region Organic Produce Sales



Local Organic Food Supply

Very little of the organic food consumed in the Chicago area comes from Illinois. Most of it comes from California, Mexico and other distant locations. This was shown in a 2001 study commissioned by the Prairie Crossing conservation community, which examined the Chicago area market for organic produce. The analysis indicated that more than 95% of the organic produce sold in the Chicago area came from out of the region.³ In 2005, we spoke to produce buyers at Whole Foods Market and Goodness Greeness, the two largest buyers of organic food in the Midwest, to assess their level of local organic purchasing. While each company has significantly increased their levels of local organic purchasing in the past two years, they still purchase the vast majority of their produce

from farms that are out of the region. The local supply is just not there.

Using information provided by organic certifiers that work with Illinois producers, we determined that only 20% of all organic producers in the state are currently growing organic vegetables. Most of these vegetable farmers sell directly to consumers and do not produce enough to sell to distributors or to supermarket chains that could move large volumes of the locally produced vegetables. The same situation can be seen with organic meats. Only 10% of Illinois farmers sell certified organic beef, pork or poultry and most of the sales are through farmers markets, on-farm sales, or other programs selling directly to consumers. Little is sold through retail or wholesale channels.



Urban Agriculture Opportunities

Many advocates for urban agriculture are promoting the idea of growing food in the city. As a result of these and many other efforts, urban farms have sprung up in Chicago like the wild onions that used to inhabit this former bogland. The City Farm is a working farm operated by the Resource Center. They specialize in over 30 different kinds of tomatoes and other heirloom vegetables, which are sold at a curbside stand on the corner of the Cabrini Green neighborhood. In the heart of Humboldt Park, the Homegrown Farmers market supports local community and back yard growers and gives them a community marketplace to sell at each week in the summertime. Growing Home is a not-for-profit enterprise that offers a transitional employment program in the organic farming business. Participants learn to farm and sell their organic produce weekly at Chicago's Green City Market.

Affirming Mayor Daley's commitment to making Chicago the "Greenest City in America," the administration has teamed with nationally recognized specialists, Growing Power, (left) who empower and sustain communities by building community based gardens and farms for vegetable production and composting. Its showcase garden is in Grant Park just west of Buckingham fountain. "We want everyday people to understand that it's not so hard to take a piece of urban land and grow food," said Adam Schwerner, Director of the Department of Natural Resources at the Chicago Park District.

Benefits of Local and Organic Food

There are many reasons that local and organic is the hottest and fastest growing niche in food:

Family Farm Support- Local and organic agriculture gives family farmers the opportunity to earn a good living while producing high quality food. A healthy base of small- and mid- size farmers supports rural communities.

Better Nutrition- Fresh picked food from regional farms is three days fresher than produce from California and thus retains higher levels of nutrients. Organic food is not produced with synthetic pesticides, hormones, antibiotics and genetically engineered ingredients.

Job and Economic Development Creation- With strong public support, regional organic food production could grow to be a billion dollar industry over the next decade. This will create tremendous urban and rural job and economic development. Opportunities will be particularly plentiful for immigrants and low-income people who want access to living wage jobs and farm ownership opportunities in this sector.

Environmental Improvement- Local organic food production provides wildlife habitat, thus protecting endangered species. It also cuts down on pollution from pesticides and other chemicals used in conventional food production. By reducing the miles that food travels, food produced locally lowers energy consumption and the emissions of pollutants due to long distance travel.

Superior Taste- Chefs and discriminating consumers strongly believe that local and organic food tastes better.

Farmland Preservation- A thriving regional organic food system will preserve vast tracts of Midwestern farmland from development by creating demand for land from family farmers that sell local and organic food.

The Need for Organic Farmers

Here's what the largest buyers of organic food in the region say about demand.

Organic Valley

Wisconsin-based Organic Valley is the second-largest organic milk company in the US and they source some of their fluid milk from Illinois producers. The demand for organic milk, however, is much larger than the supply. "Organic Valley can't keep up with customer requests for organic milk," says CEO, George Siemon. "We would sign up 100 new farmers if they were available. Illinois is a great place for us to source milk because we have established pick-up routes in the state."

Whole Foods Market

Whole Foods Market has consistently worked with Sustain and FamilyFarmed.org to increase their purchases of local organic food. "Whole Foods has a strong commitment to buy products from regional farmers," says Bobby Turner, Midwestern Vice President of Purchasing. "Our challenge is finding enough producers with a high enough volume to fit into our product mix."

