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Tools for Community Self-determination

Exploring the Feasibility of Creating a Food Processing Center in the Spokane University District

By Ken Meter — August, 2025

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APPENDIX: The Spokane Region Farm & Food Economy is published as a separate document.

Executive Summary

The Spokane University District (UD) asked Crossroads Resource Center to determine the feasibility of launching a shared-use food processing facility in the UD, a 770-acre district near downtown Spokane. Focus of our inquiry was the potential for processing local farm produce and/or grains or pulses. One exceptional model for such a processing operation is Mission West Community Development Partners in Ronan, Montana [“Mission West”]. This report discusses our findings.

Several issues converge at the same time, leading the UD to explore this strategy.

1. Several underdeveloped properties appear to be suitable for food-related development.
2. Local foods appears to be an attractor that impels broader economic development.
3. LINC Foods, a worker- and farmer-owned cooperative, seeks to expand both its malting operation and the reach of the Northwest Food Hub Network. In addition to new processing space, staff told us that they aim to develop more warehouse space, and a community gathering place.
4. Farmers and buyers express a strong desire to have a more local option for processing their products into value-added products. While they love working with Mission West (Ronan, Montana), they wish to be able to process smaller orders and to reduce transportation time. They also seek to partner with a facility that is able to engage in developmental work, with less focus on immediate profitability for the processing operation.
5. Encouraging more Spokane consumers to support family farms in the region appears to be important for strengthening the local economy., as well as boosting farmer income.
6. The experts we spoke with urged Spokane to start with a small processing center, and to expand organically as new markets could be tapped.
7. We were also cautioned that markets wax and wane, so planning for multiple phases of business cycles is critical.
8. This suggests that Spokane UD may wish to consider developing a multi-use facility that combines food processing with other businesses, many of which could be food-related.
9. Related businesses and craftworkers might be willing to co-locate with local farmers and food processors in a new development, if conditions were right.
10. We suggest that a Spokane Food Commons would be the best strategy moving forward.
11. Planning for such a facility will require close collaboration among multiple partners, and will take considerable time. Moreover, planning should include attention to farm-level infrastructure as well as any facilities that would be located in Spokane.
12. At this point in time, it appears that large-scale lentil or pulse processing should wait for grower collaborations to form, and be located closer to farms growing these crops.

Spokane Region Stakeholders Interviewed:

Jeremy	Bunch	Shepherd's Grain
Jorge	Cano	Casa Cano Farms (Valleyford, Washington)
Ross	Carper	Feast World Kitchen
Shanon	Davis	Main Market Co-op
Kendra	Dean	Northeast Washington Educational Service District — ESD 101
Brian	Estes	LINC Foods
Tobe	Finch	Happy Day Local (Lewiston, Idaho)
Krysta	Forberg	Happy Mountain Mushrooms (Colbert, Washington)
Atania	Gilmore	Spokane Farmers' Market
Bret	Gordon	Lumberbeard Brewing
Leah	Harp	Valley School Food Service (Valley, Washington)
Hal	Jackson	Whitestone Mountain Farm (Tonasket, Washington)
CJ	Kalysten	LINC Foods
Joni	Kindwall-Moore	Snacktivist Foods (Coeur d'Alene, Idaho)
Karen	Lehman	Potlikker Capital (Minneapolis, Minnesota office)
Sarah	Masoni	Oregon State University Food Innovation Center (Corvallis, Oregon)
Charlie	Michel	Northwest Food Hub Network; Mission West (Ronan, Montana)
Vanessa	Miller	Oneida Integrated Food System Initiative (Wisconsin)
Kevin	Morse	Cairnspring Mills (Burlington, Washington)
Marcia	Ostrum	Washington State University Extension (Wenatchee, Washington)
Kris	Raasch	Chartwell food service, Idaho
Courtney	Shirk	Main Market Co-op
Juliet	Sinisterra	University District
Amanda	Tonnemaker	Tonnemaker Hill Farm (Port Royal, Washington)
Luke	Tonnemaker	Tonnemaker Hill Farm (Port Royal, Washington)
Jan	Tusick	Mission West (Ronan, Montana)
Brittany	Tyler	Scale House Market
Nathan	Underwood	University of Idaho food service
Madyson	Versteeg	Casa Cano Farms (Valleyford, Washington)
William	Verwoort	Oneida Integrated Food System Initiative (Wisconsin)
Harold	Wilken	Janie's Mill (Illinois)
Joel	Williamson	The Grain Shed; LINC Foods
Michelle	Youngblom	LINC Foods

Methodology

Our study focused on in-depth interviews with food system practitioners who are especially well versed with community foods work in the Spokane region and with the practicalities of operating food processing businesses. All told, 33 individuals were interviewed, as shown below. Interviews were held in-person where possible, and otherwise through teleconference. Most were held during the week of April 21–25, 2025. Interviewees were selected in collaboration with LINC Foods and the UD. The UD made logistical arrangements for all interviews. In several cases, we added to our sample by snowball method: several of our conversations suggested that additional people should be interviewed.

Consultants also compiled secondary data from public data sources, including USDA National Agricultural Statistics Service Census of Agriculture (2022); Bureau of Economic Analysis (2022 & 2023); Bureau of Labor Statistics Consumer Expenditure Survey (2022); US Federal Census; and Centers for Disease Control and Prevention (various years).

At the request of the UD and LINC, consultants further developed case studies of 3 food processing operations in other regions of the U.S.. Each offers experience that Spokane can adapt as it sees fit to address its unique local conditions. These three case studies cover (1) Cairnspring Mills in Burlington, Washington; (2) Janie's Mill in Ashkum, Illinois, and (3) the Oneida Nation whose land is located in the state of Wisconsin.

Unique Assets of the Spokane Region Food System

Interviewees identified several unique qualities of the Spokane region. These should be enhanced through whatever development strategy is pursued. The following summary is certainly incomplete, because a comprehensive asset mapping was beyond the scope of our project. Yet it provides considerable insight into what should be protected as the UD moves forward with its planning.

- Abundant farmland with favorable climatic conditions for growing a wide variety of crops and livestock
- A cluster of apple farms with strong family recreational appeal at Green Bluff
- Spokane serves as a regional economic center for Eastern Washington
- Several higher education institutions have campuses in Spokane:
    - Eastern Washington University
    - Gonzaga University
    - Spokane Community College
    - Spokane Falls Community College
    - Spokane Tribal College
    - University of West Washington State
    - Washington State University
    - Whitworth University
- Long tradition of cooperative businesses dating back to the late 19th Century, with special emphasis on worker-owned cooperatives
- 50 years' dedication to healthy eating, organic agriculture, environmental protection, and personal connections to nature
- Emergent networks among local food system leaders who have developed considerable trust
- Riverfront recreational development in the aftermath of Expo 1974 has forged a closer connection between residents and the Spokane River
- Well-established hydroelectric power facilities
- Forward-looking municipal government

Although not necessarily unique to Spokane, one further community asset is the presence of underutilized properties, particularly in the University District.

Farmers & Farmers' Markets

Spokane enjoys a solid core of at least 20 farmers dedicated to growing food for local consumers.

Inland Northwest Farmers' Market Association

Spokane has a vibrant cluster of 10 farmers' markets serving different neighborhoods in the city. These markets are represented by the Inland Northwest Farmers' Market Association. The association lists the following markets on their web site:

- Chewelah Farmers Market — Chewelah (Fridays)
- Emerson-Garfield Farmers Market (Fridays)
- Fairwood Farmers Market (Tuesdays)
- Hillyard Farmers Market (Mondays)
- Liberty Lake Farmers Market (Saturdays)
- Millwood Farmers Market (Wednesdays)
- Northeast Washington Farmers Market — Colville (Wednesdays; Saturdays)
- Spokane Farmers Market (Wednesdays; Saturdays)
- Spokane Valley Farmers Market (Fridays)
- Thursday Market in the South Perry District (Thursdays)

Source: https://www.inwfma.org/findamarket

Although the downtown market has been challenged by road construction in recent years, managers are content with their current site, and consider their presence important to hundreds of shoppers who regularly attend the market because they live within walking distance.

Aggregators

LINC (Local Inland Northwest Cooperative)

LINC is a worker- and grower-owned cooperative with five worker-owners and 31 producer-owners. LINC also works with as many as 50 non-owner producers. All producers are located within 250 miles of Spokane. 56% of LINC's producers grow fruits and/or vegetables; 15% provide dairy or eggs; 9% raise livestock for meats; 9% produce value-added goods; 7% are grain farmers; and 4% are flower farmers. All LINC producers use organic or sustainable practices, or use local and sustainable ingredients. LINC offers household subscriptions for produce, meats, wild Alaska salmon, and wines, and sells foods wholesale. The largest division of the cooperative malts grain for brewing.

LINC is also a member of the **Northwest Food Hub Network,** a network of worker-owned cooperatives facilitating inventory trade between LINC, the **Puget Sound Food Hub**, and **Western Montana Grower's Cooperative**. Each holds similar sustainability requirements for their producers, and these food hubs are linked through a common software platform, Local Food Marketplace's "Local Food Network" software. The Puget Sound Food Hub already makes biweekly deliveries across the state. Adding processing capacity in Spokane would allow more efficient use of this logistical capacity. Puget Sound is now launching a fledgling processing facility. While we were unable to make direct contact with Puget Sound, our sources told us that they could use more freezer space.

The collaboration among cooperative food hubs is impressive, but several other emerging food hubs in Washington and Idaho are not included in this network because they are not cooperatives. This could create some gaps in coverage. The collaboration of food hubs does appear to be establishing a stronger lobbying voice for food hubs. One interviewee noted that

the network should help each food hub anticipate shortfalls, and generate new demand. Our sources expressed both enthusiasm for the potential for the network to bring in foods from further away, and concerns that this would distract from expanding local food commerce.

LINC scaled back its wholesale trade during the pandemic when many of their institutional partners were forced to reconfigure their businesses. LINC shifted to supplying household consumers through a CSA, but now wishes to re-engage with wholesale customers. LINC is a registered supplier for any of the ESD 101 schools. LINC's discussions with its producers and customers have elicited strong interest in having access to a nearby food processing center similar to Mission West in Montana.

LINC's web site shows a map of the 70 producers that currently supply the co-op. See https://www.lincfoods.com/thecoop

One of LINC's roles is to help grow new farmers. Among those shown on its map are the following 18 farms and 5 food businesses located within an hour of Spokane (as of May, 2025) Their locations are visible in the image below:

- *Farms:*
    - Anchor Point Farm (Nine Mile Falls)
    - Dirt Road Farm (Reardon)
    - Dogwild Farm
    - Elithorp Farm (Deer Park)
    - Full Basket Farm (Medical Falls)
    - Happy Mountain Mushrooms (Colbert)
    - Hidden Acres Farm (Mead)
    - In Cider Trading
    - Lazy R Ranch (Cheney)
    - Makana Farm (Otis Orchards)
    - Peak of Abundance
    - Scabland Farm (Davenport)
    - Shearvista Polypays Farm
    - Stonesthrow Farm (Chatteroy)
    - Sweet Mercy Farmstead
    - The Corner Farm
    - Wild Sage Farm
    - Wildland Cooperative (Colbert; also a brewery and winery)

- *Food businesses:*
    - Back Pocket Bakery (Coeur d'Alene, Idaho)
    - DeLeon Foods
    - The Grain Shed
    - Lake Wolf Creamery (Deer Park)
    - Roast House Coffee

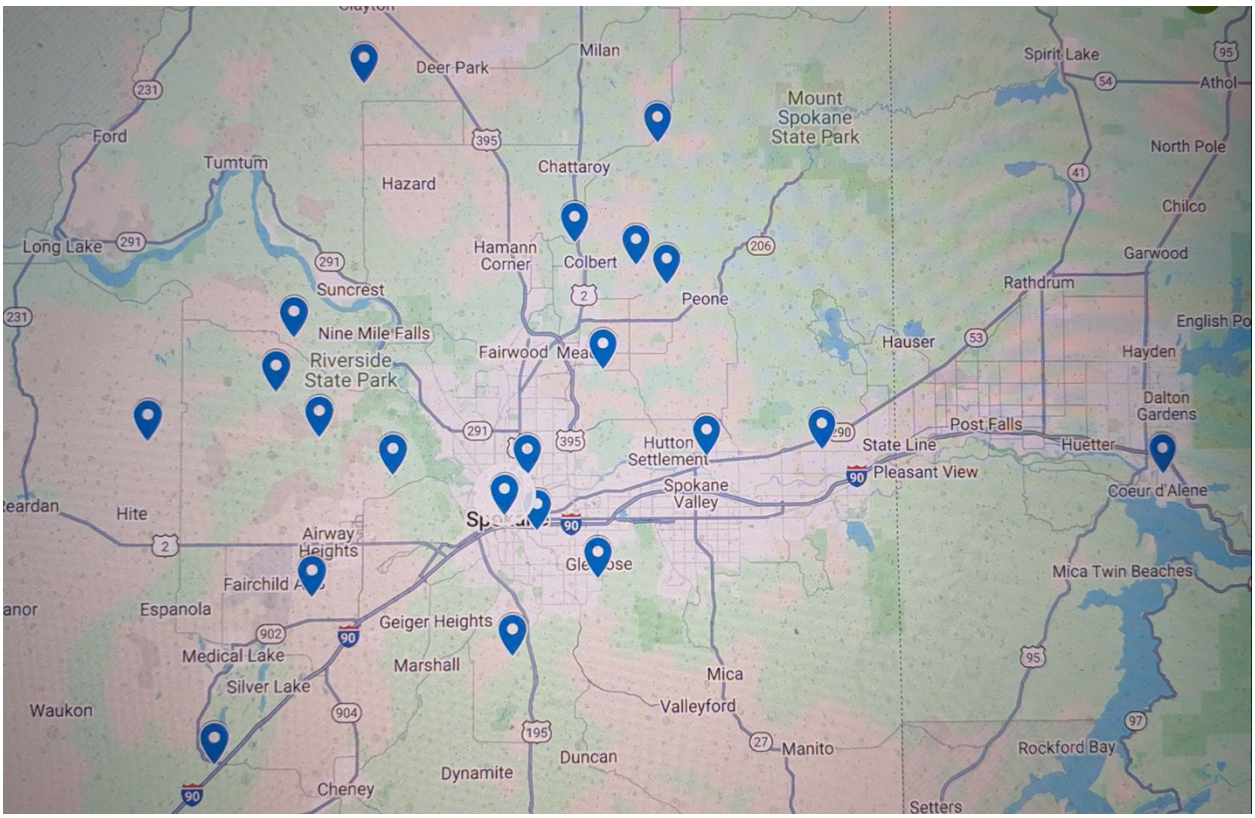

Image: LINC Foods web site. This shows the locations of the 18 farms and 5 food businesses within one hour's drive of Spokane.

LINC is currently considering expanding its operation, considering adding more area for malting, storage, and community space.

ESD 101

ESD 101 considers itself a cooperative with members who work in 26 school districts across Eastern Washington. It has launched a variety of successful collaborations between farmers in the region and these schools. Such partnerships serve as strong models for what a proposed food processor might foster. In many ways ESD 101 performs a valuable R&D role. Indeed, ESD 101 has already shouldered many of the tasks of coordinating regional food networks that a processor modeled after Mission West might perform — any new development in the UD should be careful not to undermine or marginalize this work. ESD 101 staff have helped coordinate shipments direct from farms to schools, have helped identify and launch processing opportunities, and have arranged for logistical transport as needed. ESD 101 wrote a grant hoping to develop new value-added products. They have worked closely with schools to inject local options into existing ordering processes. Smaller school districts in particular seek to feature local foods if they can afford to purchase them. Food from local farms may not be used daily, but for special occasions such as a monthly local food meal. ESD 101 has persuaded several smaller schools to cook raw beef from nearby farms rather than purchasing pre-cooked.

At times they have been able to arrange for shipments of fresh salmon from the Lummi nation. Many of the farms involved have been able to boost their income through participation. However, ESD 101 staff cautioned that their staff positions have been funded by USDA, so future funding is uncertain.

Casa Cano Farms (Valleyford, Washington)
This for-profit farm was launched south of Spokane 10 years ago s by Jorge Cano and Madyson Versteeg. **They are currently constructing a fairly substantial produce processing operation on their farm.** Casa Cano raises produce in open fields, and in one large greenhouse and three large hoophouses. They run a CSA and also offer a self-service farm stand. They generally work separately from LINC, although Versteeg joined the LINC board for a short time, and each firm sells to the other. The two firms also cross-dock each other's products at no cost (Cross-docking is handling the logistics of food deliveries without taking ownership of the product). Currently, Casa Cano does some light processing (slicing apples and potatoes) using a specialized slicing machine. The couple works with ESD 101 to supply smaller schools. Their farm stand sources foods from across the state and the couple brokers sales for farms that deliver to their farm. Casa Cano is not part of the Northwest Food Hub Network, although there is some collaboration between the two.

Mission West Community Development Partners (Ronan, Montana)
Mission West is often viewed as the model for what Spokane could develop as a food processing center. Former Spokane resident Charlie Michel now coordinates cooperative development for Mission West, and he has been active in coordinating the Northwest Food Hub Network. Mission West's work is covered in more depth elsewhere in this report. A profile can also be found in Ken Meter's book, *Building Community Food Webs* (Island Press, 2021, pp. 55–84). Mission West has worked tirelessly to help the **Western Montana Growers Cooperative** form. It has produced several innovative food products for schools to purchase, notably the Montana Marinara sauce, a beef-lentil crumble, and a lentil-mushroom patty (more detail below). Mission West has rented cooler or freezer space to growers and to LINC. Michel notes that Western Montana has more food production for local markets than Spokane does, and has a longer growing season, so the region would be able to supply food items that Spokane cannot. He points out that growers in Montana have access to high-quality pulses through **Timeless Seeds,** considerable fruit and vegetable production, and "ample supplies" of bison and beef.

Western Montana Growers Cooperative (Missoula, Montana)
Western Montana Growers Cooperative represents 22 growers and 3 processors in Western Montana. Their web site lists 122 buyers and 70 retail stores that purchase from the co-op Mission West has provided considerable technical assistance to this cooperative through the years.

Puget Sound Food Hub (Mount Vernon, Washington)
Also part of the Northwest Food Hub Network, Puget Sound Food Hub is a farmer-owned cooperative including a cluster of farms in the Seattle area. Founded in 2010, they have

established solid institutional markets with schools and hospitals in their region, and make deliveries across the state biweekly. We were unable to speak directly with Puget Sound staff.

Shepherd's Grain
Launched as a farmer collaboration west of Spokane, Shepherd's Grain formed close collaborations with several food businesses in the area, notably the former restaurant, Central Food (2012–2020). For more detail, see Ken Meter (2014). "Investing In Relationships: How Spokane can best support its emerging local foods industry." Produced by Crossroads Resource Center for the Spokane Region Food Council.
https://www.crcworks.org/crcdocs/waspokeplan14.pdf

Shepherd's Grain once relied upon the ADM mill in the Spokane UD, for milling its grain, but shifted its milling to Pendleton, Oregon after identifying a more compatible partner. However, that second mill was decimated by fire in 2022. Now Shepherd's Grain has relocated to Idaho and works largely with farmers there, but still sources some grain from Spokane Region farms.

Hayshaker Farm LLC & Walla Walla Food Hub (College Place, Washington)
This new food hub in Walla Walla is not a worker cooperative, so is not part of the Northwest Food Hub Network. This farm-based business is owned and operated by Chandler Briggs and co-managed by Theo Ciszewski. Bri Bell and Etta Morris are the Food Hub Managers. In June of 2025, their land was purchased by the Blue Mountain Land Trust to ensure their long-term presence on the 8- acre property. Hayshaker farms with horses. The farm sells diversified vegetables and fruit to local families, grocery stores, and restaurants. The Walla Walla Food Hub calls itself an online marketplace. They supplement their own produce offerings by selling produce from other farms.

Retail Food Sales

Main Market Cooperative Grocery
One of the stalwart businesses connecting Spokane consumers to food raised by local farms and other healthy eating choices is the cooperative grocery, Main Market. Formed as a not-for-profit business in 2010, it now serves more than 10,000 members. About one-third of these members are actively engaged. Primary customer base is residents of the 99201 ZIP code. The co-op is located in the University District.

