

# Resolution

## Woodbury County Policy for Rural Economic Revitalization “Local Food Purchase Policy”

### Preamble

It is the policy of Woodbury County to promote the economic vitality, and public health and safety, of its rural communities. The “Local Food Purchase Policy” is intended to increase regional per capita income, provide incentives for job creation, attract economic investment, and promote the health and safety of its citizens and communities.

### Summary

Woodbury County shall purchase, by or through its food service contractor, locally produced organic food when a department of Woodbury County serves food in the usual course of business. The Woodbury County Jail, Work Release Center, and Juvenile Detention facilities are presently serving food in their usual course of business. The contractor may cover for unavailable local organic supply through its current procurement practices with preference to be given local non-organic food products. An arbitration board shall be established to assure fair value to Woodbury County. A single-point-of-contact broker, located in Woodbury County, shall interact with food service contractor, for availability, price, quality, presentation and delivery terms of all locally produced organic food. The current food service contract shall be modified to carry out the intent of this policy. Purchases under this policy shall begin June 1, 2006.

### Local Food Purchase Policy

#### **SECTION 1.0 GENERAL POLICY TERMS DEFINED**

##### **Section 1.1 Locally Produced Food**

‘Locally produced food’ is food that is grown and processed within a 100-mile radius of the Woodbury County courthouse, Sioux City, Iowa. The source of a grown food item, or of processing services, may be from beyond that 100-mile radius when sufficient supply, or service, is not available within that radius.

##### **Section 1.2 Organic Food**

‘Organic food’ is defined to include food that has been certified organic by an accredited certifying agency and compliant with the USDA’s National Organic Program standards and guidelines. Food that is being produced by farmers who are converting from conventional to organic production practices, and who are seeking organic certification, is also approved for purchase (i.e., transitional).

##### **Section 1.3 Food Service Contractor**

‘Food service contractor’ is defined to include Woodbury County’s existing food service contractor, CBM Food Services, and any assigns or successors.

##### **Section 1.4 Single-Point-of-Contact Broker**

‘Single-Point-of-Contact Broker’ is defined to be an incorporated farmer-run cooperative with its main business office located within Woodbury County, Iowa that primarily handles locally produced organic (or transitional) food products as defined hereunder. The only presently known broker to be formed is Woodbury Farm Foods Cooperative, with a business address of 1211 5<sup>th</sup> Street, Sioux City, Iowa.

## **SECTION 2.0 GENERAL POLICY PROVISIONS**

### **Section 2.1 County Purchase of Locally Produced Food**

Woodbury County shall purchase, by or through its food service contractor (hereinafter referred to as “Contractor”), locally produced organic food when a department of Woodbury County serves food in the usual course of business. The Woodbury County Jail, Work Release Center, and Juvenile Detention facilities are presently the only departments serving food in their usual course of business.

### **Section 2.2 Organic Food Supply and Non-Organic Cover**

Subject to the price and quality provisions contained within this policy, it is mandatory that Contractor purchase available supply of locally produced organic (and transitional) food from the single-point-of-contact broker (hereinafter referred to as “Broker”) in accordance with Contractor’s historical food needs. Contractor may revise recipes to include more local food if deemed more healthful or cost-effective. If the available local organic (or transitional) food supply does not meet Contractor needs, Contractor may look to cover shortfalls through its regular purchasing procurement policies; however, it is desired that Contractor look to local non-organic producers for cover, when practicable.

### **Section 2.3 Purchase Procedures**

Contractor shall work with Broker to establish a timely notification procedure with respect to Contractor periodic demands and Broker delivery guarantees. If Broker is unable to guarantee delivery of a specified item of Contractor demand, there should be sufficient time provided by the procedure for Contractor to exercise cover. Contractor demand shall specify quantity, quality, presentation, and delivery terms.

