

## PRE-RFP PUBLIC MEETING – APRIL 11, 2016 AT THE CHARLOTTE HALL LIBRARY – ST. MARY’S COUNTY

### Welcome and Overview

Charles Rice, SMADC Chairman, opened the meeting with a brief overview of the goals for the informal forum. The meeting is intended as an informal time to foster relationships and provide an opportunity for attendees to network and form partnerships in order to be better placed to respond to the forthcoming Request for Proposal (RFP) for the meat processing/packing facility. The forum is designed for those who can bring one or more pieces to the table, declare their interest in the project and find partners with the expertise they need to submit a competitive/complete RFP. Charles Rice described the ideal proposal would consist of the following: property to sell, a group to run or operate the facility, funding/funder and design specialist.

**Commissioner Debra Davis, TCC Chairwoman**, stressed TCC is committed to getting the Meat Processing Facility up and running. TCC hears the need from the community and is committed to seeing it through. TCC would like to see the first product out the door by December, 2016. She introduced members of the TCC Board, Helen Wernecke, Ray Mertz, and Executive Director, John Hartline.

### Attendees were asked to introduce themselves.

**Dr. Christine Bergmark, SMADC Executive Director**, stated the purpose of the meeting was to foster creative partnerships that could respond to the formal RFP. She encouraged people to meet each other and think creatively. This is the time for questions and discussion, as once the RFP is published, neither SMADC nor the TCC can discuss the project. She referenced the information boards in the room.

She stressed that this would be an open, fair and transparent process. The timeline: RFP is expected to be released in late April. Will be out for 60 days. Once the RFP is released, neither SMADC nor the TCC can entertain questions or have further discussion. SMADC will schedule a public bidders meeting in early-mid-May for questions and answers. Subsequent questions will be taken for a short period of time, and all questions and answers will be posted on the website. Will be reviewed within 30-60 days.

She explained the relationship of SMADC and TCC. The Southern Maryland Agricultural Business Park and Food Innovation Center (Center) is a concept that has been in various forms of discussion and development since 1999, when the Strategic Plan for Agriculture was adopted by the Tri-County Council for Southern Maryland (TCC). The plan outlined the method by which the Cigarette Restitution Funds of Maryland would be channeled to Southern Maryland farmers to assist the region’s transition from a tobacco-based economy. The Action Plan called for the formation of an entity to administer the Tobacco Buyout for the State of Maryland and implement components of the Strategic Plan. The entity, SMADC (SMADC), was formed in 1999. SMADC funding comes from the Cigarette Restitution Fund (CRF), through Maryland Department of Agriculture (MDA), through Tri-County Council of Southern Maryland (TCC) to SMADC. SMADC goals are to provide resources for farm profitability, preserve land so there will be farms in the future and new and beginning farmers to continue to grow food, and promote the integral value of farms in the quality of life and health in Maryland.

Dr. Bergmark stated although the original concept was for a bigger center with multiple infrastructure components, this meeting will address only the meat packing processing facility. In 2015, SMADC conducted public surveys (initiated through the Farm Bureau) to prioritize the components. Meat processing was identified as the priority need for the region. The facility must align with SMADC’s goals. Currently Southern Maryland is only producing (livestock) 4 ½ percent of the local demand for beef.

Possible scenarios include:

- Primary goal = meat processing (Slaughter, Cut, Process, Wrap) for local producers
  - Could expand outside region, so long as priority given to So MD producers
  - Could include retail and wholesale

- Could include poultry processing

She also referenced the cost of doing nothing. The informational boards show the downward trends of agriculture in Southern Maryland. In the last few months, a \$42,000/ week account for local ground beef went to Virginia, as the facility was not up and running.

## **RFP**

Christine Bergmark noted, once the RFP is launched, there can be no further comments or questions entertained. It is anticipated there will be a public meeting prior in early to mid-May which will be publicized and announced on the SMADC web site. The process will be open, fair and transparent (see timeline discussion).

The site(s) must be appropriately zoned and able to handle the minimum requirements of the facility. If the site is not zoned appropriately or able to handle the minimum requirements of the facility, the bidder must detail how they will obtain the necessary zoning or requirements, and the timeline within which it will be accomplished.

**Key observations** from Commissioner Davis, Charles Rice and Christine Bergmark (for prospective applicants to submit RFP for a USDA Inspected Meat Packing Facility):

- Plans must be for a USDA inspected meat processing and packing facility (will allow for wholesale and retail)
- Zoning must allow meat processing -- If not, how will it be addressed
- Property access to public sewer and water and appropriate roads
- Facility may also facilitate custom processing
- Proposal must take into consideration the needs of multi-cultural community, e.g. English preference for dry aging/Amish preference for hot meat (fresh kill)
- The facility may be as complex or as simple as the proposers see fit in line with community needs
- Private/public partnership options
- Plan may include additional funding sources (MARBIDCO, investors, loans, etc.)
- The RFP must include a specific property/site
- Size and scope of the project is at the discretion of the proposer
- TCC/SMADC cannot select site nor hold title to property under the current structural organization
- Matching funds, in-kind services