Main Market lists the following 15 farms or co-ops on its web site as its regular suppliers:

- Allicins Ranch (Moyle Springs, Idaho)
- Eisenman Farms (Spokane)
- Full Bushel Farm (Medical Lake, Washington)
- Gracey's Flower Farm (Fairfield, Washington)
- Greenacres Grown (Spokane Valley)
- Hirschel Heritage Farm (Latah, Washington)
- Jackson Farm (Spokane Valley)

- Lilac City Harvest (Spokane Valley)
- Moose Meadow Farm (Clark Fork, Idaho)
- Nine Mile Farms (Spokane)
- Okanogan Producers Marketing Association (Okanagan, Washington)
- Rivers Edge Ranch (Chewela, Washington)
- Tolstoy Farms (Davenport, Washington)
- Vinegar Flats Farm (Spokane)
- Western Montana Growers Cooperative (Missoula, Montana)

The Scale House Market

The Scale House opened after our April visit. A project of the Spokane Conservation District in partnership with Four Roots, the Scale House hopes to serve as the only permanent, year-round farmers' market in Spokane. At the time we visited, leaders said that they had enrolled 8 growers to sell at their location. Below is a list of the producers who are listed on the Scale House web site. The project has also attracted several food trucks and food-related businesses to its new facility in an abandoned quarry east of the city. Business support services are also officed there. Scale House officials stated firmly that they do not intend to have a food processing component as part of their initiative, and would welcome collaboration with the UD to develop processing in the District.

Farms listed on the Scale House Web Site:

- Browning Beef
- PNW Mushrooms
- Smidge Farms
- Sunset Orchard
- True North Cattle Company
- Vets on the Farm
- Ward's Urban Farm
- Wildland Cooperative

Some of the 30 aggregators and processors listed on their site:

- Casa Cano Farms
- Columbia Community Creamery
- Four Roots
- Happy Mountain Mushrooms
- House on a Hill Bakery
- Lakewolf Creamery
- LINC
- Mountain View Creamery

Blue Mountain Food Park (Walla Walla, Washington)
Food-oriented commercial center that brings Mountain Man Sourdough, Blue Mountain Station Grocery Cooperative, Rey's Best Coffee, Mast Year Cider, Red Band Cellars, and Dear Rain Spirits into one common property. Their web site offers no indication of a food processing center here.

Institutions

Valley School Food Service (Valley, Washington)
One of the smaller schools that ESD 101 partners with is Valley School, which has become an exemplar for sourcing food from local farms. The district food service has set a goal of getting to 85% scratch cooking; they are currently at 50%. They define "local" food to be food grown within 100 miles of the two schools in the district.

According to the USDA farm-to-school census, the district purchased $13,000 of food in 2022–2023, and received another $2,000 of deliveries from the Department of Defense. Top product was beef, followed by carrots, apples, baked goods, and fluid milk. The school population is 160–170 students.

The district purchases directly from farms such as raw beef from Ramstead Ranch in Ione ($7,500 in 2025), tortillas from DeLeon Tortillas, and fresh fruits and vegetables. They cook their own turnip and rutabaga blend from scratch, which Leah Harp said was very popular with the students. They are developing their own beef and lentil scramble to serve in a burrito. For this they use petite crimson lentils from Timeless Seeds in Montana. A sourdough baker 10 miles away provides pizza crusts, bread, and rolls. The school purchases fluid milk from Columbia Community Creamery in Chewela.

The district was one of only eight schools nationally to receive a PLANTS grant from the Chef Ann (Cooper) Foundation in 2024. This allows them to develop new food products for their food service. Partners include ESD 101, Mission West, LINC, and Casa Cano Farms. This partnership is now creating a Bic Mac burrito, a Chicken Caesar burrito, and fresh eggs placed on a sourdough pancake. The district is currently looking for a source of locally baked bread, and string cheese. For a while they ground their own wheat, but found that the work was enjoyable but not financially viable.

The district focuses on engaging students in beta-testing new foods, surveying them to learn whether they were happy with these offerings. All this has been done by part-time staff who manage the kitchen. Director Leah Harp, who is full time, said, "Absolutely I would love to put my two cents in if there were to be a new center in Spokane."

Processors

The Grain Shed
A sister business to LINC, the Grain Shed produces artisanal bread, pastries, and beer in the South Perry district. They make extensive use of malt from LINC. A worker-owned cooperative, its storefront serves as a neighborhood gathering point. The Grain Shed is in the process of opening a second location in Post Falls near the Idaho border.

LINC Malting
Perhaps the largest element of LINC's business today is its malting operation, which is experiencing rapid growth.

Columbia Community Creamery (Chewelah, Washington)
Nonprofit creamery run by a couple who produce grass-fed A2 milk, bottled in glass bottles. The creamery has supplied several schools through ESD 101.

Johnson Foods (Sunnyside)
Johnson Foods has the capacity to produce IQF (Individually Quick Frozen) produce at commercial scale. Holds organic certification. Johnson also produces pickled carrots, habaneros, and asparagus, as well as maraschino cherries. Growers reported that they perform high-quality work but can be difficult to access if commercial harvests are ample.

Duncan Foods
This well established vegetable processor in Duncan has worked with several growers in the region. Growers report that Duncan performs reliable work and are easy to work with. At times it can be difficult to get access to their services, we were told, and some farmers would welcome less expensive options. Some said that the firm requires a minimum order size that can be difficult to fill. Duncan can both chop produce at a commercial scale and make household deliveries to Spokane and Coeur d'Alene.

Charlie's Produce
This produce distribution firm has expanded its organic offerings and serves 10 Western states. The firm boasts that it has 300 trucks on the road. In addition to its Spokane distribution center, Charlie's Produce maintains distribution centers in Anchorage, Boise, Los Angeles, Phoenix, Portland (Oregon), Salt Lake City, and Seattle. The firm is also profiled in Meter's Investing in Relationships. https://www.crcworks.org/crcdocs/waspokeplan14.pdf

Spokane Produce
This long-standing produce distribution firm in Spokane has the capacity to perform some minimal food processing.

DeLeon Foods
This Spokane *tortilleria* has supplied schools through ESD 101.

Tree Top (Wenatchee)
Juice manufacturer.

Cairnspring Mills (Burlington, Washington)
See profile below.

Fairhaven Mills (Burlington, Washington)
A family- and farmer-owned certified organic flour mill that originally organized in 1974 as a small cooperative.

Muirhead Canning Company (Hood River, Oregon)
Several Spokane region growers have hired Muirhead to co-pack food value-added items using their farm's produce, and liked working with them. (Co-packing is when a manufacturer produces a value-added product for hire under someone else's label.)

Wolfpack (Gold Bar, Washington)
Long-established processor that primarily processes their own chutneys.

Potato processors:

- Allied Potato Northwest (Pasco, Washington)
- Lamb-Weston Connell (Connell, Washington)
- Lamb-Weston Pasco (Pasco, Washington)
- Lamb-Weston Richland (Richland, Washington)
- McCain Foods (Othello, Washington)
- Nestle Brands Moses Lake (Moses Lake, Washington)
- Nestle Brands Othello (Othello, Washington)

Shared-Use Commercial Kitchens

5 Shared-Use Commercial Kitchens in Spokane area

- Commercial Bakery
- Kitchen Spokane Valley
- River City Kitchen
- Siemer's Family Farm (Deer Park)
- The Prep Kitchen (Spokane Valley)

We have not yet spoken to these facility managers. Growers report that several of these primarily serve food trucks, and can be expensive for a farmer to rent.

Commercial Bakers

Our sources told us there are 4 commercial bakers in the region that have supplied schools with rolls, pizza dough, cinnamon rolls, and cookies. Costs are often higher than schools are able to pay. Bakers are located in Colfax, Spokane, and Stevens County.

Technical Advisers

Washington State University Extension
WSU has a long history of sharing technical expertise, offering business planning assistance, and animating local foods initiatives across the state.

Reports

Feasibility Study for Local, Sustainably grown, Minimally Processed Foods in Spokane (2020)
LINC commissioned the firm Measure Meant to produce an analysis of the feasibility of launching a food processing program at LINC just before the pandemic hit. LINC's data showed that 73% of their institutional sales were made to colleges and universities, while 23% were made to K-12 schools. Hospitals accounted for 3% of sales. Top products sold included vegetables (59%), fruits (19%), dairy products (9%), meats (8%), and other (5%).

Fifteen local buyers responded to a survey sent by the consultant. Although respondents indicated that they held solid interest in purchasing sustainably raised foods from local farmers, their commitment to paying more for these foods was very soft. Only 3 buyers expressed solid interest. Buyers indicated that they expected their interest in fresh, uncut produce would diminish as labor costs increased, in favor of minimally processed fresh food items. They held little interest in purchasing frozen food items except for cut potatoes. Among the specific products that were suggested by the consultants, sliced potatoes, sliced apples, and broccoli florets captured the strongest interest. Seasonal vegetable medleys, cole slaw, and chopped onions also attracted some interest.

The study further concluded that LINC would need to attract funding to devote time to deepening its connections with both farmers and buyers and develop new products. However, the pandemic disrupted institutional purchasing so much that LINC pivoted to supplying household consumers through its CSA. LINC is now in the process of re-establishing its wholesale accounts.

Spokane Food Policy Council (SFPC)
SFPC says it has supported a number of ordinance changes including a revised animal law, market garden law, and a ban on neonicotinoids on city owned property. It also published a food system inventory in 2016, available at:

https://sites.modernmasters.org/spokanefoodpolicy/wp-content/uploads/sites/8/2017/12/Food-Inventory-4_12_16.pdf
Members include:

- Campus Kitchen
- Catholic Charities Eastern WA
- Feed Spokane
- Footehills Farm
- Futurewise
- Inland Northwest Farmers Market Association
- Inland Northwest Food Inland NW Permaculture Guild
- LINC
- Second Harvest
- Spokane City Council
- Spokane Community Gardens
- Spokane Edible Tree Project
- Spokane Regional Health District
- Spokane Tribe
- USDA
- WSU Extension for Spokane County and Stevens County

Spokane Regional Food Action Plan (2022)
The Spokane Food Policy Council produced a food action plan in 2022, which outlined four major priorities:

- Farmland preservation
- Increase local food processing
- Healthy food for all
- Reduce food waste

The report's primary suggestions related to food processing involved strengthening cottage food laws and expanded local meat processing. The issue of processing produce or grains grown on local farms was not addressed in the final report.

The **Spokane Food Policy Council's Food Systems Inventory** lists the following food processors in the Spokane region:

- ADM Milling (Archer Daniels Midland Company)
- Ameristar Meats, Inc. – Provides meat products to food service operators (they butcher meat but don't slaughter animals); 160 employees
- Bumble Bar, Inc. – An organic and gluten free-certified facility that produces snack Bumble Bars and is a regional food-bar co-packer; 24 employees.
- Cyrus O'Leary's Pies - Makes pies sold to in-store bakeries of grocery stores & food service; 100 employees.
- Darigold, Inc. – A northwest farmer-owned co-op; produces milk, butter, and other dairy products; 84 employees.

- Davidson Commodities – Packages and markets locally grown peas, lentil and garbanzo beans. 2 employees.
- LINC Foods – A co-op that minimally processes local produce for sale to local institutions. 3 employees.
- Longhorn Production Center, Inc. —Longhorn ribs, barbecue sauce, hot dogs, sausage; 35 employees.
- Rizzuto Foods – Makes pizza crust, pizza dough, flatbreads, gluten-free products; 49 employees.
- Spokane Produce – Mainly a distribution center, but minimally processes some local produce. They currently process local salsas, Victor's hummus and fruits & vegetables; 250 employees.
- Spokane Seed Co – Grows, processes and markets dried peas, lentils, garbanzo beans for the global market; 56 employees.
- Thomas Hammer Coffee Roasters – Roasts coffee for local markets; 36 employees.

Prior Reports by Crossroads Resource Center

Meter, Ken (2014). "Investing in Relationships — How Spokane can best support its emerging local foods industry." Produced by Crossroads Resource Center for the Spokane County Food Council. https://www.crcworks.org/crcdocs/waspokeplan14.pdf

Meter, Ken (2014). "Greater Spokane Region Farm and Food Economy." Compiled by Crossroads Resource Center for the Spokane County Food Council and Spokane County Regional Health. (Newer data set). https://www.crcworks.org/crcdocs/waspokesum14.pdf

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Key Economic Findings

For further detail, see Appendix, "The Spokane Region Farm & Food Economy." Residents of the 7-county region surrounding Spokane bring in $40 billion of personal income each year, certainly enough income to support a more robust farm and food economy if that were prioritized.

The region's 702,730 residents purchase $2.6 billion of food each year, including $1.5 billion to eat at home. Unfortunately for this farming region, perhaps $2.3 billion of these expenditures pay for foods sourced outside of the region. This is a significant loss of potential economic value for the region.

Although the population has doubled over the past 50 years, there has been limited public planning to ensure that Spokane region residents can eat well from locally produced food.

If each Spokane Region resident purchased (or had purchased for them) $5 of food each week directly from farmers in the region, this would generate $183 million of new farm income for the region. This is a bigger market than farm sales of vegetables & potatoes, the second-ranking farm crop in the region. It is one-quarter the value of the region's wheat sales.

Unfortunately, the largest source of personal income for Spokane region residents is transfer payments, public programs such as retirement or unemployment benefits, at $9.5 billion per year. 39% of all personal income is due to public programs or government jobs (including educational institutions).

The 7-county region's personal income increased by 256% since 1969 (once adjusted for inflation), far outpacing population growth. Spokane County has grown far more rapidly both in population and income than any of the surrounding 6 counties.

SNAP recipients currently earn about $300 million each year in SNAP (food stamp) benefits. WIC benefits bring in even more money to the region.

The Spokane region has 5,892 farms holding an aggregate total of 4.9 million acres of land. These farms sold $1.5 billion of farm products in 2022. Although the region has vast expanses worked by its larger farmers, small farms are a vital segment of the farm and food economy. 43% of the region's farms are less than 50 acres in size. 61% sell less than $10,000 of farm products per year.

The main product grown by Spokane region farmers is wheat. Second-ranking product is vegetables and potatoes. Pulses rank third. Potatoes are by far the largest vegetable crop, followed by sweet corn, green peas, and onions. Most of this production is large-scale and focused in Adams County. Primarily, these products are grown to be exported to distant metro areas.

The region's farmers sell about $63 million of organic food products.

Measurements of food raised for local consumers are incomplete. Nonetheless, the Census of Agriculture reports that the region's farmers sold $4.5 million of food directly to household consumers, $68.9 million to intermediaries that re-sell to local customers, and $2.2 million of value-added products. This is a small proportion of the regions' consumer market, but it represents important connections between local farmers and buyers.

The region's commodity economy is not rewarding for farmers. Net cash income for the region's farmers was lower in 2022 than it had been in 1969, and peaked in 1973. Farmers suffered a net loss in 22 of the past 54 years. This makes the search for alternate ways of farming quite urgent.

Models from Other Regions

To guide planning efforts in Spokane, consultants interviewed 3 exceptional food processing initiatives in Wisconsin, Illinois, and Washington State. Each is attuned to local capacities and needs, and each offers insights that can be adapted to Spokane's unique conditions.

Oneida Nation (Wisconsin)

Oneida Integrated Food System Initiative. Oneida Nation has formed an integrated cluster of food businesses and family-centered projects that both provide precious food for Oneida tribal members, and enhance commercial opportunities for the tribe. More than 16,000 Oneida live in the state of Wisconsin.

The Oneida Community Integrated Food Systems Initiative considers its mission to be to serve "as a team to educate the Oneida community about food, agricultural opportunities, nutrition and health risks via events and workshops, and integrate Oneida and locally produced foods into the Oneida community and institutions."

The team operates a several farms, a farmers' market, a cannery, and a u-pick orchard on its lands near the Green Bay of Lake Michigan. Integrated with these business projects are a wealth of community nutrition and education initiatives. Families are allocated land where they can cultivate their own gardens, while food relief programs distribute food to tribal members as needed.

Vanessa Miller, food and agriculture area manager for the Oneida Nation, pointed out that "We need more food, and we need to grow it ourselves, not rely on the government to feed us." Indeed, the tribe owns 6,000 acres of farm land. Most is currently farmed conventionally, but the tribe suggests ways for the farmers who work this land to reduce their chemical inputs.

This spring, the tribe broke ground on an 11,000 square-foot food processing center. It will include a 1,000 square feet of shared-use community kitchen. When finished the facility will enable the Oneida to mill traditional white corn, preserve apple butter, and dry apple slices. The commercial kitchen will have 6 small spaces for food entrepreneurs to rent out, as well as storage, cooler, and freezer space.

Miller added that "this is a values-driven effort. It is an investment in the value of community wealth building that will pay dividends in preventing health care costs and creating value for our community's youth." She also expects the facility to be profitable, justifying the tribe's $7.5 million investment in the building. "While we lean toward the side of indigenous foods, we are not limiting ourselves to that."

Oneida performed a food behavior assessment last year that identified needs of their members and the barriers they face. That study found that the biggest concern people raised was that "Our members are confused about what eating healthy really means. Their concerns are not necessarily money-based." Oneida staff said in response, "We are teaching ourselves to eat better. We focus on nutritional density."

Miller continued, "Community connections are big. People want to eat together with their families. This is especially true for the elderly and kids. We want to create those spaces where people can sit down with their family."

The Tribe is also focusing on engaging its children by convening what Miller called "intimate" workshops. "We have 16 youth engaged in a workshop learning how to work the land, how to plant, how to rotate crops. We want the parents and grandparents to work with the youth. We also have a long-term grant to work with 5 kids and their families over time. We have redirected the ways people eat. Now we have kids who want to do this food work for a living, but there is a wage gap." The Tribe is addressing this gap through business development.

"We want to increase the number of households with small farm plots, adding high tunnels and raising beef at whatever scale they feel they are ready to tackle," Miller added. "We will support them to raise at that scale [that they define for themselves]. We are encouraging people to have a chicken coop in their backyard. We need to make a chance for families to feed themselves."

Miller concluded, "We want to get back to traditional ways. There was never any money involved in food before. People would barter for whatever they needed. It was not each one for themselves. We want people to connect with others. This will increase their sense of health. But we are also learning to not be so rigid about what that means. White corn is a finite resource. Indigenous living involves growing corn, not processed foods, and harvesting maple syrup. Still, indigenous knowledge is *innovative.* We're looking at developing augmented reality platforms for kids, so they can see an apple tree in real time."

Key elements:

- An integrated food system initiative is centered upon a staff team that focuses on educating community members and also promotes business development.
- Land has been dedicated for tribal members to garden.
- The tribe has developed a u-pick apple orchard.
- A farmers' market allows tribal members to purchase directly from nearby farms.
- A food distribution program funnels food relief to tribal members.
- Commodity production provides a cash flow, but farmers are encouraged to reduce chemical inputs.
- Oneida is currently building a food processing center that will include a commercial kitchen with 6 spaces for food entrepreneurs.
- The new center will also make it possible for Oneida to mill traditional white corn.

- Educational work focuses on engaging youth in creative ways, but also invites parents and grandparents to join them, with an overall aim of encouraging families to raise food for themselves.

Some of the themes that can be drawn from this:

- Staff team works collaboratively to ensure integrated work across multiple initiatives.
- The processing center itself is integrated with other food initiatives including nutrition education and community building.
- Work proceeds at multiple levels from families to commercial initiatives, engaging multiple generations, and focused on creatively engaging youth.
- Tribal members are more concerned about knowing *how* to eat well and less concerned about financial costs.
- Boosting productive capacity for tribal families should offer multiple benefits.

Cairnspring Mills (Burlington, Washington)

Kevin Morse of Cairnspring Mills told us that opening this mill "was not my idea. I just fell into this at the right time." He had moved on from a career in economic development, hoping to foster better stewardship of the land. With others in the Port District, he joined a discussion to imagine what the next 100 years of agriculture ought to look like. The group decided that grain farming was important. "Farmers have been raising grain here for 125 years, and we want them to continue."

Washington State's Bread Lab took the lead on launching the mill. "They showed that you could grow high quality grain in our area." Patagonia took some interest in purchasing the grain. The Port District agreed to build a large portion of the infrastructure that would be needed, including the mill. The group did not solicit any equity investors, relying solely on impact investors who could absorb more risk.

"I am a big believer in the process of collaborating," Morse continued. "It is like an old fashioned barn raising. That is what economic development is to me. We just put people together." One of the most important partners were bakers. "The bakers have been helping us track down the best grains to use." Bakers have also guided the mill to develop new products that will provide new options for baking.

By now, Cairnspring Mills considers itself a prototype mill, milling 30,000 pounds per day in two working shifts. They run both a stone mill and a roller mill. "We are at full capacity. We have the capacity to mill 7.5 million pounds per year, and right now we are at 6.5 million pounds. That translates into about 12–13 million pounds of raw grain. We have more demand than product. We have capped distribution to our biggest customers."

The mill currently purchases grain from about 15–20 farmers, mostly from the Skagit Valley, but including several farms in the Spokane area. The largest of these farms is 3,000 acres at present. To assure high quality and loyalty, the mill pays a premium price over going rates. Cairnspring also sources grain from more distant farms to achieve the desired flavor profiles. The mill just hired a sustainability manager who can offer technical assistance to growers as they move toward climate smart and regenerative certification.

To accommodate the growth in demand, Cairnspring Mills is expanding its operation this summer. "The new mill will be on Umatilla tribal lands outside of Pendleton, Oregon. We will have the capacity to process 100 million pounds per year. But we will still be working with only 15–20 farmers," so each farm will ship more grain. The new mill will engage different growers, however. "The farms are much larger there. They range anywhere from 6,000 to 30,000 acres. The Tribe itself has 10,000 acres of farm land and they want to transition to regenerative practices."

