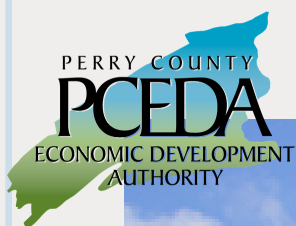


A Regional Strategic Plan for the Agricultural Economy

Top Business Opportunities to Drive Economic Growth in Perry County, Pennsylvania



Report by: Kitchen Table Consultants

In Collaboration with:
Perry County Economic Development Authority

2020

Acknowledgments

We would like to sincerely thank the following individuals and organizations for their support of this project:

Agricultural Committee

Donny Bartch, Merrimart Farms

Will Brownback, Spiral Path Farm

Pete and Heather Brummer, Brummer's Happy Breeze Farm

Jim Fuller, PCEDA and President of Perry County Farm Bureau

Duane Hertzler, PCEDA Board Member

Dave McLaughlin, Little Germany Farms

Brooks Miller, North Mountain Pastures

Bill Roberts, Perry County Land & Cattle

Jeff Trout, Trout Farms and Bootleg Creamery

Shawna Weller, Weller's Dairy



Dylan Baird, Philly Food Works

Ron Barchet, Victory Brewing

Gary Bellis, Bread of Life Outreach, Pastor

Mark Brault, Deer Creek Malt House

Judy Chambers, Penn State Extension

Stephen Christensen, VP & General Manager, Canadian Greenfield Technologies Corp.

Ashlee Dugan, PASA

Jason Finnerty, Tri-County Planning Commission

Taylor Groff, Groff North America

Ron Moule, Hemp Expert

Ryan Neuhard, Newport School District

Richard Pluta, Perry County Chamber of Commerce, President

Katherine Rapin, Lost Bread

Mike Schroth, Stone Path Malt

Bob Welsh, INTAG Systems

Greg Wirth, Perry County Area Agency on Aging

Jay Young, Rising Spring Meat Company

Pennsylvania Association for Sustainable Agriculture (PASA)

USDA Agricultural Marketing Services, Local Foods Promotion Program

Dear Reader,

DO NOT ONLY READ THIS REPORT

This is not your typical academic report. It's the culmination of over a year of stakeholder engagement and research, and was built to have a significant impact on the agricultural economy and the lives of farmers in Perry County, PA. It will be a waste of time and precious federal funds if ignored and not taken seriously. Farmers, entrepreneurs, planners, investors, bankers, and political leaders - it's time to engage, to collaborate, and problem-solve. It's time to lift the opportunities outlined in this report off these pages and into the real world.

Perry County farmers must think about how they can be most viable in the next ten years. The economic development community must continue to find funding that will allow the County to maintain the momentum this project has built. The farmers are dedicated and committed to finding ways for their land to be more productive, and their farms even more profitable and viable for many years to come.

This project was funded through a federal planning grant, which is often followed by an implementation grant of up to \$500,000. This type of implementation grant could be used to launch a strategic education and marketing campaign to pitch one (or more) of these top opportunities to willing entrepreneurs/investors. The LFPP (Local Food Promotions Program) Implementation grant funds may also be used to assist entrepreneurs with various business needs. This type of seed funding should be used to incentivize entrepreneurs to invest their time, money and energy into Perry County.

With the right people at the wheel and the continued support of the agricultural and economic development community, we strongly believe that Perry County can achieve its goals of building the local agricultural economy in a lasting and significant way.

Thank you for taking the time to read this report, but please do not merely READ it. Engage with it. Ask questions. Send feedback. Go find the entrepreneurs that will deliver on these plans and support them through that endeavor.

Thank you for your participation,

Kitchen Table Consultants

Executive Summary

What We Did

We began with a broad assessment of the county's strengths, weaknesses, and unique assets that could be leveraged. Along the way, we developed a running list of possible opportunities that could be pursued further and vetted. Ultimately, we were seeking agricultural-related programs and facilities that would be most likely to be viable in Perry County and that were likely to have a significant positive impact on the region's agricultural economy. In collaboration with the County, we went through a rigorous process of narrowing down the opportunities.

