

**NORTH CAROLINA SUSTAINABLE LOCAL FOOD
ADVISORY COUNCIL MINUTES
JANUARY 20, 2011**

The fifth meeting of the Sustainable Local Food Advisory Council (Council) was held January 20, 2011, at the Martin Building on the NC State Fairgrounds in Raleigh, NC. Council Chair, Commissioner Steve Troxler, opened the meeting at 1:05 pm.

MEMBERS IN ATTENDANCE

Mr. Jamie Ager	Dr. Lynn Harvey
Dr. Alice Ammerman	Ms. Savonala Horne
Mr. Andrew Branan	Mr. Charlie Jackson
Mr. Ted Burch	Dr. Ed Jones
Dr. Nancy Creamer	Rev. Mac Legerton
Mr. John Day	Ms. Earline Middleton
Dr. Jeffrey Engel	Mr. Barry Nash
Mr. Billy Ray Hall	Mr. Randall Patterson
Ms. Debbie Hamrick	Commissioner Steve Troxler
Ms. Linda Harris	

ALSO IN ATTENDANCE

Ms. Shivaugn Rayl was in attendance for Mr. Roland McReynolds

ABSENT MEMBERS

Mr. Uli Bennewitz	Mr. Willy Phillips
Secretary Keith Crisco	Mr. Tommy Porter, Jr.
Mr. Phil Hudson	Ms. LaTisha Watford
Mr. Roland McReynolds	

OPENING COMMENTS

Commissioner Troxler welcomed the Council as well as those in attendance and shared several upcoming events that he is excited about that will enhance local food production and markets. The North Carolina Agritourism Networking Association 5th Annual Conference will be occurring February 17-18th at the Little River Golf & Resort in Carthage, NC. The first annual Carolinas Meat Conference, presented by NC Choices and CEFS will be held at the Cabarrus Event Center in Concord on March 25-27, 2011; the Council is providing \$500 for sponsorship for this event. Additionally, the *Best Dish in NC* competition will be expanding to 3 regions with 10 finalists in each region.

Commissioner Troxler also shared that he has been selected to represent the National Association of State Departments of Agriculture as a member of the national Produce Safety Alliance. This three year USDA and FDA partnership will be coordinated at Cornell University

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and is aimed at giving produce growers and packers training and educational materials and opportunities to learn about best food safety practices and future regulatory requirements.

The new legislative session also begins next week. Of notable concern is how the agricultural community will be affected by almost certain cuts within the state budget. Commissioner Troxler called on the Council to help educate legislators on agriculture and agribusiness in North Carolina.

Commissioner Troxler then introduced Beth Farrell, who recently joined the NCDA&CS staff as administrative assistant. Ms. Farrell called roll of the Council and it was determined that quorum was met. Commissioner Troxler introduced Ms. Savi Horne, Executive Director NC Association of Lawyer's Land Loss Prevention Project, who is filling the vacancy on the Council left by the resignation of Ms. Dania Davy. Additionally, Ms. Mary James has resigned from the Council and a sustainable crop producer will be identified to fill this vacancy.

APPROVAL OF MINUTES OF SEPTEMBER 9, 2010 COUNCIL MEETING

Dr. Ed Jones made a motion to approve the minutes of the September 9, 2010 meeting as presented. The motion was seconded by Dr. Lynn Harvey. The minutes were unanimously approved.

PRESENTATIONS ON MANAGING FINANCIAL RISK

Mr. Scott Marlow, Director, Farm Sustainability, Rural Advancement Foundation International, gave a presentation entitled "The Glass Ceiling: Financial Infrastructure and the Growth of Local Sustainable Foods (Exhibit 1)."

Discussion around this presentation was as follows:

Commissioner Troxler shared that nationwide, risk management is a large part of any farming operation. If there was adequate risk management, there would be no need for disaster recovery.

Commissioner Troxler asked Scott Marlow if Agri-lite crop insurance was still available. Mr. Marlow shared that in the past year, 4 policies were sold in North Carolina. Lack of participation in this program is indicative that the program is not effective. For example, with strawberries, creating a whole farm revenue policy would go a long ways to address program problem. It's hard to get the concept workable and viable to the producer.

Charlie Jackson asked about the process of getting a policy approved. Mr. Marlow responded that Federal crop insurance evaluates the policy on a crop by crop basis. If the policy is accepted, it's put out through the normal crop insurance procedures to buy policy. It's a good process but have to build a team. Allowing different commodities on the same farm to come through the process is a challenge.

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Randall Patterson shared that from a farm perspective, crop insurance is good for sustainable agriculture. For example, the heat stress and drought last year, the USDA funds will not be available for several years down the road. Programs such as the one Marlow described will help farmers since cash flow is faster through an insurance program than disaster assistance.