Once the new mill is online, the firm expects to be able to sell grain at a lower price due to the advantages of size. "We call our scale the remarkable middle," Morse added. He believes that sourcing grain from the Northwest will become increasingly important given ongoing tariff discussions. "Right now 80 to 90% of the grain we produce in this region is exported to Asia." The firm is considering milling chickpea flour at its new location, where production is ample.

As this production is ramped up, the original Skagit Valley location will shift to focus on specialty grains grown in the Skagit area. "We don't have a vision of becoming a large company," Morse continued. "Perhaps we might get as big as five mills."

The firm would consider playing a role in the Spokane area. His advice for any new startup in Spokane would be to talk to potential buyers early in the process. "It is important to identify which product you want to produce, and what the market for that product is. You should really start by talking to the bakers. Find out what they need. Design the mill to suit the products they want."

One market niche he would like to see someone else pick up is milling 10 million pounds of white flour per year. "We purchase that much flour to blend in, but we don't want to grind it ourselves." He also felt there would be a market niche in co-packing flours for other regional brands.

Morse cautioned, however, that tackling this work would be expensive. "Anything you might do in the grain industry will be capital intensive. The mill we have cost about $10 million. The new one will run $44 million, plus $15 million of operating capital. If you are building a new building you have to meet fire safety and food safety requirements." He thinks that a small mill could be started for $800,000, "but perhaps more like $1.5 to 2 million. You could come close to breaking even [at that scale]."

Morse encouraged us to stay in contact. "We like to collaborate across the supply chain. We ask, how could we add value? We could view Shepherd's Grain as competitors, but we would rather be helpful to them. We want those farmers to stay on the land." He suggested that Spokane folks connect with PNW Cooperative to see whether some of their infrastructure could be drawn upon.

Key elements:

- Planning process began in economic development circles, as an effort to protect existing grain producers.
- The mill pays farmers a premium price for high quality grain.
- The WSU Bread Lab took the lead in launching the milling operation.
- Bakers were critical in identifying the most fruitful market niches.
- Growth of the mill has been somewhat insulated from normal competitive pressures because it attracted investors who could carry significant risk.
- Expansion is being coordinated with the Umatilla Tribe.

Some of the themes that can be drawn from this:

- It is critical to identify robust market opportunities as any new mill is designed.
- It is possible to grow a milling business organically from a small operation to a mid-sized one.
- Patient capital is critical.

Janie's Farm Organics & Janie's Mill (Ashkum, Illinois)

Janie's Mill emerged out of an informal community collaboration in the heart of corn and soybean country on the expansive prairies of Illinois. The collaboration involves family members and their neighbors, but is centered upon the owner of a single farm, Harold Wilken.

In 2005, Harold was simply pondering whether he should farm 30 acres of land organically. Today his farm works 4,200 acres, leases more, and employs 11 people. His sister firm, Janie's Mill, hires 32 people and offers consumers 44 different grain products. The milling operation just installed a second mill; Each mill has the capacity to process 400–500 pounds of flour per hour.

A neighboring family, the Brockmans, had farmed without chemicals since 1898. Fred and Henrietta Brockman took over their farm in 1930. Their son Henry later launched his own organic vegetable farm almost two hours away. Their daughter Terra had formed a sustainable agriculture nonprofit that aimed to connect aspiring farmers with land. When Fred and Henrietta became too old to farm, they had rented out land to a farmer who was dedicated to chemical farming. They did not like how this affected their soil. As they considered transitioning the land to a new generation of owners, they looked long and hard for someone who would

farm the land organically. The couple reached out to a neighbor, Harold Wilken, to ask if he would consider working 30 acres of their land organically.

At this point, Wilken had realized that farming conventionally had turned into an experience something like "running a hamster wheel." He had to borrow money every year to keep going, but never got ahead. "I was afraid to either make a little, or lose a little," he recalled. He felt uncomfortable about using genetically modified (GMO) seeds and how this made him dependent on large corporations such as Monsanto. Indeed, he found that after paying for chemical inputs he made less money when he planted GMO seeds. He learned that the chemicals he relied upon were being absorbed into the plants, and felt that risked the health of his customers.

This led Harold to consider farming organically, but he was unsure of how to begin. He hit a crisis, however, when his 15-year old daughter Janie was killed in a tragic auto accident on July 7, 2001. Reeling from this profound loss, he began to question all the ways he was farming. He had been spraying Roundup all day that day, and he felt that Janie would have asked him to farm differently. Moreover, a side business that he had been running selling deluxe eggs to restaurants notified him that costs were rising to the point this would no longer be profitable.

On the brighter side, after Janie's death, Harold's 11-year old son Tim told him that he wanted to farm someday. Then Harold got the letter from the Brockman family asking if he would farm some of their land organically. Attending a grower's conference in Wisconsin, he took a course on organic production from a Midwestern farm couple, and decided he could convert to organic production. In 2005, he agreed to take over the Brockmans' land.

Harold recalled that it took him 5-6 years to figure out the proper crop rotation to build organic matter in his soil. His son graduated from college and returned to the farm. A nephew who lived in Kentucky offered to move to the Wilken's farm to assist. Harold rented out additional land from a neighbor.

Harold added, "We have one set of equipment and we share it, so we are very efficient. Everything has been computerized. We are very old school in terms of taking care of the soil and farming regeneratively. But we do so in a modern way." By 2013, "We had established the farm so it was doing well. I wondered why I was shipping grain 700 miles to feed livestock, when there were millions of people in Chicago who needed food. In 2014 we started selling grain to people for food. We began to look for food grade markets."

A gourmet import store in Chicago found Harold and asked him to supply them. A businesswoman connected him with a baker in Evanston who knew different flours and told him which varieties would be most useful for baking, and offered to help him set up his product line. At a food festival, Wilken met a representative from a baking distribution firm who needed a source of flour. This gave Harold the confidence to invest in a mill. During the winter of 2017–2018, Harold and his wife visited diverse bakeries to learn more about their needs. They hired a

web developer to create an online sales platform. They were selling direct to household and commercial buyers by 2019.

When the pandemic hit in 2020, people began to bake at home, and panicked about where their food might come from. Chicago supermarkets ran out of flour — primarily because the milling industry was set up to deliver 50-pound bags to restaurants and institutions, which were not buying flour because they had scaled operations back. Large mills were still grinding flour, but could not fill smaller bags for household consumers. Janie's Mill attracted media attention. They ramped up production so that they could run 24/7. New bakers sprang up to meet household demand. Customers from as far as Miami were purchasing semi-loads of flour. The mill is now negotiating with Amish grocery stores to see how they can fill their market needs. The mill also added heirloom grains such as spelt to their mix, and purchases durum wheat from an organic farmer in eastern Montana. They sell wheat berries to those who want to mill their own flour. "That is roughly 20% of our sales."

Despite this national reach, Harold remains committed to managing his commerce through personal connections. After all, many of his suppliers are farmers who grew weary of corporate dealings, and want to farm in a more caring manner. "It's all about relationship," Wilken said. "Part of our appeal is the taste. We sell flour, but we also sell quality, we sell service, and we sell ourselves." Sometimes the higher prices they charge sends customers away. Sometimes growers don't provide the quality he demands. But Wilken says he does not stress out. "We don't know what is going to happen. I am not concerned about competition. We have a customer base and we are doing our thing." He shies from several Midwestern markets because a sister miller is better placed there.

The family considered adding a bakery to the farm in order to add more value to their flour, but ultimately decided that this would not pencil out. They also opted not to purchase $500,000 of machinery that would have allowed them to run the mill with only five staff. They chose to hire their neighbors instead. Two local youth graduated from college and have bought into the business, part of Wilken's strategy to have people who can take over the operation after he retires. They farm independently, but joined the collaboration. In sum, Wilken reflected, "We will never get rich doing this. It takes love to build a business like this."

Wilken cautioned that if a group of farmers wished to start a similar operation in a different market, such as Spokane, it would be important to remember that he was able to finance this only because he owned a farm, giving him the ability to help cover the costs for an emerging operation through commodity sales, as well as ensuring the equity and reputation that allowed him to access loans. "Our farm has subsidized the mill until about 2 years ago." He warned that if he had been buying land this would not have been possible. "I had to hire people. I always invested in new infrastructure. It took five or six years before the mill broke even. We only make about one or two dollars more per bushel on our grain." To cut costs, Harold makes quite a few of the deliveries himself with his own van.

He also warned that it might take $50,000 to $60,000 of capital to pay for the regulatory burden of meeting Food Safety Modernization Act (FSMA) requirements, if a new firm got large enough to need to meet their regulations. “If you are an experienced farmer doing this mostly for enjoyment, start small. If you want to make a living, you need at least two mills. If a group of farmers wanted to start out from scratch, they better have at least $500,000 to put up a building. They need to connect with bakers who are good influencers. I wouldn’t establish a mill unless a baker takes great steps for you.”

Key elements:

- The entire process has been fashioned by a group of neighbors who are devoted to caring for the soil they depend upon.
- The enterprise is owned by a single family who collaborate through relationships of trust with their neighbors and customers. It is not a formal cooperative.
- If the milling business had not started on a farm that held enough equity to finance the operation, it might never have opened. Farming subsidized the milling business for several years.
- The farm and mill also emerged out of a family farm mentality that had been generations in the making.
- Business colleagues were willing to move beyond their own commercial interests to assist both the farm and the mill businesses.
- Supportive urban consumers and resource people also made important contributions.

Some of the themes that can be drawn from this:

- Adding value to one farm’s own production made this particular business work, as opposed to having to purchase from other sources from the start.
- This is a business that is still deeply connected to urban consumers, rather than primarily feeding the rural community where it is based.
- Starting small and responding to changing market conditions seems to be the most fruitful way to operate.
- The key to this successful business is forming solid relationships of mutual trust and maintaining loyalty.

Potential Pathways to Food Processing Development in the UD

Our interviews identified several potential processing opportunities. ESD 101 is already working with schools to develop unique products to sell to schools at relatively small scale. Some include locally raised beef and Montana lentils. Casa Cano Farms has invested significantly in produce processing on its property. LINC is rebuilding its wholesale produce trade and wants to expand its malting business. Spokane region has a history of supporting quality flour milling.

Other opportunities require further discussion. At least two apple growers and one mushroom grower (to consider only those who we interviewed) are considering adding value-added processing. Some may prefer to install that capacity on their own farms, or in a rapid time frame. Feast World Kitchen sees a clear need for having access to a shared-use commercial kitchen so its trainees have a facility to use in developing new products and businesses. Such a facility might complement a commercial food processing operation, but be somewhat separate.

Overall, it seems that the most direct opportunities arise in the realm of produce processing. Local leaders are already moving in this direction.

The State of Washington has allocated funds for schools to purchase Washington-grown products. This creates opportunities for Spokane processors. For example, the Montana Marina sauce developed by Mission West cannot be purchased by Washington schools because the tomatoes are not typically grown in Washington State. Nor could Shepherd's Grain assure that specific batches of wheat they mill were grown in-state without incurring additional costs.

One of the key questions that is unresolved at this point is at what scale processing can best be done. Interestingly, one of the strongest desires that our interviewees expressed was to be able to process smaller batches of value-added products. While they enjoy the work that Mission West is able to do, and value that connection, local farmers and aggregators must assemble fairly large shipments to justify the transportation time and cost back and forth to Montana. They also face minimum order requirements from local processors. Thus, if growers already raised (or aggregated) sufficient volume, they could contract with larger processors who are already operating in Spokane, or work with Mission West in Montana. The gap that our sources seek to fill is to construct an R&D facility that would allow growers to bring in smaller quantities of raw product for processing at reasonable rates, and develop new products that could be scaled up. The Spokane center might then expand as these new products become tested and marketable.

This sets up an interesting conundrum for Spokane. If a processing plant strives to be financially viable through sales, it would be competing with larger processors already in the area. If it chooses to cater to smaller farms and smaller orders, it is likely to require considerable subsidy. This is especially true if it performs a Research and Development service that is inherently unpredictable. It will be critical for any new food processing venture in Spokane to define its goals clearly and to construct its business model accordingly.

Our sources recommended that any new initiative start small, focus itself on a small number of products at first, and ramp up as new opportunities surface, and coordinate with trusted partners over time. Indeed, it was through such an organic process that Mission West grew.

It would be a mistake for Spokane to mimic Mission West without adapting the Montana model to the unique assets and challenges of the Spokane region. Mission West brings exceptional experience, and expressed a willingness to assist any initiative in Spokane.

One critical step would be for Spokane to define its primary goals. Following are some suggestions.

Primary Goals of a Food Processing Center

- Rather than mimic processes followed elsewhere (such as Mission West in Montana) develop an approach that plays to the unique assets of the Spokane region, and adapt approaches that worked elsewhere to suit local conditions.
- Develop stronger loyalty and commitment among Spokane consumers to purchasing foods from farms near Spokane, and from a new processing center itself, since this is a major limiting factor in strengthening the regional food system.
- Strengthen local food trade within the Greater Spokane region by constructing supportive infrastructure and attracting programmatic investments. This means planning collaboratively with producers, and paying close attention building facilities at the farm level as well as in the Spokane UD.
- Elevate the local heritage of worker-owned cooperatives.

Next we consider the immediate opportunities that are visible today, starting with grain and pulse processing, then moving to produce.

Opportunities in Grain / Pulse Processing

Currently, ESD 101 member schools are purchasing the following baked products from 4 area commercial bakers:

- Rolls
- Pizza Dough
- Cinnamon Rolls
- Cookies

Costs for other grain products can be higher than schools can afford. One interviewee pointed out that it would be bad for the UD to develop a baking operation that undermined the four bakers that currently supply schools. However, if a new operation centralized ordering for multiple schools it might allow existing bakeries to supply schools at a lower price point to meet a larger demand.

Several schools are primarily looking for value-added products to reduce labor demands in the school kitchens.

Flour

Washington and Oregon have considerable artisanal flour milling capacity already, with Cairnspring Mills and Fairhaven Mill in the Skagit Valley, and Bob's Red Mill in Oregon. Shepherd's Grain, which originated in Spokane and Oregon, has moved its offices to Idaho but still buys grain from several growers in the Spokane region.

It is unclear from our research how robust the market for artisanal flour would be in Spokane. Shepherd's Grain had once developed such a local market, but now has a broader geographic focus. The Northwest Food Hub Network said that existing operations in the Pacific Northwest are adequate to supply most of Spokane's demand for artisanal wheat flour, except for short periods when flour must be brought in from Western Washington to fill gaps.

Cairnspring Mills identified one market niche that could be tapped in Spokane, and that would be high-quality (but not necessarily artisanal) white flour milling. This would play well to the region's strength in wheat production. Assuming that local growers can meet sustainability and tonnage requirements, likely purchasers would be mills such as Cairnspring that blend white flour to achieve specific baking characteristics for their artisanal flours, or Spokane area bakers. However, as a non-artisanal product, it is not clear to what extent this would command a higher price in commercial markets, nor have local buyers been identified to our knowledge.

Both Cairnspring Mills and Shepherd's Grain emphasized that the heart of their business arises through close conversations with commercial bakers about what attributes they desire in their wheat. Each mill customizes its offerings, working closely with these bakers to obtain a consistent flavor profile that allows unique branding for each loaf. Each relies on commercial bakers to provide a steady revenue stream.

Household demand is far smaller in scope and less predictable. An operation that wished to focus on household consumers is likely to require considerable subsidy or investment to build market interest, since relatively few households currently bake at home.

This strongly suggests that should LINC or some other enterprise wish to open a flour mill, the best path would be to form a collaboration of growers (indeed, a small nucleus for this is already present with growers who supply — or once supplied — Shepherd's Grain) who then reach out to commercial bakers in the Greater Spokane region to see what products they would desire to buy. Shepherd's Grain told us that it does not foresee launching such an expansion right now. They appear willing, however, to assist someone else who might want to work with their growers to identify and supply Spokane markets.

The Illinois collaboration that grew to become Janie's Mill is another possible model to adapt, but that model depends deeply on a single visionary farmer with equity, an established farm

operation, and a solid credit reputation in his locale, about a dozen growers who are committed to follow specific production protocols, and access to large metropolitan markets. Janie's Mill also evolved in the absence of competing milling capacity in their region. LINC and the Grain Shed might wish to explore with local farmers whether there is an opportunity for forming a farmer-owned milling cooperative in the Spokane region.

Perhaps more discrete local markets for flour could be identified, such as the traditional white corn that will be milled at Oneida. None were found during our limited interview process. The Grain Shed may well be aware of such opportunities at a smaller scale. Similar opportunities might be identified through a discovery process.

Our conclusion at this point is that further development of flour milling should begin by addressing the issues listed above. First, does a group of farmers coalesce who wish to raise and mill wheat collaboratively for local consumers? Second, What purchasing commitments by local bakers and buyers can be identified? Third, where would investment capital come from?

Pulse Processing

Mission West has developed two products to sell to schools that make use of Montana-grown products: a lentil-beef crumble and a lentil-mushroom burger. Our interviews suggested that Spokane might wish to develop similar products using Washington-grown items.

PNW Farmers Cooperative (Genessee, Idaho) primarily sells whole pulses such as garbanzos, peas, and lentils, both for eating and for seed. They have established reliable markets. To avoid conflicting with their business, Spokane would need to offer different products. Further, Joni Kindwall-Moore of Snacktivist Foods points out that entire supply networks must be built from scratch, with each step requiring expensive infrastructure, and depending upon large-scale buyers to make commitments. Here are some possibilities:

1. Flour. Lentils can be milled into flour for use in further food preparation. This requires a steel cutting mill rather than a roller mill because lentils contain more oil than wheat does. Mission West has milled lentil flour for making both a lentil patty and a lentil-beef scramble. For small quantities, this milling can be performed with readily available tools on a counter top. ESD 101 has already taken the first steps by introducing Mission West's products to schools in the region. Some schools have developed their own scratch-cooked products using lentil flour.

The primary challenges if Spokane wishes to ramp up to larger quantities would be to identify (a) growers who wish to supply new markets collaboratively, (b) schools or other buyers who would commit to purchasing in larger quantities, and (c) investors who would support a long-term effort.

2. Cooked lentils, peas, and beans. Mission West told us that there appears to be significant interest among schools for cooked, vacuum-sealed beans and pulses. However, their operation has never been able to invest in a commercial retort, the equipment that would make this safe as a commercial product. Tusick estimates the cost to be $1 million. If Spokane can come up

with sufficient investment capital, it might be able to offer both a new market to local pulse growers and a differentiated product to schools in Washington and beyond. Tusick added that with such a retort, meats could also be processed into shelf-stable items.

At this point in time, our recommendation is that small-scale lentil milling could be an integral part of a Spokane food processing center. Discussions toward larger-scale flour milling and lentil or pulse processing should continue, starting with growers, addressing the three issues highlighted above. Further, it appears that such a facility would be best installed closer to the farms that raise wheat, lentils, and pulses, to create more added-value for farmers and create rural jobs, as well as take advantage of lower land costs.

Opportunities in Produce Processing

Produce processing offers a variety of potential opportunities. It will be a matter of convening the best group of stakeholders to select the most appropriate paths forward. Our interviews showed that large-scale produce processing is already available in the Spokane region, but is not worker-owned. At least two farm-based processing centers are in the works. The R&D function is missing, and coordination of local foods networks is in its nascent stages.

Several schools are currently purchasing sliced apples, and some are considering purchasing puréed apple products. One grower said that adding Individually Quick Frozen (IQF) processing capacity was critical, because institutional buyers have difficulty dealing with larger blocks of frozen product. It takes precious time for a food service to break up a large mass of frozen fruit into serving portions.

Several growers indicated that they were investing in cold storage on their own farms; others cited an interest in having cold storage at a new facility in Spokane. Very likely both on-farm and central infrastructure will be desirable as local food markets strengthen over time.

Several produce growers and food businesses indicated said they would be interested in establishing a retail presence in Spokane.

Some of the growers we spoke with do not wish to sell wholesale, or have such limited production that wholesaling is difficult without aggregating produce from several farms. Some said they would sell larger quantities for wholesale use if a reliable purchaser would commit to purchasing.

Our interviews identified the following opportunities. Some are already being pursued by farms in the region. Some services can also be provided by existing commercial processors in the region if growers can supply enough volume to make it financially viable. This list is certainly incomplete, and should be considered only a starting point.

Apples:

- Sliced into roughly 8-12 pieces by machine (cut and bagged for schools)
- Sliced and vacuum-wrapped
- Sliced into narrow slices and dehydrated
- Preserves or purées
- Apple butter (schools want this in 1-2 gallon polyethylene bags).
- Cider
- Hard Cider (not for schools)
- *(Growers stated that IQF (Individually Quick Frozen) does not work for apples)*

One grower noted that "Washington overproduces apples," and this affects prices. Growers pointed out that they have received as little as 2 cents per pound from processers that purchase their apples, even though apples sell for $2.29 per pound retail. This drives growers to seek their own value-added opportunities. Some wish to do this on their own farms to capture as much value as possible; others would prefer to see processing done at a central location.