Goodness Greeness

As the second largest US organic produce supplier, Goodness Greeness buys a lot of fresh fruit and vegetables. Recently, in partnership with FamilyFarmed.org, Goodness Greeness has increased their local procurement by 500% since 2003. Yet the company would purchase much more regional food— it simply lacks supply. "We are actively recruiting regional organic producers," says Goodness Greeness CEO, Robert Scaman. "I wish we didn't have to work so hard to bring growers on. It's hard to believe we don't have more farmers that want the substantial price premiums offered in the organic world."

Demand for Organic Corn and Beans Brings Imports

In recent years, the price for organic corn and soybeans has been double, triple or more of conventional corn and beans. Clarkson Grain Company of Cerro Gordo, Illinois, is one of the world's largest organic grain brokers and purchases many of its products from Illinois farmers.

"Illinois farmland produces some of the finest organic grains in the world, and we have many excellent organic producers," says Lynn Clarkson, Clarkson's CEO. "Our biggest problem is that we don't have enough American organic grain. As a result, producers from China and Brazil are beginning to fulfill the huge demand." The Midwest Organic Farmers Cooperative is also buying increasing amounts of grain from regional producers.

"A recent USDA study estimated that the United States imported as much as \$1.5 billion in organic food in 2002, while exporting as little as \$125 million worth of organic products."

Organic Food Producers Lose Ground to Imports, (October 8, 2005) *Des Moines Register*.

Distribution and Marketing Infrastructure a Key



Feasibility study research with farmers, processors, and food buyers indicates that full development of the distribution and marketing infrastructure is a key component to building a regional system for local and organic food. The fact is that farmers don't want to make cold calls on supermarkets and restaurants to sell their products and then have to truck the product into Chicago. Food buyers as well want an easy system to order and receive goods that ensures the highest quality product.

Such a distribution system used to exist in the Midwest; fifty or more years ago, Illinois and neighboring states produced much more of the fresh food consumed in the region. The system included regional warehouses in rural areas where farmers could deliver their products. In addition, there were rural food processing centers and well-developed trucking routes or rail lines that would then bring the food into Chicago and other cities for purchase. Once in the city, markets such as the South Water Market and Randolph Street would provide retailers, restaurants, and other buyers ready access to the local food.

In order to maximize the production, processing and sales of local organic food, key elements of this old system will need to be recreated, while bringing in 20th century technology and supply chain management skill. Fortunately, Illinois is home to Goodness Greeness, which is committed to sourcing as much organic produce as possible from the Great Lakes Region's small-scale and cooperative farmers. To achieve this, the company has built relationships with growers from Ontario to Wisconsin. And its trucking fleet has established routes that are able to pick up produce in rural areas after delivering to customers in Michigan, Wisconsin, Indiana, and Illinois. With such a commitment and established network, the company is an ideal hub to support major growth in the regional food system.

Area farmers have expressed a strong need for regional warehouses to facilitate marketing and trucking to larger markets. Such warehouses encourage growers to concentrate in certain areas, and potentially contribute to shared knowledge and other resources. The Midwest Organic Farmers Cooperative, which has a large membership in Illinois, has indicated an interest in such a facility. Members of the Amish community in Arthur, Illinois have also expressed a desire for a regional warehouse.

Other suppliers are also focusing on the fresh organic produce market. The country's largest organic and natural food distributor, United Natural Foods recently moved into a 311,000-square-foot center near Indianapolis and is looking to expand its fresh produce sales in the region through its Albert's Organics division. Other large players are also taking note of this niche, including Sysco, the largest US supplier to the food service industry. Sysco Chicago president, Chuck Staes, attended the 2005 FamilyFarmed.org EXPO with staff buyers and was introduced to regional organic producers. In addition, US Foods has also added local food to its product mix for foodservice customers.

Case Study: Goodness Greeness is Creating Jobs and Economic Development



Goodness Greeness, located in the Englewood neighborhood of Chicago, has spent 20 years in the organic food business and is the leading supplier of fresh organic food in the Midwest. It's a family business founded by CEO Robert Scaman and brothers Rodney and Rick. The Scaman brothers grew up in the produce business, following in the footsteps of their father, Bob Sr., who was a salesman in Chicago's historic South Water Market. In 1993 Goodness Greeness moved to its present location in Englewood, where the firm operates a 25,000-square-foot warehouse equipped with state-of-the-art technology for the efficient storing, packing, and shipping of organic fruits, vegetables, and juices.

