



"Increasing the value of Tennessee's economy through new, expanded and improved processing and marketing of agricultural, aquacultural and forestry products as well as home-based industries"

Progress Report 21

July 2003

Welcome New Specialist:

In mid-June, new Marketing Specialist Megan Bruch was welcomed to the Center. Megan joins the Center after a short

stint with the USDA APHIS in Fort Collins, Colorado



where she worked during and after the completion of her Master of Science in Agricultural Economics from Colorado State. She also received a BS degree in Agricultural Business and Animal Science from Colorado State. Megan is a native of Yuma, Colorado where she grew up on a family ranch operation. Megan will participate in numerous value-added projects in the Center and will provide specific program leadership in the areas of market analysis and agri-tourism.

Value-Added Topics:

The following are value-added ideas, topics and enterprises that are currently on the agenda of Center projects:

- ✓ bio-diesel
- ✓ colored mulch
- ✓ wheat-straw pressboard
- ✓ dairy processing
- ✓ livestock slaughtering, processing and marketing
- ✓ equine industry development
- ✓ wool processing and product development
- ✓ fee-fishing
- ✓ waste-product packaging

A Message from the Director

If, after reading this report, you get the feeling activity is picking up at the Center you would be correct. The CPA is partnering with the Tennessee Departments of Agriculture and Tourism on a state-wide Agri-Tourism initiative. The project, funded by a USDA Rural Development Agency Grant, will focus on the development of Agri-Tourism opportunities in Tennessee. Initial CPA involvement includes the production of a comprehensive inventory of existing Agri-Tourism operations in the state.

We are preparing comments on recently published USDA proposed rules for the value-added producer grant and Agricultural Innovation Center grant programs. Our comments will be directed toward issues in the proposed rules that have implications for potential Tennessee producer applicants or the CPA.

Twenty people have accepted membership on the Value-Added Council. The council will provide advice, council and guidance to the CPA board and staff. An initial, soon to be held, joint meeting of the council and the CPA board will kick-off the council activities.

We enthusiastically welcome Megan Bruch to the CPA staff. Megan comes to us with an outstanding record of academic achievement and a solid background in production agriculture.

Dan Wheeler

Director - Center for Profitable Agriculture

On the Go and On the Road: Center Specialists criss-crossed the state in recent months planning, developing, coordinating and participating in numerous educational programs. Activities in the Western District included a meeting to consider regulations which impeded value-added success, planning of the 2004 Marketplace of Ideas conference and participation in the International Agriculture Strategic Forum. Activities in the Central District included participation in the Houston County Leadership program, exhibiting at the PTP trade show and participation in the Agri-Tourism Initiative Press Conference. Travel in the Cumberland District included participation in the Tennessee Council of Coops Board Meeting, attendance at the Rural Development Conference and the annual meeting of the TAAA&S. Activities in the Smoky Mountain District included on-farm planning meetings in Jefferson County. Out-of State programs included participation in the national Entrepreneurship Conference in Kansas City, the New England Agri-Tourism Conference, the Regional Value-Added Conference and Product Development Workshop in Michigan and the regional Agri-Tourism Conference in Kentucky.

Upcoming Activities: The planning horizon for Center specialists include the following value-added projects, planning and outreach efforts:

- TFBF Commodity Conference
- Rural Resources Producer Meeting
- Experiment Station Field Days
- Livestock Slaughtering & Processing Project
- Equine Industry Project
- Tennessee Vocational Educators Conference
- Business Threshold Publication
- Dairy Processing Projects
- YF&R Conference
- Value-Added Producer Grants
- Co-Op Board Training Program
- Forestry Assoc. Conference

Multi-Agency Seminar Hosted at Spring Hill: Approximately 25 participants attended a seminar that was co-hosted by the USDA Rural Development Office, the *Center for Profitable Agriculture* and the South Central Tennessee Development District at the Middle Tennessee Experiment Station on April 15. The one-day seminar featured program presentations by each of the co-sponsoring agencies and emphasized producer opportunities in the south central region for value-added grants. The conference provided a great launching pad for future cooperative programs among the co-sponsoring agencies and for the identification and development of value-added producer projects.