ANNUAL REPORT RECOMMENDATIONS TO THE GENERAL ASSEMBLY

Extraterritorial Jurisdiction (ETJ)

Mr. David McLeod, Assistant Commissioner and Mr. James Dunn, Agriculture Marketing Specialist, NCDA&CS, addressed the recommendation to modify municipal annexation.

Mr. McLeod distributed handouts of the statutory framework for the ETJ issue, including three different statutes directly relating to ETJs. General Statute 153A-340 gives counties the power to adopt zone ordinances. Since this law was enacted, farms have been subject to this statute. Until that time, bona fide farms had been exempted from ordinances. The law was changed about 15 years ago to make swine farms subject to zoning. The reason this statute is important is that this is why ETJs can be problematic for farms. While farms are exempt from county zoning regulations, they are not exempt from city zoning ordinances. General Statute 160A-360 is the law that gives cities the authority to extend their power into counties through extraterritorial jurisdiction up to one mile beyond its city limits if the population is less than 10,000; cities with population between 10,000 but less than 25,000 may extend up to two miles beyond the city limits; and cities of a population of more than 25,000 may extend their jurisdiction up to three miles beyond its limits. If you are in the county, and the city expands its ETJ onto your farm, then you lose farm exemption and are subject to the regulations of the city. Farms affected by this are then subject to city building codes and other regulations. Cities need to do this as they plan for future growth and development. General Statute 143-138 is the law that authorizes enforcement building codes. Section B4 of this statute pertains to farm building exemption, which only applies by interpretation and outlines what is a “farm building” and can still have on-farm implications. These include not only meeting building codes, but making sure that plans for new buildings are approved by engineers.

Commissioner Troxler shared that in talking to farmer groups about this issue, many are opposed to forced annexation. Many of these farmers would endorse potential ETJ legislation changes. The General Assembly will be asked to consider this legislation recommendation soon. Mr. Day shared that the County Commissioners Association meeting is occurring now and anticipate that changes to ETJ legislation will be recommended from that group as well.

James Dunn then outlined several ETJ issues that he has encountered in the field, including 3,700 acres in Knightdale. The city brought up a request to annex the land without consulting with anyone in the agricultural community. They had not calculated how this ETJ would affect farms near the city. Implications of this ETJ included livestock, fencing regulations, building codes and flood plain regulations which are limited by city codes. Additionally, ETJs in this area were very spotty. While the county recognizes Voluntary Agricultural Districts, municipalities

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do not. As a farmer, you have to be proactive now about this issue. Mr. Dunn invited the Council to ask questions. Ms. Debbie Hamrick asked if the ETJ issue could be fixed at the state level. Commissioner Troxler said a potential solution would be presented. If not addressed, has the potential to run people off farms, especially with spotty ETJs. The Grange has proposed ETJ changes; however, this recommendation only included Voluntary Agricultural Districts. Dr. Creamer asked how the Council can help address this issue. Commissioner Troxler said he feels there will be legislation drafted; as this occurs, Council members will be notified.

Electronic Benefits Transfer (EBT) Usage and Farmers Markets

Ms. Alice Lenihan, Nutrition Services Branch Head, NC DHHS-Public Health and Mr. Robert Andrew Smith, Executive Director, Leaflight, addressed the recommendation to continue to plan for the future of Electronic Benefit Transfer (EBT) and Women, Infants and Children (WIC) programs.

Ms. Lenihan discussed the WIC Farmers Market Nutrition program and started by thanking Billy Ray Hall for the Rural Center's initial funding for the initial grant to fund this project. The project operates as a Federal/State match. She then provided examples of who utilizes the WIC Farmers Market Nutrition Program. Large markets have been most successful, including the State and Triad Farmers Markets. Markets who have limited operating schedules may not meet the needs of the mothers participating. WIC must be used for very specific amount of food, not a dollar amount. North Carolina is working with four other states to update the WIC mainframe. The goal is to have this finalized by 2013 with implementation in the Farmers Markets by 2014. Currently, they are evaluating how the program will be managed to be utilized at farmers markets. However, Ms. Lenihan stated that they are fully committed to working with all partners to have the best system possible to manage this process.

Dr. Ammerman asked if there is special training to implement WIC at a farmers market. Ms. Lenihan responded by saying that the WIC Program has a fresh fruit and vegetable program. This program contracts with market managers who then work with the farmers. However, the main WIC program would have to contract with individual farmers. Currently, they have 1,700 contracts with grocery stores and 47 farmers markets. The farmers would have to contract directly with the WIC program. They are evaluating how to best manage the WIC program to give access to local foods. Biggest concerns are making sure the mother has access and overcoming contractual issues and have EBT in place at markets. DHHS is currently doing a study on how to implement one card for all programs managed by the department.