The company supplies food for over 1,000 stores, including the region's largest supermarkets and independent retailers. To more effectively serve restaurants as well as other institutional buyers such as schools and hospitals, Goodness Greeness created a food service division with dedicated staff and expanded product line. "The demand for organic food in the food service niche is exploding," says Bob Scaman. "In order to be a player we realized that we needed a whole new system. Our goal is to build a customer-focused supply chain with high levels of service and responsiveness, combined with a broad product line that includes meat, dairy and gourmet items. A major focus will include selections from regional organic farms."

Goodness Greeness is considering developing a new warehouse that would more than triple its capacity and give it the leading edge technology necessary to maintain its position as the market leader in the Midwest. Such an expansion will give the company the capacity to service the region for the next 8-10 years, and enable them to add other perishable products that they don't have room for now. With the new facility, Goodness Greeness would more than double its current workforce and push their payroll to a total of 150-200 employees within three years of completion. The employees at Goodness Greeness work at "living wage" jobs, with the majority of long-term hourly employees making between \$15 and \$22 per hour. All employees receive health care, retirement, and vacation benefits.

Schools Want Local and Organic Food

One area Goodness Greeness is responding to with their food service business is demand for local and organic food from schools. So far over 10 educational institutions or districts have inquired about purchasing local and organic food for cafeterias. In addition, the Seven Generations Ahead and the Healthy Schools Campaign are working on projects to link local schools directly with products from family farmers.

Where's the "Organic" And "Grass-fed" Beef?



Consumer demand for such meat attributes as "hormone and antibiotic-free, pasture-raised, grass-fed, and organic" have led to more and more Illinois farmers raising cattle, poultry, hogs and other animals in a sustainable manner. These ranching operations are typically small, raising tens or hundreds of animals per year. Growers often will raise an animal for a specific customer, or in the case of turkeys, for a specific seasonally-driven market. Because of the number of animals involved, growers must rely on small local meat processors to prepare animals for market. Typically the small rancher raises the animals on his own farm, provides feed and forage from his own crops and will transport the finished animal to the slaughterhouse for processing. Once the meat has been processed and packed, the farmers will transport the meat to urban and suburban markets, selling directly to consumers through farmers markets or CSAs. Some farmers are also selling meat and poultry directly to restaurants and neighborhood butcher shops.

The organic and natural meat industry in Illinois suffers from a lack of processing facilities. The only certified organic meat facility in the state is the Eureka Locker, Inc. As important

as this facility is to local organic ranchers and the economy, its capacity is only a very small percentage of what is needed to satisfy Illinois' demand for organic meat. In addition, Illinois' organic poultry processing is currently threatened. The lone certified organic processor, Central Illinois Poultry Processing in Arthur, Illinois, has announced plans to eliminate their toll processing services for public birds in mid-2006. Elimination of this service will have a dramatic impact on Illinois' small-scale growers as this is the only federally inspected facility in the state that will process non-contract birds from independent producers. When the plant discontinues this service, there will be no way for local growers to get farm-raised, pastured and organic poultry processed for legal retail sale in Illinois or elsewhere.

We believe the State of Illinois needs to work with stakeholders to encourage the development of a certified organic multi-species meat processing facility. Such state support to encourage the growth of this industry may eventually contribute to tens of millions of dollars in economic development annually. The following companies can play a major role in this development and each is looking to boost their production of natural and organic meats in Illinois.

Organic Prairie

Organic Prairie is the meat division of Wisconsin-based Organic Valley Family of Farms. In 2005, the company had \$8 million of organic meat sales and expects to increase that volume to \$12 million in 2006. They currently process their animals in facilities in Minnesota and Nebraska and are looking for an additional processing center in the region. According to CEO George Siemon, they are looking for new processing capacity for 2,000 cattle currently with significant growth projected over the next three years.



Tallgrass Beef CEO, Bill Kurtis

Niman Ranch

Niman Ranch is the largest producer of pasture-based hogs in America. Prime cuts of their hormone and antibiotic free meat are sold at higher-end restaurants and supermarkets. In addition, they have become the primary supplier of pork to Chipotle Mexican Grill, a fast food chain that is bringing a wide variety of natural and organic products into its mix. (Chipotle's majority stockholder is McDonald's Corporation, which is also experimenting with similar natural offerings through its Boston Market affiliate.) Much of Niman's pork is sourced through the small to mid-size producers in Illinois, Iowa, Michigan and Wisconsin and currently some of their production is slaughtered and processed at the Meadowbrook Farms pork processing plant in Rantoul, Illinois. In recent years, one of the biggest challenges faced by Niman is meeting the rapidly growing demand for its products. The company is looking to Illinois and the region for more products in the immediate future. "We plan to significantly expand our procurement of pork and possibly beef in Illinois," says CEO, Bill Niman.

