When Rules and Regulations Meet the Market

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Our Vision:
Midsize farms in the Northeast are known primary suppliers of a sustainable regional food system.

Our Model:
Non-asset based aggregation and distribution of produce.
Wholesale direct to distribution centers or direct to store/school/institution.

Who is Red Tomato?

• 20 year old non-profit food hub based in Massachusetts

• Network of 40+ growers throughout the Northeast

• Staff of 9 full time equivalents

• Manage Eco Apple and Eco Stonefruit IPM growing protocols partnership
Red Tomato in the Market

- PACA License
- Insurance Policy
- Aggregation and Distribution Partnerships
- Many farms: same pack, same quality
- Eco Apple and Eco Stonefruit
- Dedicated Staff
#1 Not all rules and regulations in local food are for food safety.

#2 There’s more to food safety than FSMA.

- Voluntary versus Compliant
- Market Access
- Buyer Requirements
- Consumer Demands
- Growing Practices
What does the buyer want?

Cheap Food
Easy Food
Safe Food
Cheap, Competitive, Consistent Pricing

• You can have the safest, best tasting, prettiest produce, but price pressure is immense.

• Decrease in price premium for certified organic. Local products tend to be treated similarly.

• Cost of Delivery: Why is local more expensive?
Red Tomato Examples

Cost of Transportation

• Direct Store Delivery (DSD) vs. Warehouse
• Regional grocery store chain now setting own prices for all local produce.

Institutional RFP

• How to prioritize local using federal dollars (extremely price conscious) & vendor contracts
• MAPC RFP
  – Group of public school districts in greater Boston area
  – Comprised of price & non-price proposal

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Easy to Buy, Easy to Use

• Institutional
  – procurement guidelines, nutrition standards, contract limitations

• Retail
  – warehouse & non-regional competition, direct to stores or through distribution center

• Examples
  – online ordering
  – wrapped cauliflower
  – lightly processed
  – grab and go
I only eat/buy/sell/waste safe foods.

• **Insurance**
  – What is legally required to start selling? What are your buyer’s requirements?

• **Voluntary Food Safety Audits**
  – 2nd party: Commonwealth Quality Program (CQP) in Massachusetts, USDA GAP, Harmonized GAP
  – 3rd Party: GFSI, Global Gap, etc.

• **What about FSMA?**
Red Tomato Examples

Insurance

• Food service distributor increased insurance minimum to $10 million.

• Food service management company requires themselves as additionally insured.

• Regional grocery store chain requires $1 million policy.

Food Safety Certifications

• Regional grocery chain requesting audit report in addition to certificate.

• National grocery store chain requires testing 60 random portions from every block on farm before sales, using customer approved method, to have on hand, in addition to an audit.
Food Safety Modernization Act

- Compliance is not voluntary
- Eight Foundational Rules
  - Each has different compliance dates
  - Each requires different training

  - Standards for the Growing, Harvesting, Packing, and Holding of Produce for Human Consumption (Produce Safety Rule)
    - On farm activities
    - Know who is implementing in your state
    - Qualified Exemptions
    - No checklist, no certificate

  - Current Good Manufacturing Practice and Hazard Analysis and Risk-Based Preventive Controls for Human Food Rule

  - Sanitary Transportation of Human and Animal Food Rule
• Isn’t local produce organic?
  – Even if it’s grown using organic methods, unless it is certified, it can’t be sold as organic

• But what about ugly produce?
  – USDA grading, customer quality expectations (retail vs. institutional)
  – Not consistently available

• Is your business sustainable?
  – Finances, growing methods, employees

• Who’s harvesting?
  – Depends on the crop, depends on the time of year, depends on where you are in the USA
  – Red Tomato Example: Many wholesale apple growers in the Northeast use the same H2A labor year after year.
Equitable Food Initiative

- Certification program that covers labor, sustainable agriculture practices, and food safety standards

- Partners Signed On
  - Costco, Whole Foods & Bon Appetit

- Workforce development → higher quality, better food safety

- Price premium

Red Tomato Trial

- Ongoing with two Northeast farms

- Scaling down EFI training used in California & Mexico

- Costs

- Training Time

- 2017 feedback
Thank you!

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