



A worker sorts fresh sliced Gala apples at American Produce Express, a family business that uses fruit from its Omak orchard. Selling sliced fruit helped save the family farm. (Gilbert W. Arias / P-I)

Fresh-produce market makes some gains with schools

Omak grower shows profit can be had

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P-I REPORTER

OMAK -- John Butler thrusts his hand into a bin of freshly picked, blush-colored apples so juicy they explode on the first bite.

He finds a tiny split near one stem, a common flaw downgrading the fruit to the processed "peeler" market offering 7 cents a pound.

Several years ago, this third-generation farmer came up with a better solution: selling sliced apples to schools.

Apples carved by his industrial slicer into kid-friendly bites yield more than a dollar a pound. The money helped his family hold onto to their 30-acre orchard.

"I don't know if it was brilliance or stupidity," said Butler, 52, who now delivers Okanogan Valley fruit to schools around the state. "It was desperation, really."

Though small or midsized Washington farmers are interested in selling to large buyers such as school districts and hospitals, few have made it work. Inflexible budgets and logistics can prevent fresh, locally grown products from reaching those served by institutional cafeterias: children, the elderly or the ill.

Kitchens serving thousands of meals a day use companies that can pull produce from around the world and offer a dizzying array of precooked, processed products.

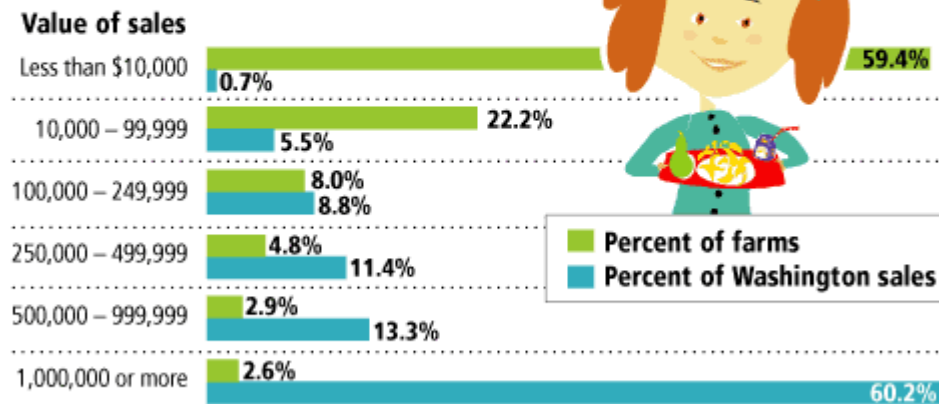
"Why do we serve the cheapest, fakest food to our most vulnerable populations of people?" asked Tom French, a Whidbey Island chef working to link farms with cafeterias.

The reasons are many:

- Smaller farms lack the equipment to process produce into convenient cut carrots or broccoli florets.
- Growers would have to pool resources and provide a single point of contact for ordering.
- Insurance and food-handling requirements can break farms' budgets.
- Prices that institutions can afford to pay may be too low.

PERCENT OF WASHINGTON FARMS AND SALES BY SIZE IN 2002:

The vast majority of Washington farms have less than \$100,000 in sales each year. Small farms that lack processing equipment or high insurance liability policies have the hardest time selling to institutional cafeterias.



Sources: Washington Agricultural Statistics Service, USDA, Washington Office of Superintendent of Public Instruction

But groups around the region want to help interested farmers compete on a larger scale.

A \$250,000 grant has gotten farmers in the Puget Sound region to start brainstorming about a collective processing facility that might make stir-fry mixes, peeled potatoes or frozen fruit.

Others are assessing how smaller farms could supply quantities that cafeterias need: 37,000 pounds of carrots annually for Seattle Public Schools alone.

A pilot program at one Island County hospital was launched after agricultural-interest groups realized just how many health care institutions there are along the Interstate 5 corridor.

One of the best ways to keep farms from being converted into subdivisions is to help farmers make money, said Allen Rozema, executive director of Skagitonians to Preserve Farmland.

Now, the big challenge is to create farm-to-cafeteria programs on an economically meaningful scale.

"You can hardly turn on the radio and not find something about food security, buying local, concerns about global warming," he said. "We're on a wave of change, and maybe that's why we're getting traction that other groups haven't in the past."

Midsized farms squeezed

Butler would rather be in his Omak orchard, growing trees with his dad in the crisp sun. These days, he spends too many hours in a wood-paneled office surrounded by paper: invoices, call sheets, delivery schedules.

It's not unusual for his family to load fruit on a refrigerated truck under a streetlamp at 2 a.m.-- preparing for morning deliveries to schools that lie two mountain passes away.

They're not getting rich, but they have built a business selling to 60 school districts statewide. Butler won a \$50,000 capital grant and borrowed money to develop his own industrial slicing operation in an Okanogan warehouse. He takes orders for apples, pears, nectarines, plums and other fruit grown by his neighbors.

He's succeeded by offering the freshest products and impeccable service, customers say.

"One of our obstacles with the schools was that they had tried farmers in the past and they just couldn't get it done," Butler said. "The fruit was soft or they'd run out in November."

Indeed, selling to institutions may never make sense for a small niche farmer with customers who think nothing of paying \$5 for a head of organic broccoli. "It has potential to really benefit ag in the middle," said Sylvia Kantor, a Washington State University extension educator in King County.

Those farms are too big to rely on farmers markets and restaurants but still get squeezed by industrial-sized competitors.

Butler said his sliced apples probably cost 5 cents a pound more than those sold by larger processors. But he's refused to join a race to the bottom, pricewise.