Tallgrass Beef

The CEO of Tallgrass Beef has a remarkable background. Chicago-based Bill Kurtis has had a distinguished career as a television journalist. He was an award-winning television reporter and anchor in Chicago and nationally on the CBS Morning News; he hosted the PBS series *New Explorers*, and recently has produced projects for A&E including *Investigative Reports*, *American Justice*, and *Cold Case Files*. As a journalist he is credited with breaking the story about the wide ranging health problems associated with Agent Orange.

Combining love of his ranch in his native Kansas with his skills as an entrepreneur, Kurtis has created Tallgrass Beef, a grass-fed beef company. Initially the beef came exclusively from animals raised on his ranch where they graze on its native prairie. In order to meet the growing demand for products, in restaurants and supermarkets, Tallgrass Beef is setting up a network of additional producers and is looking to sign up grass-fed cattle producers in Illinois. Currently Chicago is the largest market for their products where they sell primarily to restaurants. According to Kurtis, the company may develop a relationship with an Illinois meat processor to process Midwestern-raised cattle. Kurtis is predicting a rosy future for Tallgrass in part because of the health benefits of beef raised on grass. Within 3 years, the company forecasts a need for as many as 5,000 locally raised cattle a year to supply their needs in the Midwest.

"There has been a 70% drop in beef production in Illinois since 1970," says Dr. Wes Jarrell, Head of the School of Natural Resources and Environmental Sciences at the University of Illinois. "I believe organic and grass-fed beef offers the state's cattle producers a tremendous opportunity to develop new markets and receive a premium for their products."

A Permanent Market in Chicago Will Boost Local and Organic Food



Year-round public markets have succeeded in several North American cities, including Seattle, Philadelphia, New Orleans, Vancouver, San Francisco, and Toronto. Such markets have been properly viewed as excellent outlets for the sale of local and regional organic food products. A year-round public market in Chicago, which could give a great boost to local and organic agriculture, is at the conceptual stage and our feasibility study fully supports such an investment by Chicago and other stakeholders in the region. Recently the City of Chicago included the prospect of a permanent public market in a request for proposals to conduct a planning study for the Wacker Drive Riverwalk in downtown Chicago.

Learning from the Milwaukee Public Market

Chicago's neighbor to the north has much to teach about the development of a year-round public market. In 2005, the Milwaukee Public Market became a reality as outdoor stalls opened for business in July while the indoor market was inaugurated to much public fanfare in October. The market is owned by the Historic Third Ward Association and operated by the nonprofit Milwaukee Public Market, Inc. It is housed in a newly constructed, 21,500-square-foot building at 400 Market Street. Its design was inspired by Les Halles Centrales, the Paris landmark that was razed in 1971 after more than 100 years as a public market. With merchants' spaces on the ground level, this new building also contains a second-floor, 55-seat demonstration kitchen and theater, where cooking classes are offered.

One of the market's highlights is the Fields Best booth at the indoor market. It is owned by the Michael Fields Agricultural Institute, and during the growing season Fields Best markets organic produce from a pool of Wisconsin organic farmers. "The response to Fields Best at the market has been beyond expectations," says Ron Doetch, executive director of Michael Fields. "Our sales have been great. The community really appreciates the connection with the local farmers."

We believe there are a number of reasons for Chicago to build a permanent market:

Economic Development: Public markets keep money spent on food inside the region and provide opportunities for new entrepreneurs as well as farmers.

Community Development: Public markets are places where diverse people connect with their food and each other. They easily become the hearts of neighborhoods and major destinations in the city.

Tourism: Public markets are often premier destinations for tourists and can highlight the bounty of the region.

Food Security: Public markets connect people with fresh food and promote healthy lifestyles. Promoting local food sources reduces reliance on the global food market.

Ethnic Diversity: Niche and ethnic markets are up and coming. Public markets can provide opportunities for people to experience the diverse food products of new immigrants, while providing business opportunities for those new arrivals.

Regional Health: Public markets benefit both the urban and rural communities of the region. With a strong farmer component to public markets, farmland is preserved, fresh seasonal food is promoted, and the distance food travels is reduced, thus impacting emissions and fuel usage.

Chicago's Green City Market

Farmers markets allow consumers to purchase food directly from growers. Direct marketing has become a successful business venue for small-scale producers and represents a significant part of the regional organic food supply. The mission of Chicago's Green City Market (CGCM) is to improve the availability of a diverse range of high quality local foods; to connect local producers and farmers to chefs, restaurateurs, food organizations and the public; and to support small family farms and promote a healthier society through education and appreciation for local, fresh, sustainably raised produce and products.