**Commissioner Debra Davis** reiterated that this is a business venture and wants people to form groups to come up with a plan. If there are areas of the plan where help is needed, state it and TCC/SMADC can try to assist. Funding is available in the form of TCCSMD grants to help offset some of the capital expenses. The expectation is the winning proposal will enter into a long-term contract with TCC/SMADC. If additional funds are needed, tell us what you need to make the venture profitable (equipment, etc.). She referenced a paragraph, which **Christine** read as follows:

“Given the priority of creating a Southern Maryland meat processing facility, the TCCSMD Executive Board directive is to create an RFP that allows a public-private partnership to develop, manage and operate the meat processing facility for the farmers of this Region. The TCCSMD has grant funds available to assist with various regulatory requirements, equipment purchases, ongoing operation assistance and other potential overhead expenses. The objective is to find an entity that will make a long-term commitment to operate the facility at a mutually agreed upon location.”

**John Hartline** stated that the scale of similar meat facilities is estimated at \$3-6 million when complete. He encouraged visits to slaughter houses around the region to contrast and compare to the scope of project and equipment/staffing needs.

## **QUESTIONS/COMMENTS from floor**

**QUESTION:** We are only processing a small percentage of what is needed, how much processing needs to occur? Is there an equivalent facility to base this on and, if so, how much square footage is needed and will this be clarified in the RFP?

**CLARIFICATION/ANSWER:** Dr. Bergmark clarified her earlier comments related entirely to livestock production not processing. There is no local USDA processing facility.

**COMMENT:** A livestock producer commented on an earlier statement on the need for the processing facility in the region: Yes, the need is here. Three of the facilities most producers use are approximately 2 hours away – 4-plus hours round trip to take livestock to slaughter and a second trip to pick-up finished meats.

**COMMENT:** A vegetable producer who serves 500 families (CSA), 8 restaurants and 2 stores commented the families he serves all request local meat. There is a tremendous opportunity for retail sales for livestock producers.

**COMMENT:** Producers in the audience concurred; the time is now for meat industry. Consumers are looking for locally grown, high quality products, including meat. Forrest Hall started in vegetable and fruit production at the request and demand of their customers and has expanded to include meat sales.

**QUESTION:** The original Expression of Interest (EOI) for property that was sent out in 2015 was for one property to host all of the infrastructure components. Is this still accurate and should it be taken into consideration in the upcoming RFP?

**ANSWER:** Charles Rice said originally we solicited an EOI for land to house all components (distribution, farm land for beginner farmers, etc.). Since then, TCC/SMADC has taken a step back and decided to concentrate on successful completion of only one component. A meat processing plant was identified by the community as the priority need for the region.

**COMMENT:** An attendee invited others to declare their individual expertise (producers, businessman, finance, etc.).

**COMMENT:** Several livestock producers reiterated the need for a regional facility (including poultry processing in high demand by consumers). Another noted that in one year's time he has increased production from one beef a month to three beef a month. If a USDA facility was located nearby, the producer estimated he could double or triple his production.

**COMMENT:** Additionally, a mobile processing unit is close to being USDA certified to process small animals.

**COMMENT:** A group from Hughesville expressed serious interest in the project. They have worked to clear the path on several issues: zoning and public perception of the project.

**COMMENT:** There was a discussion on the shortage of USDA inspectors and associated fees for Maryland. Suggestions included sponsorship/scholarship/funding for training a Southern Maryland dedicated regional inspector. Initially, several small facilities could share an inspector as the center grows its inventory. More information on USDA inspection compliance standards/requirements can be found online at the USDA website.

**COMMENT:** A representative with the Prince George's County Food Council stated that the MDA owned Cheltenham Warehouse was submitted as a potential site through the EOI. The county is enthusiastic, future county financing may be available and there is the political will to make happen.

**QUESTION:** Is there was a preferred site for the location of the facility, for example near the Amish community, in order to capitalize on their expertise as butchers?

**ANSWER:** Charles Rice stated there is not a preference, but this is a consideration that should not be ignored. Ideally, he would like to see a proposal that considers this element, however it will not make or break the final decision.

**QUESTION:** Regarding the size of facility, why does it have to be \$3-6 million? Can't it begin small with future expansion?

**ANSWER:** Phil Gottwals stated complexity depends on many factors including whether the plant is designed for multi-species or single species, this will affect the size and cost of project. The people in this room must help each other answer this question; all must be agree on how the plant will work to benefit the community and ultimately scale to the need.

**COMMENT:** TCC commented with regard to other infrastructure components envisioned for the Center; trying to do all components at once is a distraction, so we are concentrating on the meat component at this time. If we are successful, we can talk about "what's next".

Charles Rice stated we can start small, but ideally the site needs land with option to expand foot print potentially. Although Debra Davis' estimate to be 'open' by December is optimistic, realistically many factors may procrastinate the deadline for completion, for example zoning (special exemptions process).

**COMMENT:** Some producers cautioned not to start too small just to meet a deadline. We are waiting in line to be serviced at other plants. We don't want a wait list or a long journey.

**QUESTION:** SMADC/TCC Grant dollars depend on final commitment. Will dollars still be there to support the project or is there potential to lose millions of dollars.