"I've just been totally honest with them, that this is what I need to make a living, and if you don't want to buy it at this price, that's OK," he said.

Nina Sykes, central kitchen manager for the Kent School District, said the expense is worth it. She diverts part of her USDA commodity allotment to a Department of Defense program allowing her to order fresh fruit from Butler's American Produce Express.

His slices last longer, and students eat more. Plus, Sykes likes supporting a farming family instead of a faceless distributor.

"Last year, he explained to me how to prune my own fruit trees," she said. "That's the kind of service you're getting."

Benevolent brokers

In Seattle Public Schools, which serves 19,000 lunches a day, nutrition coordinators can't scrounge cucumbers or potatoes a few boxes at a time.

At a minimum, they'd need local farmers to work though a single entity that could take orders, track who's growing what and coordinate deliveries.



PERCENT OF U.S. SUPPLY GROWN IN WASHINGTON IN 2006

Washington	Other places	Product
90.4%		Red raspberries
57.4		Apples
58.1		Sweet cherries
43.4		Pears
28.1		Prunes and plums
6.9		Blueberries
11.6		Apricots

Washington leads the nation in growing certain types of fruits. Cafeteria menus often feature bananas, seedless grapes, pineapple and other fruits grown primarily in California or overseas.

Washington still grows substantial amounts of other food that may or may not get distributed to local schools.

In 2006, the state produced:

- 5.5 billion pounds of milk
- 2.5 million pounds of honey
- 1.3 billion eggs
- 9.0 million pounds of fall potatoes
- 1.1 million head of cattle
- 6.1 million chickens

WASHINGTON-GROWN COMMODITIES

None of the beef, chicken or eggs bought as part of the USDA's school commodity program this year was bought from Washington.

The government did buy \$41 million of other Washington commodities for the National School Lunch program, such as canned pears, dried cherries, frozen corn, applesauce, dehydrated potatoes and pasta.

When Washington schools order commodity supplies, there's no guarantee of getting food grown in state. The last time the state tried to order fresh Washington apples, they got a load of bumpy, unripe apples from Michigan.

Sources: Washington Agricultural Statistics Service, USDA, Washington Office of Superintendent of Public Instruction

That's already happening in Whatcom County, where a consortium of growers is selling on a smaller scale to several school districts. Nine farms already were working together to sell to customers and restaurants, which can order online.

It's not a fancy system, though. The non-profit consortium, Growing Washington, coordinates deliveries and charges enough to cover a driver and gas, said Director Clayton Burrows.

"I would not call this an effort that the private sector is going to be involved in anytime soon," he said. "You can make it a profitable for the farmers, but if there's a middleman, it has to be a benevolent broker."

To serve a Seattle-sized district, using existing distribution channels and storage might make more sense than starting from scratch, said Tim Crosby, farm-to-cafeteria director for 21 Acres, a non-profit farm near Woodinville.



 Gilbert W. Arias / P-I
Octovio Tellez slices Gala apples at American Produce Express, which delivers sliced and fresh fruit to 60 school districts around the state.

"If the existing business structures can't return enough money to the farmer, then we need to work on others," he said. "It's complex, and it's a hurdle, but it's really something we should be doing."

The Seattle-based Cascade Harvest Coalition, through a grant, just launched an 18-month effort to devise plans for a cooperative processing facility that small farmers could use. That might be for freezing, storing, chopping, slicing, peeling, bagging -- whatever the greatest needs are, said Executive Director Mary Embleton.

It could also help with insurance liability and food safety certifications that prevent small farmers from working with larger customers, she said.

Even then, school districts and growers still might be far apart on price. Seattle Public Schools tried to buy organic carrots and greens from Full Circle Farm several years ago, but the effort broke down over logistics and cost.

A coalition of interest groups plans to lobby the Legislature next year for money to get pilot farm-to-school projects off the ground. They also want to exempt food grown in Washington state from restrictive bidding requirements.

That may concern businesses that export large quantities of food, that worry that policies smacking of protectionism or local favoritism could lead other states to retaliate against Washington agricultural products.

But organic grower Ray deVries, owner of Ralph's Greenhouse near Mount Vernon, argues it's short-sighted to take the lowest price without considering what corners were cut to make cheap food.

"You've got to get the institutions thinking in a different way," he said, "because there's such an incredible amount of money and you've got all these corporate folks who say ... 'we're not going to give up our market share.' "

Steve Sakuma, whose Sakuma Brothers Farms in Skagit County tends 1,000 acres of strawberries, raspberries, blueberries and blackberries, said he'd need certainty before investing in more acreage or capacity to serve local institutions. His family likes long-term contracts that offer a predictable cash flow.

The federal commodity programs that currently supply schools involve a lot of red tape for not much profit, he said. But he wouldn't rule out working directly with hospitals or school districts if the deals make sense.

Most Americans, he guesses, would greatly prefer a food system that supports local farms and keeps dollars circulating within a community. But federal farm policies catering to high-volume agribusiness and well-worn distribution networks won't be easy to change, he said.

"It's a great story, but right now it's just a story on paper. It's got to get beyond that to execution and proof in the pudding that you can actually do it."

FARM TO SCHOOL

The King County Farm-to-School connections team will meet for the first time this year on Monday. Parents and growers are welcome to attend: 11 a.m. to 1 p.m., King County Extension Office, 200 Mill Ave. S., Suite 100, Renton.

ON THE WEB

For more information, visit king.wsu.edu/foodandfarms/farmentoschool.htm

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