Mr. Charlie Jackson asked how much money is allocated through the WIC fruit and vegetable program and if the program will be based on amount versus dollar amount. Ms. Lenihan shared that the amount is \$6 per child, per month; \$10 for an expectant mother per month; and \$8 per month for nursing mothers. Most mothers redeem the full amount.

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Ms. Savi Horne shared that in the next farm bill, the USDA is looking at rolling unspent SNAP-ED funds into the department to settle civil rights claims. Ms. Horne suggested a policy initiative to utilize some of these funds to support farmers markets and the adoption of technology to be utilized in farmers markets. Ms. Lenihan responded by stating that the WIC program is under the jurisdiction of the Child Nutrition Act that was just reauthorized.

Mr. Robert Andrew Smith, Executive Director, Leaflight, then shared with the Council a presentation entitled “21st Century Farmers Markets (Article 2.)” Leaflight is a statewide nonprofit based in Chapel Hill and addresses how to implement the use of the SNAP-ED program at farmers markets.

Ms. Debbie Hamrick asked if he had a ballpark figure of how much money was flowing through the Leaflight program at farmers markets. Mr. Smith responded that they have an outside auditor who compiles their books. There are 484 farms participating, and 355 of these received payments valued at \$3,847. There were a total of 3,787 farm payments; a total of 7,638 electronic transactions; a little over \$30,000 was conducted in SNAP sales, with an average of \$20 per transaction and \$200,000 in total sales.

Mr. Jamie Ager asked about Lifelight’s fee structure. Mr. Smith answered that the federal SNAP-ED program contract doesn’t cover EBT expenses but does allow for cost-sharing. There are certain reimbursable expenses for the farmers. For EBT transactions, there is no fee. However, this doesn’t cover merchant service costs and banking fees. Debit and credit transaction fees are recovered from the farmer in payment; 3.9% of the total amount is subtracted from farmer payments to cover these expenses.

Dr. Nancy Creamer asked since accessible fresh fruits and vegetables is a component of what the Council is about, how can the Council help open access? Mr. Smith replied that Dee Simpson, Department of Social Services Director, is working to maintain the program at current levels, but with budget situation, there are no expansion funds available. They are currently looking at modules for farmers markets to absorb the fees versus individual farmers.

Ms. Hamrick asked if she was a farmer, selling directly, if she would have to register as a retailer with the USDA if she was already accepting electronic payments. Mr. Smith said yes; however if you let your credit card company know that you’ll be accepting SNAP-ED funds, they will ask for your permit number. It is impossible to run transactions when you don’t have machines. The farmer cannot simply call in the credit card number or enter it online because they are not considered payment options.

Ms. Earline Middleton asked that if the farmers can’t accept because they don’t have broadband, is it the infrastructure that is limiting them from participating in SNAP-ED program? Mr. Smith responded that you have to have an approved machine, and farmers want to have these but they may not have the equipment to support these transactions.

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Ms. Hamrick asked if merchant services can do these transactions online. Mr. Smith responded that the governmental regulations are so tight that you can't do EBT in this manner.

Dr. Ammerman asked if farmers and farmers markets had the ability to accept electronic payment, wouldn't that eliminate the need for a token system? Mr. Smith responded that it wouldn't completely eliminate the token. The only way for the costs to be absorbed would be for legislation for DSS to absorb the costs associated. Half of the costs associated with the system is the labor cost of a cashier. It is unlikely that DSS will absorb these expenses. It is a national issue with a state model. Half of markets have volunteers serving as the cashier.

Farm to School Program

Mr. Gary Gay, Food Distribution Division Director, NCDA&CS presented information about the Farm to School program, including a PowerPoint presentation (Article 3) and a video showing how the program operates.

Mr. Bill Ray Hall asked why school systems didn't participate in the program. Mr. Gay responded that some don't participate because of budget or other reasons. Mr. Hall followed the original question up by asking what is being done to market the program to the school systems. Mr. Gay responded that all 117 school districts in North Carolina receive email blasts about the program. Commissioner Troxler commented that these trucks are already on the road running for USDA/DOD deliveries across the state. North Carolina is one of a few states with the ability to handle this program because NCDA&CS is already in the food distribution business, so this program is a perfect fit. North Carolina is uniquely positioned to handle this program and the model is one that other states would love to replicate. The program continues to grow every year. The General Assembly has been approached to help set child nutrition standards.

Commissioner Troxler then recognized Cynthia Chavier, Guilford County, and Sandy Marion, Stokes County, Child Nutrition Directors, to make comments regarding the "Farm to School" Program and changes in the child nutrition standards. Commissioner Troxler asked them how the changes would impact their efforts. Ms. Chavier responded that she was concerned. If the standards for more fiber, fresh fruits and vegetables were met, the school would receive an additional \$0.06 per plate. Ms. Marion commented that implementing the new regulations will not be covered by these funds. Additionally, Ms. Marion commented on how important the "Farm to School" program was as a source of safe, traceable foods. Ms. Marion also addressed why all schools don't participate. While there are lots of reasons why they don't participate, one of the reasons schools don't participate is because of lack of cool storage. Labor issues are also a reason because it takes additional manpower to utilize fresh fruits and vegetables in a cafeteria.