CGCM, as a private 501(c)(3) organization, started in 1999 with about 10 farmers every Wednesday; today, it operates on Wednesdays and Saturdays with more than 40 local sustainable and certified organic producers who are carefully vetted by a producer committee composed of chefs and certified organic farmers. CGCM has created consumer and environmental awareness throughout these 7 years, building a tremendous amount of public support, not only because of the quality of the local food found there, but also through cooking events and public education programs about sustainability. This support enhances the venue and increases income in the pockets of regional family farmers and adds value to the supply chain.

CGCM's leadership has also developed innovative resourcing to improve access to fresh local foods for all Chicagoans. Working in partnership with Chicago's Farmers Market Program and the Mayor's Office of Special Events, CGCM has created two farmer-focused programs that serve Illinois, Indiana, Michigan and Wisconsin growers—the Farm Forager Initiative and the first annual Farmers Workshop. The goals of these programs are to provide an enriched Chicago farmers market system, a vigorous base for a regional distribution system, and solid infrastructure for a permanent central public market in the city. According to CGCM's founder and president, Abby Mandel, participating in a permanent public market in Chicago will be the next step for CGCM's farmers. "A year-round permanent market will be an exciting and commanding destination in the city," she says. "Chicago needs it... and is ready for it."

Need for Farmer Development and Training

The amount of certified organic farmland in Illinois is currently insufficient to meet demand. Of the approximately 21,000 acres of organic farmland in the state, most if not all is being worked by farmers who are self-taught in organic farming skills. Over the past 60 years, as industrial agricultural practices have become the norm, organic farming practices utilized by past generations have largely been lost. That is not to say that the training of new organic farmers is not taking place. Private and not-for-profit initiatives are established locally, regionally and nationally to train new farmers in organic methods.



Located in Caledonia, IL, the CSA Learning Center at Angelic Organics offers farmer training through the Collaborative Regional Alliance for Farmer Training (CRAFT). CRAFT began in 1997 and is a year-long program which offers those new to farming internships with existing organic growers. Recently, University of Illinois and University of Illinois Extension have partnered with CSA Learning Center and The Land Connection, a central Illinois not-for-profit that is transitioning land and training new farmers in organic methods,

to create two new training programs: State Line Beginnings™ and Illinois Farm Beginnings™. These training programs build on curriculum created by the Land Stewardship Project and add important training in marketing and business management. At this time, about 50 new farmers are participating in the training and will soon begin growing food for market under these programs. This is the first ever involvement of a state agency in programs aimed at training Illinois growers in organic farming practices. For an organic food system to be feasible within Illinois, a much broader effort must take place to recruit, train and connect new farmers with land suited to raise organic food.

Another resource for Midwestern farmers is Michael Fields Agricultural Institute in East Troy, Wisconsin. They offer an internship program that includes a second and third year program for advanced farmers. In addition, the Institute operates Fields Best, a store at the Milwaukee Public Market that gives interns the opportunity to learn about wholesale and retail aspects of local organic products.

The Liberty Prairie Foundation is currently developing an “organic farm incubator” at the Prairie Crossing Farm in Grayslake, Illinois to stimulate and support the successful development of an entrepreneurial organic farming sector at the urban fringe in the Chicago region. Starting in 2006, they are recruiting beginning farmers to establish new farm businesses at the Prairie Crossing Farm. On the urban agriculture front, Growing Power is a national leader in providing resources for farmer training, greenhouse development, vermicomposting, and aquaponics. They have offices in Milwaukee and Chicago.

Farmer Training and Development Recommendations

With the huge demand for local and organic food comes a huge demand for new local and organic farmers. The Sustain feasibility study identified a number of ways in which the number of farmers growing local, family farmed and organic food can be increased.

Increase farmer training programs: With only four farmer training programs in the state, the number of new farmers that can be trained is severely limited. Also, the training programs have not been funded beyond the first year, making it difficult for partner organizations to plan for the future.

Improve access to farmland: According to Terra Brockman, Executive Director of The Land Connection, only about half the interns in the Illinois Farm Beginnings™ training program have access to land. In urban edge agricultural areas, land prices have been driven up by purchases of farmland for development. Prime farmland in these areas can bring much higher short-term returns for development, even though longer-term revenues from organic farming could be sufficient to allow farmers to earn a good living. The Chicago Area Organic Farmland Preservation Strategy Task Force is developing a strategic plan to make 7,000 acres (an average of 1,000 per Chicago-area county) available for organic farming by 2020. This goal can become a reality by innovative programs to protect farmland by land trusts, Forest Preserve Districts, Township Open Space Districts, conservation easements, purchase of development rights, in addition to fee simple purchases with leasebacks.