Several farmers noted that [certain] "processing is quite easy," [such as slicing apples with the proper equipment] and does not require a large physical space. They added, however, that finding labor to perform the processing is more challenging.

Pears:

- Dried chips

Berries:

- Frozen
- IQF (Individually Quick Frozen)

Cherries:

- Pitted and frozen
- Pitted, sugared, and dried
- Preserves or purées
- Juiced
- IQF (Individually Quick Frozen)
- Maraschino cherries

Butternut squash:

- Peeled, diced, and blanched
- Peeled, cooked, pureed, and frozen

Carrots:

- Diced
- Sliced
- Cut into "baby" carrots
- Puréed into sauce

- Pickled

Asparagus:
- Pickled

Freeze-dried fruits:
- Some farmers are exploring adding freeze-drying to their farm production.
- One farmer reported that there is a substantial market for freeze-dried strawberries.

Tomatoes (Commercially grown in Western Washington)
- An adaptation of "Montana Marinara" sauce (tomato sauce with locally raised squash, onions, carrots, and safflower oil added for flavor and nutritional boost). The Montana product has been purchased by the State of Montana for its schools, but cannot be purchased by Washington schools using state funds because a Washington source cannot be verified for the tomatoes processed at Mission West.

Onions:
- Ingredient in Marinara Sauce

Fruits that are currently grown by LINC farmers we interviewed. This is also an incomplete list.
- Apples (heritage varieties as well as newer varieties)
- Apricots
- Black currants
- Peaches
- Nectarines
- European Pears (Bartlett, D'Anjou, etc.)
- Asian Pears
- Kiwi
- Pawpaws
- Strawberries
- Grapes

Growers noted that they could ramp up fruit production if demand were assured, but that it can take several years for an orchard or plot to bear fruit.

Vegetables that are currently grown by LINC farmers we interviewed; not a comprehensive list.
- Tomatoes
- Watermelons
- Honeydew melons
- Cantaloupe
- Winter Squash
- Cucumbers
- Tomatillos

- Bell Peppers
- Hot Peppers
- Eggplant
- Okra
- Mushrooms (Oyster, Chestnut, Lion's Mane)

Growers noted that many institutional purchasers want product that has been pre-cut to reduce the labor involved in food preparation, and to reduce training time. Others have the facilities and labor pool to perform their own.

Some growers seek to install sorting equipment on their own farms that can sort produce by size to make it easier to pack standard sizes for commercial customers.

One source stated that there is considerable opportunity for slicing root crops, such as julienned or coined carrots, broccoli florets, and onions.

Happy Mountain Mushrooms
Happy Mountain Mushrooms has identified a need for a pre-chop operation for supplying schools and is building a 200-square-foot processing facility at the farm. They also use a commercial dehydration unit at a commercial kitchen to make powdered mushrooms and mushroom extracts. They prefer to add value to their mushrooms at the farm, but also said they are "at the limit of what we can do." The farm would like to stay at its current size. They would have to combine with other farmers in order to meet wholesale demand, but would also consider expanding production if there were a clear and reliable market opportunity.

Mission West Community Development Partners Serves as an Inspiring Model
Many of the products listed above are made at Mission West, so one huge challenge for Spokane will be to ramp up production commensurate with both local supply and local demand, purchasing from Mission West and other suppliers as needed to deliver value-added products to buyers.

Mission West grew its business over 25 years in a fairly organic manner. Starting in a former pizza shop that was offered to them on reasonable terms. After renovating that space the firm expanded slowly as local farmers grew sufficient supply and local buyers could be introduced to purchasing new value-added products. Mission West worked diligently to ensure that Western Montana Growers Cooperative, its partner growers' group, would be able to supply the markets that Mission West was cultivating and could increasingly stand on its own as a cooperative business. Purchases of new equipment sometimes had to wait until a favorable grant was received.

At the same time, this was an interactive and iterative process. The fact that Mission West was open for business allowed growers to bring surplus products to their kitchens. One year a farm's surplus cherries inspired Mission West to freeze large bags of pitted fruit and then seek buyers.

On another occasion, Mission West received several bins of unsold butternut squash that were peeled, diced, and parboiled, then vacuum-sealed in large plastic bags for schools to purchase.

It is to be expected that a similar process would be involved in ramping up a produce processing operation in Spokane. Mission West's food-center director Jan Tusick cautioned that the discussion should start by being based on whatever quantities Spokane region farmers are willing and able to produce. Lacking consistent supply, it would be difficult to attract buyers or develop effective products. If a processing center were launched, she added, then it should start by focusing on minimally processed products, such as a mix of cut kale and cabbage or similar products.

A second concern would be finding someone who is as visionary as Tusick to manage a new processing operation. She certainly grew into the position she now occupies, spurred along by encouragement from growers and buyers, but also opening opportunities because of her acumen and persistence. Finding such a soul in Spokane, or training such a forceful soul, or hiring an outside person with experience and helping them gain familiarity with the realities of the Spokane marketplace are all potential paths for nourishing such a leader.

Our sources cautioned that farmers in the Spokane area are still fairly competitive with each other, and that most are small farms with limited capacity to produce wholesale quantities. Further, our interviews indicated that consumer interest among Spokane residents is rather limited, with little commitment to purchasing from nearby farms. Tusick continued, "You need thousands of pounds of product" in order to contemplate a commercial processing operation.

This leads to the third practical concern: the logistics of ramping up production. Several experts cautioned that it is important to start small, taking measured steps forward and evaluating successes and failures honestly. It would be a mistake to invest in a large facility until sufficient production has been established to support a larger operation. This means that early years might well be limited to 1-5 products, based on what growers can reliably supply. Early operations might be small, to be replaced by larger facilities in the future as demand grows. Or production might be scheduled in modules that can be added or removed as markets shift.

Experts also warned that it is difficult if not impossible for a food processing center to pay its operating costs simply through its processing work. One suggested identifying a sponsoring organization such as a university. Mission West is owned by a community development association that has attracted substantial grant funding, with favorable terms offered by landlords, and has added a stream of consulting income to make ends meet. Developing these diverse income threads in Spokane will itself take considerable time and trial and error.

Mission West's diverse income streams include grants, product sales, product development, technical assistance in business planning, branding, and labeling, as well as co-packing, storage rental, and market intelligence. Tusick added that they are increasingly selling their business expertise.

One of the most consistent desires expressed through our interviews was that having the processing capacity in the Spokane region would allow local people to make choices on their own terms, rather than accepting whatever terms larger firms offer. Interviewees noted that they would prefer to have the option of paying for small batch production, rather than having to assemble larger loads to justify transportation costs or to gain access to a larger processor.

Others pointed out that Mission West started as more of an R&D initiative, but over time has moved toward production that pays for the costs of operation. Several Spokane people would like to see an R&D operation be available, focused on service to Spokane region farmers and consumers. However, playing such a role also increases the need for financial subsidies. Mission West was aided in their growth by becoming named as one of four Montana Food and Agriculture Centers statewide, which provided additional support at a critical time. Skagit Valley producers also benefited from a network of philanthropists and investors who share their vision for a localized food system.

If a processing center will rely upon substantial subsidy, then, the UD must be prepared for that eventuality. It would be wise to consider complementary businesses that could help to form a cluster of favorable business activity that would both enhance the work of the processing operation and help defray costs of operation. That leads us to consider the possibility of a multi-use building.

Additional partners will also need to be brought in. Tusick noted that Mission West's vaunted Montana Marinara sauce sold widely only because the State of Montana purchased considerable quantities and placed the product in their catalogue for schools to order. For 2025, Mission West holds orders for 1,700 cases of Montana Marinara, which will require them to purchase 6,195 pounds of onions, 2,291 pounds of carrots, and 2,184 pounds of squash from Montana farmers.

Spokane Food Commons: A Multi-Use Food Center

If a larger building can be procured and renovated, or if a new building could be constructed, then the processing center might have both room to expand over time, and suitable partners to generate additional revenue. A cluster of food businesses in a single location might further create stronger consumer loyalty for locally produced foods and build visibility for local farms, creating a virtuous cycle of activity.

An alternative vision would be to conceive of the Commons as a "makers" center, given the emergence of new craft businesses in Spokane that do not engage in food production.

While we are not aware of any detailed discussions that may have taken place about potential partners for a community food center, here are some possible partners:

Main Market Cooperative Grocery is currently located in the UD. It holds a long history of serving the Spokane community but feels somewhat constrained by shoppers' perception that there is not enough parking on site. Some of our interviewees also felt that the store would benefit from expanding to a larger footprint, although co-op managers say that considerable investment would be required to make this possible. Clearly, if the co-op board determines that such a move would be favorable for the store's business plan, its customer base could play a key role in attracting other food businesses and consumers to a Commons. Further, the co-op also serves as a visible reminder of the dedication of the Spokane community to local farmers, and could feature value-added products on special shelves. With proper design there would be synergies between the co-op and a processing center's storage, processing, and logistical capacities: for example shared storage facilities.

LINC Foods is considering expanding its grain malting operation and combining this with warehouse and community space into a single facility. The UD is one location it is considering.

The Grain Shed said it is willing to consider co-locating in a Spokane food center. This is already a sister corporation to LINC, so potential synergies are clear. Detailed discussions may wait until the new Post Falls location has launched.

d&B Creative is working with the UD to identify ethnic businesses that could benefit from complementary location with a Spokane food center. These are both food and craft businesses. Many local markets across the country have found this to be a fruitful combination.

Feast World Kitchen is well established in their current location and wishes to stay put. It does seek additional shared-use kitchen space so that graduates of its training programs, who are mostly immigrants, might develop their own businesses. The most pressing need appears to be space for catering, because fulfilling catering orders is more predictable than speculating on how many customers might patronize a food truck or restaurant. Some graduates may wish to

have access for space for launching new food products, or may become credentialed in managing a food processing operation or commercial kitchen. This suggests that a shared-use commercial kitchen might become one element of the Commons.

Each of these potential collaborations would require considerable mutual deliberation that is beyond the scope of the current project.

Some of the potential advantages of constructing a common campus include:

- Allowing the food processing center more latitude to expand organically as new production and new markets are identified, or potentially contract briefly to ride through unfavorable business cycles.
- Creating synergetic business trade among partners in the cluster, for example the co-op retail store provides a shelf showcasing local value-added products.
- Attracting stronger consumer loyalty to local farms and to locally produced foods.
- Efficient recycling of organic wastes into new fertility for farmers through a composting operation.
- Strengthening Spokane's tradition of cooperative business development.
- Established, compatible revenue streams can help defray the costs of launching a new processing operation.

Some of the potential drawbacks include:

- The time involved in painstaking negotiations to develop a collaborative business cluster could limit momentum.
- Different businesses joining the collaboration may have diverging trajectories over time.
- Collaboration adds to the front-end costs so careful business planning is especially essential.

Sarah Masoni of Oregon State University cautions that the most important thing about a facility is not necessarily what products you put into it. "What is important now won't be important in 3 years," she cautioned. Some of the ongoing needs will be for dry and wet storage, coolers, freezers, and other warehousing space. A loading dock and staging area are both needed. Cages or lockers for entrepreneurs to lease are essential. She said that if she were starting a shared-use kitchen today she would start with a 200-square-foot kitchen and dedicate considerable space for storage.

She also points out that increasingly smaller scale electrical and steam equipment is available that is plug and play. This allows a new venture to start small, get familiar with how the equipment functions, and train people to run it. The OSU kitchen (which is primarily dedicated to improving taste profiles) is scaled to 20-quart cooking kettles.

She further urged that it would be important to commission an expert process engineer to design the space. This should be someone who is experienced in food processing design and

knows how to meet applicable regulations, especially with regard to sanitation, sewer capacities, and organic wastes. A solid business plan should guide development.

Conclusion

Spokane Region has the potential for serving as an important hub of activity for Eastern Washington State and parts of Idaho. The metro area holds substantial population, solid freeway access, a robust donor population, progressive political heritage, a tradition of cooperative business, and expanses of fertile farmland. However, its potential is limited by several factors:

1. The Palouse near Spokane is one of the prime areas of the U.S. for growing wheat and pulses. This is a significant element of the regional economy. Farmers produce an ample supply. Creating some form of pulse or grain processing at considerable scale but would involve significant investment in an entire supply network. Even if regional consumers were the intended beneficiaries, achieving the required scale would likely involve committing to serve national and global markets. Given the region's cooperative heritage, it would be best if such an effort grew out of a collaboration of growers. It may also best be placed in a rural area to create rural jobs and take advantage of lower land costs.
2. The region has a limited heritage of raising produce in large quantities. An energetic core of smaller-scale produce growers has emerged in rural areas over the past 50 years. Several of these farms are now passing to a new generation of owners. There is also a solid group of new farmers launching new operations. One of the most visible outposts of middle-scale produce growing is a cluster of orchards in the Green Bluff region, which also serve as a local tourism attraction.
3. Much of the preliminary work connecting Spokane region farms with institutional buyers is already being performed by **ESD 101**. This district fills many of the roles that the proposed processing center might play by ensuring that schools can source Washington-grown products on terms suitable to growers. Any new development should build their capacities, rather than compete with this ongoing work.
4. One of ESD 101's partners in this endeavor is **Casa Cano Farms** in Valleyford, which is already constructing its own produce processing center on the farm. This will be an essential test ground for identifying institutional purchasing opportunities for the region as a whole. Their experience should inform Spokane's consideration of whether to launch a processing operation in the UD.
5. **LINC** is rebuilding its wholesale business after suffering a loss of wholesale buyers during the pandemic. LINC also has established close bonds of trust among growers and buyers. LINC's malting operation seeks to expand, and the firm also hopes to create community gathering space as well as open new warehousing facilities.
6. Two mid-size apple growers in LINC's network were interviewed. Both desire access to better processing. Since these farms are more than 2 hours from Spokane, it is an open

question whether they would benefit most by processing on their own farms, or by shipping their raw product to an urban processor. Either of these farms may decide that it is more in their self-interest to process on their own farms rather than wait on a new facility to open in Spokane, but each is open to working with collaborators in Spokane.

7. Spokane may be well placed to add value to an emergent network of food hubs, the **Northwest Food Hub Network**. LINC is a member of the network. Our sources told us that of the three worker-owned cooperative food hubs that form the co-op, the Spokane region is the least developed, despite a long-standing dedication to supporting community-based food trade in Spokane. The other members of this network, the **Western Montana Growers Cooperative** and **Puget Sound Food Hub,** enjoy more established cores of growers who raise food for nearby household consumers. Both have access to some processing and storage capacity. It is not clear that Spokane currently has enough growers, or strength of consumer loyalty, to support the launch of a food processing operation. Doing so would require concerted efforts to increase the capacities and number of farms supplying local markets, cultivate stronger consumer interest, and foster the skills in managing such an operation in Spokane. Launching a self-sustaining food processing operation will be a long-term process.
8. **Mission West Community Development Partners** is particularly beloved by growers and buyers as a model for what could be constructed in Spokane. Based in a town of 2,000, Mission West serves a three-county region with a population of 44,000 including the urban area of Missouia. Mission West has grown organically over 25 years through collaboration with the Salish Kootenai Tribal College and the Flathead Indian Reservation. Mission West has been designated as a regional Food Enterprise Center by the Montana Department of Agriculture, and operate the Cooperative Development Center for their region of the state. Both designations bring additional presence and resources. Mission West now serves 900 different clients, has offered 11,000 hours of business consulting, and holds a $6 million loan portfolio. Their visionary director, Jan Tusick, cautioned that any effort in Spokane must begin by increasing the supply of raw foods from nearby farms that is available for processing. She further added, “Start small.” It is critical that Spokane not attempt to replicate the exact model pursued by Mission West, but build upon the unique assets of this region and cleave closely to the local context in Spokane.
9. Shepherd’s Grain, a milling collaborative that started in Spokane but has largely relocated to Idaho, used to rely upon the ADM mill inside the UD for milling. While this is not the reason the firm moved (see below), they indicated that farmers and truckers making deliveries into the UD frequently complained about the confusing roadways, roundabouts, and indirect freeway access. This serves as a caution for any future development of food processing in the district unless facile street access can be assured.
10. One of the dilemmas faced by Spokane region farmers and community food providers is that the price point for sustainably raised foods grown on smaller farms is higher than what wholesale customers used to paying. Our sources mentioned that it is difficult to compete with raw food items due to these higher price points; the hope is that through value-added products more competitive pricing can be attained. Nevertheless, high raw material costs could plague food processing efforts, especially if done at a small scale,

and larger-scale processing risks obscuring the connections between farmers and consumers.

11. Although constructing a larger facility may be tempting, outfitting it with state-of -the-art equipment and hoping to grow business over time, such a strategy involves considerable risk. All of the experts we consulted advised that it was best to start small and allow the operation to grow organically based upon the market demand that can be tapped. Economic forces may also push the facility to either grow fast or to retract in the face of market upheaval. This suggests that expanding by adding specific modules that respond to new market opportunities, and in ways that can be reversed if conditions frustrate the effort.
12. To hedge against uncertainty, it appears to be desirable to bring several projects into a single initiative. This would allow any new development in the UD to tap diverse market sources.
13. Grants and loans may be available for emerging BIPOC businesses through Potlikker Capital.
14. Some of the ongoing needs will be for dry and wet storage, coolers, freezers, and other warehousing space. A loading dock and staging area are both needed. Ample shelves with lockers for entrepreneurs to lease for storing products is essential.
15. It will be important to commission an expert process engineer to design the space. This should be someone who is experienced in food processing design and knows how to meet applicable regulations, especially with regard to sanitation, sewer capacities, and organic wastes. A solid business plan should guide development.

Next Steps Toward the Spokane Food Commons

1. The Spokane University District should make a long-term commitment to play a central role in helping construct a community-based food system in the greater Spokane region. Making such a commitment will attract other partners to act in kind, and will also persuade local farm and food partners that this initiative will take root over the long term.
2. Planning should not be limited to the UD itself. In some cases, farm-level infrastructure will be most appropriate. Some operations may best be developed in rural areas to create rural jobs. The work ahead is to construct a stronger, more resilient local food system, not simply to build a facility in Spokane.
3. Identify key partners (e.g., Grain Shed, LINC, ESD 101, Casa Cano Farms, Feast World Kitchen, Main Market Co-op, Northwest Food Hub Network, d&B Creative, food entrepreneurs, artisans, craftspeople, etc.). Convene selected partners to frame a unified vision of what a Spokane Food Commons might become and to commit to collaborate in its creation.
4. Keep in communication with Casa Cano Farms to learn from their experience launching an on-farm processing center. Identify the strengths of this effort and assist in expanding its reach. Identify issues or gaps that may arise as this work moves forward, and identify new opportunities for food processing that would augment what can be accomplished in an on-farm facility. Identify new products that would be suitable for a larger facility in Spokane to process.
5. Maintain contact with ESD 101 to learn from their experience coordinating food trade between farmers, schools, and other wholesale buyers. Identify key elements of success for coordinating local food commerce. Identify new products that would be suitable for a larger facility in Spokane to process, and obtain commitments from buyers.
6. Keep in communication with LINC to learn what opportunities arise as they source more food from Spokane region farms to institutional purchasers. Identify any issues or gaps they experience and assist in resolving these. Identify new products that would be suitable for a larger facility in Spokane to process. Identify their needs for additional malting space, storage facilities, and community gathering spaces.
7. Collaborate with Main Street Market Co-op to determine whether relocating to the UD fits their business planning. If so, calculate the physical space that would be required to expand appropriately.
8. Work with local universities, nonprofits, and workforce development partners to create educational opportunities for Spokane residents who may wish to gain credentials to step into the role of manager of a new food processing facility in the UD. This formation process can happen as trusted relationships are built and plans are drawn for physical facilities.
9. Collaborate with WSU Extension and nonprofit partners to incubate new farmers and connect them to reliable access to land so that local produce production can be expanded.

10. Based on experience tracked above, identify key gaps in the Spokane community food system that need to be filled, and identify 1-5 food products that will be processed at a new facility in the UD. Reach out to growers to establish plans for producing each raw product that would be required.
11. Convene institutional food buyers, wholesalers, bakers, and other potential customers to identify which products will be most in demand once they are available. Solicit commitments to purchase these items in specific quantities and at firm prices.
12. Perform outreach to Spokane region consumers to solicit their opinions on what a Food Commons would mean to them, and to solicit their suggestions for capacities the Commons should have, and services it should offer. This is critical for ensuring for building consumer loyalty to local farmers as well as encouraging residents to support the facility once it is on line.
13. Determine the physical space requirements for a food processing facility that starts as a small entity and expands over time as it establishes a market presence. Coordinate these physical space needs with those of other stakeholders who may join the Food Commons.
14. Identify potential sites within the UD, and hire professional expertise to establish projected costs for developing a food processing facility based on which food items are determined to be priorities.
15. Hire engineering professionals who hold experience in ensuring food safety, proper food handling, efficient workflow, sufficient storage and freezer space, flexible loading docks, and safe waste treatment to develop detailed construction plans at the appropriate time.
16. Secure land for locating the Food Commons within the UD.
17. Pursue physical development of the Food Commons contingent upon favorable findings through the process outlined above.
18. Evaluate progress at each step of the journey and adapt as needed to address changing conditions.