Dr. Creamer asked how engaged parents are, and are there any models of parents getting together to sell CSA shares to local farms to turn into Farm to School programs at schools to help with funding. Ms. Marion said it would be nice, but they are not aware of this occurring. Dr. Creamer then asked about year-round schools. Mr. Gay responded that there is little interest in schools participating in summer nutrition programs through the "Farm to School" program.

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Mr. Hall commented that at the local school system level, it's the price that limits participation. He challenged to look at the competitive price of fruits and vegetables and to evaluate a tax credit to farmers for all that are sold at a set price. He requested that the Council get someone to look at how to integrate tax policy and local, healthy foods.

Dr. Ammerman shared that there are funding sources that make award grants around nutrition policy.

Ms. Middleton asked if there are enough farmers to meet current demands of the "Farm to School" program. Mr. Gay responded that they have a good supply of everything but strawberries. Ms. Middleton followed up by asking if farmers want to participate in the program. Mr. Gay answered that farmers are frequently calling to see how they can sell to the program.

Mr. Hall asked if a survey had ever been conducted why schools choose, or don't choose, to participate in the program? Mr. Gay responded that there has not been a formal survey, but at trade shows there has been discussion around why they don't participate in the program. Some school systems have contracts that prohibit them from participating. Ms. Marion also shared that some schools don't know what to do with the produce once it is received. The schools have to be accountable for the nutritional analysis of a recipe that is added to their menu. One of the things the program is trying to do is develop the recipe and nutritional analysis so that it can be shared when they are evaluating adding the produce to their menus. Mr. Hall commented that one of the things that should occur is to have the cost of the produce to be evaluated so that a school nutritionist doesn't have to debate adding it to their menu. And, he commented that he had never heard about a lack of storage space being a reason for not participating; and he was aware of at least one funder in the state that would be interested in supporting adding the needed refrigeration.

Ms. Chavier then shared that the farm to school survey discussed in the Health, Wellness, Hunger and Food Access committee meeting was not a product of the "Farm to School" program.

SUBCOMMITTEE REPORTS AND DISCUSSION

Economic Development and Infrastructure

Ms. Debbie Hamrick, Subcommittee Chair, shared that the subcommittee did not meet this morning. Minutes from the November 17th meeting are posted on the Council website. The next meeting is scheduled for Tuesday, January 25th at 1:00 pm at the North Carolina Farm Bureau office. Dr. Robert Hanfield, NC State University Bank of America Distinguished Professor of supply chain management will be speaking. The subject will be infrastructure, to help the committee better understand North Carolina infrastructure and how the state needs to be positioned for the future.

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Agricultural Task Force (ATF) Liaison—Roland McReynolds will be representing the Council on this task force.

All-Farms GAP Pilot Program for small farms—The group is in the process of applying for funds from the Tobacco Trust Fund to hire a post-doctorate to document good agricultural practices (GAP) on small farms. North Carolina is the only state looking at doing this for small farms.

Health, Wellness, Hunger and Food Access

Dr. Alice Ammerman, Chair of the Health, Wellness, Hunger and Food Access Subcommittee, presented the Subcommittee's recommendations.

Continue strong support of the Farm to School Program—A survey has been prepared and shared with the committee regarding how Farm to School is understood. Included components of the survey include school salad bars and school gardens. Discussion was then held about food safety and liability of school gardens.

Land, People, and Natural Resources

The Subcommittee Chair, Dr. Ed Jones, recognized Mr. John Day to present updates from the committee.

Mr. Day shared that the committee discussed the need to have a strategic approach to the activities of the Council and recommended a Council retreat to accomplish this. The outcome of the Retreat would be a statement for the purpose of the Council and how to raise awareness for the Council within communities. Another result of this strategic planning would be outline common goals for committees and increase efficiencies of the Council activities. Ms. Joy Hicks reminded the Council that the retreat would be subject to open meetings law. Mr. Jamie Ager suggested that there be fewer speakers at the April 2011 meeting in order to focus on the Council. Commissioner Troxler recommended that staff talk to Council members to determine overall feel moving forward in retreat planning to make process as effective as possible. After discussion, general consensus of the Council was to devote the April meeting to the working of the Council with no external speakers.

Dr. Jeffrey Engel made a motion to close the meeting, which was seconded by Mr. Billy Ray Hall and passed unanimously.

Prepared by:
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Adopted by the Council this 28th day of April, 2011



Commissioner Steven W. Troxler, Chair
Sustainable Local Food Advisory Council



Dr. Nancy Creamer, Vice Chair
Sustainable Local Food Advisory Council