Use farmer training to reduce recidivism: There is a growing awareness that engaging former gang members and ex-offenders in producing and marketing organic and sustainably raised food in urban environments can be a way to reduce recidivism. In the North Lawndale neighborhood of Chicago, the Sweet Beginnings program provides job skills and training to formerly incarcerated people through urban farmers and honey production. Their Beeline™ brand honey is sold at farmers markets and restaurants. There are plans to create a line of honey-based personal products. The City of Chicago, Chicago Christian Industrial League, North Lawndale Employment Network, North Lawndale Business Development Corporation, The Chicago Botanic Gardens, the Steans Family Foundation, and the Delta Institute have partnered to develop a six-acre farm and greenhouse complex growing food in the neighborhood. Their aim is to provide horticultural training, transitional work experience, and job placement services to 30 trainee-workers each year.

Train producers in post-harvest handling skills: Wholesale buyers are concerned that most farmers do not have adequate training or the equipment to provide optimal post-harvest handling for fruits and vegetables. The ability to remove the “field heat” of produce by rapidly lowering the core temperature is the most important key to ensuring freshness and shelf-life in fresh produce.

Develop Packing Standards: Both growers and wholesale buyers have expressed frustration with the lack of guidelines for packing and grading fresh fruits and vegetables. Packing standards would give all elements of the supply chain consistency and accountability while ensuring the best quality produce.

Opportunities Abound for New Farmers



As the combined populations of America's immigrants, especially Hispanics, continue to move toward majority status, there is growing awareness of the importance that creating food security and preserving cultural identity through food is vital for immigrant communities. Many immigrants have backgrounds and roots in farming and agrarian societies. Upon coming to this country, the majority have had to leave those skills behind, settling in urban areas and taking employment outside of agriculture. There is a strong belief and increasing evidence that if offered the opportunity, some immigrants will choose to return to farming; either to feed themselves and their neighbors or to grow food for market.

There is a growing realization that more farmers are needed to meet the increasing demand for sustainably raised and organic food in the US. America's current farmers are rapidly reaching retirement age and, in many cases, have no immediate family with whom to pass on the farming operation. According to the most recent USDA statistics, the average age of US farmers is 54 years old, and the portion of farmers over age 55 is well over 60%.¹ While the vast majority of growers using sustainable and organic practices is much younger, we are still rapidly losing the opportunity to keep land in the hands of farmers and away from developers, partly due to the aging and retirement of the current generation of farmers. Initiatives like Organic Valley's "Generation Organic," aimed at bringing more young people into organic farming, are evidence that this trend in declining numbers of farmers must be reversed if America desires the capability to feed itself. The question is: where will the next generation of America's farmers come from?

One of the most important developments in the past five years is the creation of the New Immigrant Farming Initiative (NIFI). NIFI is a project of Heifer International with major funding from the W.K. Kellogg Foundation. NIFI provides information sharing, networking and advocacy to increase the resources and support for immigrant farmers. NIFI's stated goal is to help create programs nation-wide that will dramatically increase the number of immigrants trained annually in farming. Through NIFI, new and existing projects can now connect to expertise, funding and other resources to more effectively train immigrants.

Across the US, there are some twenty projects in various stages of funding and development aimed at training and placing immigrants on the land as new farmers. All of these projects teach new farmers the entrepreneurial skills needed to become profitable marketers of farm produce, and more than half are successfully placing immigrant farmers on their own land.

¹ USDA/ERS Briefing Room Statistics

Financing Needed In Order for Organic Farms to Grow

The Farm Credit System (FCS) was created in 1916 when Congress chartered 12 regional farm credit banks. Congress wanted to increase the ability of farmers to obtain credit to finance the purchase of farms and ranches. While there are many federal lending programs currently tied to this system, few of its lending resources serve producers in the organic sector. Greater access to the FCS by organic farmers is a key factor to expanding the amount of organic food supplies available in Illinois. Much of the state's small-scale organic farming is dependent on cash sales through CSA's, farmers markets and other direct-to-consumer links for its economic survival. More capital is needed by these farmers not only to expand, but also to provide the cash-flow needed to sustain operations targeted to wholesale and retail markets. Small-scale organic farms clearly fall within the FCS mission to serve the young and beginning segment (YBS) of the agricultural market. More accountability and focus is needed from FCS to make this happen.