Cost Projections

It is impossible to precisely estimate costs for constructing a food processing facility lacking a clear, unified vision for a facility with a pragmatic plan for moving forward. Most of the costs at this stage would primarily be for the planning process: convening a leadership team, identifying specific products and market opportunities, obtaining commitments from growers and potential buyers, and compiling a more detailed list of the equipment that would be required to open a pilot operation to serve initial buyers, drawing upon the material provided in this report. Much of this work might be completed through *pro bono* contributions by key leaders, at least while framing a unified vision.

Actual construction costs would depend on the size of processing facility that is proposed and the costs of accessing land or constructing/renovating a building. These in turn depend on knowing the specific details of the building or property where this would be located. Shared-use commercial kitchens have been built in other regions for about $500,000, including considerable building renovation costs. A Spokane facility might be either less costly or far more expensive than that.

Adding to the costs, but also magnifying the impact, would be for Spokane to consider launching a network of infrastructure, some at farm level, and some at a central location in the UD. This requires further discussion to determine when it is best to add value at the farm, and when it is best for the region to bring processing into a central facility.

Economic Impacts

Retrieving the $2.3 billion of annual consumer spending to purchase food produced outside of the Spokane region will not be a rapid or linear process. It will begin by taking small, discrete steps toward a bold vision.

Assuming there is sufficient producer, sponsor, and market interest to support a new processing operation, and assuming that Spokane UD follows the guidance of the experts we consulted, the only direct job impact at first would be a 1-2 jobs: the processing center director who would be tasked with bringing the facility into operation and managing its daily use, as well as someone coordinating local and regional food -trade networks. Over time this would presumably expand as new business develops. Currently, after 25 years, Mission West lists 11 staff on their web site.

Financial impacts are far broader, but difficult to predict. Again, while conditions are quite different in Spokane, some comparisons can be drawn with Montana. Mission West states that is serves 900 clients in their market region. They have provided more than 11,000 hours of consulting to local firms, and have amassed a $6 million loan portfolio. Their Montana Marinara sauce has been purchased by 152 school districts. Mission West has attracted funds by serving both as regional cooperative development coordinator and regional food enterprise center for the State of Montana. They have helped a growers' co-op, The Western Montana Growers Cooperative, to expand to engage 22 farmer members who sell to 122 buyers and 70 retail stores. This is in a town of 2,000, but with a market area similar in size to the Spokane region. Considerable private and public investment aided the effort. Their experience shows that it is difficult to support an operation through processing alone, no matter how cogently it is done.

One can expect impacts in Eastern Washington to be far more discrete at the present time. Only a small number of growers in the greater Spokane region are able to deliver thousands of pounds of produce for processing. Some of these growers may opt to retain processing on their own farms. Unlike Mission West, Spokane faces neighboring competition from currently operating food processing businesses.

As our research showed, a consumer challenge asking Spokane region residents to purchase $5 of food each week from some farm in the region could bring as much as $183 million of sales to farmers in the region, if taken up by all residents. Such a campaign could increase farm income by as much as 15%. Certainly, increased consumer loyalty would be critical for a fledgling food processing operation to succeed.

Each increase in sales would provoke ripples through the broader economy through the multiplier effect. As we outlined in our essay, "Building Multipliers Rather than Measuring

Them," an economic multiplier includes three cycles of economic activity: (See https://www.crcworks.org/buildingmultipliers.pdf)

1. Direct impacts: Initial sales or spending added to local economic trade
2. Indirect impacts: Local purchases made by the suppliers of a given business
3. Induced impacts: Spending by employees of this network of food businesses

In a broader sense, an economic multiplier is a measure of the networks that each firm has built to support its business. The more players in that network, and the more that the network is fueled by local resources, and the more that employees are committed to purchasing locally, the stronger the multiplier. Such a calculation assumes that new economic activity generated by a processing center does not take business away from another firm (for example, from a nearby food processing firm).

A generic multiplier for a business in the Spokane region is probably about 1.3, although some individual firms may enjoy stronger multipliers. That would mean that for each $100,000 of business a potential food processing operation might generate, another $30,000 of economic activity would ripple through the region, for a total of $130,000. Sometimes multipliers are calculated strictly through job creation, so an alternative way to think about this would be that for every job in a new food processing center, another 0.3 jobs are created in nearby farms or businesses.

If the food processing center makes a concerted effort to purchase foods from farmers in the Spokane region, and its other inputs (supplies such as electricity) from other businesses in the region, the multiplier could reach as high as 1.7. That is to say, the economic impacts depend on strategic choices that are still to be determined. In any event, Spokane has the ability to strengthen local multipliers through its own volition, and that should be one central focus of this initiative.

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Tools for Community Self-determination

APPENDIX to Food Processing Feasibility Study

Spokane Region (Washington)
Local Farm & Food Economy

by Ken Meter, Crossroads Resource Center (Minneapolis)
for
Spokane University District

July, 2025

Covers Adams, Ferry, Lincoln, Pend Oreille, Spokane, Stevens, & Whitman Counties in Washington State

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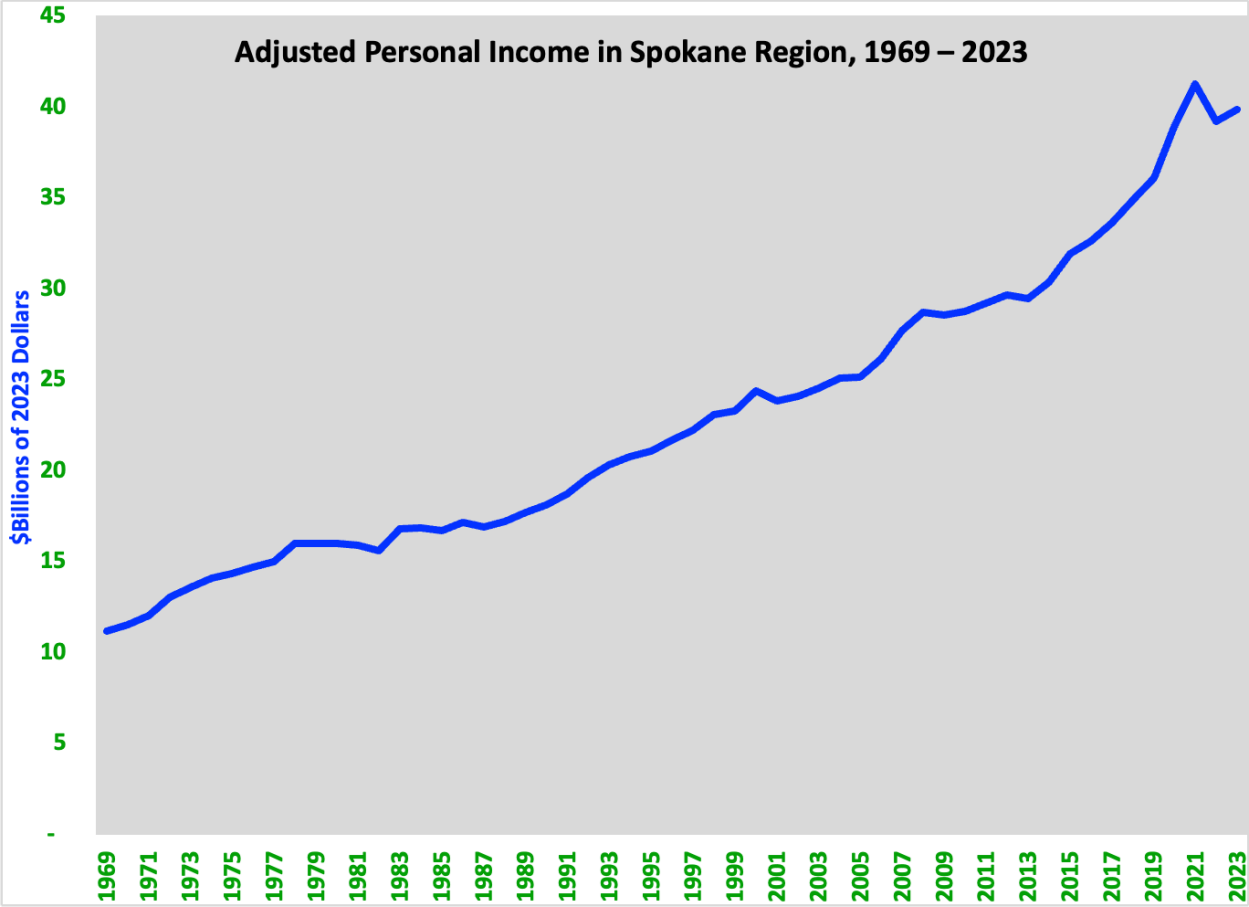
Personal Income, Poverty, & Food Insecurity

Personal Income in Spokane Region

Spokane Region (Bureau of Economic Analysis, 2023)

702,720 residents receive $40 billion of income annually. Personal income increased 256% from 1969 to 2023, after dollars were adjusted for inflation. This is shown in Chart 1 below.

Chart 1: Adjusted Personal Income in Spokane Region, 1969 – 2023



Source: Bureau of Economic Analysis. Adjusted for inflation using the Minneapolis Federal Reserve Consumer Price Index.

Chart 2 shows the main sectors that contribute to this personal income. The largest source of personal income is transfer payments (from government-supported programs such as pensions) totaling $9.5 billion in 2023. Capital income (from interest, rent, or dividends) rank second at $7.4 billion. Government jobs (including educational institutions) rank third, with $5.9 billion of personal income. Health care workers earned another $4.0 billion, while manufacturing workers earned $2.0 billion.

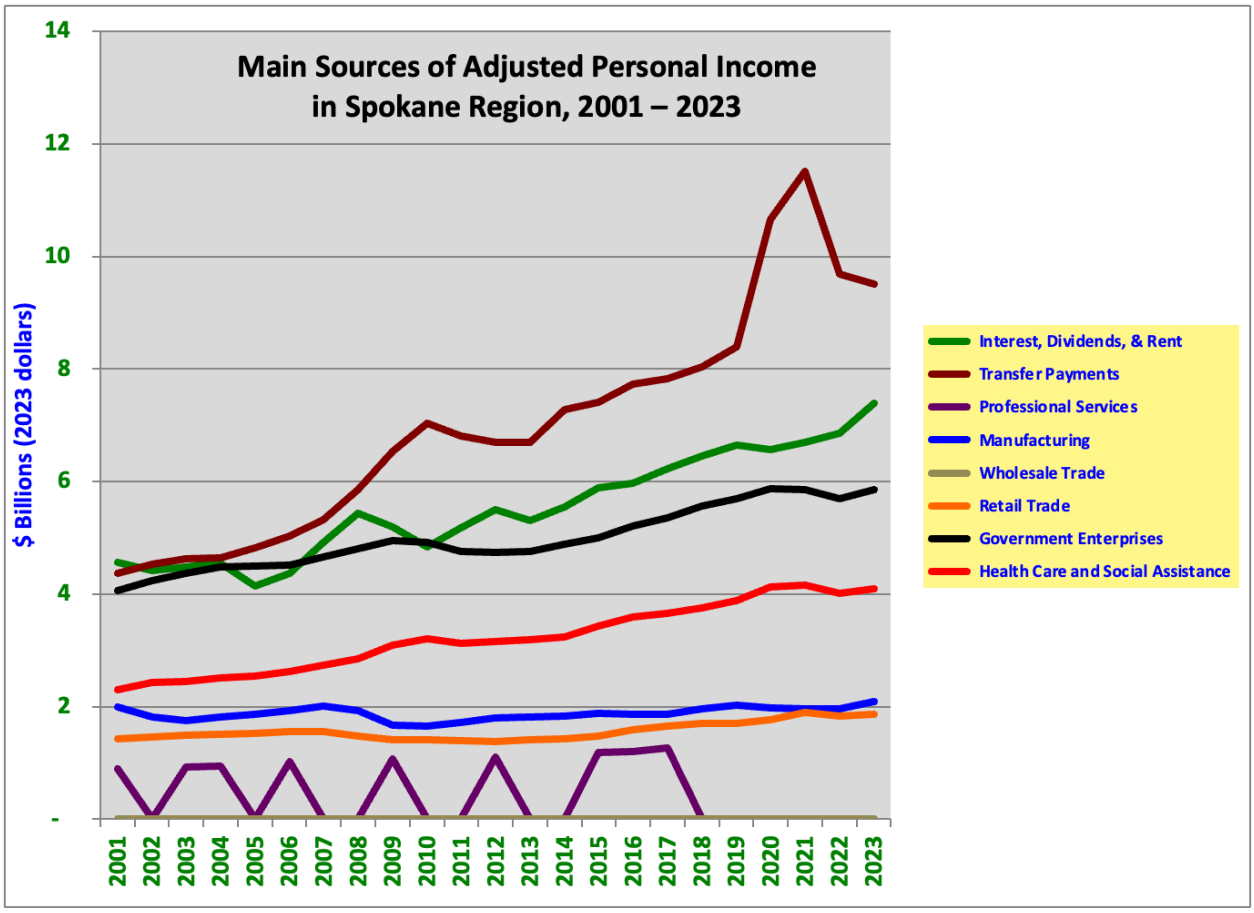
Income earned from transfer payments includes $2.9 billion of retirement and disability insurance benefits; $3.8 billion of medical benefits; $912 million of income maintenance benefits; $88 million of unemployment insurance; and $548 million of veterans' benefits.

Government income includes $775 million of income earned by federal workers and $4.6 billion earned by state and local government workers (including educational workers). Military personnel earn $477 million of personal income.

Although population has doubled since 1969, there has been limited public planning to assure a secure and stable food supply.

Note that income involving public programs makes up 39% of all personal income in the region.

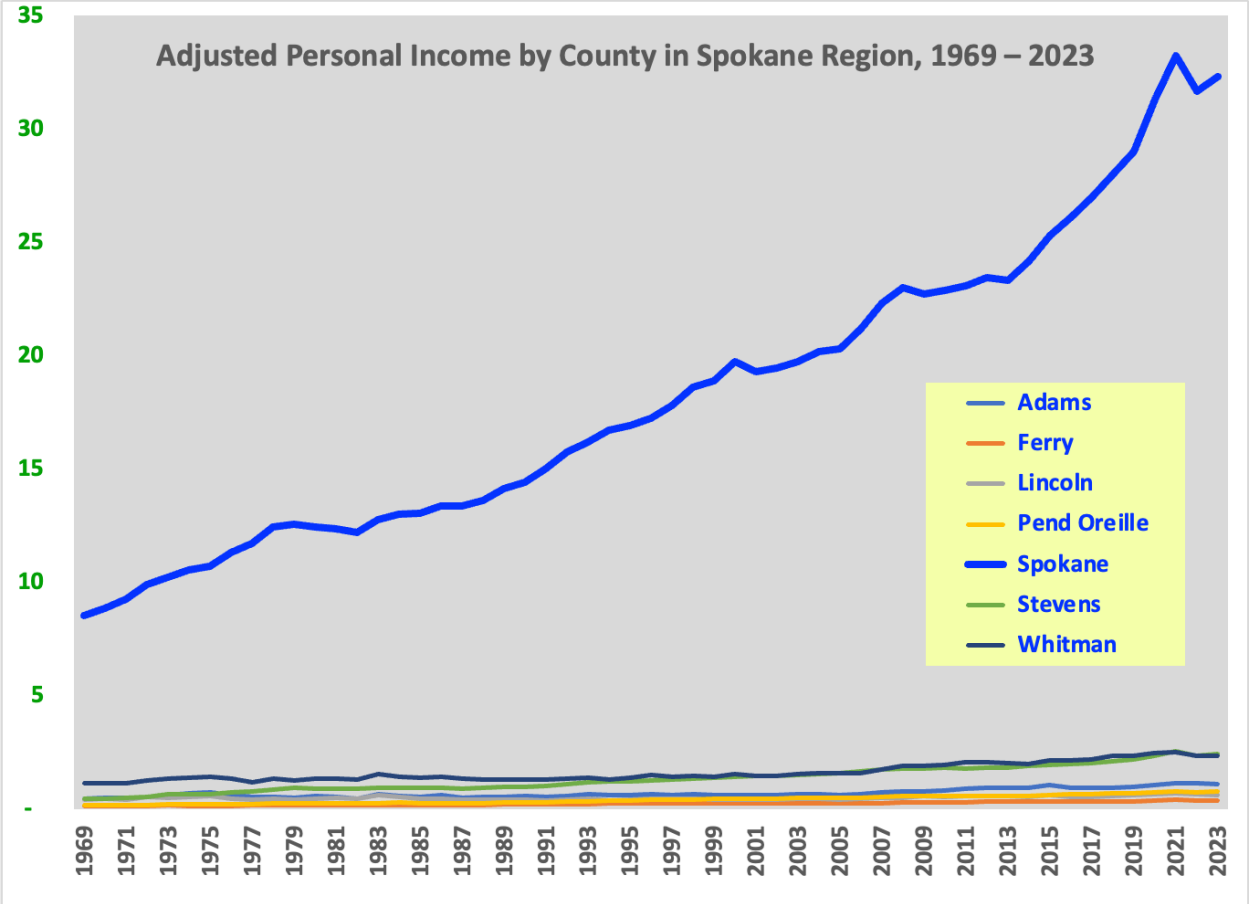
Chart 2: Main Sources of Adjusted Personal Income in Spokane Region, 1969 – 2023



Source: Bureau of Economic Analysis. Adjusted for inflation using the Minneapolis Federal Reserve Consumer Price Index. Note that there is substantial missing data, notably income figures for Professional Services and Wholesale Trade.

As Chart 3 chows, most all of the growth in personal income has accrued to residents of a single county, Spokane County, who brought in $32 billion of personal income. The other six counties brought in a total of $8 billion of income in 2023. Residents of each county increased their income over the past 55 years. Two counties, Pend Oreille and Stevens, saw personal income rise more than 400%.

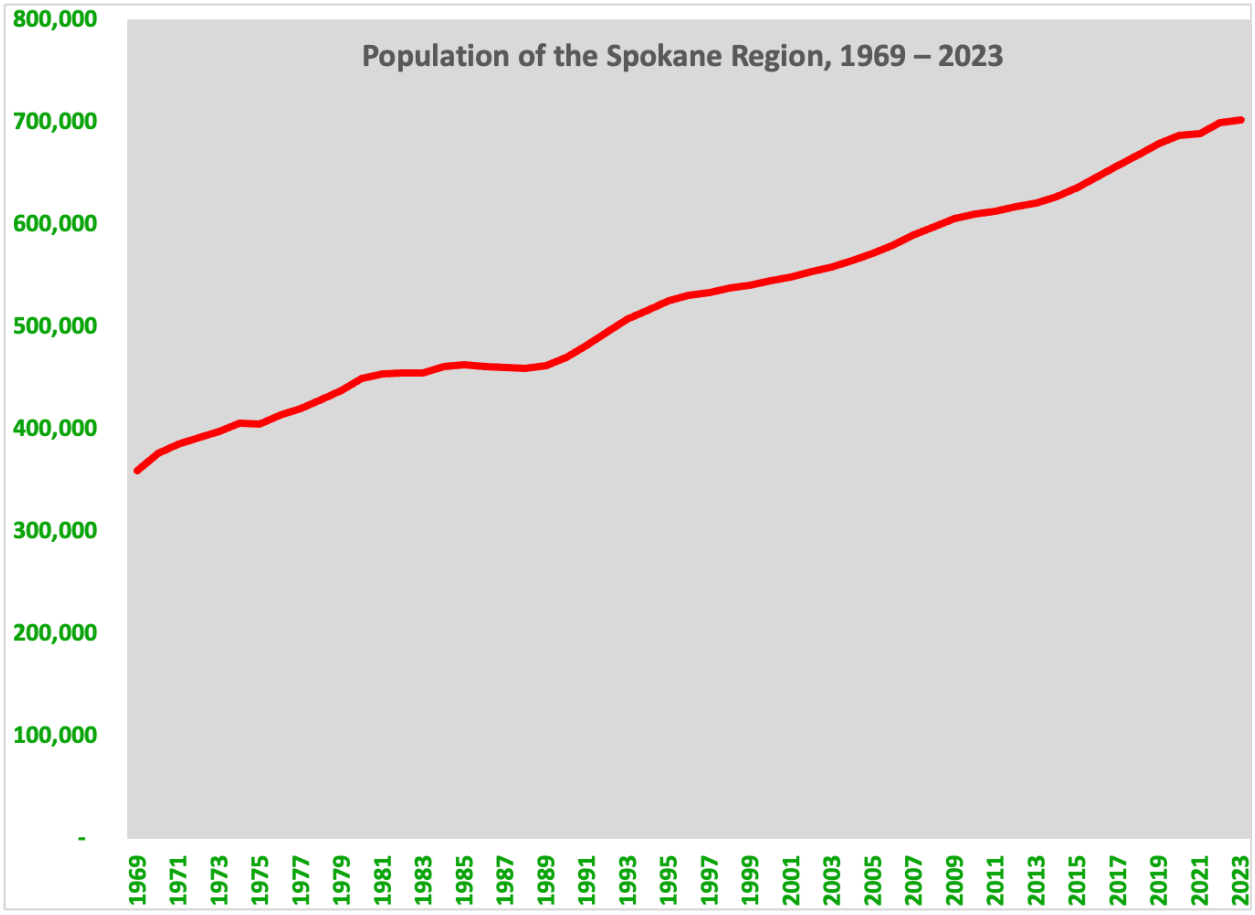
Chart 3: Adjusted Personal Income by County in Spokane Region, 1969 – 2023



Source: Bureau of Economic Analysis. Adjusted for inflation using the Minneapolis Federal Reserve Consumer Price Index.