As a group of entrepreneurs ourselves, Kitchen Table Consultants approaches this work with an explicit bias towards action and execution. We know from experience that nothing happens without the right people involved to make it happen. For this reason, throughout our research, we kept an eye on finding entrepreneurial owners who could potentially be involved. The underlying goal behind all of the business opportunities in this plan is to grow the agricultural economy in Perry County. Our approach in this project was to survey the agricultural landscape in Perry County, understand the county's strategic strengths, and develop and begin to vet a set of opportunities that were most likely to be viable, appropriate, and impactful on the region's agricultural economy.

What We Found

The top three opportunities identified in this project are a Malt House, a Grain Hub, and a Hemp Processing facility. All three of the following business concepts have the potential to be viable in Perry County and create a significant impact on the agricultural economy in Perry County, in terms of gross sales, job creation, farmland viability, and tax revenue for the County.

In order to implement, the top three opportunities will all require further business planning, site assessments, market assessments, county and state support, and a deep collaboration with an entrepreneur who would become the full or partial owner of each respective business.

Top Three Business Opportunities

A local grain hub that buys grain from Perry County farmers, stores the grain and sells it to malt houses, distilleries, bakeries, and food supply groups. The planned grain hub would ultimately have the capacity to store at least 500,000 bushels or 25 million pounds of grain, but would be constructed in a modular way allowing for expanded capacity as grain supply, market demand and the customer base increase over time.

A hemp processing facility that intakes raw hemp and processes it into three main categories of shelf-stable materials: bast fiber, hurd, and green microfiber. These materials could be sold for a wide variety of uses. Access to processing would support the development of more hemp farming and the creation of a regional secondary hemp-related industries. Any grain farmer in Perry County could theoretically produce hemp with standard farm equipment.

A malt house that would produce and supply locally crafted base and specialty malt to the craft brewing industry using innovative and scalable process technology. Perry County malt will enable craft brewers (in and beyond PA) to create distinctive beers, enhance their local branding, and achieve further growth in an expanding and competitive marketplace.



The process also revealed six additional opportunities that were seriously considered and may still have potential in Perry County:

1. Regional Local Food eCommerce Company
2. Value-Added Meat Processor
3. Dairy Processing Facility - Value-Added Products
4. Support Existing Initiatives to Create a Local Farmers' Market
5. Services to help farms with business planning, succession planning, profitability planning, and marketing
6. Education programs in schools to get next-generation excited about Agriculture

What You Need to Do

We recommend that PCEDA EXECUTIVE COMMITTEE do the following:

- 1) Actively cultivate relationships with potential entrepreneurial owners, investors, and advisors who can support the execution of these projects.
- 2) If needed, develop and execute on a PR and Communications plan to promote the opportunities and further build community buy-in and work to find potential owners.
- 3) Develop a process in which to convene the Agricultural Committee on an annual basis to review progress on this strategic plan and make any required changes in order to maintain a living, dynamic regional strategic plan for the agricultural economy.

We recommend that the AGRICULTURAL COMMITTEE do the following:

- 1) Meet to assess the final three business plans and choose one to start with. This one opportunity should become the sole focus of an LFPP Implementation grant. This grant should cover the costs of facilitating the process, development of a more robust business plan and pro forma financials. This business plan and pro forma will likely need to be confidential in order to protect the entrepreneur involved and avoid competitive disadvantages.
- 2) Meet with the PCEDA on an annual basis to review progress and update growth strategies as needed.
- 3) Assist with providing leads for entrepreneurs, or when there is an entrepreneur involved - provide advisory support as appropriate.

We recommend that ENTREPRENEURS reading this report do the following:

- 1) Connect with PCEDA, visit the county and meet the key players.
- 2) Begin seeking specific site locations and conducting site specific feasibility assessments.
- 3) Consider developing local advisory boards that include county officials, farmers, and other local leaders.
- 4) Continue building on the foundational mini business plans provided in this report. Make use of any business planning resources available to assist with market research and the development of a robust, viable, and comprehensive business plan.
- 5) Begin building your capital table to understand the various sources and uses of capital you may need and be able to leverage.

We recommend that ALL READERS of this report do the following:

- 1) Get involved and support the implementation of these opportunities in any appropriate way. These are large projects and will require a lot of community support to be successful.
- 2) Send this report to anyone who might be interested in investing their time or financial resources in one of these agricultural opportunities in Perry County.