Recommendations to Improve Access to Credit

Increase lending to non-commodity farms: The access to capital and the impact of capital on farm ownership were constant obstacles mentioned by farmers in our focus groups and surveys. Besides connecting local farmers to consumers so they can "put a face on it," a critical element of the CSA marketing concept is the fact that farmers are paid up front, providing them with the working capital needed to run their businesses. Without the price supports, disaster payments and yield insurance associated with commodity crops, organic farmers would be considered less favorable risks, even though many own their land outright.

Improve transparency to determine loan recipients: Given the fact that the overwhelming majority of organic farming operations would be characterized as YBS, it is likely that this group is being underserved in the area of farm credit. Since the FCS admits that its counting methods are not mutually exclusive, it is likely that the FCS is double or triple counting the number of YBS farm operations it actually serves. There are no published statistics on FCS loan activities to organic vs. conventional farms. Without accurate data, it will be difficult to create new policies and remedy current ones that disadvantage organic farmers.

Data Collection Critical for Organic Production

Through the collection of information on certified organic farms and processing in Illinois and the region, the Sustain feasibility study made some headway in closing the large data gap surrounding organic food production. However, the lack of solid annual statistics on organic produce, fruit and grain production obviously increases the risks when considering commercial and public investment in organic farming. For example, without accurate market and financial data, both current and historical, it is difficult for lenders to project the future health of a specific business or an industry segment. Organic farming is no different. If organic farmers and ranchers are to participate in FCS lending, there needs to be comprehensive data collected on the organic farm economy by the USDA and other government agencies. It is certainly our strong recommendation that both USDA and the Illinois Department of Agriculture immediately put the necessary resources behind collecting, analyzing and distributing annual crop production and other related census information for the organic food system.

Public Support is the Key to Growth

Our feasibility study identified a number of major areas in which governments can support the growth of local, organic, and family farmed food.

Key Recommendation

The state of Illinois should create a Local, Organic, and Family Farmed Food Task Force: The governors of both Wisconsin and Minnesota created organic task forces to examine ways in which the state can support the growth of the organic farming and processing sectors and give specific recommendations for implementing policy and funding initiatives. Creating such a task force in Illinois could be a valuable way to engage key agricultural, industry, academic, and NGO leaders in a process to boost organics in Illinois. Such a task force can also examine ways in which current policies and regulations unduly restrict organic and smaller scale farmers from effectively managing their operations and recommend ways in which the state can remove these hindrances.

- **Develop revised or new regulations to encourage organic and smaller scale production:** For example, current Illinois EPA regulations make compost production and use on organic farms in populated areas extremely difficult. This is because permitting regulations view compost production as waste disposal, rather than as a recognized input for organic farmers.
- **Provide support for transition from conventional to organic farming:** There are currently no incentives in Illinois to encourage farmers to transition to organic production. In Minnesota, the state division of the US Natural Resources Conservation Services has set up an innovative fund for organic transition, using Environmental Quality Incentives Program funding from the federal government. When this fund was initially launched in 2002 and 2003, 8,000 acres were converted to organic using \$1.6 million in EQIP funds. Because of its success the NRCS has continued the project in Minnesota.
- **Build Additional University of Illinois and Extension Support:** Traditionally, extension programs and land grant colleges have played a key role in giving farmers expertise on new technologies and techniques. In 2005, U of I and the Extension system played an important role in launching the Illinois Organic Conference with 170 attendees in its first year. In 2006, the conference attracted 50% more attendees including many conventional producers interested in learning more about organic farming. Such successes highlight the interest and opportunities available for these institutions to serve constituent needs through programs designed to support organic production, research and sales.
- **Increase State and Local Support for Food Policy Councils:** The Chicago Food Policy Advisory Council (CFPAC) is a network of organizations and over 300 individuals sharing their experiences and concerns about food security in the Chicago region. It started as an outcome of the Chicago Community Trust-sponsored Food Summit of 2001. Since then it has been supported financially and in-kind by the Chicago Community Trust, Heifer International, Growing Power, Openlands Project and Sustain. The CFPAC is developing a collaborative relationship with the City of Chicago and other stakeholders to implement responsible policies that improve access for Chicago residents to culturally appropriate, nutritionally sound, and affordable food that is grown using environmentally sustainable practices. In addition, the Illinois Stewardship Alliance coordinates statewide efforts to support and organize local food policy councils. This work should be expanded and potentially increased to develop a statewide food policy council.