The Spokane Region's population has doubled over the past 55 years from 359,000 to 703,000. Chart 4 shows this growth. This means that personal income has grown faster than population.

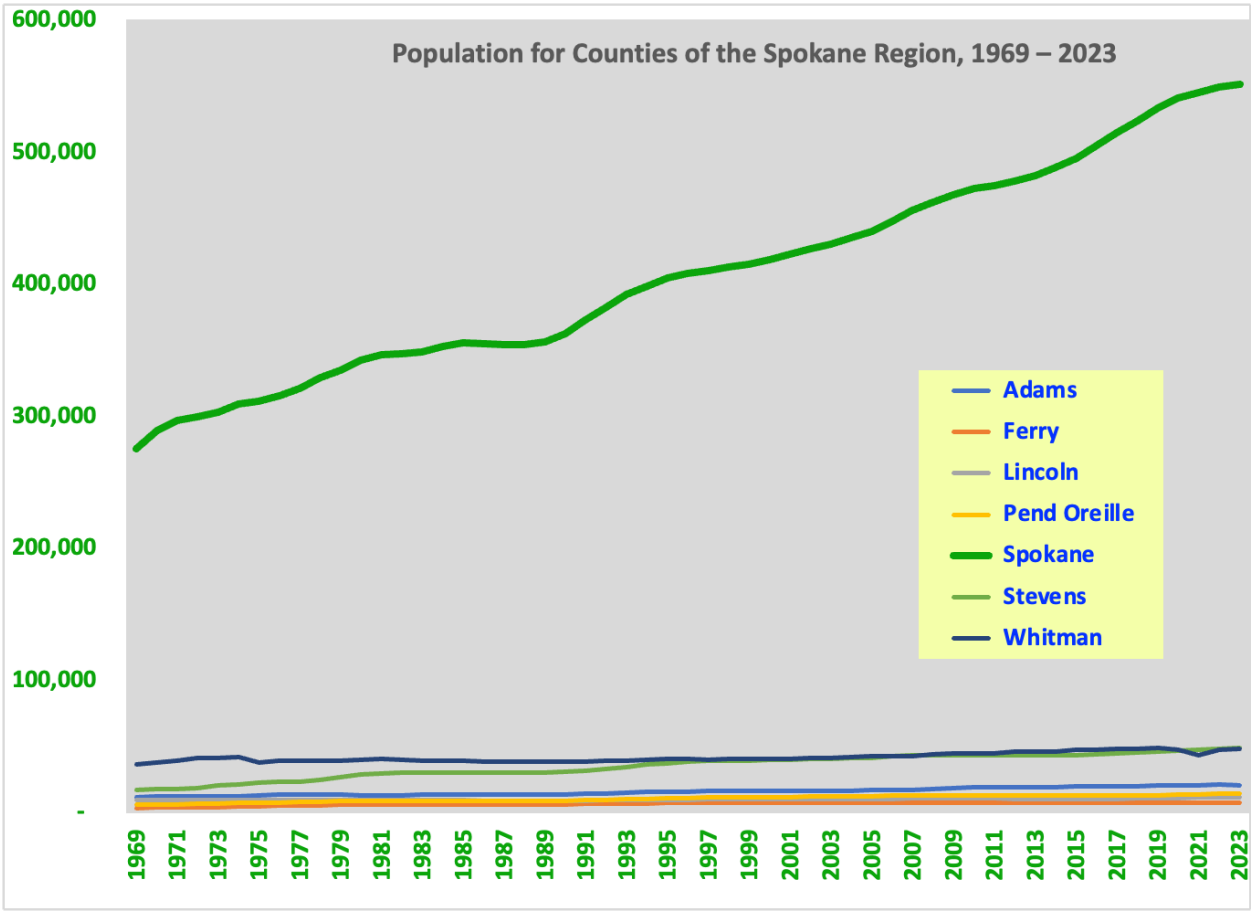
Chart 4: Population of the Spokane Region, 1969 – 2023



Source: Bureau of Economic Analysis.

Population growth follows similar patterns as the rise in personal income, with Spokane County leading the way. All counties increased population, but Adams, Lincoln, and Whitman Counties grew more slowly than average. Stevens County grew at the fastest pace. This is shown in Chart 5.

Chart 5: Population for Counties of the Spokane Region, 1969 – 2023



Source: Bureau of Economic Analysis.

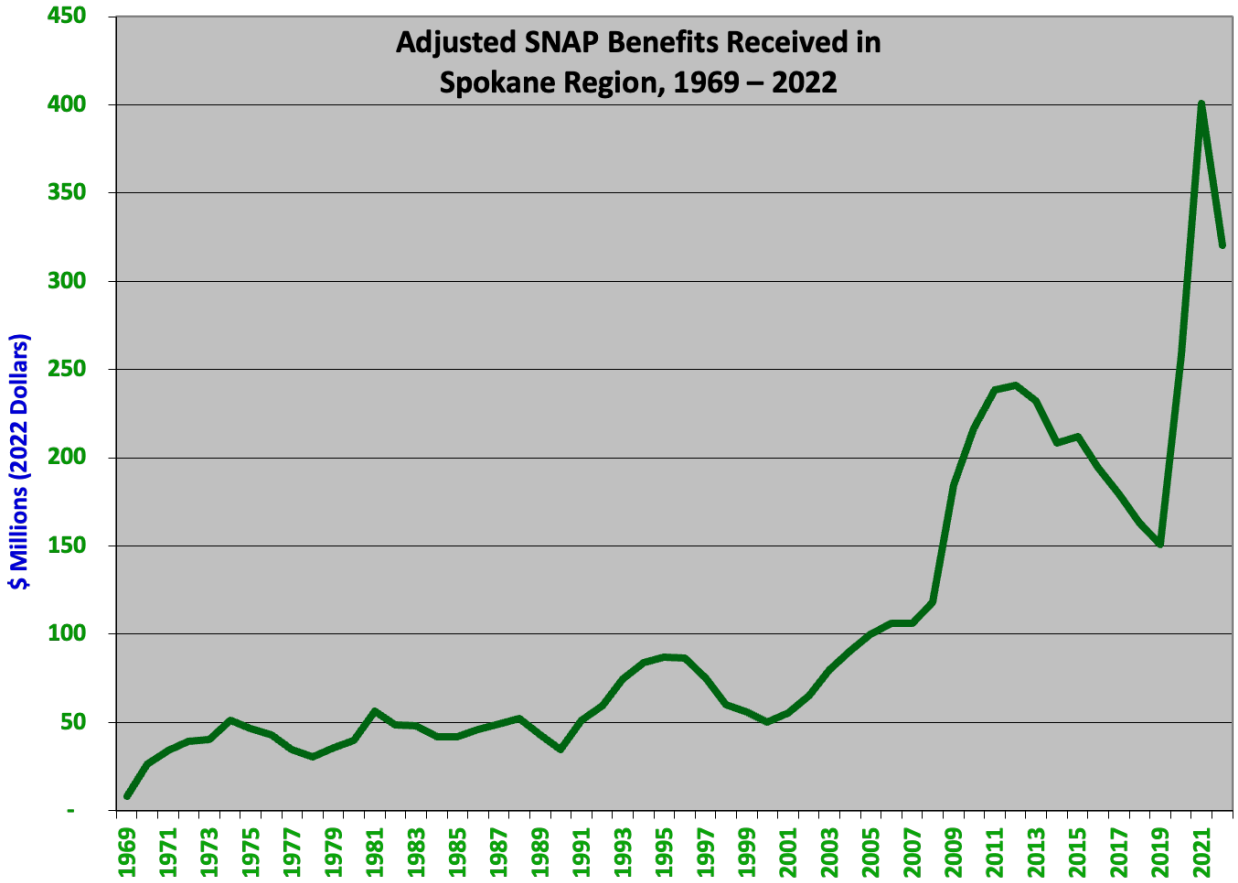
Issues Affecting Low-Income Residents of the Spokane Region

Over 187,000 residents (29%) earn less than 185% of federal poverty guidelines. At this level of income, children qualify for free or reduced-price lunch at school. More than 40,000 lower-income residents received $320 million of SNAP benefits (formerly known as food stamps) in 2022; WIC benefits are also important but do not show up in federal data sets. *Data from Federal Census of 2017-2021, Bureau of Labor Statistics, & Bureau of Economic Analysis.*

6.2% percent of the region's households (over 16,500 residents) earn less than $10,000 per year. *Source: Federal Census of 2017-2021.*

More than 40,000 Spokane Region residents *(Federal Census)* received $320 million in SNAP benefits (formerly known as food stamps) in 2022, down from a $401 million peak during the pandemic. Chart 6 shows the growth of these benefits. This raises the question of why a farming region is experiencing such a rise in demand for income supplements to purchase food.

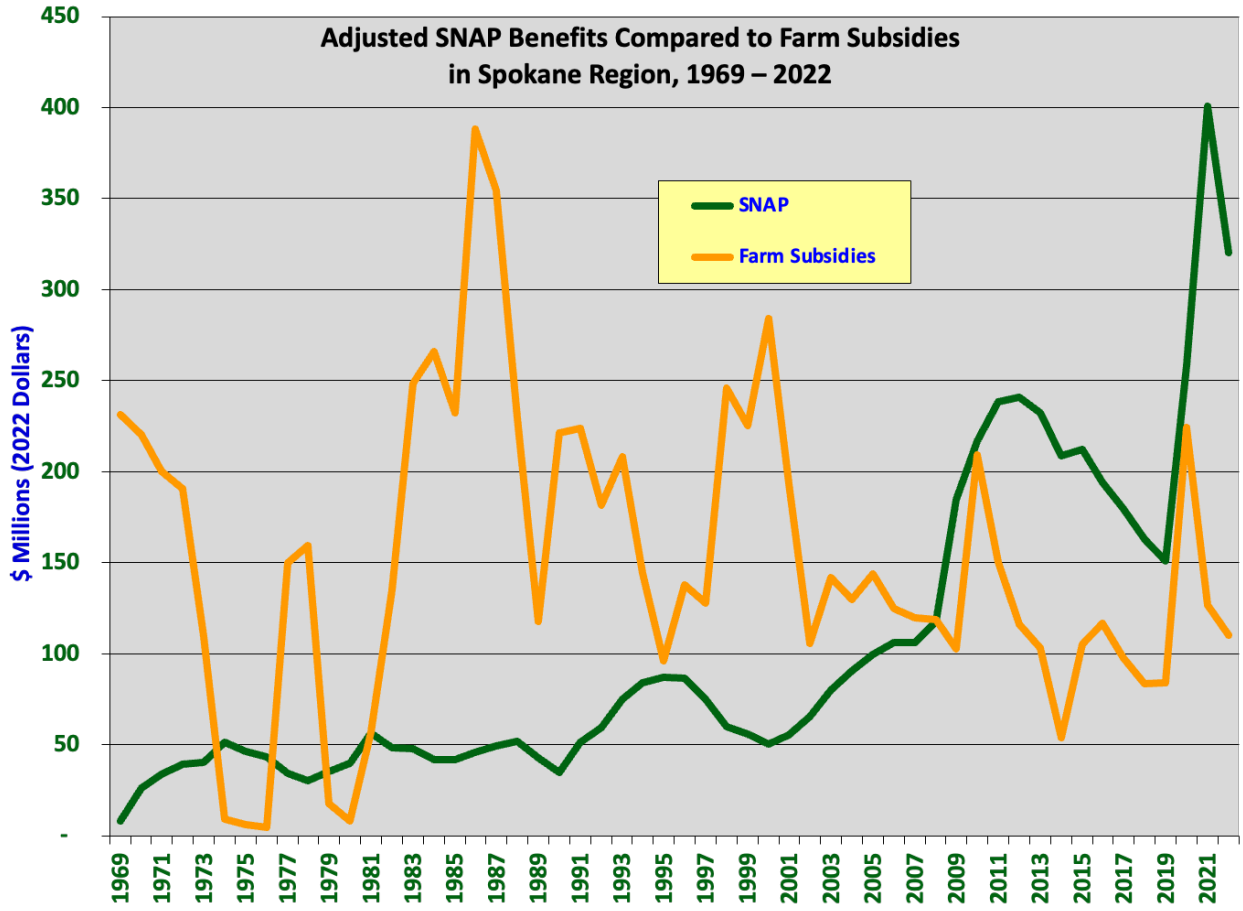
Chart 6: Adjusted SNAP Benefits Received in Spokane Region, 1969 – 2022



Source: Bureau of Economic Analysis. Adjusted for inflation using the Minneapolis Federal Reserve Consumer Price Index. SNAP data for 2023 are not available because BEA no longer publishes these reports.

In light of concerns that have been expressed about SNAP benefits, it is useful to compare these benefits to federal subsidies for farmers. This comparison is shown in Chart 7.

Chart 7: Adjusted SNAP Benefits Compared to Farm Subsidies in Spokane Region, 1969 – 2022

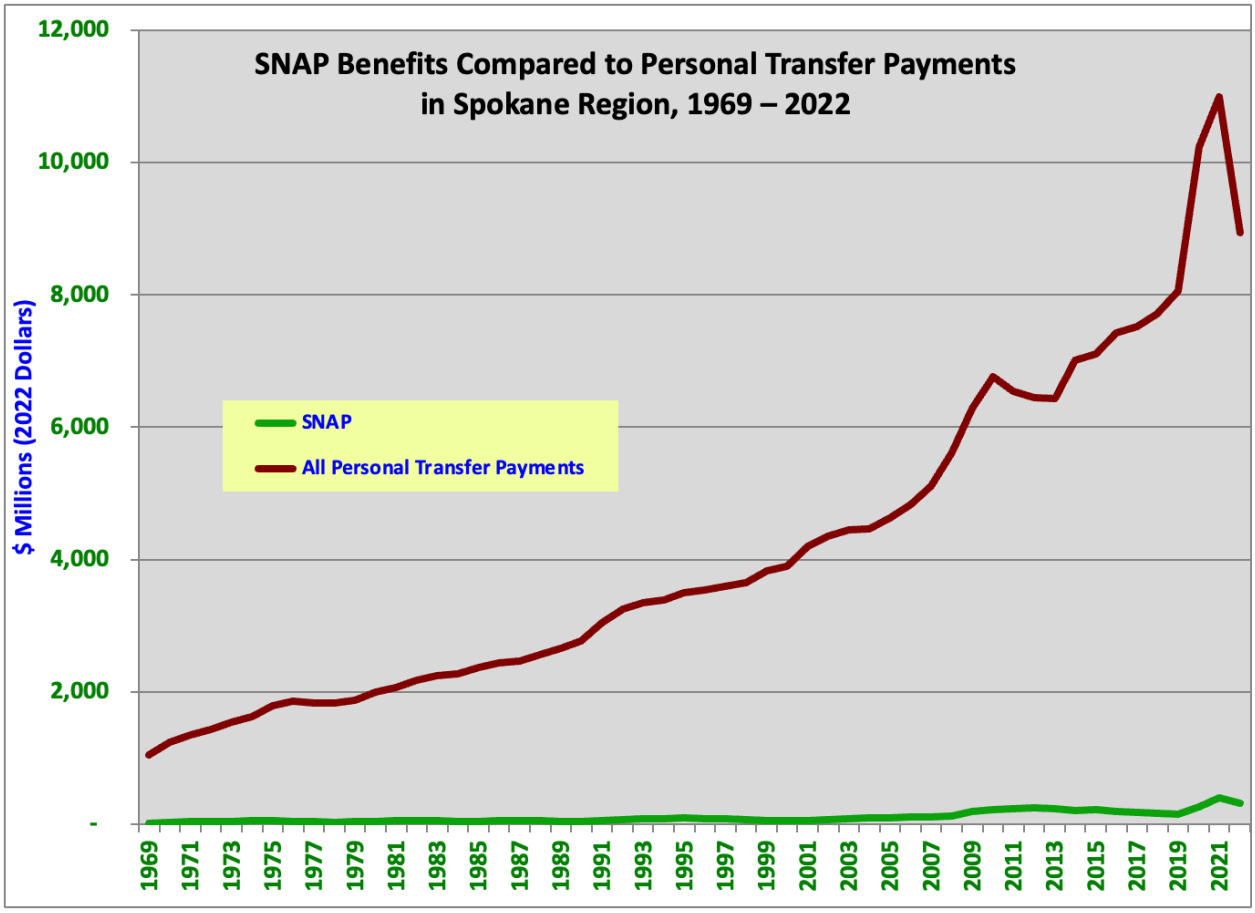


Source: Bureau of Economic Analysis. Adjusted for inflation using the Minneapolis Federal Reserve Consumer Price Index. Neither farm income data nor SNAP data for 2023 are available because BEA no longer publishes these reports.

More than 40,000 lower-wealth residents receive $138 million of SNAP benefits (formerly known as food stamps) (33-year average, 1989-2022); WIC benefits are also received, but are not shown here. 1,732 of the region's farmers received an average combined total of $146 million per year in subsidies (33-year average, 1989-2022), mostly to raise crops such as wheat that are largely sold as commodities, not to feed local residents. *Data from Federal Census of 2017-2021, Bureau of Labor Statistics, & Bureau of Economic Analysis. These years were selected because by 1989 the farm economy had stabilized somewhat after the farm credit crisis of the mid-1980s.*

Chart 8 compares SNAP benefits to overall transfer payment benefits received by residents of the region. Clearly, SNAP benefits are a small proportion of transfer payments.

Chart 8: Benefits Compared to Personal Transfer Payments in Spokane Region, 1969 – 2022



Source: Bureau of Economic Analysis. Adjusted for inflation using the Minneapolis Federal Reserve Consumer Price Index. SNAP data for 2023 are not available because BEA no longer publishes these reports.

Food-Related Health Conditions

All data in this section relates only to the Spokane MSA, which includes Spokane and Stevens counties. Note that the Spokane Metropolitan Statistical Area (MSA) is smaller than the Spokane Region defined in this study. No data were available for rural communities in the region. Note that reporting of these key data points has been suspended under the current Administration. Some of the data below are several years old, but all are the most recent data available.

6% of adults aged 18–64 in the Spokane Metro Area carried no health insurance in 2023. *Source: Centers for Disease Control. This count is likely to rise in response to recent federal legislation. Note that the Spokane Metropolitan Statistical Area (MSA) is smaller than the Spokane Region defined in this study. No data were available for rural communities in the region. Note that reporting of these key data points has been suspended under the current Administration.*

60% of Spokane Metro residents reported in 2021 that they eat at least one serving of fruit each day. 40% do not. This level of consumption is lower than the 2017 rate of 64%. Vegetable consumption is higher, with 80% eating at least one per day, but still below 2017 levels of 84%. This is a key indicator of health, since eating more than 5 servings of fruit and vegetables has been connected to better health outcomes. *Source: Centers for Disease Control. Note that reporting of these key data points has been suspended under the current Administration. Until 2009, CDC surveys asked about consumption of five fruits and vegetables each day.*

30% of Spokane Metro adults reported in 2023 that they exercise sufficient to meet recommended guidelines. 70% do not. *Source: Centers for Disease Control.*

11% of Spokane Metro residents have been diagnosed with diabetes. *Source: Centers for Disease Control.* Medical costs for treating diabetes and related conditions in the state of Washington are estimated at $6.7 billion per year as of 2017. *Source: American Diabetes Association cost calculator.*

70% of Spokane Metro residents are overweight (35%) or obese (35%), up from 59% (34% and 25%, respectively) in 2011. *Source: Centers for Disease Control.*

Spokane Region's Farms

Data in this section are drawn from the USDA NASS Census of Agriculture unless otherwise noted. Data for 2022 were released in February, 2024. The Census of Agriculture defines a "farm" as "an operation that produces, or would normally produce and sell, $1,000 or more of agricultural products per year."