### **Section 2.4 Price Terms**

Contractor and Broker shall negotiate prices that are fair to all parties concerned for each item traded, and with accountability to Woodbury County Board of Supervisors, as stated herein. It is preferred, but not mandatory, that the overall annual food cost to Woodbury County will not increase by reason of this policy. The price to be paid Broker for a particular food item, if cost is higher for locally produced organic food, shall be established by the following guidelines:

#### **Section 2.4.1 Guidelines for Establishing Item Cost**

- (a) The price for a particular food item shall reflect the fixed and variable costs of production, anticipating a reasonable profit to the local farmer, and include reasonable commission to Broker.
- (b) The price for a particular food item under this policy can be compared with the price a farmer (who supplies Broker) charged for the same item to other buyers over the previous 12-month period. Broker must justify any increase in price to the Contractor.
- (c) Contractor shall consider the cost of a particular item in view of the overall contract cost (i.e., another organic item may cost less, so the overall contract cost to the County is the same).
- (d) Fair market value for the food item may be established through comparable sales in comparable markets (i.e., local supermarket price, or the price charged for an item by other Midwest food brokers, wholesalers, and retailers).

- (e) Special attention shall be given if there is material increase in price over what Contractor would otherwise pay for a similar item.

#### **Section 2.4.2 Guidelines for Woodbury County Policy Review**

- (a) Woodbury County, through the Organics Board, shall review the costs of this policy in terms of food costs every 3 months to determine if costs to the County under this policy exceed existing contract price. A report to the Woodbury County Board of Supervisors will be provided on a quarterly basis.
- (b) If the overall food service contract cost increases as a result of this policy, the higher cost can never exceed the expected benefits of the policy to Woodbury County. In determining the value of the policy to Woodbury County, it is accepted as general principle that dollars expended locally will circulate within the regional economy.
- (c) Woodbury County will consider the impact of this policy on the reduction of health care costs related to inmates, behavioral changes of inmates, and other factors that may potentially reduce costs to Woodbury County.
- (d) If the policy results in job creation by Broker, expanded markets for local organic products, or results in increased organic food production within the county, Woodbury County will compare the increase in costs under this policy with comparable costs associated with other forms of economic development tools to determine reasonableness of the increased costs.
- (e) Allowances will be made for the learning curves of local producers and suppliers to meet county demand.
- (f) It may be acceptable for the county to endure higher costs in the short term if there is clear evidence that in so doing, economics of size are being built that will reduce costs in the long term.

#### **Section 2.5 Arbitration Board, Non-Binding Arbitration**

An Arbitration Board shall be established by Woodbury County to hear any disputes between Contractor, Contract-Broker, or Woodbury County in the operation of this policy. Dispute resolution shall be by “non-binding arbitration”. Woodbury County directly, or by and through Contractor, reserves the right to reject a proposed purchase of locally produced organic food.

### **SECTION 3.0 SPECIFIC OBLIGATIONS OF PARTICIPANTS**

#### **Section 3.1 Special Obligations of Contractor**

##### **Section 3.1.1 Food Service Contract**

Contractor has existing obligations to Woodbury County pursuant to the Food Service Contract. Except as to modifications mandated by this Local Food Purchase Policy, Contractor obligations shall remain in full force and effect under its existing Food Service Contract with Woodbury County. Woodbury County and Contractor shall review the existing food service contract and make such modifications as are necessary to implement this policy.

##### **Section 3.1.2 Policy Initiation and Planning**

The initial purchase of locally grown organic food shall begin on June 1, 2006. Contractor and Broker, from the time of the adoption of the policy to June 1, 2006, shall develop a reliable and efficient process that will facilitate the purposes of

this policy. Woodbury County, Contractor, and Broker shall also work during this time to develop reporting schedules from which to judge the success of this policy, as further specified in Section 4.2 below.

#### **Section 3.1.3 Recipes and Food Quality**

It is encouraged that Contractor review recipes, and to increase the locally grown organic food content, when such modification would be more healthful and would reduce or not substantially increase the total contract costs.

#### **Section 3.1.4 Reporting to Woodbury County of Food Costs**

Contractor is required under this policy to report to the Woodbury County Rural Economic Development Department, on a quarterly basis, with its first report on September 1, 2006, any increase or decrease in price it has paid for locally produced organic food as compared with the cost of similar items that it would have had to purchase if Contractor followed its standard procurement practices.