**ANSWER:** Charles Rice said there is not a hard and fast timeframe. Debra Davis conveyed TCC's strong commitment to the project being complete by the end of the year which is wonderful, but super optimistic. Nevertheless, dollars from the state must be used in a timely manner. There are no guarantees, so we must continue to show due diligence to the project. Approximately 1 million available to support the project. Additional requests for funding may be considered.

Charles Rice cautioned to look for negative signs early on – e.g. County's commitment is needed to support the project. If the county is not supportive, it's a strong signal to look elsewhere.

**COMMENT:** An Architect, who has been working and volunteering time with the Town of Hughesville group, has been studying foot print required for meat packing plant with retail presence. Sees the project as a great opportunity for his group, he is committed and excited to help local business and the community. Audience questioned public reaction to the plant in light of the obstacles recently experienced to build a baseball stadium in the same location. Architect explained much work has been done to prepare the way since their original EOI was submitted. Base zone will be changed under special exemption; access to water and sewer and on-site disposal being investigated/resolved.

**QUESTION:** Have there been any meat packing plants in the 5 county area before?

**ANSWER:** (from audience) yes about 30 years ago, all custom operations, but none were USDA inspected.

**QUESTION:** Amish were asked if their facility (plan) can be adapted for USDA inspection compliance requirements?

**ANSWER:** Amish producer commented they are processing custom meat at the rate of 3 to 4 (2, 600 lbs.) bulls every week, not including hogs. They are looking at their options as they cannot operate under current circumstances. Need custom exemption which requires potable water and also plan for waste disposal. Property must have access to state and county roads. Plans are in at county Board of Appeals. In the interim, thinking about bringing back USDA inspected meats (from Treuth's) to their operation for custom/cut and retail.

**COMMENT:** John Hartline reiterated wise to visit other plants to compare. His estimate (3/6 million dollars) based on plants which operate at high volume seven hours a day, five days a week. Will need to consider minimum number (head

to process) that will justify the overheads, inspector fees etc. If looking for a model to base proposal suggest visit to Mt. Airy or similar. Several plants in MD and VA, locations are listed on USDA website.

**COMMENT:** A producer agreed facility could get started with a rotating inspector with other small plants until volume is achieved to warrant full-time inspector. We all need to think creatively.

**QUESTION:** Is there sufficient meat (livestock) production in the region to keep a small facility in business?

**ANSWER:** (from audience members) – definitive yes.

### **CLOSING COMMENTS**

Charles Rice closed the meeting, thanked all for their participation and opened the floor for informal networking. Urged all present to make the most of the opportunity, exchange business cards, phone numbers and begin to form teams of expertise to submit RFP.

### **LIST OF ATTENDEES**

- Christine Bergmark, Ph.D., SMADC Executive Director
- Tara Bouchard
- Jim Bourne, The Lamb's Quarter
- Eddie Bowling, SMADC
- Penelope Breese, Longview Farm
- Jennifer Carnahan, SMADC Staff
- Robert Ching
- Chris Cowie, Cowie Associates
- Susan Cox, Spider Hall Farm
- Jonathan Cribbs, Delmarva Farmer
- Sydney Daigle, Prince George's County Food Council
- Debra Davis, TCC Chariman/Charles Co. Commissioner
- Frank DeVille, John Isabelle Acres Farm, Inc.
- Gwendolyn DeVille, John Isabelle Acres Farm, Inc.
- Jan Dietrich, Hunters Ridge Farm
- Thomas Dietrich, Hunters Ridge Farm
- Amish Farmer
- Joe Gale, Lockes Hill Farm
- Willie Goddard, WAGs Meat
- Les Gooding, Hughesville Properties, LLC
- Phil Gottwals, ACDS
- Brett Grohsgal, Even Star Farm
- Lindsay Halterman, St. Mary's Co. Land Use & Growth Mgmt.
- Hilton Harrod, Farmer
- John Hartline, TCC Staff
- Joe Higdon, Matthews-Higdon-Shorter
- Phillip Jones, Farmer
- Donna Knott, Knott Farm
- Susan McQuilkin, SMADC Staff
- Ray Mertz, TCC Board
- Sharon Meyer, TCC Staff
- Cia Morey, SMADC Staff
- James Raley, St. Mary's County Farm Bureau

- Charles Rice, SMADC Chairman
- David Robinson, Serenity Farm, Inc.
- Ernest Rowell Sr., Rowell's Butcher Shop Inc.
- Kim Rush Lynch, UMD Extension – Prince George's County
- Bonnie Sigwalt, Marlboro College MBA Program
- Don Smolinski, Hughesville Properties, LLC
- Amish Farmer
- Shelby Watson Hampton, Maryland Department of Agricultural
- Charles Weimert, Rowell's Butcher Shop Inc.
- Darrin Weimert, Rowell's Butcher Shop Inc.
- Milly B. Welsh, Maryland Farm Bureau
- Helen Wernecke, TCC Board
- Joe Wood, Forrest Hall Farm
- Mary Wood, Forrest Hall Farm/SMADC