- 5,892 farms. This is 18% of Washington's farms.
- Spokane Region has 4.9 million acres of farmland, 35% of Washington's total.
- Average size is 833 acres, 193% of the state average.
- Estimated market value of an average farm was $1.9 million in 2022. This is 116% of the Washington average.
- 2,548 (43%) Spokane Region farms are less than 50 acres in size. *See Table 1.*
- 959 (16%) of the region's farms are 1,000 acres or more. *See Table 1.*

Farm Product Sales

- 5,892 Spokane Region farms sold $1.5 billion of crops and livestock in 2022, 12% of Washington's total.
- Of these sales, $1.2 billion were crop sales, and $0.2 billion were livestock. These amounted to 14% and 6% of the state total, respectively, both smaller than the percentage of the state's farms in Spokane Region (18%).
- 3,600 Spokane Region farms sold less than $10,000 of products in 2022. This was 61% of the region's farms. *See Table 2.*
- 1,180 of the region's farms sold more than $100,000, 20% of the region's farms. *See Table 2.*
- 442 (7.5%) of the region's farms sold more than $500,000 of farm products. These farms sold $691 million of products, totaling 47% of the region's sales.
- 1,732 (36%) of the region's farmers received a combined total of $87 million in federal subsidies in 2022.
- 3,617 (61%) Spokane Region farms reported a net loss to the Census of Agriculture in 2022. This compares with the statewide average of 66%. Losses are most frequent in Pend Oreille, Spokane, and Stevens Counties (ranging from 72% to 75%) and least frequent in Adams County (35%).

Small & Mid-Size Farmers

Definitions of "small and mid-size" farmers vary according to the type of farming. Here is a breakdown of Spokane Region farms by size and sales levels.

Table 1: Farms by Size

Farm Size	Farms	Pct of Region
1–9 Acres	679	11%
10–49 Acres	1,869	32%
50–179 Acres	1,245	21%
180–499 Acres	716	12%
500–999 Acres	424	7%
1,000 Acres or More	959	16%

Source: USDA NASS Census of Agriculture, 2022.

Table 2: Farms by Sales Range

Sales Range	Farms	Pct of Region
Less than $2,500	2,514	43%
$2,500–$4,999	553	9%
$5,000–$9,999	533	9%
$10,000–$24,999	552	9%
$25,000–$49,999	308	5%
$50,000–$99,999	252	4%
$100,000 or More	1,180	20%

Source: USDA NASS Census of Agriculture, 2022.

Farm Production Expenses

The region's farmers spent $1.4 billion to produce crops and livestock in 2022. Detailed expenses are listed below in Table 3:

Table 3: Farm Production Expenses

	$ Millions
Fertilizers	227.3
Hired labor	146.1
Chemicals	145.3
Depreciation	124.5
Maintenance	108.1
Seeds	93.4
Other	86.9
Feed	86.4
Cash Rents	84.0
Fuels & Oils	78.2
Utilities	44.7
Property Taxes	40.0
Livestock	39.9
Interest Expense	29.6
Cuctom Work	29.4
Contract Labor	16.2
Machinery Rental	13.1
Medical Supplies	6.3

Source: USDA NASS Census of Agriculture.

Table 4: Main Crops & Livestock Sold by Spokane Region Farms, 2022

See also Chart 9 on next page, which shows the same data.

Crop	No. Farms	Sales $ Millions
Wheat	1,275	**703.5
Vegetables & Potatoes	254	**170.8
Pulses	523	**134.7
Other Crops & Hay	1,607	**77.0
Fruit	255	**72.3
Milk	10	**62.3
Cattle & Calves	1,075	**43.1
Nursery & Ornamentals	164	**19.7
Barley	231	**12.6
Corn	36	**9.8
Sheep & Lambs	260	2.2
Horses & Ponies	231	**2.1
Other animals	199	**1.6
Poultry & Eggs	478	**1.0
Christmas Trees	42	**0.7
Hogs & Pigs	187	**0.3

***Note that due to data suppression for several counties of the region, intended to protect the confidentiality of individual producers, the asterisked values are incomplete. Each represents a minimum count.*

Note that 96% of the Vegetable & Potato sales were made by Adams County farms.

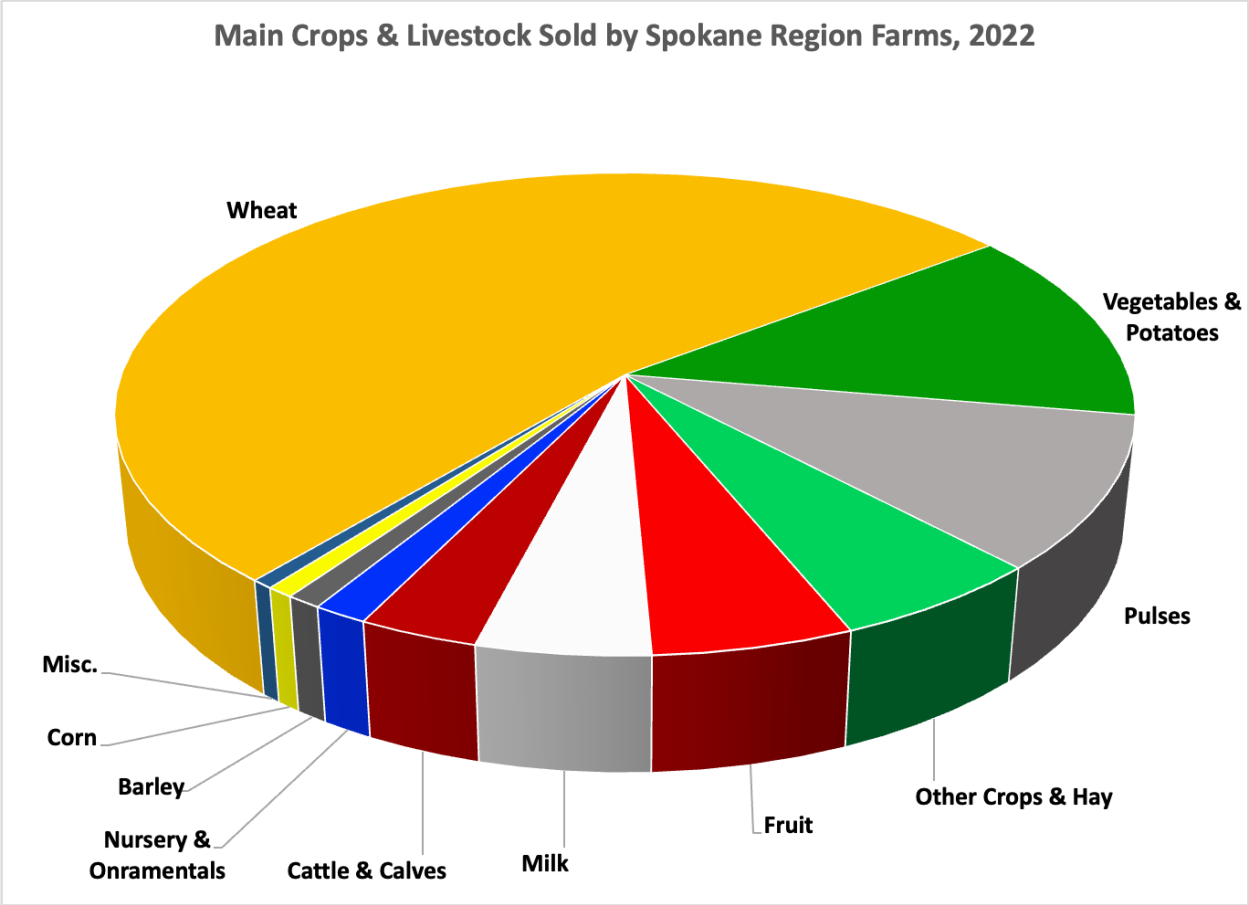
Note also that at $4.5 million, direct sales from farmers to consumers amount to nearly half of the value of the 10th-ranking product, Corn.

Note also that at $63 million, the value of organic produce was more than the value of Cattle & Calves, the 7th-ranked product.

Source: USDA Census of Agriculture, 2022

Chart 9: Main Crops & Livestock Sold by Spokane Region Farms, 2022

See Table 4 on previous page



Source: USDA Census of Agriculture, 2022

***Note that due to data suppression for several counties of the region, intended to protect the confidentiality of individual producers, several values are incomplete as discussed above. Each value represents a minimum count.*

Spokane Region's 11,081 farm operators are predominantly (98%) White, as Table 5 shows:

Table 5: Farm Operators by Race

Native American	87
Asian	64
African-American	9
Hawaiian/Pacific Islander	14
White	10,813
More than one race	94
Hispanic or Latino	178

Note that Hispanic or Latino is an ethnicity, not a race.

Source: USDA NASS Census of Agriculture, 2022.

The largest group of farm operators is aged 55 to 74. See Table 6.

Table 6: Farm Operators by Age

Age	Number
Under 25 Years	126
25 to 34 Years	541
35 to 44 Years	1,223
45 to 54 Years	1,564
55 to 64 Years	2,809
65 to 74 Years	3,128
75 Years & Over	1,690

Source: USDA NASS Census of Agriculture, 2022.

Livestock Inventory

Spokane Region's livestock farmers held a substantial inventory of animals at the end of 2022. This is shown in Table 7.

Table 7: Inventory of Farm Animals in Spokane Region, 2022

Livestock	Number
Cattle & Calves	132,541
Laying Hens	**19,223
Sheep & Lambs	9,676
Broilers	**2,035
Hogs & Pigs	1,588
Horses & Ponies	**2,094
Other animals	**1,598

Source: USDA NASS Census of Agriculture, 2022. Data cover the end of year 2022.

***Note that due to data suppression for several counties of the region, intended to protect the confidentiality of individual producers, the asterisked values are incomplete. Each represents a minimum count.*

Production of Crops that are More Directly Consumable by Household Consumers*

**Note: Collection of data covering direct sales by farmers varies in precision from year to year. The following counts are likely to be imprecise. Reasonable trends cannot always be drawn.*

Direct Sales to Households & Institutions

472 (8%) Spokane Region farms sold farm products directly to household consumers in 2022. This was 21% fewer than the 603 farms selling direct five years before. Yet these farms sold $4.5 million of products directly, more than the 2017 level of $3.5 million.

135 (2.3%) farms sold at least **$68.9 million of products directly to retailers, institutions, and food hubs. Most all of these sales ($65 million) were reported in Adams County. Census reports state that 101 farms sold **$459,000 of products through these intermediaries in 2017, *but these figures are imprecise, since sales data were suppressed for both Adams and Lincoln counties.*

170 (2.9 %) farms sold **$2.2 million of value-added products in 2022. **$2.3 million were reported sold by 123 farms in 2017.

***Note that due to data suppression for several counties of the region, intended to protect the confidentiality of individual producers, the asterisked values are incomplete. Each represents a minimum count.*

Vegetables & Potatoes

Table 8: Vegetables & Potato Acreage by County in Spokane Region, 2022

County	Farms	Acres
Adams	37	34,971
Ferry	9	9
Lincoln	12	1,410
Pend Oreille	12	8
Spokane	125	1,263
Stevens	37	74
Whitman	16	(D)
Region	**248**	****37,735**

Note that 96% of the region's vegetable and potato acreage is in Adams County. 24,828 of these acres were planted to potatoes. 3,979 to sweet corn; 2,542 to green peas; and 1,586 to onions. This is 94% of the county's vegetable acreage.

(D) Signifies that data have been suppressed by USDA in an effort to protect the confidentiality of individual farms. This means that the total acreage figure is imprecise.

Orchards

Table 9: Acres of Orchards by County in Spokane Region, Washington, 2022

County	Farms	Acres
Adams	35	6,138
Ferry	12	75
Lincoln	12	18
Pend Oreille	8	3
Spokane	119	210
Stevens	47	85
Whitman	13	69
Region	**246**	**6,598**

Source: USDA NASS Census of Agriculture, 2022. Note that (D) signifies that data were withheld in an effort to protect the confidentiality of individual producers.

Table 10: Acres of Apples by County in Spokane Region, Washington, 2022

County	Farms	Acres
Adams	32	5,608
Ferry	10	6
Lincoln	4	5
Pend Oreille	2	(D)
Spokane	90	91
Stevens	21	18
Whitman	5	43
Region	**164**	**5,771**

Source: USDA NASS Census of Agriculture, 2022. Note that (D) signifies that data were withheld in an effort to protect the confidentiality of individual producers.

Organic Sales

33 Spokane Region farms sold $63 million of organic food items in 2022.

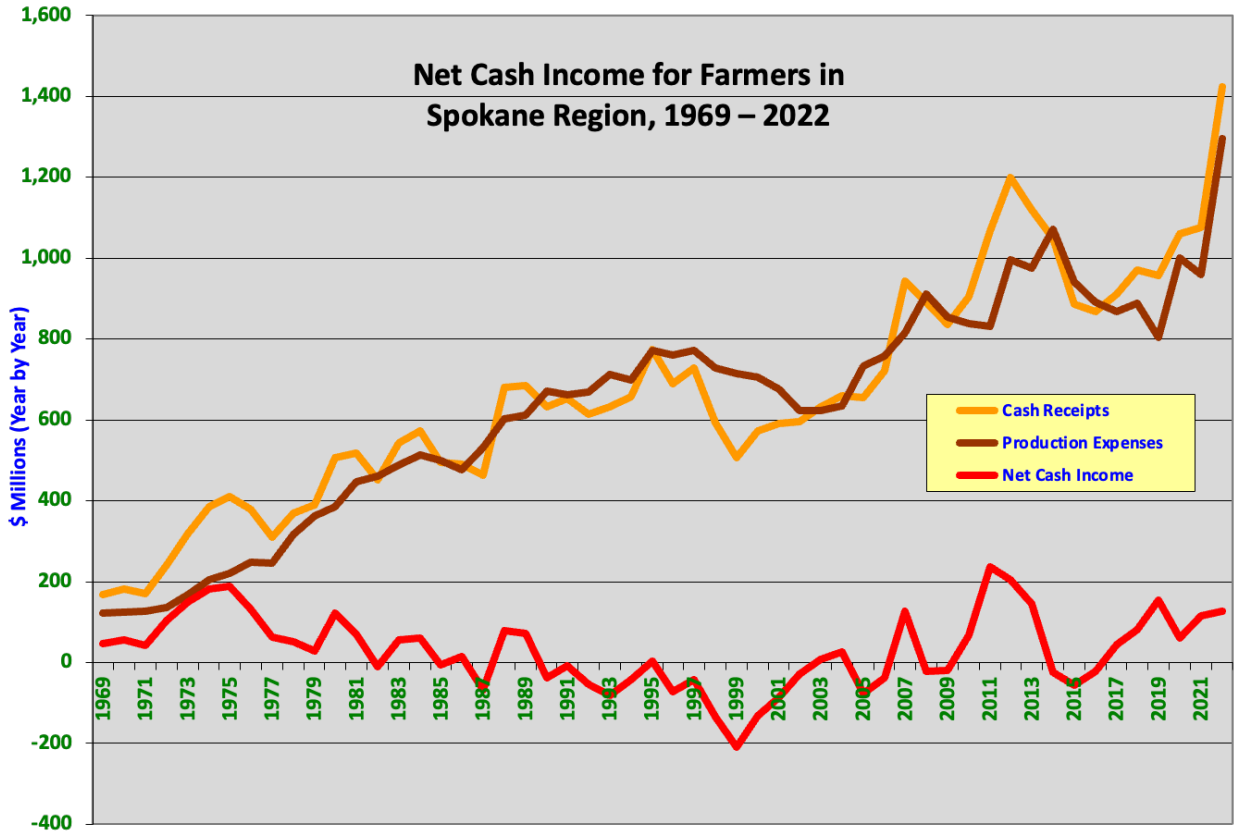
This compares with 66 farms that sold $38 million of organic food items in 2017.

Almost all of this production was in Adams County.

Net Cash Farm Income

The following section considers the Net Cash Income received by Spokane Region farmers. Net Cash Income is a measure of the returns farmers earn from the act of producing crops and livestock. It is calculated by subtracting Production Expenses (maroon line on the following charts) from Cash Receipts (orange line). This is a different measure than "Net Income," which typically includes other sources of income such as federal subsidies and cash rental income. In our experience Net Cash Income is a more nuanced measure of the state of the regional food and farm economy. Net Cash Income is shown with a red line.

Chart 10: Net Cash Income for Farmers in Spokane Region, 1969 – 2022



Source: Bureau of Economic Analysis. Farm income data for 2023 are not available because BEA no longer publishes these reports.

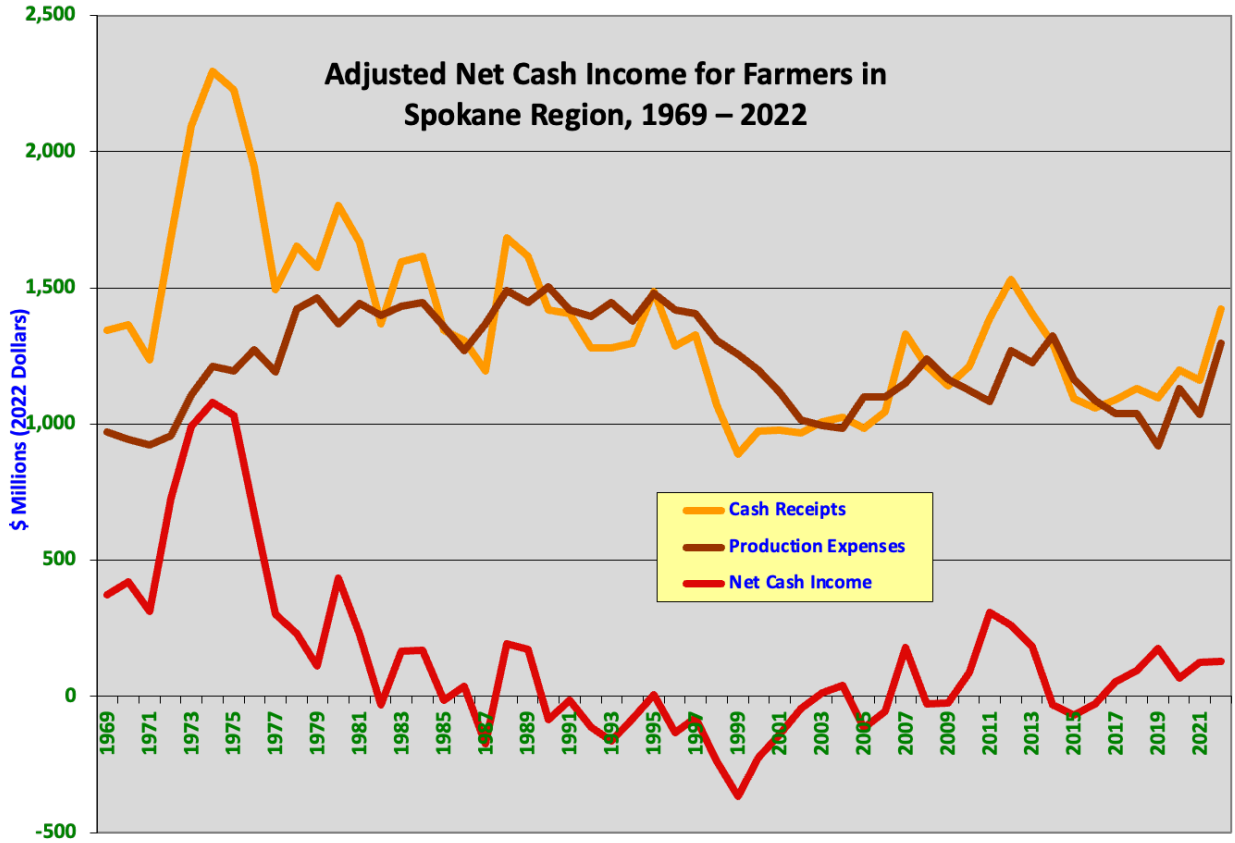
Chart 10 shows that Spokane Region farmers have increased sales significantly over the past 54 years, from $169 million in 1969 to $1.4 billion in 2022. That is an 8-fold increase, and signifies tremendous gains in revenue. *Note that BEA no longer reports farm income data, so no 2023 data are available. Note also, that these data differ slightly from those reported by USDA NASS Census of Agriculture, shown above.*

Unfortunately, the chart also shows that production expenses have risen even faster than cash receipts, from $122 million in 1969 to $1.3 billion in 2022. That is a 10-fold increase in costs.

From 1969 to 2022, then, the net cash income earned by farmers held fairly steady at low levels. In 22 of those 54 years (40%), net cash income fell below zero for the Spokane Region farm sector. Although net cash income rose from $47 million in 1969 to $128 million in 2022, profitability for the farm sector was uncertain. It would be difficult to conclude that merely increasing sales means increased margins.

It is also important to take inflation into account when considering these results. Chart 11 does just that, taking the very same data set and adjusting for the rise in the cost of living by expressing all values in 2022 dollars. Once this adjustment has been made, quite different patterns emerge.

Chart 11: Adjusted Net Cash Income for Farmers in Spokane Region, 1969 – 2022



Source: Bureau of Economic Analysis. Adjusted for inflation using the Minneapolis Federal Reserve Consumer Price Index. Farm income data for 2023 are not available because BEA no longer publishes these reports.