FamilyFarmed.org Brings Marketing to the Family Farm

FamilyFarmed.org gives regional farmers a marketing system with ready access to trade and consumer buyers, while allowing them to differentiate their products as “local” versus large-scale organic farms in California, Arizona, Mexico, or South America. Regional farmers are concerned that produce from large farms in California and beyond can sell to wholesale markets more inexpensively than products from small- to mid-sized producers in the Midwest. This was clearly indicated by the fact that 58 percent of organic farmers surveyed in Illinois said they would participate in a “Family Farmed in Illinois” labeling system. Farmers and other regional stakeholders strongly believe that a system in which the label differentiates the product as “Family Farmed” while identifying the place of production is a positive marketing opportunity. This is because the products can command a higher price in the marketplace and effectively be promoted as local.

As a result of this knowledge, Sustain created FamilyFarmed.org, an integrated marketing system serving regional producers. Here’s how it works:



FamilyFarmed.org Retail Program

Sustain’s two major partners in the retail program development are the two largest buyers of organic food in the Midwest, Whole Foods Market and Goodness Greeness. For the past two years we have been working with both companies to create stronger merchandising of local food at Midwestern supermarkets including posters, brochures, and product demonstrations.

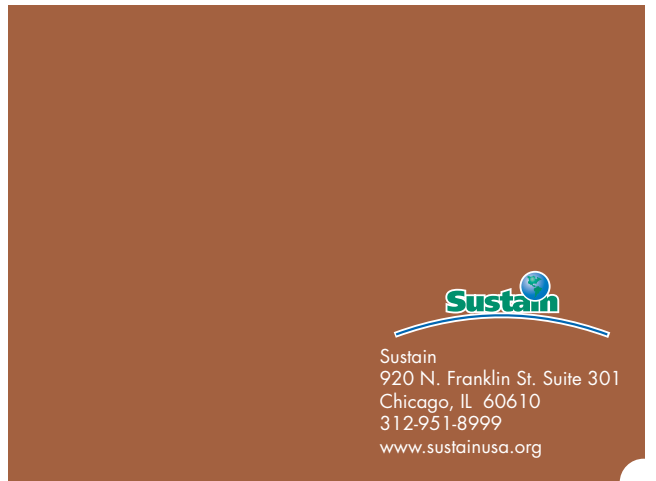
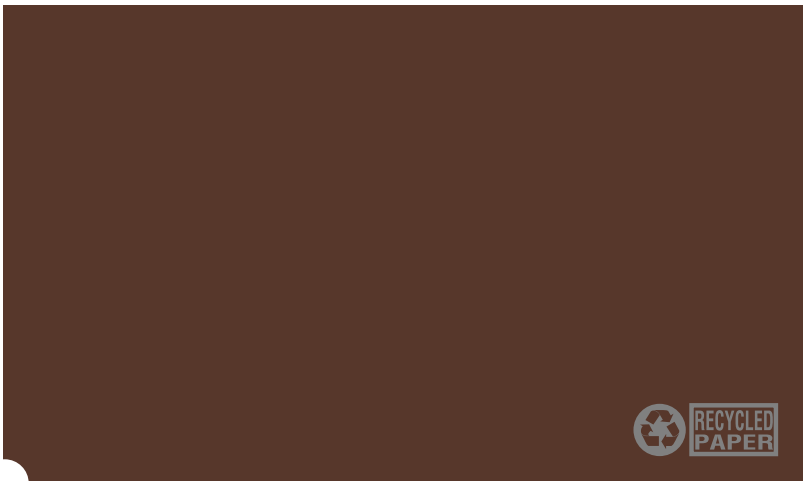
FamilyFarmed.org EXPO: Producers, distributors, retailers and consumers attend the EXPO to network, learn from each other, and build marketing relationships. The Chicago EXPO includes farmer exhibitors representing more than 400 Midwestern farms and draws thousands of attendees for workshops, chef demos, films, and more.

FamilyFarmed.org Retail Food Label

Regional organic farmers, Whole Foods Market and Goodness Greeness have worked with Sustain to develop the FamilyFarmed.org food label, which we expect to fully launch by 2007. By identifying the name of the farm and place of production, the label brands the product as being locally grown on a family farm. Using information from the label, consumers can learn more about the producers by visiting the FamilyFarmed.org website or even the farm itself. Farmers can use the label to promote their products any number of ways, such as on packaging and promotional materials. Retailers can use it in advertising and at point-of-purchase to identify these products and help promote them to consumers.



FamilyFarmed.org Website. In many ways the website www.FamilyFarmed.org is the heart of the project. This is where consumers “meet” their farmers and begin to re-establish connections with their food, their community, and the land. Once on the site, consumers gain access to information about producers. This may include a picture of the farm family or processor and a description of their products and growing methods. The site also includes info on the FamilyFarmed.org EXPO.



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