#### **Section 3.1.5 Contractor Notice or Rejection of Increased Price**

Contractor may request of Broker a justification of price if materially higher than it would otherwise pay for the food item. Contractor reserves the right to reject the sale if price is materially higher, without justification, than it presently pays for similar items taking into account the factors set forth in Section 2.4.1.

#### **Section 3.1.6 Local Non-Organic Food Purchase As Cover**

Contractor is required under this policy to purchase locally grown organic (and transitional) food to the extent that supply is available. Contractor is encouraged to consider the purchase of locally grown non-organic food when the locally grown organic supply cannot fully meet Contractor demand for a particular food item.

### **Section 3.2 Special Obligations of Broker**

#### **Section 3.2.1 Broker Organization**

Broker must be a cooperative, preferably an Iowa Code 501A organization, that maintains standard liability insurance and designates a single contact to Contractor through whom all communications shall be made. The Broker must consist of a Board of Directors with at least 50% of the Board of Directors being farmer-suppliers to the cooperative.

#### **Section 3.2.2 Periodic Publications of Demand and Supply**

Broker shall publish in a conspicuous place, at its main place of business, the Contractor listing of all food items purchased by Contractor over the previous 12-month period. Broker shall also publish in a conspicuous place, at its main place of business, and by email to farmer members (if farmer has such email service), a copy of Contractor periodic demand for food items; said notice shall be given within 18 hours of Broker receipt.

#### **Section 3.2.3 Certification and Transitional Farm Products**

Broker shall deliver only certified organic products, or products from farms that are transitioning to certified organic, in accordance with the USDA's National Organic Program standards and guidelines. Transitional farm products are those produced by farmers who currently employ organic practices in accordance with USDA standards, but cannot qualify for organic certification until a transitional period is completed. Broker shall verify farmer certification and verify transitional farm organic practices.

### **Section 3.3 Special Obligations of Woodbury County**

#### **Section 3.3.1 Maintain Listings of Organic and Non-Organic Farmers**

Woodbury County Rural Economic Development shall compile contact information and production data for all farmers who supply food items to Broker. Woodbury

County will also maintain a listing of non-organic farmers, located within the 100-mile local food radius, who want to make their crops available for purchase by Contractor as cover for unavailable organic supply.

### **Section 3.3.2 Additional Markets for Local Food Production**

Woodbury County Rural Economic Development shall investigate markets, beyond that which is established by this policy, for local food producers and shall publish opportunities that become available and known to Woodbury County. One goal of this policy is to provide an example to local school districts, and other institutional consumers of food products, to consider establishing local food purchase policies that will promote health and improve the local farm economy.

## **SECTION 4.0 REPORTING PROVISIONS AND POLICY DURATION**

### **Section 4.1 Monitoring Impacts of Policy and Reporting Schedule**

Woodbury County shall monitor, on a quarterly basis, the impacts of this Local Food Purchase Policy to determine overall benefits and costs to Woodbury County taxpayers. Reporting from Contractor and Broker, as provided in Section 4.2 below, shall provide most of the information needed to accurately monitor the success of this policy.

### **Section 4.2 Producer and Product Purchase Reporting**

In exchange for County efforts to promote local food sales, Contractor and Broker shall provide a joint report to Woodbury County Rural Economic Development Department, on a quarterly basis, that supplies the following information:

- (a) What are the costs of food purchased by Woodbury County that were sourced by local and non-local, organic and non-organic sources;
- (b) How much value-added food products did the Broker produce and how much of this used products from local producers;
- (c) What percentage of Broker's business is devoted to filling the Woodbury County food service contract;
- (d) Amount of production costs of producer-members that are spent locally;
- (e) Dividends returned to producer members;
- (f) Labor statistics to determine increase in jobs and wage information;
- (g) Farm and producer information that will disclose acreage devoted to organic production practices, type of product sold, value of organic sales per producer, and other information as requested by Woodbury County needed to determine success of this policy.

### **Section 4.3 Policy Duration**

The Local Food Purchase Policy shall be in force until amended or revoked by Woodbury County. Woodbury County reserves the right to amend, or revoke, this policy for any reason.