Proposed Funding: Specialists in the Center are planning to be heavily involved in a variety of funding activities in the coming months. A team of representatives from many of the Center's program partners will be assembling for a strategic planning session in preparation for the USDA Value-Added Innovation Center Grant program. In addition, Center specialists are cooperating with the Kentucky Center for Cooperative Development (KCCD) in submitting a proposal to the USDA Cooperative Development Grant program which will provide funding to establish a "cooperative development" initiative within the CPA. The Center will also be involved with various producer projects across the state which will consider the USDA value-added producer grant program.

Update on Publications and Mass Media Efforts: The second quarter of 2003 proved to be a busy season of printing and publishing educational materials in the Center. Center specialists put the final touches on PB 1727 "A Review of USDA-Inspected Livestock Slaughtering Facilities in Tennessee" and the "Directory of Coops in Tennessee." In addition, a four-page program brochure titled "In Pursuit of Sustainable Success" was finalized as a program summary and promotion for the Center's recent "Statewide Journey" program. Finally, the Center's program initiatives and efforts were documented in the published "Business Plan." All of the Center's publications are available on line at the Center's web site. In addition, the Center recently provided a news article on the USDA Renewable Energy Grant program and on the upcoming Farmland Preservation Workshops in the southeast. The CPA also received coverage in various articles concerning the Statewide Journey and the state Agri-Tourism Initiative and numerous additions to the CPA website have also been made.

UPDATE ON COMPLETED PROJECTS:

Developing a Direct Garden Marketing Enterprise - Direct garden marketing enterprises are often considered commercial agricultural operations that operate much like a mega garden. These operations often grow 3 to 5 acres of a variety of fruits and vegetables and utilize a variety of marketing methods and approaches including both on-farm and off-farm sales direct to consumers or retailers. When selling direct to the public, most market gardeners find it important to be friendly, courteous, informative and respectful to their customers; offer high quality products; develop a unique product or feature about the business; set fair price; display products in a neat and organized manner and provide product samples if appropriate.

Considering Bio-diesel Production in Tennessee - Farmers and entrepreneurs considering biodiesel production in Tennessee should utilize the results of the recent publication titled, "Economic Feasibility of Producing Biodiesel in Tennessee." This study was conducted by the Agri-Industry Modeling and Analysis Group of The University of Tennessee Department of Agricultural Economics. According to the report about 20 million gallons of biodiesel were produced in 2001, but U.S. capacity is already projected at 50 million gallons. Projections are that capacity will rise to about 70 million gallons over the next couple of years. A dozen companies have investment in biodiesel production and marketing. Most facilities are located in the Mid-West and in California. Tennessee uses about 1.2 billion gallons of diesel per year. Projections are that 100 to 500 million gallons of biodiesel will be used depending on future policies. Biodiesel prices are projected in the \$1.30 to \$1.60 range over the next decade. Biodiesel production is most efficient at the level of 10-15 million gallons per year. A 13 million gallon facility would use 12,900,000 gallons of soybean oil. Costs of the project would be about \$18.8 million for a stand-alone facility. If an integrated facility were constructed that would incorporate crushing of soybeans into soybean oil, the project costs would be about \$37.6 million. About 9,000,000 bushels of soybeans would be required.

Developing Markets for Farm-Based Goat-Milk Soap Products - Soaps made with goat-milk have various market opportunities. Positioned as natural and pure, goat-milk soap products can be used for cleaning, gifts and decorations and can be marketed through numerous direct-retail and wholesale outlets. Similar to other specialty products, sales of goat-milk soaps can be improved with an effective marketing plan which includes clearly defined and commercial product features, appropriate packaging, effective labeling, superior marketing materials and a multi faceted set of planned sales outlets.