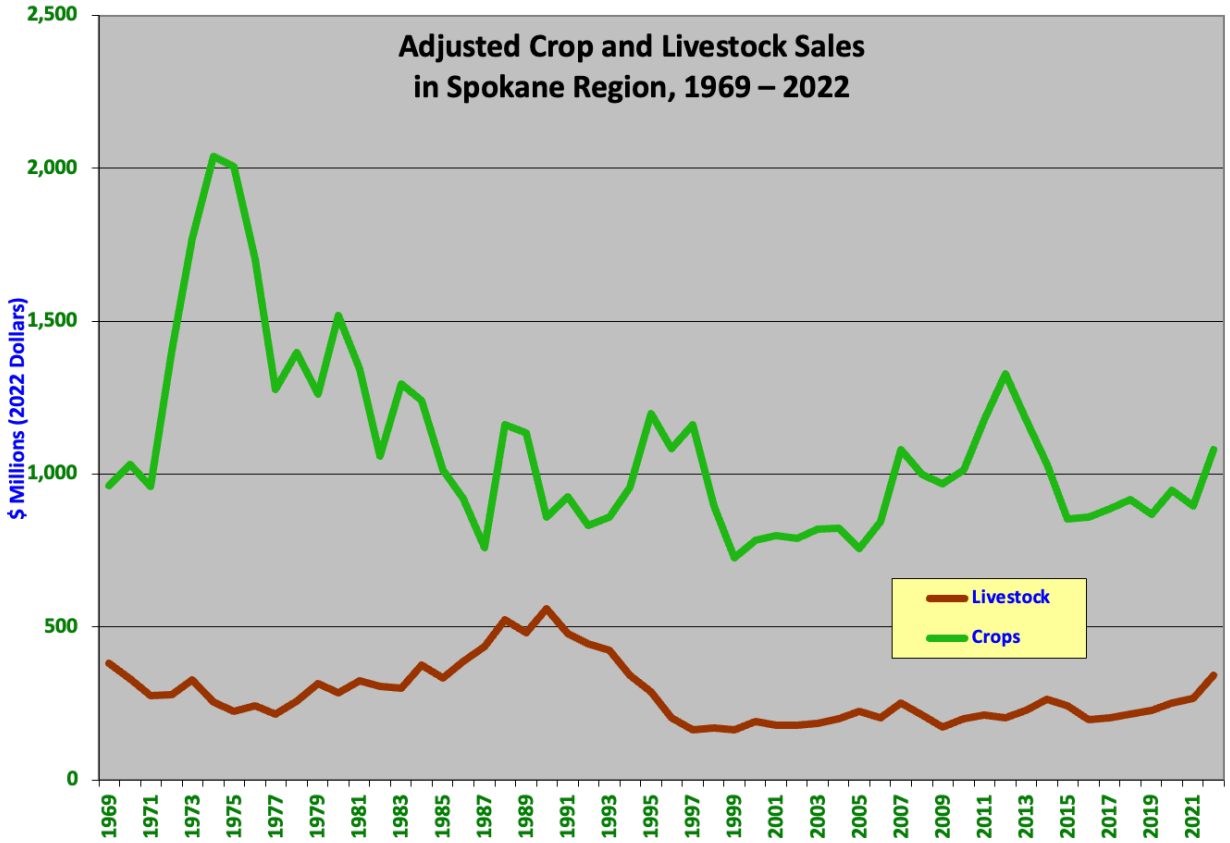
Once adjusted for inflation, the growth in sales disappears. Although cash receipts in 2022 were 6% above 1969 levels, this is largely arbitrary, because cash receipts have been remarkably variable over the past 54 years. Cash receipts peaked at $2.3 billion in 1974, largely because the Soviet Union was for a sort time purchasing wheat at inflated prices during the OPEC energy crisis. When that bubble burst, cash receipts eroded rapidly. In 1999 they fell to $888 million, but with production expenses

still at high levels, net cash income fell to negative $366 million. Once again, net cash income fell below zero in 22 of the 54 years covered in this chart. Peak net cash income was over $1 billion in both 1974 and 1975, and has not even come close to those levels ever since..

To assess the strength of the farm sector, it is useful to calculate returns since 1989, after the upheavals of the Farm Credit Crisis of the 1980s had settled down. Over those 34 years, Spokane Region farmers suffered an average net cash *loss* of $4 million each year. 17 of the years in which net cash income fell below zero were during these last 34 years, or half of the time. On average, the region's farmers sold $1.209 billion of products, spending $1.213 billion to raise them. This resulted in an aggregate loss of $145 million over those 34 years.

The next chart, Chart 12, divides the orange line from the previous chart into income from crops and income from livestock sales. It is quite clear from this chart that crop sales fueled the profitable years of 1974 and 1975. It also shows that crop sales in 2022 were not significantly higher than they had been in 1969, despite all of the new technology available to farmers. Indeed crop sales often fell below 1969 levels. Livestock sales have suffered worrisome cycles as well. During the years 1989 to 1999, livestock sales dell dramatically from $482 million to $162 million. Although sales have slowly crept up since then, sales still fall well below 1969 levels. *This chart is also expressed in inflation-adjusted dollars.*

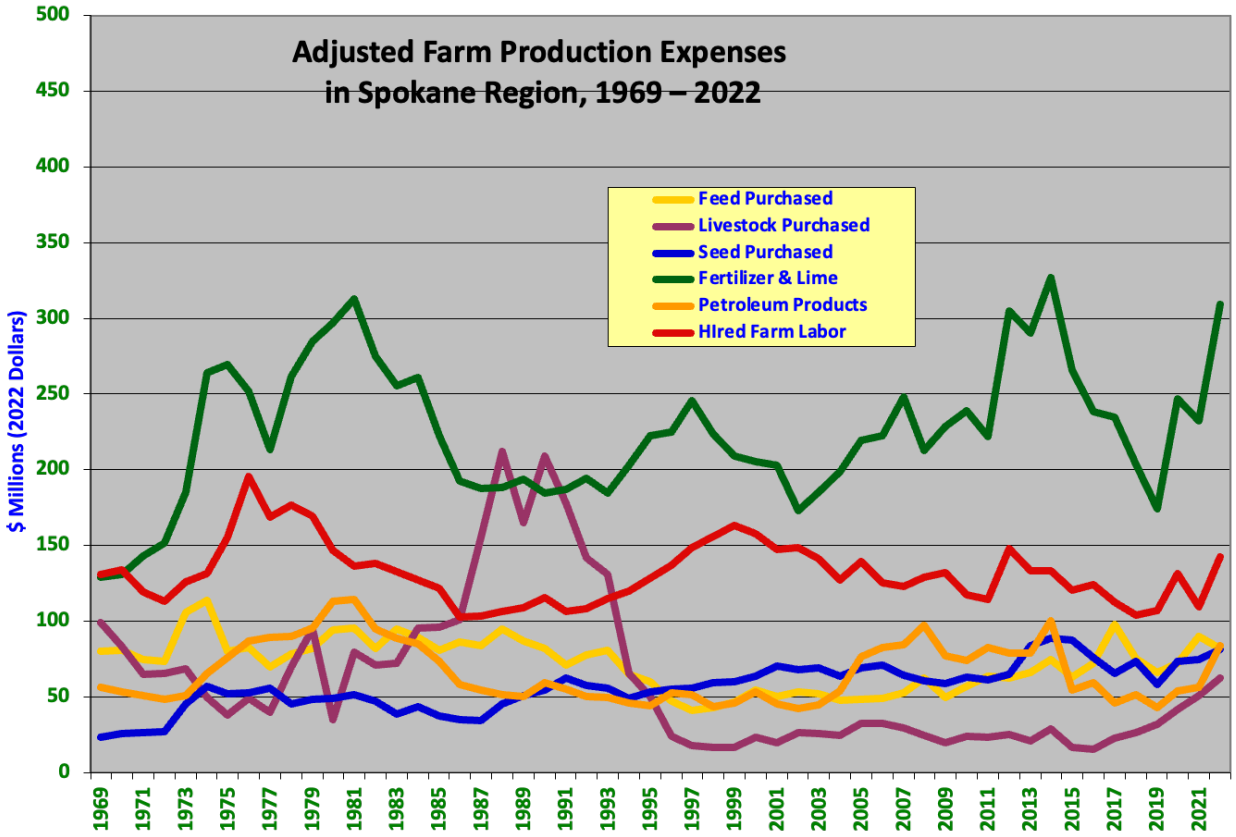
Chart 12: Adjusted Crop & Livestock Sales in Spokane Region, 1969 – 2022



Source: Bureau of Economic Analysis. Adjusted for inflation using the Minneapolis Federal Reserve Consumer Price Index. Farm income data for 2023 are not available because BEA no longer publishes these reports.

A still more complete picture emerges once we consider the costs of production, as shown on Chart 13. By far the largest production expense is fertilizer and lime, which rose from $129 million in 1969 to $309 million in 2022. Hired labor costs rank second, at just below $150 million. These costs have held within a certain range over the past 54 years, although with considerable fluctuation. Other costs have held relatively steady, except for purchased livestock. This expense peaked at over $200 million in 1988 and 1990 (rising above fertilizer costs) but fell precipitously until 1997. *Once again, these have been adjusted for inflation.*

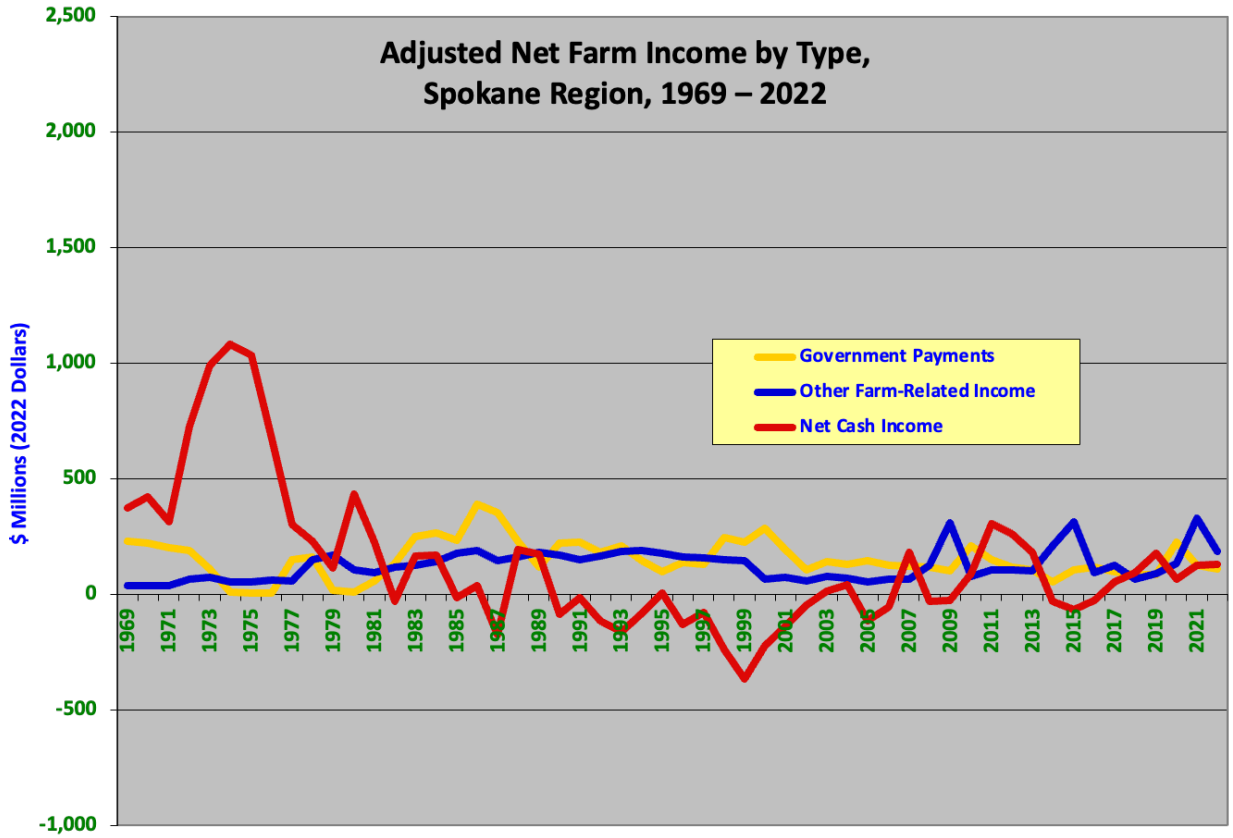
Chart 13: Adjusted Production Expenses in Spokane Region, 1969 – 2022



Source: Bureau of Economic Analysis. Adjusted for inflation using the Minneapolis Federal Reserve Consumer Price Index. Farm income data for 2023 are not available because BEA no longer publishes these reports.

Chart 14 shows the three major types of net farm income for Spokane Region farmers. This clearly shows that farming was only really lucrative during the OPEC energy crisis, when wheat farmers sold ample quantities of wheat at inflated prices to the Soviet Union. Otherwise, raising crops and livestock has often been the source of losses. From 1983 to 2006, government payments were the most rewarding source of income. In recent years, this has largely been supplanted by farm-related income, primarily earnings from cash rents. In short, the best way for a land owner to make money today is to rent out their land to another farmer, displacing the risks of farming onto their shoulders. *Once again, these data have been adjusted for inflation.*

Chart 14: Adjusted Net Farm Income by Type, Spokane Region, 1969 – 2022



Source: Bureau of Economic Analysis. Adjusted for inflation using the Minneapolis Federal Reserve Consumer Price Index. Farm income data for 2023 are not available because BEA no longer publishes these reports.

Balance of Cash Receipts and Production Costs

Spokane Region farmers sell $1.209 billion of food commodities per year (1989–2022 average), spending $1.213 billion to raise them, for an average loss of $4 million each year. This is an average net cash loss of $722 per farm. *Note that these sales figures compiled by the BEA may differ from cash receipts recorded by the USDA Agriculture Census (above).*

Overall, farm producers suffered an aggregate loss of $145 million by selling crops and livestock over the years 1989 to 2022. Farm production costs exceeded cash receipts for 17 (50%) years of that 34-year period. Moreover, 61% of the region's farms reported that they lost money in 2022 (*USDA NASS Census of Agriculture*). Overall, Spokane Region farmers and ranchers earned $246 million less in net cash income in 2022 than they earned in 1969 (in 2022 dollars).

Farmers and ranchers earn another $139 million per year of farm-related income — primarily rental income and custom work (34-year average for 1989-2022). Federal farm support payments are a more important source of net income than either commodity production or cash rents, averaging $146 million per year for the region for the same years.

Source: Bureau of Economic Analysis.

The region's consumers:
See also information covering low-income food consumption and food-related health conditions, page 1-2 above.
Spokane region consumers spend $2.6 billion buying food each year, including $1.5 billion for home use. Most of this food is produced outside the region, so Spokane region consumers spend at least $2 billion per year buying food sourced outside. Only $4.5 million of food products (0.4% of farm cash receipts and 0.2% of the region's consumer market) are sold by farmers directly to consumers.

Farm & Food Economy Summary

Missing Data

For two decades, Crossroads Resource Center has produced studies of local farm and food economies that centered around the comprehensive and potent data bases compiled by the Bureau of Economic Analysis to assist community planning efforts. Unfortunately, the agency announced in September, 2024, that it was terminating publication of two critical data sets. These missing data covered both farm income and transfer payments. They have been reported for each county and state in the U.S., and made available through an exceptionally user-friendly web platform. BEA cited budgetary constraints in its announcement that these data would no longer be published.

This removes a powerful way for Americans to learn about the realities of rural economies, most of which are both based on farm production, and heavily reliant upon transfer payments.

The agency still offers archived data for the time period 1969–2022. This is most recent available data. Future policy discussions will be hampered by the lack of updated tallies. Having access to

detailed estimates of farm income and transfer payments can be very important to creating a civil discourse that is based upon solid data, rather than conjecture.

We have found BEA data to be more valuable than many other data sets that are available, for several reasons: (1) No other data sets drilled down to provide robust estimates for each county in the nation, making it easy to identify long-term trends that have evolved over more than 50 years. (2) Because data were collected to strengthen local economic development planning, they were more balanced than specific data sets reported by agencies that have more specialized interests centered upon their professional focus. (3) It was extremely user-friendly.

Household Food Consumption

Table 11: Spokane Region: Markets for Food Eaten at Home (2023):
Spokane Region residents purchase $2.6 billion of food each year, including $1.5 million to eat at home. Home purchases break down in the following way:

	$ Millions
Meats, Poultry, Fish, & Eggs	312.9
Fruits & Vegetables	315.1
Cereals and Bakery Products	188.1
Dairy Products	143.3
"Other," incl. Sweets, Fats, & Oils	558.2

If each Spokane Region resident purchased (or had purchased for them) $5 of food each week directly from farmers in the region, this would generate $183 million of new farm income for the region. This is a bigger market than current farm sales of vegetables & potatoes, the second-ranking crop in the region. It is one-quarter the value of the region's wheat sales.

Table 12: Adams County: Markets for Food Eaten at Home (2023):
Adams County residents purchase $88 million of food each year, including $52 million to eat at home. Home purchases break down in the following way:

	$ Millions
Meats, Poultry, Fish, & Eggs	10.8
Fruits & Vegetables	10.9
Cereals and Bakery Products	6.5
Dairy Products	4.9
"Other," incl. Sweets, Fats, & Oils	19.3

Table 13: Ferry County: Markets for Food Eaten at Home (2023):
Ferry County residents purchase $32 million of food each year, including $19 million to eat at home. Home purchases break down in the following way:

	$ Millions
Meats, Poultry, Fish, & Eggs	3.9
Fruits & Vegetables	3.9
Cereals and Bakery Products	2.3
Dairy Products	1.8
"Other," incl. Sweets, Fats, & Oils	6.9

Table 14: Lincoln County: Markets for Food Eaten at Home (2023):
Lincoln County residents purchase $50 million of food each year, including $30 million to eat at home. Home purchases break down in the following way:

	$ Millions
Meats, Poultry, Fish, & Eggs	6.1
Fruits & Vegetables	6.1
Cereals and Bakery Products	3.7
Dairy Products	2.8
"Other," incl. Sweets, Fats, & Oils	10.9

Table 15: Pend Oreille County: Markets for Food Eaten at Home (2023):
Pend Oreille County residents purchase $61 million of food each year, including $36 million to eat at home. Home purchases break down in the following way:

	$ Millions
Meats, Poultry, Fish, & Eggs	7.4
Fruits & Vegetables	7.5
Cereals and Bakery Products	4.5
Dairy Products	3.4
"Other," incl. Sweets, Fats, & Oils	13.3

Table 16: Spokane County: Markets for Food Eaten at Home (2023):
Spokane County residents purchase $2.3 billion of food each year, including $1.3 billion to eat at home. Home purchases break down in the following way:

	$ Millions
Meats, Poultry, Fish, & Eggs	277.4
Fruits & Vegetables	279.3
Cereals and Bakery Products	166.7
Dairy Products	127.0
"Other," incl. Sweets, Fats, & Oils	494.8

Table 17: Stevens County: Markets for Food Eaten at Home (2023):
Stevens County residents purchase $207 million of food each year, including $123 million to eat at home. Home purchases break down in the following way:

	$ Millions
Meats, Poultry, Fish, & Eggs	25.3
Fruits & Vegetables	25.5
Cereals and Bakery Products	15.2
Dairy Products	11.6
"Other," incl. Sweets, Fats, & Oils	45.2

Table 18: Whitman County: Markets for Food Eaten at Home (2023):
Whitman County residents purchase $204 million of food each year, including $121 million to eat at home. Home purchases break down in the following way:

	$ Millions
Meats, Poultry, Fish, & Eggs	24.9
Fruits & Vegetables	25.1
Cereals and Bakery Products	15.0
Dairy Products	11.4
"Other," incl. Sweets, Fats, & Oils	44.4

Key Data Sources

Bureau of Economic Analysis data on regional income and farm production balance
http://www.bea.doc.gov/bea/regional/reis/

Food consumption estimates from Bureau of Labor Statistics Consumer Expenditure Survey
http://www.bls.gov/cex/home.htm

U.S. Census of Agriculture
http://www.nass.usda.gov/census/

USDA/Economic Research Service food consumption data:
http://ers.usda.gov/Data/

USDA/ Economic Research Service farm income data:
http://ers.usda.gov/Data/

U.S. Centers for Disease Control and Prevention — Behavioral Risk Factor Surveillance Survey. https://www.cdc.gov/brfss/data_tools.htm

For more information:

To see results from *Finding Food in Farm Country* studies in other regions of the U.S.:
http://www.crcworks.org/?submit=fffc

To read the original *Finding Food in Farm Country* study from Southeast Minnesota (written for the Experiment in Rural Cooperation in 2001): http://www.crcworks.org/ff.pdf

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All CRC studies are posted at http://www.crcworks.org/